Contents

Deloitte ehf. leadership message 2
Deloitte network 3
What Deloitte Audit & Assurance brings to capital markets 6
External and internal audit quality monitoring 10
Independence, ethics, and additional disclosures 14

Appendix A | Financial information 19
Appendix B | Public interest entities 20
Appendix C | NSE governance 21
Appendix D | Deloitte offices in Iceland 23
Appendix E | Board declaration 24
Deloitte ehf. leadership message

This year Deloitte Iceland celebrates its 25th anniversary, having joined the Deloitte network in 1994. At that time Deloitte Iceland had 25 employees and its annual revenues were approximately 100m ISK. A quarter of a century later Deloitte Iceland employs around 280 specialists in 6 different business units with revenues exceeding 5bn ISK.

This transformation, from the 4th largest audit firm to one of the biggest audit and advisory firm in Iceland, rests on Deloitte’s relentless commitment to high-quality audits, professional excellence, serving our clients with distinction and making an impact that matters. We will continue on that path and continue to embrace change and reshape how we deliver quality and value.

Innovative technologies and developing our talent are instrumental parts in reshaping how we work and how we deliver value. That is why Deloitte aspires to lead in the digitally driven future, with ongoing digital transformation and investments in enhancing our talent, processes and policies. We have made tangible progress but it is our obligation to continuously improve.

That is why, at the heart of everything we do is a set of Shared Values which serve as the basis for the decisions we make and the actions we take. We will: Lead the way, Serve with integrity, Take care of each other, Foster inclusion and Collaborate for measurable impact. These values enable us to deliver impact how and where it matters most for Deloitte clients, our people, and society.

Thorsteinn Petur Gudjonsson, CEO and partner

Deloitte ehf.

---

1 Throughout this report, the terms “Deloitte, we, us, and our” refer to one or more of one or more of Deloitte Touche Tohmatsu Limited, its network of member firms, and their related entities. For more information about the Deloitte network, please see p. 3 or https://www2.deloitte.com/global/en/pages/about-deloitte/articles/about-deloitte.html.

2 This report sets out the practices and processes that are currently employed by Deloitte ehf., in accordance with Law on State Authorized Auditors no. 79/2008 on specific requirements regarding statutory audit of public-interest entities.
Deloitte network

Deloitte Iceland: legal structure and ownership
Deloitte ehf. is connected to the Deloitte network through Deloitte Touche Tohmatsu Limited. Deloitte ehf. is referred to throughout this report as “Deloitte Iceland”, and Deloitte NSE LLP is referred to throughout this report as “Deloitte NSE”. Deloitte NSE holds practice rights to provide professional services using the “Deloitte” name which it extends to Deloitte entities within its territory (comprised of 13 countries), including Iceland. Deloitte Iceland is authorized to serve as an auditor for clients in Iceland³.

In June 2016, Deloitte Iceland entered into a closer cooperation with the other Nordic countries through the establishment of a Nordic cooperation firm, Deloitte Nordic. With effect from 1 June 2017, Deloitte ehf. became the Icelandic affiliate of Deloitte North West Europe (NWE) LLP, a member firm of the Deloitte network and, with effect from 1 June 2019, Deloitte NWE LLP was renamed Deloitte North and South Europe (NSE) LLP. Deloitte NSE consists of the former member firms in Belgium, Denmark, Finland, Greece, Iceland, Ireland, Italy, Malta, Netherlands, Norway, Sweden, Switzerland and UK. Deloitte NSE is registered in UK and Ireland through the Institute of Chartered Accountants in England and Wales, but does not provide services to clients.

Network description
The Deloitte network
The Deloitte network is a globally connected network of member firms and their affiliates operating in more than 150 countries and territories across the world. These separate and independent member firms operate under a common brand.

Deloitte Touche Tohmatsu Limited (DTTL or Deloitte Global)⁴
Deloitte Touche Tohmatsu Limited is a UK private company limited by guarantee. DTTL serves a coordinating role for its member firms and their affiliates by requiring adherence to policies and protocols with the objective of promoting a consistently high level of quality, professional conduct and service across the Deloitte network. DTTL does not provide professional services to clients, or direct, manage, control or own any interest in any member firm or any member firm’s affiliated entities.

For more information about the Deloitte network, please see: About Deloitte.

