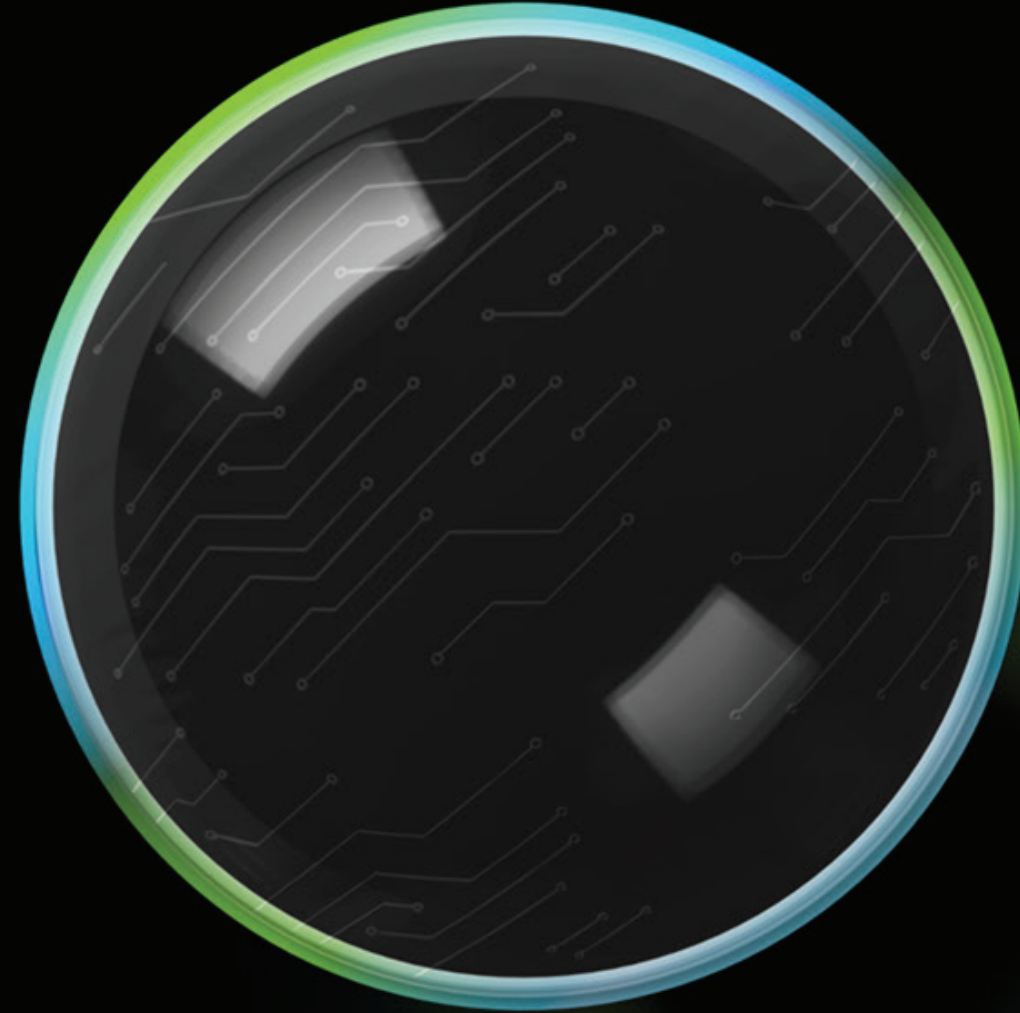


Deloitte.



2023 Transparency Report

Deloitte Limited

September 2023



Contents

Deloitte Limited leadership messages	3
Deloitte network	9
Deloitte Audit & Assurance: Our commitment to serving the public interest	15
External and internal audit quality monitoring	43
Independence, ethics, and additional disclosures	49
Appendices	55
Appendix A EU EEA audit firms	56
Appendix B Financial information	59
Appendix C Public interest entities	61
Contacts	62

Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

Appendices

Contacts

Deloitte Limited leadership messages

**Deloitte Limited
leadership messages**

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

Appendices

Contacts

Deloitte Limited leadership messages

Welcome to our 12th Transparency Report

“Together we will navigate the challenges converting them to opportunities for a robust economy and society.”

To our clients and stakeholders,

Welcome to our 2023 Transparency Report, for the year ended 31 May 2023. This report reflects on the financial year that has passed and is an important opportunity for us to provide you with an in-depth analysis on how we embrace our responsibilities to

our clients, people, society, and the market, with the highest quality standards.

During the past years, we have been navigating a turbulent period of unprecedented and constant crises. The aftermath of the global pandemic, disruption of the supply chain, the ongoing

¹ Throughout this report, the terms “Deloitte, we, us, and our” refer to one or more of Deloitte Touche Tohmatsu Limited, its network of member firms, and their related entities. For more information about the Deloitte network, please see [page 10](#) or [About the network \(deloitte.com\)](#).

² This report sets out the practices and processes that are currently employed by Deloitte Limited, in accordance with the requirements of the European Union’s Regulation 537/2014 on specific requirements regarding statutory audit of entities.



Pieris Markou
CEO

Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

Appendices

Contacts

war in Ukraine and sanctions imposed on Russia, the energy crisis, spikes in inflation, rise in interest rates, and climate emergency are economic and social crises that marked the beginning of this decade.

Reflections on FY2023

FY2023 was yet another year of uncertainty for markets, our profession, and our people. The geopolitical and economic challenges continued to lead to major global changes in even the most basic notions that we have been accustomed to for years.

All these commotions have unavoidably affected Cyprus as well, and continue to do so, disrupting the return to stability for our economy, businesses and our society. Sectors such as tourism, professional and financial services, international investments, shipping, commerce and energy, were just some of the first to feel the impact.

The high level of growth rate of the Cyprus economy in 2022 gave an encouraging outlook for 2023. However, the continuous war in Ukraine, the inflationary pressures on costs and high levels of interest rates continue to place significant uncertainty on businesses and investments, and will undoubtedly impact the growth of the country's economy in the immediate future.

Despite these challenges, the professional services sector continues to show remarkable momentum.

Businesses in the sector have remained resilient to external factors, serving both Cyprus and foreign clients with the highest level of quality, professionalism and innovation.

Considering the past performance of the professional services sector during crises, we remain confident that the next period may be one of challenge, but should continue to achieve growth, albeit with a slower economic performance than 2022.

The next day

The future of Cyprus is not only dependent on external factors and their effects. It is also heavily dependent on our own efforts for modernisation, reform and creation of new prospects from emerging sectors that will boost our economic activity. Sectors such as energy, research and innovation, private healthcare and education, as well as sustainable development.

To build a better future for Cyprus, we must have clear actions in place, and at the same time remain agile and ready to adapt quickly to any new developments.

We must be ready to change and transform along the way for a stronger, more resilient, competitive and more sustainable economy for our country.

An economy that will positively impact the whole of Cyprus – the business community, as well as our society.

To achieve this, we must stay focused on cutting-edge innovation, the further digitalisation of public services, green and blue economy, ease of access to healthcare, tax and judicial system reforms, tourism, and educational excellence, among others. As Deloitte, we are committed to support such initiatives and will continue to collaborate with regulators and other key stakeholders to ensure the effective functioning of our market and society.

A forward-looking mindset

Amid crises, it's important to always seek the opportunities. At Deloitte, our people have shown exceptional agility in responding to these ongoing challenges and finding innovating solutions, coming together with a shared ambition to protect the public interest, support each other and make an impact that matters in everything we do.

We choose flexibility, adaptability and resilience to navigate the future.

We remain focused on the advances and benefits of technology, adopt multidisciplinary service offering models, continue to foster the development of our people, as well as approach new geographical areas and regional markets. Moreover, we strongly believe that economic and societal success, resilience, and prosperity should be a synergy and close cooperation between the public administration, the private sector, and civil society.

Deloitte is one of the world's leading professional services firms and our presence in Cyprus is equally long-standing and strong, providing top-quality services on the island for more than 65 years with the aim of creating an impact that matters for our

clients, society and our people. As part of the Deloitte global network, with approximately 457,000 people in over 150 countries and territories, we have the advantage of global sharing of knowledge with local adaptation and personal approach that enables us to deliver strategic and innovative solutions. This multidisciplinary approach has earned us the trust of the markets and society time and time again.

We have steered a challenging course to remain one of the leading professional services firms in Cyprus. We started FY2023 with an expected reduction in gross revenues of more than 10% mainly due to our decision to disengage from all clients with significant presence in Russia or significant Russian ownerships. At the same time, we navigated through the uncertainties of the global slowdown of the economies and the threat to recession with increased inflationary pressures and costs. We closed the year with just -2.3% impact on our gross revenue, achieving €51.1m in FY2023 (FY2022: €52.3m), with contributions to the state's revenues amounting to €16.5m (FY2022: €16.1m). Our ability to minimise the impact of the negative developments that we had to face during this difficult financial year is a testament to our people who lead with purpose, developing their careers and thriving in an equitable and inclusive environment.

Also, through our *WorldImpact* initiatives, we are focused on leaving a tangible positive footprint on society's biggest challenges and creating a more sustainable and equitable world. We continue to actively support the work of several NGOs and educational foundations and institutions, offering a total of approximately €700,000 in corporate responsibility initiatives and actions in FY2023.

A special thank you to our people who work together to develop and scale solutions for addressing climate change, advancing equity, and returning to economic growth, among other issues. Kudos to all!

Looking ahead, we are confident about the impact we can make. We are presented with an opportunity not simply to return to the way things used to be, but to create a better way of how things can be.

Sincerely,



Pieris Markou,
Chief Executive Officer
Deloitte Limited

Audit leadership message

As audit leadership, we firmly believe that trust and confidence are fundamental for any successful organisation or business relationship. In an era where trust in corporate entities is increasingly being scrutinised, we consider it our primary responsibility to uphold the highest standards of professionalism and ethics. We understand and truly appreciate the fact that an attractive, robust and resilient audit profession is the cornerstone of an efficient and effective financial ecosystem, and we strongly believe in a culture of doing the right thing, especially when nobody is watching.

This Audit Transparency Report is a testament to our unwavering dedication to these principles. Within its pages, you will find a comprehensive overview of our auditing practices, methodologies, and the steps we take to ensure the quality and independence of our work. We have strived to make this report an open window into our operations, allowing you to see at first-hand the rigorous procedures we follow and the ethical framework that guides us.

Let's build a future where transparency is the norm, trust is the currency, and the audit profession remains a vital pillar in driving confidence and stability in the global business community.



Maria Paschalis
Audit & Assurance Leader

Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

Appendices

Contacts

Transparency, however, goes beyond this report. It is embedded in our organisational culture and is reflected in every interaction we have with our clients, our regulators, and the society in general. We recognise that transparency fosters trust, and trust is the lifeline of our profession that creates the solid foundation upon which businesses can flourish and economies can thrive.

Throughout this report, we have also tried to demonstrate how we have integrated technology, innovation, and data analytics into our audit processes, enabling us to enhance the accuracy, efficiency, and effectiveness of our work. We have tried to demonstrate how we have invested in our people, providing them with the necessary tools, training, and professional development opportunities to stay ahead in a rapidly evolving business landscape.

In conclusion, we would like to extend our gratitude to our clients, our dedicated audit professionals, and the regulatory bodies who hold us accountable. Their unwavering support and collaboration have allowed us to uphold the highest standards of excellence and integrity. Our commitment to transparency remains steadfast, and we will continue to raise the bar, setting new benchmarks for the audit profession.

Thank you for taking the time to read through our report and for the opportunity to share our best practices.



