

New leaders establish a path forward

Network governance approach reinforces commitment to quality and integrity

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Punit Renjen became Deloitte Global Chief Executive Officer on 1 June 2015, succeeding Barry Salzberg. Renjen served most recently as chairman of the board, Deloitte LLP (US), and prior to that, chairman and CEO of Deloitte Consulting LLP.

Also on 1 June 2015, David Cruickshank began his term as Chairman of the DTTL Board, succeeding Steve Almond. Cruickshank had served as Chairman of Deloitte UK since 2007. Prior to that, he led the UK member firm's tax practice.

Renjen's and Cruickshank's leadership appointments are part of a rigorous, comprehensive nomination and member firm partner-ratification process that occurs every four years and includes all member firms of the Deloitte worldwide network.

During FY2015, Cathy Engelbert assumed the role of CEO for Deloitte US, and Cindy Hook was elected Deloitte Australia's new chief executive. Each became the first woman in her country's history to lead a Big Four firm.

The bigger picture

Strong governance and leadership structures help Deloitte member firms maintain high levels of quality and integrity, allowing them to sustain the trust of their clients, their people, the capital markets, and the public.

As a global network comprising DTTL, its member firms, and each of their affiliates in more than 150 countries and territories, Deloitte has governance and management structures in place at both the global and member firm levels.

The DTTL Executive

The DTTL Executive, composed of 26 senior leaders from DTTL and certain member firms across the global network, is responsible for embedding Deloitte's Purpose and achieving its aspirations and strategic priorities. The Executive sets policies and champions initiatives that help the network make an impact that matters for member firm clients, Deloitte talent, communities, and other stakeholders.

Deloitte Global Chief Executive Officer Punit Renjen, who began his four-year term on 1 June 2015, leads and manages this governing body. His appointment was ratified by the partners of the individual member firms. Renjen appoints the members of the Executive, subject to approval by the Governance Committee of the DTTL Board of Directors.

The roles and responsibilities of DTTL Executive members focus on key areas including the following:

- **Client leadership**

The Clients & Industries leader helps ensure Deloitte member firms consistently deliver exceptional quality, the best of Deloitte's broad portfolio of services, and deep industry and sector insights to clients around the globe.

- **Business leadership**

The Executive's business leaders, representing Audit, Consulting, Enterprise Risk Services, Financial Advisory, and Tax & Legal, focus on developing and scaling innovative services in each of Deloitte's core businesses to help member firm clients address their most complex opportunities and challenges.

- **Geographic leadership**

The Executive's geographic leadership includes the CEOs of 10 member firms, as well as one managing director of the Regions (covering EMEA, the Americas, Asia-Pacific). Together, they collaborate with other member firms' CEOs and regional leaders across the network to help promote global initiatives and capabilities that benefit local markets.

- **Talent leadership**

The Executive's Talent leader is charged with guiding the Deloitte network in attracting, developing, and deploying the brightest minds. A key priority is to create a highly inclusive, stimulating work environment while building a consistently high level of skills for Deloitte people worldwide.

- **Network leadership**

The Executive provides guidance to the Deloitte network to help it operate effectively and efficiently, seeking to consistently uphold the global brand, and managing risk and evolving global developments. Specific DTTL leadership roles include Risk & Regulatory, General Counsel, and the Chief Operating Officer. In addition, four DTTL Deputy CEOs serve as advisers and lead special projects.

The DTTL Executive meets live approximately six times during the year. A typical agenda covers the organization's priorities, current initiatives, and network matters—and every agenda includes topics related to member firm clients and/or talent leadership.

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The DTTL Operating Committee

At the beginning of his term, Renjen established a global Operating Committee (effective 1 June 2015). The Operating Committee, composed of leaders from DTTL and certain member firms aligned to the businesses, regions, and other key areas, provides a vital link between strategy and execution that helps enable the network to perform effectively and efficiently.

The Operating Committee is headed by DTTL Chief Operating Officer Frank Friedman. Its members include, from DTTL, five global business operating leaders, three regional leaders, the chief information officer, and leaders from Client & Industries, Talent, Strategy & Brand, and Risk. It also includes a four-person council of executive member firm COO representatives.

The DTTL Board

The Board of Directors is DTTL's highest governing body. The Board addresses DTTL's most important governance issues, including global strategies, major transactions, and the election of the CEO. During FY2015, the Board's 32 members represented 20 member firms across more than 100 countries and territories. Among the Board's committees is a standing Governance Committee, which exercises periodic oversight of the management of DTTL.

David Cruickshank is the current Chairman of the DTTL Board. Like Renjen, he began his four-year term of office on 1 June 2015.

Board members are appointed by individual member firms that are themselves selected based on size, the number of significant clients they serve, and other factors. The Board also includes three regional seats, ensuring smaller member firms are represented. Members of the DTTL Board are senior member firm partners or principals and are usually on the executives or boards of their member firms.

Determinations regarding the allocation of DTTL Board seats are made by the Board Composition Committee every four years with an interim review after two years. Board composition is multicultural with a proportionate representation of member firms. Gender is considered by member firms as they appoint individuals to these positions. There are currently six women board members, up from three in FY2015.

Members of the Governance Committee are drawn from the 12 member firms that are considered to have the greatest impact on the network based on a number of metrics including, but not restricted to, revenue. The Committee engages in open discussions of issues and matters within its purview and makes recommendations to the Board of Directors. Each committee member has one vote on matters considered by the committee, except for the CEO, who is ex-officio. To avoid conflicts of interest, no member of the Governance Committee may also serve on the Executive, except for the CEO.



The Board's other subcommittees are responsible for considering and recommending action on a wide range of issues falling within their remit. They include Board Composition, Succession, Risk, Audit & Finance, Membership Affairs, and Chairman and CEO Evaluation and CEO Compensation.

The Board performs an annual self-assessment to gather feedback on its collective performance and identify potential areas for operational improvements. As its name suggests, the Chairman and CEO Evaluation and CEO Compensation Committee objectively evaluates the goals and objectives of the Chairman and CEO, and recommends appropriate compensation for the CEO.

Member firm leadership

To foster effective and responsive management within member firms, DTTL has adopted standards describing specific leadership and governance structures to be implemented by member firms, including:

- A formal management structure, including an elected chief executive officer or managing partner who is responsible for managing the member firm and working with the member firm's leaders to align its functional and client strategies with DTTL; and
- A governing body, such as a board of directors, to facilitate sound governance of the individual practice, including among other things the establishment of a formal nominating committee process to select the chief executive officer or managing partner of the member firm.

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