⁴ With the exception of this paragraph, “Deloitte Global” is the preferred term to reference Deloitte Touche Tohmatsu Limited.
**Deloitte Iceland: governance – leadership in action**

- The Board is responsible for the promotion and protection of partner interests, oversight of management and development strategy.
- The CEO is responsible for managing the day-to-day operations and implementation of the firm’s policies and strategic direction.
- The Executive Committee is responsible for assisting the CEO in managing the firm, implementing policies and operating functions.
- The Risk & Reputational Leader is responsible for the effectiveness of the firm’s internal control and risk management.

Deloitte Iceland operates as a corporation owned by a partnership, D&T sf., with 38 partners, established under Icelandic law, with registered office at Smaratorg 3, 201 Kopavogur and registration number 521098-2449, and Deloitte NSE, a limited liability partnership, established under UK law, with registered office at 2 New Street Square, London EC4A 3BC, United Kingdom and registration number OC417204.

Deloitte Iceland Board of Directors and Audit & Assurance Leader are responsible for the governance and oversight of the Audit & Assurance practice.

The following are the members of the Deloitte Iceland Board of Directors who were elected by Annual General Meeting for the period of 2018-2019 and the members of the Executive Committee:

**Deloitte Iceland – Board of Directors**

- Halldor Arason, chairman
- Anna Birgitta Geirfinnsdottir, board member
- Pall Gretar Steingrimsson, board member
- Sif Einarsdottir, reserve board member

As of 14 September 2019 the board is composed of Halldor Arason, Anna Birgitta Geirfinnsdottir and Jon Eyfjord Fridriksson, as well as Sif Einarsdottir and Holmgrimur Bjarnason as reserve board members.

**Deloitte Iceland – Executive Committee**

- Sigurdur Pall Hauksson, CEO
- Sunna Dora Einarsdottir, CFO
- Harpa Thorlaksdottir, Human Resources Leader
- Palina Arnadottir, Risk & Reputational Leader
- Haraldur Ingi Birgisson, Clients & Industries Leader
- Thorsteinn Petur Gudjonsson, Audit & Assurance Leader
- Jonas Gestur Jonasson, Business Process Solution Leader
- Birna Maria Sigurdardottir, Risk Advisory Leader
- Lovisa Anna Finnbjornsdottir, Financial Advisory Leader
- Bjarni Thor Bjarnason, Tax & Legal Leader
- Bjorgvin Ingi Olafsson, Consulting Leader

Thorsteinn Petur Gudjonsson, Audit & Assurance Leader, was appointed by the Deloitte Iceland CEO. As of 14 September 2019 Thorsteinn Petur Gudjonsson was appointed the CEO of Deloitte Iceland and Ingvi Bjorn Bergmann was appointed the Audit & Assurance Leader. The Audit & Assurance Leader and the senior management develop and implement the strategy for the Audit & Assurance practice, including related policies and procedures. In all of their activities, Deloitte Iceland senior leaders are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements. Deloitte Iceland strategy is developed in alignment with the overall strategic direction established for the Deloitte network.

Deloitte Iceland Audit & Assurance Leader participates in Deloitte network groups that set and monitor quality standards, and from which a number of audit quality initiatives emanate, in collaboration with the Risk & Reputational function.
Our purpose and commitment: instilling trust and confidence

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

Audit & Assurance Transformation

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

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

- **The Deloitte Way**: standardization of audit processes supported by our global technology suite
- **Real-time audit quality monitoring**
- **Enhanced talent model which includes learning, rewards and recognition, centers of excellence, and delivery centers**
- **Agile deployment of tools and technologies to respond to changing environments**

Deloitte Global leadership

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

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

Audit engagement acceptance and continuance

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

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

- Is able to perform the engagement and has the capabilities, including time and resources, to do so.
- Can comply with all relevant ethical requirements and professional standards, including independence and conflicts of interest assessments and considerations.
- Considered the integrity of the potential client’s management team.
Audit innovation

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

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

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

Deloitte is committed to the continued investment in emerging technologies and diversity of thought that enables the delivery of enhanced quality, insights, and value to our clients and the markets. This includes Illumia, our global analytics platform, as well as an integrated suite of enabling innovation tools all connected in the cloud. We are also developing our next-generation cloud-based audit delivery platform – Omnia – in addition to Levvia, a solution to support our very small audits.

Learning and development initiatives

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

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

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

- At the core, we have a single, global mandatory Audit technical learning curriculum for auditors, targeting learners by level, using a dynamic blend of live instructor-led, and digital on-demand courses and on-the-job activities.
- All client service professionals are required to complete at least 40 hours of continuing professional education (CPE) each year and at least 120 hours every three years, through structured, formal learning programs, such as internal or external courses, seminars, or e-learning covering all areas of the competency model (e.g., shared competencies, function-specific technical competencies, and competencies in areas of specialization).