Andreas Andreou
Audit & Assurance Partner,
National Professional Practice Director
Assurance Leader

Deloitte network

Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

Appendices

Contacts

Deloitte network

Deloitte Cyprus: legal structure and ownership

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

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

The majority voting rights in DHL are held by Deloitte NSE No2 Company Limited By Guarantee, an Irish company limited by guarantee.

Other shareholders of DHL are: (a) Deloitte & Touche (M.E.) LLP, a limited liability partnership incorporated and registered in Guernsey and (b) Deloitte Cyprus, a partnership registered in Cyprus.

Deloitte & Touche (M.E.) LLP is the affiliate of Deloitte North and South Europe (NSE) LLP for the territories of the Middle East and Cyprus, and Deloitte Cyprus is a sub-licensed affiliate of NSE.

Deloitte Limited is referred to throughout this report as “Deloitte Cyprus”, Deloitte & Touche (M.E.) LLP is referred to throughout this report as “Deloitte DME” or “DME”, Deloitte North and South Europe (NSE) LLP, is referred to throughout this report as “Deloitte NSE” or “NSE”.

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

Deloitte Actuarial Services

Actuarial related services of Deloitte are provided through Deloitte Actuarial Services Limited (“DAS”). DAS engages in insurance, pension and investment related projects for insurance companies and pension funds. DAS was established in January 2019.

Deloitte Legal

Hadjianastassiou, Ioannides LLC is the Deloitte Legal network practice in Cyprus. It is an independently owned and managed private limited liability lawyers’

company registered in Cyprus (Reg. No. HE 227297), regulated by the Cyprus Legal Council and the Cyprus Bar Association (www.cyprusbarassociation.org) (CBA Reg. no. 22).

ARIS | A Really Inspiring Space

ARIS | A Really Inspiring Space (“ARIS”) is a wholly owned subsidiary of Deloitte Limited, and a company limited by guarantee without share capital registered in Cyprus (Reg. No. HE 392454). ARIS has established an acceleration programme, with the purpose of offering start-ups and scale-ups with the structure, mentorship and network needed to grow successful business ventures.

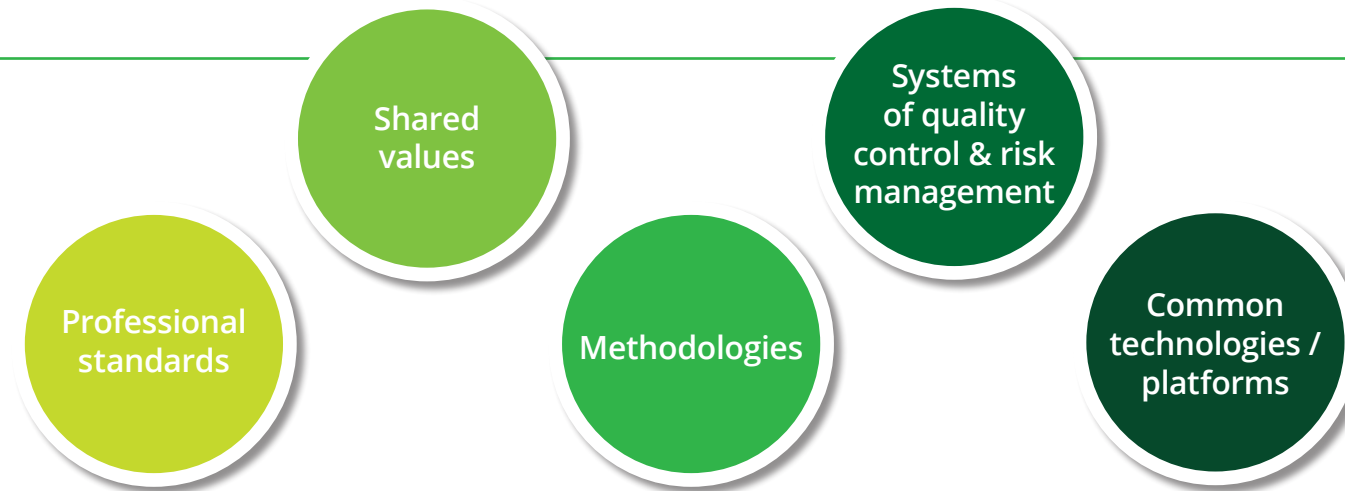
Deloitte Investment Services

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

Network description

The Deloitte network

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



Deloitte Touche Tohmatsu Limited (DTTL or Deloitte Global)

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

“Deloitte” is the brand under which approximately 457,000 dedicated professionals and practitioners in independent firms throughout the world collaborate

to provide audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to select clients. These firms are members of DTTL. DTTL, these member firms and each of their respective related entities form the Deloitte organisation. Each DTTL member firm and/or its related entities provides services in particular geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates. Each DTTL member firm is structured in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its respective territories through related entities. Not every DTTL member firm or its related entities provides all services, and certain services may not be available to attest clients under the rules and regulations of public accounting. DTTL, and each

DTTL member firm and each of its related entities, are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm, and their respective related entities, are liable only for their own acts and omissions, and not those of each other. The Deloitte organisation is a global network of independent firms and not a partnership or a single firm. DTTL does not provide services to clients.

Deloitte Cyprus: governance – leadership in action

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

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

The Board of Directors/Partners (“Board”)

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

The Board comprises of the CEO, the Chairman and all of the Directors (commonly referred to as “Partners”) and meets on a frequent basis.

The Board has established the Audit Quality Committee (AQC) to ensure appropriate management focus on significant audit quality matters and to assist the Board in executing its role.

Audit Quality Committee (AQC)

The Audit Quality Committee extends and broadens audit quality governance. Its aim is to develop, govern and implement activities that will achieve sustainable

improvements in audit quality and secondly to respond to audit quality issues raised by regulators and stakeholders. It consists of six highly respected, senior and technical partners, whose role is to jointly support the National Professional Practice Director (NPPD), the Audit & Assurance Business Leader (AABL) and the Audit & Assurance Risk Leader (AARL) in taking key decisions that will push the audit quality agenda forward. At the same time, it serves as a consultation panel for larger and more complex issues. It holds meetings on a quarterly basis, but may meet more frequently if the need arises.

Actions driven by the AQC during the year include but are not limited to the following:

- development and communication of actions and policies for the continuous enhancement of audit quality;
- strategic responses to the underlying causes of inspection findings, including recurring underlying causes from year to year;
- monitoring of the effectiveness of the Audit Quality Monitoring and Measurement Programme;
- identifying and assessing current regulatory and reporting developments that may affect the audit business in the future.

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

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

Maria Paschalis, the Audit & Assurance Leader, is appointed by Deloitte Cyprus’ CEO (effective 1 December 2023 this role will be assumed by Andreas Andreou). Maria Paschalis, together with the firm’s senior management, develop and implement

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

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

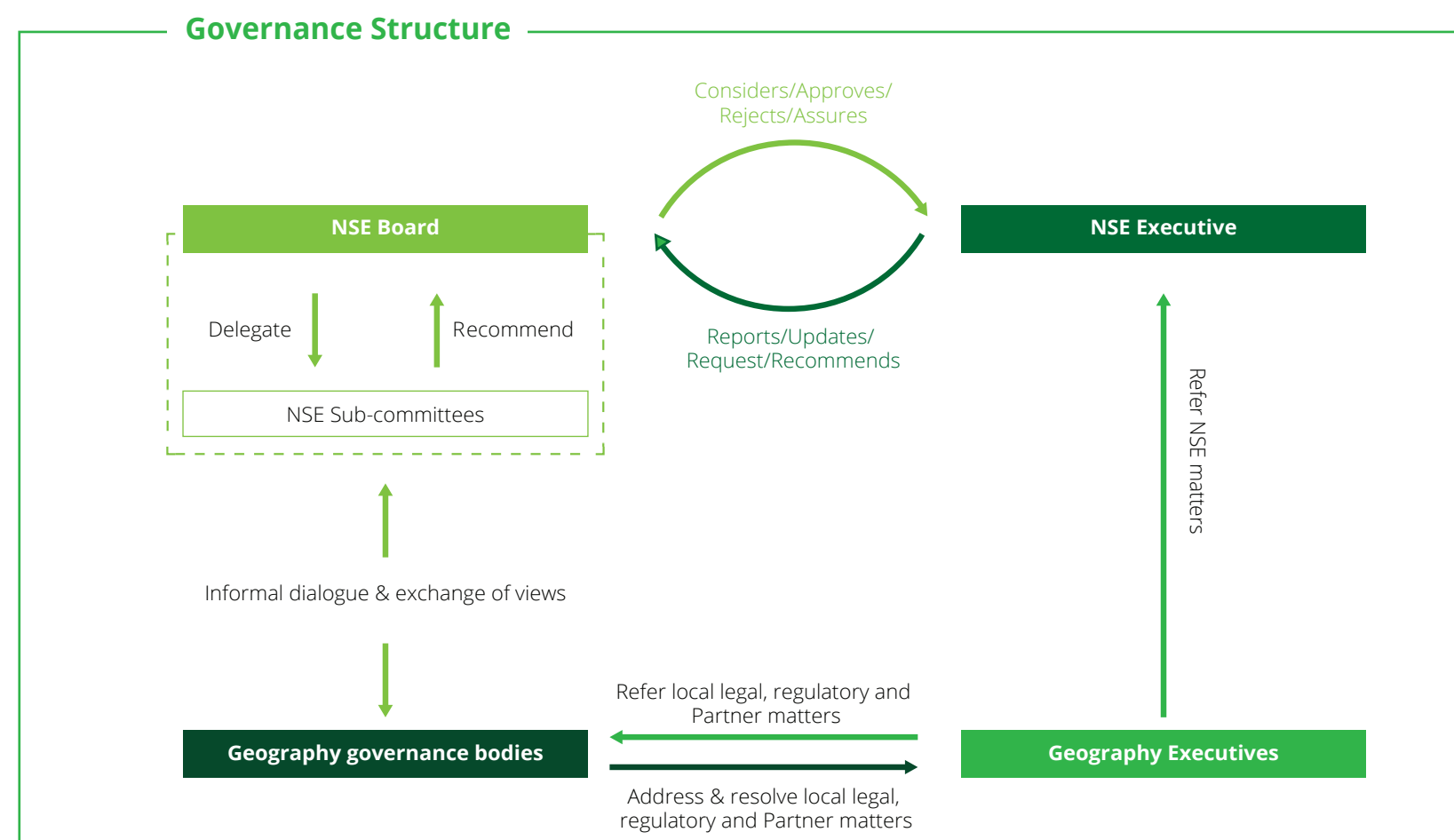
NSE Governance

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

NSE Equity Partner interests generally. The NSE Executive is responsible for developing strategy, ambition and supporting policies and then leading their implementation and execution across NSE. Geography (i.e. jurisdiction) governance bodies exist where this is required for legal and/or regulatory purposes and to oversee local Partner matters in each country. Examples include the UK Oversight Board and the Dutch Supervisory Board. The Geography Executives work with the NSE Executive to reflect the Connected+ autonomy operating model (balancing local and central requirements), including

the development and delivery of approved plans, in line with the NSE strategy, tailored to reflect local market conditions. At the Cyprus level, the local Executives work together with the DME Executives who in turn work with the NSE Executives, to achieve these objectives.

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



Our purpose and commitment: instilling trust and confidence

At Deloitte Cyprus, our purpose is to make an impact that goes beyond the expected. For Audit & Assurance, this means constantly evolving audit and assurance processes, leveraging leading-edge technology, applying a diversity of skillsets, knowledge, and experience to deliver high-quality services. We take great pride in instilling confidence and trust in the capital markets and are committed to relentlessly raising the standards of quality and always acting with integrity, independence, and transparency. We are continuously building our capabilities to support the delivery of high-quality audits and other assurance engagements and making leading contributions to shaping the future of the audit profession.



Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

Appendices

Contacts

Deloitte Audit & Assurance: Our commitment to serving the public interest

Deloitte Limited
leadership messages

Deloitte network

**Deloitte Audit &
Assurance: Our
commitment to serving
the public interest**

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

Appendices

Contacts

Deloitte Audit & Assurance:

Our commitment to serving the public interest

A focus on audit quality

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

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

Deloitte Global leadership

The Deloitte Global Audit & Assurance Executive, which includes the Audit & Assurance Business Leaders from the member firms is led by Jean-Marc Mickeler, the Deloitte Global Audit & Assurance Business Leader, whose responsibilities include defining and driving the Deloitte Global Audit & Assurance strategy, with a particular focus on:

- Driving key audit and assurance initiatives across the Deloitte network to accomplish quality outcomes.
- Leading transformational initiatives to innovate the way our audit and assurance engagements are executed to meet the evolving needs of our stakeholders.

Deloitte Cyprus agrees that the evolution of audit has gone through a remarkable journey of transformation shaped by advancements in technology, continuously evolving regulatory landscapes, and the ever-

increasing complexity of business operations. With the advent of digitalisation, auditors have been given access to innovative tools and techniques designed to enhance their efficiency and effectiveness. Moreover, the rise of data analytics and artificial intelligence seems to be transforming some old-fashioned audit practices, allowing auditors to analyse larger volumes of data, identify patterns, and uncover anomalies more accurately, timely and efficiently. Additionally, the widespread adoption of cloud computing and remote access capabilities has enabled auditors to perform audits remotely, reducing travel costs and increasing flexibility. As technology continues to advance, the evolution of audit will likely continue, unleashing new methodologies and approaches that will further improve audit quality and deliver greater value to organisations and their stakeholders.

Entities Deloitte audits

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

The company we keep is a critical foundational aspect of our Audit & Assurance strategy and global shared values that guide our behaviour to lead the way, serve with integrity, take care of each other, foster inclusion, and collaborate for measurable impact. The question we ask ourselves is: what type of entities do we, as a global network, want to be associated with? In order to answer this question, an audit and assurance risk appetite statement has been developed to serve as the foundation for the company we want to keep. The risk appetite statement can be used as a tool to promote robust discussion of risk, and as a basis upon which acceptance and continuance decisions can be debated and challenged effectively and credibly. The statement, as shown below sets the tone for our risk culture and aims to drive global consistency in the engagement acceptance and continuance decision making process:

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

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

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

Deloitte Cyprus has detailed policies and procedures in place for the acceptance of prospective clients, the continuance of existing engagements and the

assessment of engagement risk. These policies and procedures are designed with the objective that Deloitte Cyprus will only accept or continue with engagements where it:

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

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

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

These comprehensive policies and processes comply with the applicable Anti-Money Laundering Laws and the Directive of The Institute of Certified Public Accountants of Cyprus (“ICPAC”) together with the Deloitte Audit Approach, International Standards on Auditing and the IFAC Code of Ethics for Professional Accountants as issued by the International Ethics Standards Board for Accountants (“IESBA”).

Our firm’s engagement risk assessment procedures provide a basis for tailoring the audit approach to address engagement specific risks. For higher-risk engagements, additional risk management safeguards are applied, such as assigning a more experienced partner as the Engagement Quality Control Reviewer (EQCR), assigning a Special Review Partner in addition to the EQCR to much greater than normal engagements, involving experts or requiring an additional review of the engagement by a member of the Audit Quality Committee. Our engagement risk assessment begins at the client acceptance process. We perform an annual continuance assessment to determine if the firm should continue providing

services. In addition, in the case of an entity changing significantly (for example, a change in ownership), the firm reassesses and reevaluates continuation of the relationship.

Engagement team selection and expertise

The selection of the engagement team is key to developing and executing a high-quality audit. Each audit engagement is led by a partner who is fully responsible for the services we 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 Cypriot laws and regulations.

Bringing the breadth and depth of Deloitte knowledge to industry

Our firm benefits from industry specialists and

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

Use of experts

While the audit engagement partner retains responsibility for all aspects of the engagement, there are instances when the engagement team utilises an expert; this person is not considered to be part of the audit team. In such instances, the engagement team evaluates whether the expert has the necessary competence, capabilities and objectivity to perform the tasks assigned to them.

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

Table 1: Client and engagement acceptance and continuance considerations

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

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

Executing with the right behaviours and a focus on quality

Quality is not just about compliance. While compliance with standards, regulations and legal requirements is a basic requirement of the regulated audit profession, leading the profession in quality requires more. Much more. We are committed

to instilling a culture of quality and excellence throughout the Deloitte organisation, from the most experienced partners to brand new hires, and across all our geographies. Our strategic audit quality programmes provide an environment to allow all our people to excel.

We continually emphasise the importance of our role as evaluators. This is reflected in many aspects of our methodology, procedures and training. We also create audit working environments that take a "design" approach to issue identification and problem solving. In our audit documentation and when reporting to those charged with governance, we include discussions on areas of significant professional judgement to make it clear how we have exercised scepticism and the challenges we have made in reaching our conclusions.

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

Audit methodology and tools

Our audit methodology requires us to develop a deep understanding of the client's business and risks, and apply this to the design and execution of our audits; two platforms have been developed to better support our engagements. Deloitte Omnia (soon to replace "Engagement Monitoring System (EMS)") is our platform designed to be used for our larger and more complex audits. Deloitte Levvia is the platform designed specifically for our smaller audit engagements.

Deloitte Omnia integrates innovative technologies to standardise audit documentation and allow for consistent access and reuse of data. Deloitte Omnia embeds Deloitte Way Workflows (DWWs) and digitises elements to drive standardisation, for example in the way we execute risk assessment, analytics, and audit documentation. The standardised approach in Deloitte Omnia is designed to support engagement teams to deliver a high-quality audit. It will help engagement teams to identify the instances where a bespoke approach is required, but it remains critical to lay the appropriate groundwork of standardisation and centralisation of resources and data.

Both platforms, enable comprehensive planning, performance, documentation and review of our work in accordance with the International Standards on

Auditing issued by the International Auditing and Assurance Standards Board of IFAC, together with the applicable network, professional, regulatory, and legal obligations. They enhance the consistent implementation of the Deloitte Audit Approach and act as a further gateway to guides, practice aids and thought leadership developed globally and locally in an effort to enhance quality and consistency across all our audits.

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.

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 the team seeking consultation and the consulted, and that conclusions of the consultation are documented, understood and most importantly implemented.

Audit partners and staff are supported by the National Professional Practice Director (NPPD), the Risk and Reputation Leader (RRL) and the Audit Risk Leader (ARL) as well as 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 a global impact or wider reach, consultations are escalated to the Global Centres of Excellence including the Global 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. If needed they may escalate the consultation to the Audit Quality Committee and from there, to the Regional Centre of Excellence for Audit Quality if appropriate.

Differences of opinion

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

Engagement documentation and security

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

Confidentiality, Privacy and IT security

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

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

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

To further emphasise the significance of these policies to the firm and the network, our people are asked to make an electronic declaration annually of their understanding and compliance. Further, the Deloitte network undertakes annual Confidentiality

and IT security compliance visits to determine our compliance levels with the policies of the firm benchmarked against global standards.

Confidential Information (CI) Programme

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

Incident response

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

Engagement documentation

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

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

Fewer, stronger member firms

Within the Deloitte member firm structure, Deloitte Cyprus is part of the Deloitte Middle East geography. As a locally registered and regulated audit firm in Cyprus, we have decision-making authority regarding regulatory matters and professional obligations and maintain ultimate responsibility for the execution of audit and assurance services in accordance with professional standards and local laws and regulations. Deloitte Cyprus is responsible for maintaining and operating an effective system of quality management to support the performance of high-quality audit and assurance engagements. As a member of a combined firm within the Deloitte network, we work in close cooperation with the other geographies in the Deloitte Middle East member firm and benefit from additional oversight of quality, risk management, and monitoring activities. This structure fosters shared investment in audit innovation and resources as well as the sharing of leading practices across geographies, contributing to our collective aspirations of continuous improvement in audit quality.

Audit & Assurance – the future, today

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

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

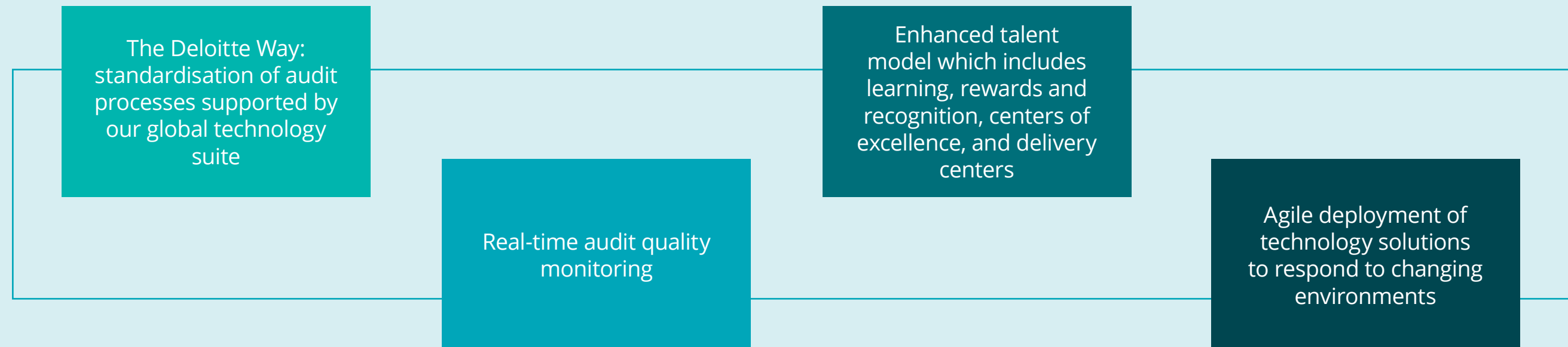
Our unwavering dedication to quality drives our sustained quality leadership position. We remain

focused on excellence across people, processes, and technology. Each of these core components helps us to deliver our vision for a better future, creating an impact that not only meets expectations but goes beyond them.

What does this look like? A constantly evolving audit and assurance practice, leveraging bright minds, effective processes, and world-class technologies from across our global organisation while drawing

on our years of experience. We deliver high-quality services in an efficient and effective way that upholds integrity, builds confidence, and drives value by focusing on what really matters.

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



Delivering audit excellence through process, people, and technology transformation³

With The Deloitte Way, Deloitte is bringing standardisation, consistency, and efficiency to drive quality into the core of how our audits are executed: with automation that improves routine tasks and analytics that support audit execution—yielding a deeper and more insightful view into the available data. As a result, we are improving the quality of the audits we deliver while also creating a richer talent experience for our people and clients, providing a streamlined, digital audit experience, that provides greater transparency and insights.

Innovation and technology enablement are an expectation in today's fast-changing business environment, and this expectation holds true for the audit profession as well. Today's complex business environment requires that the audit be dynamic, multidimensional, and insightful. There is a demand for real-time, relevant information, and we need to evolve our audits as the entities we audit innovate their businesses and processes. Leveraging evolving technology and data, a Deloitte audit delivers deeper insights to create more consistent and transparent audit and assurance for our stakeholders. Deloitte

brings bright minds, effective processes, and world-class technologies from across the global organisation to deliver an impact beyond expectations.