Deloitte has also established specific learning opportunities for specialists working on audit engagements to support their knowledge and understanding of the audit process. Enhanced project management, a key capability for executing audit engagements, has been included in annual development programs. The objective of the Deloitte Iceland professional development program is to help partners and other professionals maintain and enhance their professional competence and ensure consistency of audit execution. To supplement on-the-job development, Deloitte Iceland provides formal continuing professional development programs in relevant subject areas consistent with the Deloitte Global Audit Curriculum.

---

5 For more information about Deloitte audit innovation, please refer to Global Impact Report.
**Deloitte University**
Deloitte actively cultivates its collective knowledge and skills of professionals globally through continuing to invest in Deloitte Universities (DU). These are state-of-the-art learning and development centers focused on Deloitte culture, and rooted in the principles of connectedness and leadership in a highly inclusive learning environment.

**Partner remuneration**
Execution of high quality audits is expected from all professionals and is embedded across the Deloitte network. Audit quality is recognized through reward and recognition programs and is built into performance standards at every level, against which professionals’ overall evaluations are measured.

In accordance with global policies, Deloitte Iceland’s partners are evaluated on a yearly basis, and depending on the outcome of the evaluation, the remuneration of partners may increase or decrease. Specifically, partner evaluations take the following factors into account:

- **Quality:** Partners act in accordance with Deloitte’s quality standards in all professional work.
- **Clients:** Partners manage client relation and contribute to enhancing Deloitte’s brand.
- **Leadership:** Partners demonstrate behavior that reflects Deloitte’s culture.
- **Business:** Partners develop Deloitte’s long-term financial interest.
- **Stewardship:** Partners work across all functions and assume different roles.

---

6 For more information about Deloitte Universities, please refer to Global Impact Report.
The high quality audits we deliver

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

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

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

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

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

The AQMM program is focused on driving:

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

Multidisciplinary model
Audit is the foundation of the Deloitte brand. In addition to Audit & Assurance, Deloitte NSE has Consulting, Financial Advisory, Risk Advisory and Tax & Legal practices. Although Business Process Solutions services (BPS) are commonly provided under Tax in Deloitte NSE, it is a separate function within Deloitte Iceland. The diversity of six different businesses under one umbrella (multidisciplinary model) is one of the key differentiators of high-quality audits.

Among the benefits of the multidisciplinary model for audit:

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

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

- Engagement reviews
- In-flight monitoring
- System of quality control
- Remediation
- External inspections
- Causal factor analysis
In-flight monitoring
Continuous audit quality monitoring by Deloitte Iceland drives a faster response to audit issues on "in-flight" engagements, driving identification, timely solutions, and real time corrective actions achieved by:
- Deployment and monitoring of a series of core Diagnostics, enabling engagement partners and teams, as well as Deloitte Iceland audit quality leader(s) to continuously monitor audit quality and take immediate action.

Engagement reviews
Key components of engagement reviews (internal practice reviews) include:
- Risk-based engagement selection and consideration of all major industries served by Deloitte Iceland.
- Mandatory moderation panel to drive consistency in findings and engagement ratings.
- External partners and deputies who oversee practice reviews to increase global consistency.
- Identifying appropriate resources (from within Deloitte Iceland as well as from other Deloitte geographies) with the right experience and industry expertise, including establishing central review teams.

System of quality control (SQC)
SQC includes numerous elements such as documenting key areas of the SQC processes and controls and performing procedures for testing the operating effectiveness of the SQC, including execution of a comprehensive SQC review program. Used in conjunction with other metrics, Audit Quality Indicators (AQIs) further assist Deloitte Iceland in developing and monitoring audit quality action plans and reporting on the progress in its audit quality journey. AQIs are integrated with ongoing AQMM activities.
In addition, proper timing and sequencing of audit activities, including timely reviews of work performed and the resolution of matters identified, are closely associated with high quality audits. Audit Quality Milestones are intended to drive consistency of engagement teams in project management, timing of when work is done, and necessary focus on engagement staffing, including sufficiency and expertise of assigned resources.

Causal factor analysis and remediation
Focusing on continuous improvement is essential to driving improvements in audit quality. Understanding why audit deficiencies occur is essential to the design of effective actions to remediate findings. Further, actions are taken when audit deficiencies in the performance of an audit engagement are identified. Engagement level remediation is imperative to drive continuous improvement in audit quality and avoid future similar findings. An Audit Quality Plan is prepared by Deloitte Iceland and provides for effective implementation and monitoring of key audit quality priorities.