Deloitte Cyprus auditors are enhancing the way they work by making more use of data-driven analytics, as well as cognitive and cloud-based technologies. This is due, in part, to the increased automation and effectiveness these provide, but also the need for Deloitte Cyprus to stay abreast of technological advances used by the entities that we audit.

Deloitte is committed to the continued investment in emerging technologies and diversity of thought that enables the delivery of enhanced quality, insights, and value to our clients and the markets. Deloitte's global audit platforms, Deloitte Omnia and Deloitte Levvia, demonstrate our commitment to delivering digital, high-quality audits of all sizes and levels of complexity. Deloitte Omnia is our cloud-based, end-to-end audit delivery platform for larger and complex audits, while Deloitte Levvia delivers a streamlined, right-sized digital audit experience for low risk and less complex entities. Development, enhancement, and deployment of both platforms will continue over the next few years. Deloitte is also developing and implementing innovative global data and analytics

solutions, and our integrated suite of enabling innovation technologies which are all connected in the cloud.

A snapshot of the global innovation initiatives and cloud hosted solutions that were introduced in the last couple of years and are either adopted or are in the pipeline of adoption by the practitioners of Deloitte Cyprus include, but are not limited to the following:

- **Technical Library** - is a global repository of audit and accounting literature, guidance and publications, for use by Audit & Assurance and Risk Advisory professionals worldwide. It is the primary platform for practitioners to find and stay current with authoritative standards, Deloitte interpretive guidance and the latest technical developments.
- **Deloitte Connect** - is a secure, online collaboration site that facilitates a two-way dialogue between the Deloitte team and client team to effectively manage engagement coordination.
- **Disclosure Analytics** - analyses and curates a massive quantity of financial information to enable more comprehensive and data-driven

³ For more information about Deloitte audit innovation, please refer to [Deloitte Global Impact Report](#) and [Audit innovation](#) and [Audit & Assurance: the Deloitte way](#) pages on [Deloitte.com](#).

risk assessments, industry benchmarking, visualisations, and financial statement analytics.

- **I-Count** - is a mobile and web-based application that streamlines the inventory count process from start to finish, eliminating the need for pencil and paper. Icount can also be used to conduct physical inspections of property, plant, and equipment, perform cut-off procedures, and perform controls operating effectiveness (OE) testing.
- **I-Confirm** - is a secure, web-based application that automates and streamlines the confirmations process and coordinates multiple stakeholders on a centralized platform to enhance audit quality and increase efficiencies.
- **Argus** - Argus brings the power of artificial intelligence, advanced machine learning techniques and natural language processing to Audit engagements. Argus Extraction enables you to interrogate and analyse documents to drive quality and efficiency during document reviews.
- **Reveal Analytics** - assists engagement teams in performing substantive analytical procedures using regression analysis. With statistical calculations,

including certain validity checks, Reveal develops expectations, and uncovers results in a user-friendly format without needing detailed knowledge of the underlying and powerful mathematics.

- **Audit Online** - online, web-enabled platform that interacts and seamlessly exchanges data with our audit platforms featuring interfaces with the offsite audit delivery centres, support of guided risk assessments and access to Diagnostics Quality Dashboards to monitor live engagements.
- **DWW Analytics** - templates that are used in conjunction with the applicable Guided Risk Assessment (GRA) to support the performance of the relevant workflow to gain further understanding of the transactions and support our fact-based risk assessment procedures.
- **ACTT** - the Automated Controls Testing Tool (ACTT) supports the assessment, design, implementation, and testing of automated controls. ACTT can quickly and accurately highlight control deficiencies in different environments, leading to targeted remediation.

- **ACL** - ACL is the file interrogation tool used to perform electronic data inquiry, extraction, and analysis of client records. Applicable to most client data sources, ACL performs queries and data manipulation without requiring extensive manual data preparation. Reports identify trends, pinpoint exceptions, and highlight potential areas of concern.
- **Spectrum** - is an analytical tool developed on the Microsoft Power BI platform which contains pre-configured analytics based on client general ledger data and trial balance data. Spectrum puts visual analytics at the auditor's fingertips, enabling us to visualise and analyse client data.
- **Spark for Journals** - this is a Journal Entry Testing (JET) tool that has been designed from the ground up with the objective of implementing visual analytics to the JET process.
- **JETbot** - JETBoT is a journal entry testing robot built on UiPath using Robotics Process Automation (RPA) technology aimed at assisting users to automate the manual journal entry testing process for smaller engagements.

It is important to emphasise the capability of certain of the above tools to being integrated into Deloitte Omnia and Deloitte Levvia platforms, a fact that is expected to further streamline and enhance the performance, quality and efficiency of our audits.

Auditing in disruptive times

In the wake of tremendous global disruption marked by public health, political, and social uncertainties over the past few years, the profession, along with all corporate reporting ecosystem stakeholders, has been affected. Deloitte's response to the uncertainties and disruptions has included efforts to continue advancing the profession, while prioritising the wellbeing of its people.

Particularly in the current environment, a sharpened awareness regarding the heightened risk of fraud, the presence of emerging or evolving risk factors, and the need for effective internal control environments remains critical. Although the existing accounting frameworks have provisions for uncertainties, financial statement users and regulators should continue to expect a higher degree of market and economic volatility in the near term.

Deloitte has consistently welcomed public statements and guidance issued by regulators that recognise uncertainties and emphasise the importance of high-quality, forward-looking corporate disclosures. Greater transparency benefits the public, just as raising awareness about these issues, especially when all corporate reporting ecosystem stakeholders participate. More clarity about the unique and complementary responsibilities of management, audit committees, entities, auditors, regulators, and other stakeholders enables the investing public to hold accountable these parties in a way that effectively serves the public interest.

The value of high-quality audit and assurance services is not diminished in the midst of global unrest. Rather, investors and other stakeholders continue to call for professional services based on independence and objectivity-based principles and practices to engender trust and inspire confidence in the capital markets—and Deloitte is committed to leading the way.

Deloitte Cyprus' commitment to serving the public interest—especially as it relates to behaving according to the highest standards of ethics, integrity, independence, and transparency is steadfast. Deloitte is keenly aware of the gravity of responsibility that comes with meeting professional obligations and discharging its role as auditors within the corporate reporting ecosystem globally. The following principles remain at the forefront and are continuously reinforced with Audit & Assurance practitioners:

- Exercise professional skepticism and due professional care
- Critically evaluate the quality of audit evidence obtained and determine whether it is sufficient and appropriate to address relevant risks
- Make well-reasoned professional judgments supported by clear documentation
- Foster a culture of excellence and consultation
- Demonstrate commitment to integrity and ethical behavior, including compliance with regulatory and professional obligations
- Stay connected and support one another

Multidisciplinary model (MDM)

Deloitte's robust multidisciplinary business model comprises audit and assurance, tax, consulting, and risk and financial advisory practices and is an important contributor to the organisation's ability to deliver high-quality audit and assurance services. Specifically, the scope of corporate reporting has begun to expand and it is expected to transform drastically in the near future; Financial statements and corporate disclosures will continue to become more complex due to ESG considerations and other matters (cyber, AI, data privacy, etc.). In addition, as big data and other digital advances become routine, the demand for data analysts and IT specialists will grow accordingly.

The MDM remains foundational to Deloitte's cross-disciplinary services globally. Deloitte prides itself on having a deep bench of independent specialists who can be deployed around the world on engagements to provide subject matter expertise and new, insightful perspectives. Deloitte believes that the current MDM helps the organisation deliver high-

quality audits and assurance engagements in the public interest and reinforces the resilience of the audit and assurance practice. The strengths of the MDM include:

- The possibility to develop industry or thematic insights (e.g., climate, governance, corporate strategy, etc.) through multiple lenses, which enhances auditors' understanding of business risks relevant to conducting audits.
- The MDM enables access to functional specialists and industry experts who are independent, and who provide audit support helping to deliver high-quality audits. This will become more important as we move towards broader corporate reporting.
- The breadth of the MDM is attractive to candidates who may not want to limit their career options to providing audit and assurance services only.
- The scale of the MDM brings greater resilience to each Deloitte business line, including audit and assurance, allowing continued investment in

technology, methodology, and process to support delivery of high-quality services.

Deloitte leadership recognises that each Deloitte business line is important and critical to the organisation's ability to deliver on its public interest responsibilities. Management's attention and investment allocation are not limited to the business lines with the highest growth rates.

Deloitte acknowledges the possibility and perception of conflicts of interest, and therefore has robust conflicts and independence policies and systems to help ensure that Deloitte's strategy is executed in alignment with regulatory and professional requirements. In some areas, Deloitte policies are more stringent than professional standards, laws, or regulations.

Environmental, social, and governance (ESG) reporting⁴

The foundations of business are changing rapidly—long-term resiliency and the ability to create enduring value is directly linked to alignment with the values and expectations of society. Market participants and other stakeholders are calling for greater insight into how organisations are building, protecting, and enhancing enterprise value over time, and are specifically demanding enhanced transparency around climate-related and broader ESG impacts and the dependencies of an entity's business model and strategy.

Specifically, Deloitte recognises that climate change poses a risk to financial stability and impacts businesses in many sectors with increased disclosure and reporting expectations from various stakeholders.

Deloitte is taking strategic actions to educate our people on climate change and the potential impact on audited entities to support the execution of high-quality audits, thereby giving appropriate consideration to climate-related risks and

opportunities. This includes the deployment of materials such as a climate learning curriculum, as well as a framework and related guidance to consider climate-related matters as part of the audit.

Broader corporate reporting

Traditional financial reporting is beginning to evolve into broader corporate reporting. To support this evolution, there are standard setting and rulemaking efforts regarding sustainability by the International Sustainability Standards Board (ISSB) and others around the world.

These standards emphasise the need for better connectivity between financial and non-financial reporting and will help users of corporate disclosures better understand and compare information about entities. Further, these standards will enable greater transparency, consistency, and comparability globally, as well as shift the requirements for climate-related reporting from being voluntary to mandatory.

To be effective, the standards need to be adopted globally in a consistent manner to deliver corporate reporting which is comparable, based on the global baseline, and supplemented by local considerations where warranted. These standards will also need



Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

Appendices

Contacts

⁴ For more information about Deloitte audit innovation, please refer to Deloitte [Global Impact Report](#).

to be brought into regulation around the world, together with associated enforcement, monitoring, governance and controls, assurance, and training. The developments in standard-setting and rulemaking are intended not only to create transparency and consistency in global baseline reporting, but also to make clear that information in financial reporting and information contained in sustainability reporting together are essential inputs to inform a stakeholder's view of an entity's value.

Therefore, there is a growing demand for companies to integrate climate-related and other ESG considerations into internal control policies and procedures, enhancing the maturity of systems, processes, and governance over climate-related and other ESG information. As a result, those charged with governance (e.g., audit committees, boards) are increasingly incorporating ESG considerations in their oversight responsibilities of an organisation's management, its reporting, and their data-collection processes and controls.

Deloitte understands that given the increased risks associated with climate change, it is important for climate-related factors to be properly incorporated

into corporate reporting. Today some stakeholder's expectations may not be met by financial statements prepared in accordance with current accounting frameworks. As corporate reporting continues to evolve and stakeholders accommodate and adapt to market shifts and public sentiment, it is important to allow for appropriate due process in order to develop robust standards applied consistently across the globe and to drive reporting that is responsive to the growing asks of investors and other stakeholders.

Deloitte remains committed to engaging in meaningful and transparent conversations with investors, standard-setters, regulators, and other relevant stakeholders. We also look forward to supporting reduced standard and regulatory fragmentation and to greater market confidence as consistency in standards is realised globally. In Europe the provisions of the European Corporate Sustainability Reporting Directive (CSRD) entered into force on 5 January 2023 and have to be transposed into Member States' national legislation within 18 months of this date, by 6 July 2024. The requirements will become effective in stages, based on the characteristics of undertakings, with earliest application from 1 January 2024 to 1 January 2028.

Undertakings within the scope of the CSRD are required to include, in their management report, information necessary to understand the undertaking's impacts on sustainability matters and how sustainability matters affect the undertaking's development, performance and position. whose provisions. The information provided will be subject to mandatory limited assurance and mandatory digital reporting.

Assurance

With the increased focus and scrutiny of ESG reporting also comes the increased need for confidence over the quality of disclosures and increasing calls for assurance requirements. Individual jurisdictions, such as the European Union and the United States, are moving to introduce or strengthen regulation around sustainability reporting. Assurance requirements are increasingly becoming mandatory. Providing assurance on ESG information should be expected to follow a professional framework including competence, independence, a system of quality management, and be subject to oversight and inspection as well as professional liability mechanisms to ensure that credible assurance is delivered to the market.

Below are specific actions that Deloitte is undertaking to support execution of high-quality assurance that appropriately address ESG voluntary reporting and regulatory requirements:

- Engaging in shaping the capital market infrastructure for sustainability reporting tied to enterprise value through collaboration on climate and ESG standard setting reporting, and assurance initiatives, such as the IFRS Foundation, the International Auditing and Assurance Standards Board, and the International Ethics Standards Board for Accountants.
- Actively participating in various global platforms such as the World Economic Forum and the 2022 UN Framework Convention on Climate Change (COP27).
- Deployment of enhanced guidance to deliver limited and reasonable ESG assurance through Deloitte's global sustainability assurance methodology. Building capacity through global and localised learning focused on ESG.

- Developing technology-enabled tools, including a tool to evaluate a company's sustainability disclosures against common ESG standards.
- Working within the local accounting association committee to support regulators in the transposition of the relevant European directives.
- Participating in local business-led membership organisations and providing trainings on ESG and Sustainability topics.

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

Deloitte's commitment

Further, to help the world achieve the goals of the Paris Agreement⁵, Deloitte has launched [WorldClimate](#), a strategy to drive responsible climate choices within the Deloitte network and beyond.

Deloitte's commitments to people, the planet, and purpose are reflected broadly throughout the organisation's strategy, operations, and relationships. Accordingly, Deloitte joined the Glasgow Financial Alliance for Net Zero (GFANZ) in 2021 by committing to do its part to encourage decarbonisation of the economy, and to create financial and social value through the core business and aligned social investment.

GFANZ comprises a network of alliances, organised by sector, committed to accelerate progress toward achieving the priorities outlined in the Paris Agreement and supporting the goal of net zero greenhouse gas emissions by 2050 or sooner. As part of the Net Zero Financial Services Providers (NZFSP) alliance, Deloitte committed to take meaningful actions to execute our services and manage our operations in line with these goals.

Refer to the upcoming issuance of the 2023 Deloitte Global Impact Report for the complete report on this important initiative.

⁵ The [Paris Agreement](#) is a legally binding international treaty on climate change. It was adopted by 196 parties at the United Nations (UN) Climate Change Conference (COP21) in Paris, France, on 12 December 2015 and was entered into force on 4 November 2016. Per the UN, its overarching goal is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

Shaping the future of the audit profession

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

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

Deloitte is committed to establishing a meaningful vision for the future of the profession which addresses the shifting needs of society.

We are continually innovating to address the challenges of efficiency and effectiveness through technology, data, and ways of working. In parallel, the role of audit and assurance in the corporate reporting ecosystem, its responsibility to act in the public interest, and its evolving contribution to societal value remains at the forefront of our work in this area. Through proactive engagement with a range of stakeholders, we seek to understand today's rapidly developing issues faced by society (e.g., ESG, cyber, AI, data privacy, etc.) and the role that audit and assurance can play in responding and driving change for the better.

We strive to engage with these parties, both formally and informally, to share, offer, and debate ideas that foster our collective ambition to ensure the ongoing and growing relevance of audit and assurance to the capital markets.



Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

Appendices

Contacts

Professional development and performance management

Deloitte's culture of excellence and the design of learning programmes place people at the forefront⁶. Deloitte practitioners are technically proficient with high levels of ethics, integrity, professional skepticism, and objectivity, applying their judgment and experience with passion and commitment. We are continuously enhancing our skillsets, knowledge, and experience to go beyond the expected and deliver meaningful impact.

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

Deloitte practitioners bring diverse backgrounds, knowledge, and skills that enhance capabilities as an organisation in delivering the highest quality audits. We support and empower our people to achieve their full potential by valuing and demonstrating diversity, equity, inclusion, and wellbeing. In addition, operational discipline, effective management of the business, and our singular approach to doing audits known as The Deloitte Way provide global consistency to our audits.

Deloitte recognises and rewards its Audit & Assurance practitioners and professionals and makes meaningful investments in their futures.

⁶ For more information about Deloitte's commitment to its people, please refer to [Audit & Assurance People page](#) on [Deloitte.com](#).



Deloitte Limited leadership messages

Deloitte network

Deloitte Audit & Assurance: Our commitment to serving the public interest

External and internal audit quality monitoring

Independence, ethics, and additional disclosures

Appendices

Contacts

Learning and development initiatives

Deloitte's transformed approach to audit delivery is changing the audit experience for practitioners. Audit teams are empowered by advanced tools and technologies and more extensive use of data and analytics within a guided workflow to execute the end-to-end audit. For Deloitte practitioners, this means focusing on how the engagement is planned, executed, and managed consistently across the globe using our innovative techniques and capabilities. It also offers opportunities to enhance their technical and professional skillsets and competencies. For example, the following skills remain as important as ever—enhanced data analytics, project management, critical thinking, communication, professional judgement, and the application of accounting and auditing principles to work more effectively and deliver high-quality engagements. As capabilities and skillsets are enhanced, we build greater confidence and become ever-better evaluators of risk.

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

- At the core, Deloitte has a single, global mandatory audit technical learning curriculum, tailored for learners by level, using a dynamic blend of live instructor-led, digital on-demand courses, and on-the-job activities.
- All client service practitioners are required to follow the firm's learning requirements for their roles and complete at least 20 hours of continuing professional education (CPE) each year and at least 120 hours over a cyclical three-year period to ensure both compliance with regulatory standards and Deloitte internal policies. This is achieved through structured, formal learning programmes, such as internal or external courses, seminars, or e-learning covering all areas of the competency model (e.g., shared competencies, function-specific technical competencies, and competencies in areas of specialisation).
- All client service practitioners have clearly defined role expectations and Global Talent Standards which outline the capabilities that are required of practitioners at each level.

Deloitte has also established specific learning opportunities for specialists working on audit

engagements to support their knowledge and understanding of the audit process. In addition, our assurance learning offering is being expanded to respond to emerging business needs.

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

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

- live instructor-led
- virtual instructor-led
- self-study
- digital learning (i.e., e-learning courses), for both technical and soft skills topics, which are available through:

- SBX Cornerstone,
- LinkedIn Learning (provides a vast number of courses on soft skills topics to assist with professional development),
- CURA Learning (a digital platform, using Artificial Intelligence technology, that provides curated learning resources based on the users' knowledge, needs and interests),
- Mentoring schemes (e.g., MentorME, Womentor, SponsorME),
- Coaching and on-the-job training.

The learning approach is designed to:

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

Moreover, there are courses and programmes for topics at the foundation, advanced and mastery levels in an effort to keep our people up to date with the latest market developments and regulations relevant to their role. Our extensive curriculum covers:

- technical matters
- regulatory
- professional ethics
- independence and risk matters
- soft skills programmes, including courses on leadership

The attendance of all professionals to all the mandatory courses is monitored and subject to a comprehensive Learning Disciplinary Process.

FY2023 | Key learning figures



Audit & Assurance professionals invested approximately **46,500** hours in various learning and development activities, including approximately **23,000** hours for pursuing professional qualifications/certifications



On average, each member of staff received approximately **67** hours of learning (excluding the hours invested for pursuing professional qualifications/certifications)

Deloitte. University

Deloitte actively cultivates the collective knowledge and skills of Deloitte people globally through continued investment in Deloitte

Universities (DU). These are state-of-the-art learning and development centers focused on Deloitte culture and founded in the principles of connectedness and leadership in a highly inclusive learning environment⁷.

Last year, in-person programming returned to Deloitte Universities, providing opportunities for our people to reconnect with each other after a number of years of remote learning. Deloitte Cyprus has fully committed to DU EMEA since its foundation. More than 55 of our professionals participate in various DU EMEA programmes every year and have the opportunity to benefit from a dynamic and fast-paced learning environment, while at the same time taking the opportunity for networking and enhancing their personal brand. Through this experience, they can also benefit from connecting across borders, sharing and expanding their capabilities, expertise and insights.

Audit & Assurance Leadership appointments

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

Remuneration

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

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

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

⁷ For more information about Deloitte Universities, please refer to Deloitte [Global Impact Report](#).

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

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

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

Partner performance is evaluated in all of the competencies, beginning with the DME Executive Committee's approval of the profit sharing

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

Attraction and retention

The current environment for talent is extremely competitive and attraction and retention of our people is a strategic priority for Deloitte. Deloitte is focused on transforming the Audit & Assurance talent experience, including reimagining the ways of working to improve retention and further advance the diversity, equity, and inclusion (DEI), and wellbeing of Deloitte people. We are looking at opportunities to collectively expand the talent experience. This focus on our people and retention of top talent enhances Deloitte's ability to deliver high-quality audits.

Diversity and inclusion

At Deloitte, we want everyone to feel they can be their true, authentic selves at work - in everything we do, every day. We know that this can only

be achieved by providing a workplace culture characterised by inclusive everyday behaviours and built on a foundation of respect and appreciation for diversity in all its forms.

Our ALL *IN* diversity and inclusion strategy is focused not only on ensuring that all Deloitte people live the organisation's values and understand the importance of an inclusive culture empowered by inclusive leadership, but also on designing and implementing specific interventions designed to achieve Deloitte's diversity goals. We are focused on providing everyone with equal opportunities to grow, develop and succeed, in an environment where we hold each other accountable at all times. Through ALL *IN*, we focus on driving gender balance; advancing LGBT+ inclusion; enabling neurodivergent professionals' success in the workplace and supporting mental health.

Wellbeing

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

pillars of Mind, Body and Purpose, which are designed to provide the resources and tools for everyone at Deloitte to thrive. Some of our key programmes include:

- HybridWorks
- Flexible starting time
- Friday afternoon off throughout the year
- 34-hour week between July-September, including two afternoons off
- Working Mothers Scheme
- “Dress for your Day” flexible dress code
- Deloitte Employee Assistance Program (DEAP), which provides colleagues and their families with 24/7/365 access to specialist counselling support
- Give-up Smoking Scheme
- Medical & Life Insurance
- Health Check-Ups
- WorkWell Podcast Series

- Fitness challenges as part of our CR&S initiatives
- Male and female football teams
- “No public holiday Lost”: Any public holiday that falls on a weekend is granted as Wellbeing Day Off on the Friday before
- New Dad Leave
- Sports Leave
- Career Break Scheme

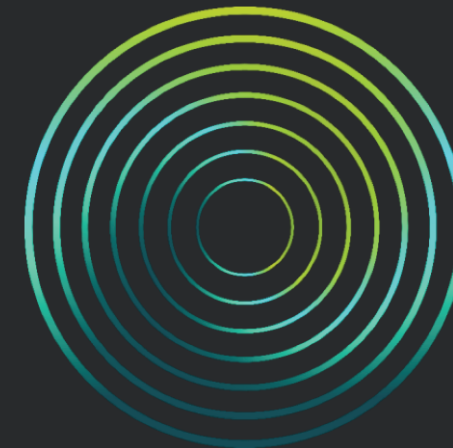
Key Awards and Accolades

We truly believe our actions say it all. Guided by our purpose to make an impact that matters, we push ourselves to do best in all we do, and to leave the world better than we found it. Deloitte continues to receive [global](#) and [local](#) recognition and awards across the globe for its commitment to delivering an unrivalled talent experience for its people, as well the impact we make to our clients and our communities.

Social Impact

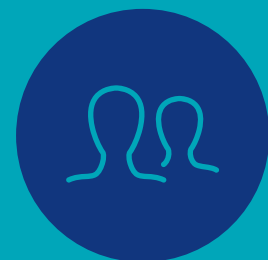
Making an Impact Every Day

We believe human connection can help create innovative solutions and lasting impact on pressing issues of our time. By harnessing the collective power of Deloitte’s network of people, clients, nonprofits, and communities, we aim to achieve lasting social impact for the greater good.



FY2023 | Key talent metrics

(As at 31 May 2023)



Headcount
746



University graduates
94%



Qualified Accountants
249



Worldwide awards in ACA/ACCA examinations
7



Gender composition
F: 57%
M: 43%



Nationalities
14



New hires
143



Average age
33 years old

Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

Appendices

Contacts

Deloitte's priority focus on audit quality

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



Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

Appendices

Contacts

Leadership commitment and tone at the top

Deloitte's culture of quality and excellence begins with strong tone from the top, starting with senior leadership through to the leaders in all our offices and audit and assurance engagements. Deloitte's focus on audit quality is evident through the direct involvement of leaders in initiatives emphasising that quality is the highest priority for audit and assurance practitioners at all levels and consistent messaging that reinforces the importance placed on executing high-quality audit and assurance engagements. Deloitte's relentless pursuit of quality defines not just what we do, but who we are.

System of quality management (SQM)

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

Regulators and standard setters in Cyprus and globally are also focused on driving further improvements in firms' system of quality management. In December 2020, the International Auditing and Assurance Standards Board ("IAASB")

released its new, revised suite of quality management standards, including International Standard on Quality Management 1 (ISQM 1). Systems of quality management in compliance with ISQM 1 were required to be designed and implemented by 15 December 2022.

ISQM 1 introduced a risk-based approach to the SQM that requires firms to respond to quality objectives and risks to our ability to execute high-quality audits in the following areas:

- the firm's risk assessment process;
- governance and leadership;
- relevant ethical requirements;
- acceptance and continuance of client relationships and specific engagements;
- engagement performance;
- resources;
- information and communication; and
- the monitoring and remediation process.

The effective implementation of ISQM 1 has been and remains a key element of Deloitte's global audit quality strategy. Deloitte Cyprus' ISQM 1

implementation activities were completed by 15 December 2022, building on the multi-year investments and commitment already delivered to go beyond the requirements of the existing professional standards.

As part of the implementation of ISQM 1, quality objectives, quality risks and responses were formalised and brought together in a globally consistent technology platform to facilitate the design and maintenance of the system, as well as the operation through tri-annual self-assessments by business process owners and reporting capabilities to support the required annual evaluation.

Deloitte Cyprus continues to work with leaders across the firm, as well as the broader network, to further enhance our proactive approach to managing the quality of engagements performed—identifying and addressing risks to audit quality and driving continued advancements in quality management processes.

Consistent with Deloitte's culture of continuous improvement and innovation, Deloitte Cyprus' ISQM 1 implementation efforts have provided us the opportunity to challenge ourselves—examining those areas where we can further enhance and transform our system of quality management. Audit quality

is always front and center, and robust audit quality monitoring processes play an integral role in our ability to continually improve.

The first annual evaluation of the systems of quality management are required to be performed within one year following 15 December 2022. Deloitte Cyprus performed its first evaluation of its SQM as of end of May 2023.

Conclusion on the effectiveness of the system of quality management

Deloitte Cyprus is responsible for designing, implementing, and operating a system of quality management (SQM) for audits or reviews of financial statements, or other assurance or related services engagements performed by the firm, that provides the firm with reasonable assurance that the objectives of the SQM are being achieved. The objectives are:

- The firm and its personnel fulfill their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- Engagement reports issued by the firm or

engagement partners are appropriate in the circumstances.

Deloitte Cyprus conducted its evaluation in accordance with the International Standard on Quality Management 1 and concluded that the SQM provides the firm with reasonable assurance that objectives of the SQM are being achieved as of 15 July 2023.

Reasonable assurance is obtained when the system of quality management reduces to an acceptably low level the risk that the objectives of the SQM are not achieved. Reasonable assurance is not an absolute level of assurance, because there are inherent limitations of a system of quality management.

Independence, objectivity, and professional skepticism

The execution of high-quality audits requires independence, objectivity, and professional skepticism. This means a continuous and tangible focus on Deloitte's critical role in serving the public interest, including creating a culture of quality where doing the right thing is of paramount importance. Deloitte consistently reinforces the important role of auditors as independent evaluators who must maintain a mindset of professional skepticism throughout the conduct of our work. This approach

to the audit is reflected in Deloitte policies, methods, procedures, and learning, and is reinforced through quality management and accountability measures.

Audit approach

Deloitte's approach to performing a high-quality audit involves the use of an audit methodology, common across the Deloitte network, supplemented by audit tools for use by our practitioners to plan, perform, supervise, review, document, conclude, and communicate the results of each audit. Deloitte's audit approach is underpinned by professional standards, as well as requirements of applicable laws and regulations.

Deloitte's audit methodology is risk-based, focusing on the financial statement account balances, disclosures, and underlying assertions that have a reasonable possibility of being materially misstated. Our audit methodology is also dynamic—it evolves continuously to keep pace with the changing demands of investors, companies, and other stakeholders. It recognises that advances in the availability and management of large data sets and in statistical science are relevant to continuing to enhance the quality of Deloitte audits.

Resources to support Deloitte practitioners in the execution of high-quality audits

The resources applied by Deloitte practitioners in the performance of their audits include the proprietary tools, guidance, materials, and practice aids used in conducting audits, which are available to all our practitioners in the Deloitte Global Technical Library, an extensive online library, and in our audit execution platforms (EMS, Deloitte Omnia, and Deloitte Levvia). Deloitte regularly issues accounting and auditing guidance to our practitioners and communicates developments that should be factored into audit risk assessments and responses in order to maintain and drive quality audit execution.

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

Consultation

Quality and risk management considerations are integral to Deloitte's audit business and to the performance of audit engagements. That is why Deloitte views consultation as an essential, collaborative process—one that involves robust challenge and helps determine the most appropriate answers to complex questions. Deloitte has identified circumstances where consultation outside of the engagement team is required in order to demonstrate an appropriate level of professional judgment and the exercise of professional skepticism. Deloitte consultation policies require that conclusions are documented, understood, and implemented. Foundational to the effectiveness of the consultation process is Deloitte's investment in consultation resources who have the appropriate skills and expertise. In addition to formal consultations, whenever engagement partners and teams need additional information or perspectives, they are encouraged to seek assistance from the Audit Quality and Risk Office, or others in the organisation with specialised knowledge.



Deloitte Limited leadership messages

Deloitte network

Deloitte Audit & Assurance: Our commitment to serving the public interest

External and internal audit quality monitoring

Independence, ethics, and additional disclosures

Appendices

Contacts

External and internal audit quality monitoring

Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

**External and internal
audit quality monitoring**

Independence,
ethics, and additional
disclosures

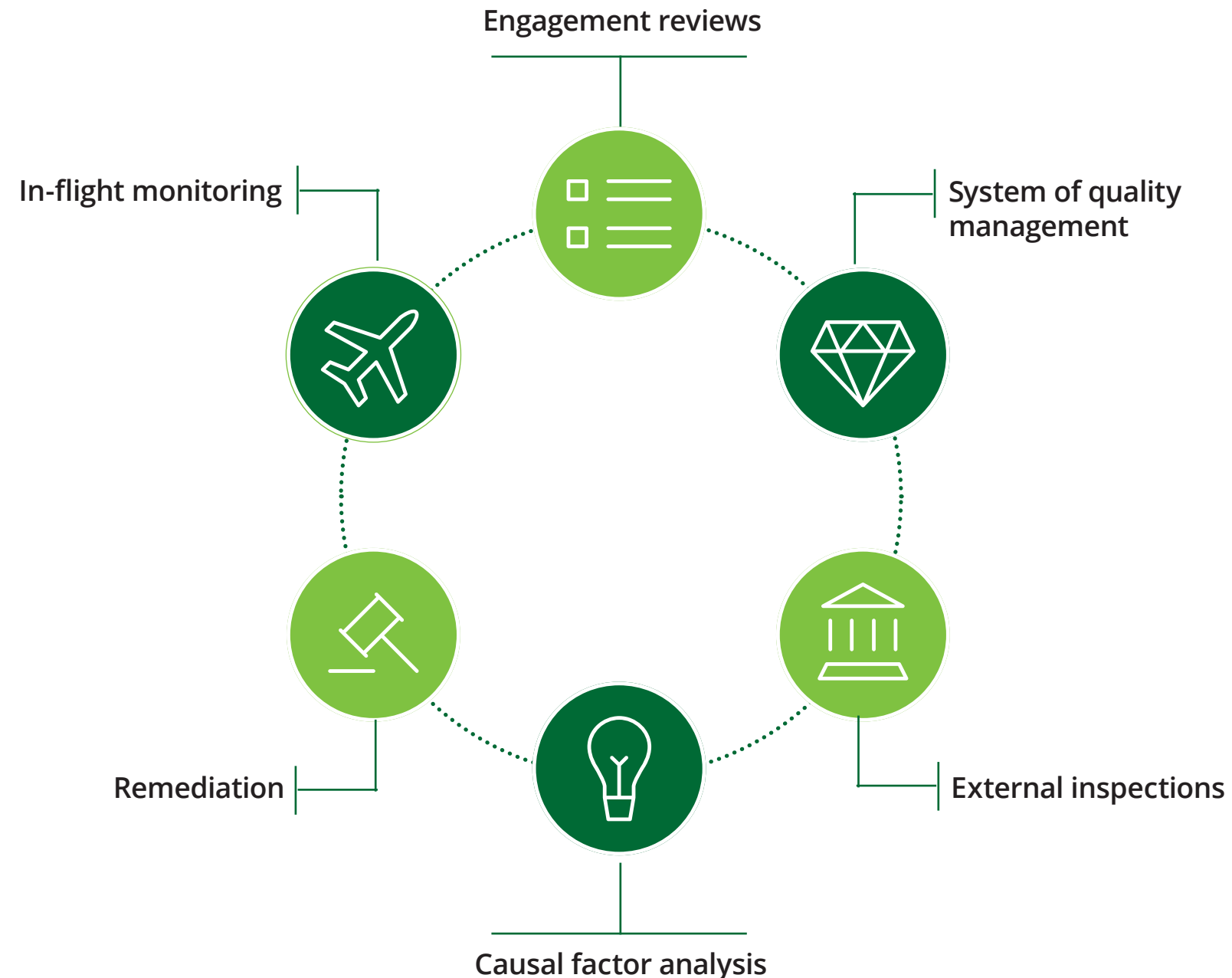
Appendices

Contacts

External and internal audit quality monitoring

Monitoring of audit quality

A continued focus on audit quality is of paramount importance to the Deloitte brand. It is critical that a Deloitte audit is consistently executed and of high-quality, wherever in the world it is performed. The objective of monitoring and remediation processes are to provide relevant, reliable, and timely information about the design, implementation, and operation of the system of quality management to leadership in order to enable appropriate and timely actions to be taken to respond to identified deficiencies. This includes the identification of deficiencies and good practices in the system of quality management and the assessment of the effectiveness of remedial actions in driving improvements in audit quality.



System of quality management (SQM) monitoring

SQM monitoring is an integral part of Deloitte Cyprus' monitoring activities and considers relevant requirements in ISQM 1, as well as evaluating the design, implementation and operating effectiveness of responses that address the quality risks that have been identified for the firm.

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

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

Monitoring of in-process engagements

Continuous audit quality monitoring by Deloitte Cyprus involves the proactive identification of audit issues on in-process engagements in order to drive timely solutions and real time corrective actions.

This is achieved through the following suite of activities:

- Deployment and monitoring of a series of core diagnostics, enabling engagement partners and teams, as well as Deloitte Cyprus audit quality leader(s) to continuously monitor audit quality and take immediate action.
- A program of subject matter specific "health checks" to assist Deloitte Cyprus audit quality leader(s) in assessing progress and identifying potential issues on in-process engagements.
- Inspections of in-process engagements which allows Deloitte Cyprus to proactively identify and remediate any quality issues throughout the audit.
- Results of monitoring of in-process engagements are evaluated overall to determine whether

additional communication and support is needed for audit engagement teams with respect to adherence to the audit methodology or updates thereto.

Inspections of completed engagements

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

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

Additional rigour and independence is brought through the oversight of an independent partner from another member firm within the Deloitte network. Our overall aim is that our internal

Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

Appendices

Contacts

inspection will have at least the same scrutiny and rigour as that applied by our external regulators. Key components of inspections of completed engagements 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.
- Network monitoring with external partners and deputies, independent of Deloitte Cyprus, who drive global consistency by providing input and sharing best practices for monitoring programmes.
- Identifying appropriate resources (from within Deloitte Cyprus as well as from other Deloitte geographies) with the right experience and industry knowledge, including establishing central review teams.

Six Deloitte Cyprus engagements were reviewed as part of the FY2023 practice review programme, all of which were assessed as compliant, whereas as far as the significance of the findings is concerned, the

six engagements had no high, three medium and twenty low findings.

The primary themes identified as a result of analysis of engagement review findings for FY2023 were the following:

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

Causal factor analysis was performed. Deep-dive analysis and interviews of the engagement teams of all engagements took place, with the following causes being identified:

- Policy/tools/aids/learning not used as intended.
- Professional skepticism and the reasoning

behind it was not fully documented - risk related complacency.

- Project management - extent and level of documentation of audit work.

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

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

In addition to the above, no engagements were selected during FY2023 for in-flight reviews. During FY2022, one PIE engagement was selected with two medium and one low findings, and an overall rating of “Moderate Intervention” required.

Key observations from the in-flight engagement review included the following:

- Risk assessment
- Testing of controls

External inspections

In addition to Deloitte Cyprus’ own monitoring of audit quality, we are subject to external monitoring by the Cyprus Public Audit Oversight Board (CyPAOB) and the Institute of Certified Public Accountants of Cyprus (ICPAC).

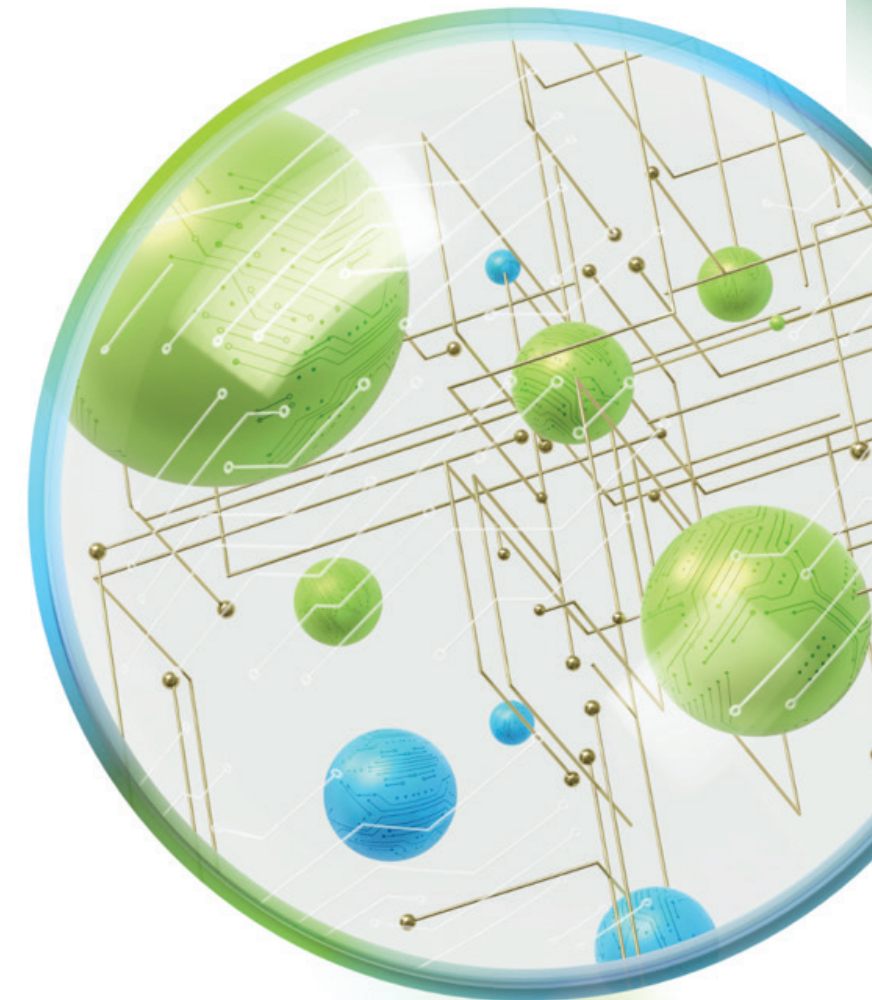
The CyPAOB undertakes independent inspections of the overall quality of the auditing function in Cyprus in relation to listed and other public-interest entities (PIEs) as defined by the applicable law. No file reviews are planned to take place during FY2023. During FY2022 one engagement file was selected for review which was assessed under category 2A, which means

limited improvements required. The main findings that arose from the engagement file review during FY2022 were in relation to the areas of:

1. Information produced by the entity
2. Reliance on work of specialists
3. Use of management and auditor experts for properties valuations
4. Financial statement disclosures

In addition to the engagement files, CyPAOB also performs annual reviews of our Firm Wide Controls (FWC) on a rotation basis. No FWC reviews are planned to take place during FY2023. The main themes that arose from the areas of the FWCs the CyPAOB reviewed during FY2022 were in relation to:

1. partners appraisals,
2. partners remuneration and linkage to audit quality, and
3. monitoring of workload.



Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

**External and internal
audit quality monitoring**

Independence,
ethics, and additional
disclosures

Appendices

Contacts

As far as the ICPAC reviews are concerned, Deloitte was inspected during FY2022 and the review was concluded with 10 out of 12 files reviewed being classified as Satisfactory (no file review was performed during FY2023).

The main findings that arose from the above reviews during FY2022 were in relation to the areas of:

1. Client continuance
2. Understanding the entity and its environment including systems & risk identification
3. Planning including risk assessment & devising audit approach
4. Materiality
5. Substantive testing
6. Analytical procedures
7. Subsequent events review
8. Review of financial statements
9. Communicating with those charged with governance

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

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

Root cause analysis and remediation

Continuous improvement is essential to Deloitte's culture of quality and excellence. Understanding why engagement level findings and SQM deficiencies occur is critical to being able to design effective remedial actions. When engagement level findings or SQM deficiencies are identified, whether through internal or external monitoring activities, actions are taken to identify gaps and develop appropriate remediation activities. Remediation is imperative to drive continuous improvement in audit quality and avoid future similar findings. An audit quality plan is prepared by Deloitte Cyprus and provides for effective implementation and monitoring of key audit quality priorities.

Independence, ethics, and additional disclosures

Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

**Independence,
ethics, and additional
disclosures**

Appendices

Contacts

Independence, ethics and additional disclosures

Deloitte Global Independence



Sets **independence policies and procedural expectations** based upon the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and, where applicable, the independence standards of the US Securities and Exchange Commission and the Public Company Accounting Oversight Board.



Supports firms, as needed, with their ongoing SQM monitoring activities and gives insights into global areas of focus. On a three-year cycle, performs **network monitoring activities** through its monitoring programme, providing recommendations and observations for consideration as part of firms' Monitoring & Remediation activities. In-depth follow-up reviews are conducted as needed.



Provides firms with **technical independence expertise**, as required, which also informs potential enhancements to global policies, procedural expectations, tools, and practice support activities.



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



Promotes **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.

Deloitte Cyprus Independence

Deloitte Cyprus has quality responses that address quality objectives and quality risks as they relate to the relevant ethical requirements for independence. These responses include policies and procedures that are based on expectations set out in Deloitte Global Independence policies, and which are supplemented, as appropriate, to reflect additional national or regional requirements that may be more restrictive than Deloitte Global Independence policies. Deloitte Cyprus leadership reinforces the importance of compliance with independence and related quality management 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 practitioners, and support staff have been adopted, emphasizing each individual's responsibility to understand and meet the independence requirements. The Director of Independence is responsible for overseeing independence matters within Deloitte Cyprus,

including the design, implementation, operation, monitoring, and maintenance of the system of quality management related to independence.

As part of the firm's system of quality management, Deloitte Cyprus has:

- implemented responses to address quality objectives and quality risks it has identified for its key independence areas;
- performed appropriate monitoring activities over its key independence areas; and
- has appropriate independence governance in place.

The firm's key independence areas include:

- Client, engagement, and business relationships, including use of the independence business process tools, the Deloitte Entity Search and Compliance (DESC) system, and the Service Request Monitoring (SRM) application
- Firm and personal financial relationships, including the use of the Global Independence Monitoring System (GIMS)

- Employment and other relationships
- Independence confirmations
- Independence consultations
- Independence-related policies, communications, and learning
- Breaches of independence requirements
- Disciplinary measures for failures to adhere to applicable independence requirements

Global Independence conducted a review of compliance with policies and procedures in the key independence areas during the year, and a report was issued on 30 May 2023.

Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

**Independence,
ethics, and additional
disclosures**

Appendices

Contacts



DESC

Deloitte Entity Search and Compliance

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



SRM

Service Request Monitoring

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



GIMS

Global Independence Monitoring System

Application that contains financial relationship data with relevant independence compliance indicators

Long association requirements of audit partners and practitioners

The rotation of Key Audit Partners (KAPs) and Engagement Quality Control Reviewers (EQCRs) is intended to safeguard against familiarity and self-interest threats, which may impact an individual's objectivity and professional skepticism. Our rotation policy requires the KAPs and the EQCRs for all PIE audit clients to be rotated after seven consecutive years of service, whereas the audit engagement managers should be rotated after 10 consecutive years of service.

Based on the rotation rules for EU PIE audit clients, the KAPs and the EQCRs shall cease their participation in the statutory audit of the audited entity not later than seven years from the date of their appointment and they shall not participate again in that audit before three years have elapsed following that cessation (cooling-off period).

Additionally, based on our rotation policy for the non-PIE audit clients, KAPs should cease their participation in the audit of the non-PIE entity not

later than 10 years of their appointment (including any years during which they have served as audit engagement managers) and they should not participate again in the audit of that entity before two years have elapsed following that cessation (cooling-off period).

Legal matters

Ethics

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

In addition to the Global Code, other foundational elements of Deloitte's ethics programme include global policies, a programme of training and communications, and established reporting

Deloitte Limited leadership messages

Deloitte network

Deloitte Audit & Assurance: Our commitment to serving the public interest

External and internal audit quality monitoring

Independence, ethics, and additional disclosures

Appendices

Contacts

channels supported by defined incident management protocols. For continuous improvement, regular programme assessments and reviews are conducted, and feedback is collected from Deloitte people through an annual ethics survey.

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

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

The ethical requirements for audit and related assurance services provided by Deloitte Cyprus are in accordance with the CyPAOB. Deloitte Cyprus also complies with Deloitte Global policies and

procedures, which align with the requirements and guidance set out in the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, a standard-setting body of the International Federation of Accountants (IFAC). When the local laws (e.g. requirements imposed by the CyPAOB) are more restrictive than the Deloitte Global policies and procedures, Deloitte Cyprus follows such applicable local laws and requirements accordingly.

Deloitte Cyprus reinforces its commitment to ethics and integrity through communication tools, learning programmes, compliance processes, and measurement systems for all people. Learning includes targeted content for onboarding, manager and senior manager promotion, partner admission, independent contractors, and refresher programmes every two years. Recent global training topics have included a focus on the importance of owning up to one's mistakes, navigating personal relationships in the workplace, and demonstrating respect, integrity and professionalism on social

media, and courses have included a confirmation that professionals are aware that answers should not be shared with others and doing so would constitute a violation of the Global Code. In addition, Deloitte Cyprus conducts ethics reviews for senior leaders and requires all partners, other practitioners, and support staff to confirm annually that they have read and comprehended the member firm's Code of Conduct and understand that it is their responsibility to comply with it.

Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

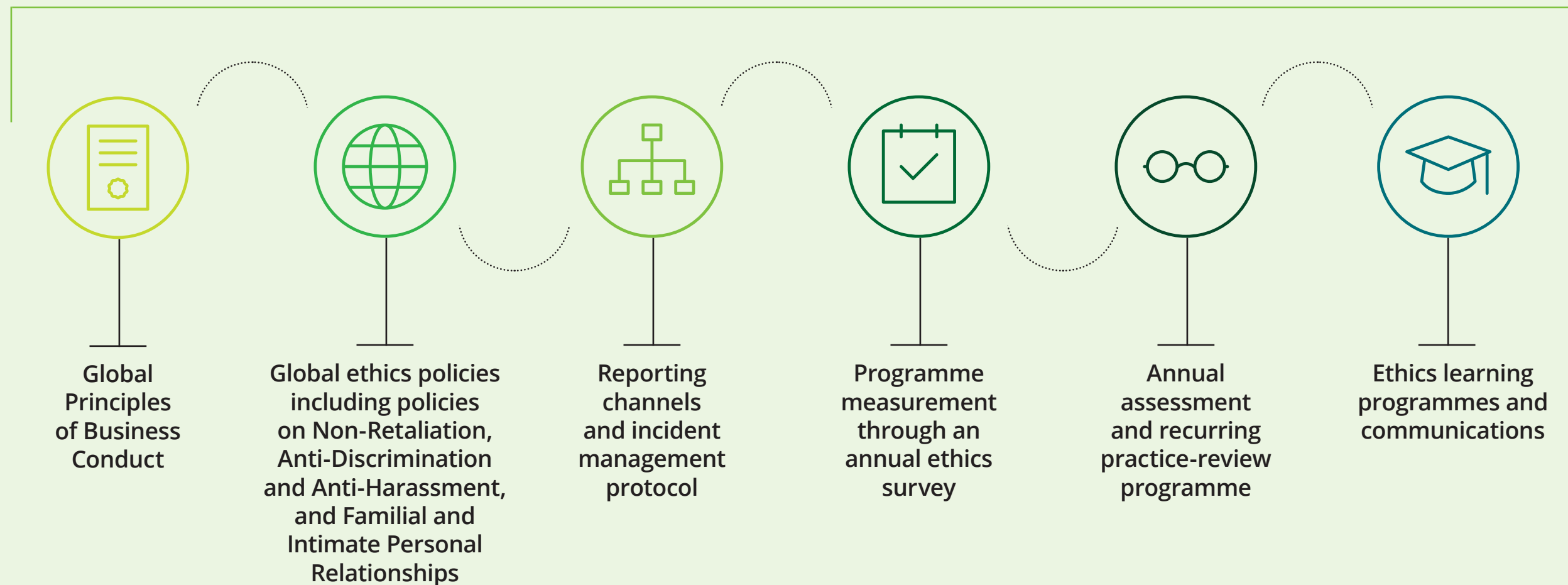
Appendices

Contacts

Deloitte Global Ethics

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

Deloitte's Global Principles of Business Conduct ("Global Code") outlines Deloitte's ethical commitments as a network and expectations for Deloitte's approximately 415,000 people, giving a strong, principled foundation. The foundations of the network's ethics programme is comprised of the following elements:



Appendices

Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

Appendices

Appendix A |
EU EEA audit firms

Appendix B |
Financial information

Appendix C |
Public interest entities

Contacts

Appendix A | EU EEA audit firms

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

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

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

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

Deloitte Limited leadership messages

Deloitte network

Deloitte Audit & Assurance: Our commitment to serving the public interest

External and internal audit quality monitoring

Independence, ethics, and additional disclosures

Appendices

Appendix A | EU EEA audit firms

Appendix B | Financial information

Appendix C | Public interest entities

Contacts

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

Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

Appendices

Appendix A |
EU EEA audit firms

Appendix B |
Financial information

Appendix C |
Public interest entities

Contacts

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

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

The total turnover achieved by the audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements: €2.3 billion⁸

⁸ 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 endeavoured 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 2023, except for a limited number of instances where a Deloitte audit firm has different financial year-end or has not finalised its reporting for such period. In these cases, turnover amounts are for the relevant financial year or preceding financial year. Where currency other than the Euro is used in the member state, the amount in Euros was translated using an average exchange rate in effect for the period 1 June 2022 to 31 May 2023.

Appendix B | Financial information

FY2023 Business performance:

The financial results for the fiscal year 2023, demonstrate the drive and commitment of our professionals to our firm. Our exceptionally talented people are what sets us apart, and we continued to invest in attracting, engaging and developing the best in our industry. The global unrest, particularly evident in international political conditions, especially in the Commonwealth of Independent States (“CIS”) region, thoroughly tested our firm’s resilience, which ultimately proved to be robust. While acknowledging the prevailing challenges we encountered throughout this period, our people responded with immense professionalism, resilience, and dedication to their colleagues and clients.

Once more, we are reporting headline results that reflect resilience and adaptability. Despite the economic and geopolitical turbulence, impacting both our international and local business, Deloitte achieved revenues of €51.1m for the year ended 31 May 2023, representing a marginal decrease compared to last year’s revenues of €52.3m. Against the backdrop of challenging macroeconomic conditions and

disruptive geopolitical events, the Board also worked to ensure the firm was well prepared both strategically and operationally for any downturns in its major markets. This included reviewing strategies for cost reduction, pricing, process automation, the ongoing simplification of the firm’s organisational structure and its transformation programme, cash management and capital allocation, with an overall focus on diligent and disciplined management of the balance sheet.

Establishing priorities and executing strategic choices, have been paramount in the firm’s achievements in the reporting period. More specifically, the firm accomplished major achievements, most notably:

- Invested in areas that strengthen our ability to deliver core services to clients;
- Adapted the governance structures of the firm to safeguard the continuity of our growth by being fit-for-purpose not just for today but for the world of tomorrow;
- Built upon the “connected know-how” by fully utilising the capabilities and expertise of Deloitte’s global network;



Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

Appendices

Appendix A |
EU EEA audit firms

Appendix B |
Financial information

Appendix C |
Public interest entities

Contacts

- Optimised the full capabilities and further strengthened our multidisciplinary model, delivering innovative solutions from strategy to implementation and by introducing new services into our core service lines;
- Invested significantly in the areas of ethics, anti-corruption, information security and, more broadly, confidentiality – “it starts with integrity”; and

As we look ahead, we remain steadfast in our commitment to achieving success. While recognising the impact of events from the past year, we are dedicated to seizing opportunities in emerging markets, exploring new industries, and expanding our service portfolio on a larger scale.

Confident in our organisational strategy, we trust that the unparalleled commitment of our people and the decisive strategy of our leadership will pave the way for success in FY2024, as we strive to be the undisputed leader in professional services and make an impact that matters.

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

Below is the breakdown of the Deloitte Cyprus’ combined, not consolidated, turnover⁹ for the year ended 31 May 2023. The turnover includes expenses billed to clients and the turnover related to billings by other Deloitte member firms:

Turnover ¹⁰	€m
Statutory audit (PIEs or PIE subsidiaries)	0.9
Statutory audit (non-PIEs or non-PIE subsidiaries)	15.4
Non-audit services (audited PIEs or PIE subsidiaries)	0.1
Non-audit services (audited non-PIEs or non-PIE subsidiaries)	7.8
Non-audit services (other entities)	26.9
Total	51.1

⁹ “Turnover” for some member firms may mean revenues, net sales, etc. The turnover of FY2022 has been restated to include the expenses billed to clients and the turnover related to billings by other Deloitte member firms.

¹⁰ EU transparency reporting requirement: information about the total turnover of the audit firm, divided into the following categories:

2(k)(i). Revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity;

2(k)(ii). Revenues from the statutory audit of annual and consolidated financial statements of other entities;

2(k)(iii). Revenues from permitted non-audit services to entities that are audited by the audit firm; and

2(k)(iv). Revenues from non-audit services to other entities.

Appendix C | Public Interest Entities

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

Public interest entities audited for statutory purposes by Deloitte Limited in FY2023

Name	FYE ¹¹
ALPHA BANK CYPRUS LIMITED	31/12/2022
BANK OF BEIRUT S.A.L. (Cyprus Branch)	31/12/2021
BANQUE SBA (Cyprus Branch)	31/12/2022
COMMERCIAL GENERAL INSURANCE LIMITED	31/12/2022
CPLP SHIPPING HOLDINGS PLC	31/12/2022
JORDAN AHLI BANK (Cyprus Branch)	31/12/2022
JORDAN KUWAIT BANK (Cyprus Branch)	31/12/2022

Name	FYE ¹¹
KEO PLC	31/12/2022
LOUIS PLC	31/12/2022
PHILOKTIMATI KI PUBLIC LTD	31/12/2022
SAFE BULKERS PARTICIPATIONS PLC	31/12/2022
THE CYPRUS DEVELOPMENT BANK PUBLIC COMPANY LIMITED	31/12/2022
THE LONDON P&I INSURANCE COMPANY (EUROPE) LIMITED	20/02/2023

¹¹ Financial Year End

Contacts

Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

Appendices

Contacts

Contacts



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Deloitte Limited
leadership messages

Deloitte network

Deloitte Audit &
Assurance: Our
commitment to serving
the public interest

External and internal
audit quality monitoring

Independence,
ethics, and additional
disclosures

Appendices

Contacts



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Offices: Nicosia, Limassol

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