External inspections
In addition to Deloitte Iceland own monitoring of audit quality, we as well as our individual auditors are subject to external reviews by the Certified Public Accountants and Auditing Oversight Board (ICPAAOB) at least every three years.
The latest finalized inspection by the ICPAAOB was performed in October-December 2018 and the results were good. There were only insignificant suggestions and comments regarding individual engagements from the quality inspectors.

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

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

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

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

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

**Deloitte Global Independence**

Sets **independence policies and procedures** based upon the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and the independence standards of the US Securities and Exchange Commission and the Public Company Accounting Oversight Board. Performs full reviews of independence quality controls on a three-year cycle; annual focused reviews for the off-cycle years; and in-depth follow-up reviews as needed.

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

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

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

**Deloitte Iceland Independence**

Deloitte Iceland has policies and procedures designed to address compliance with applicable professional standards that relate to independence. These policies and procedures are based on the Deloitte Global Independence policy, and are supplemented, as appropriate, to reflect additional national or regional requirements that may be more restrictive than Deloitte Global policies. Deloitte Iceland leadership reinforces the importance of compliance with independence and related quality control standards, thereby setting the appropriate tone at the top and instilling its importance into the professional values and culture of Deloitte Iceland. Strategies and procedures to communicate the importance of independence to partners, other professionals and support staff have been adopted, emphasizing each individual’s responsibility to understand and meet the independence requirements.

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

- Engagement acceptance and monitoring
- Monitoring of rotation requirements
- Business relationship assessments and monitoring
- Use of independence business process tools, including the Deloitte Entity Search and Compliance (DESC) system, the Global Independence Monitoring System (GIMS), annual independence confirmations, and consultation procedures, to monitor compliance with independence requirements
- Procedures to identify and analyze non-compliance with independence requirements and apply related disciplinary measures and actions
- Independence-related learning and communications
- Assignment of responsibility for independence systems and controls
- An internal review of independence compliance was conducted during the year and the report was issued on 4th July 2019
We confirm that an internal review of our independence practices has been properly conducted for the period 1 June 2018 to 31 May 2019.

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

**Rotation of key audit partners and professionals**
The rotation requirements according to Law on State Authorized Auditors state that the same individual auditor is not allowed to sign the auditor’s report for a public interest entity for more than seven years. After those seven years the cooling off period is two years. As to the Insurance Act in Iceland those companies have to change audit firm every five years and based on newly change Financial Act from February 2019 those companies have to change audit firm at least every 10 years (where five years before).

In Deloitte Iceland, a leadership group monitors the staffing of the firm’s public interest entities and ensures rotation of key members of the audit team in compliance with the requirements and without loss of important knowledge and experience.

### Deloitte Iceland Ethics
Deloitte Iceland maintains policies and procedures that are designed to provide reasonable assurance that its professionals comply with relevant ethical requirements.

The ethical requirements for audit and related assurance services provided by Deloitte Iceland are in accordance with Code of ethics for accountants (is. Siðareglur fyrir endurskoðandur) issued by The Institute of State Authorized Public Accountants in Iceland (FLE). Deloitte Iceland also complies with Deloitte Global policies and procedures, which align with the requirements and guidance set out in the international Code of Ethics for Professional Accountants (the “Code”) issued by the International Ethics Standards Board for Accountants, a standard-setting body of the International Federation of Accountants (IFAC). When “Siðareglur fyrir endurskoðandur” are more restrictive than the Deloitte Global policies and procedures, Deloitte Iceland follows the applicable “Siðareglur fyrir endurskoðandur”.

Deloitte Iceland has appointed an Ethics Officer who is an experienced partner with direct access to the CEO and the member firm’s governing body. In addition, Deloitte Iceland has implemented Deloitte NSE code of conduct, which incorporates the Deloitte Global Principles of Business Conduct and describes critical professional behavior that reflects local customs, regulations, and legal requirements.

Deloitte Iceland provides communication channels through which partners, other professionals and support staff can consult on and report ethical issues and situations. Deloitte Iceland reinforces its commitment to ethics and integrity through communication tools, learning programs, compliance processes, and measurement systems. In addition, Deloitte Iceland requires all partners, other professionals and support staff to confirm annually that they have read and comprehended the code of conduct and understand that it is their responsibility to comply with it.
Deloitte Global Ethics and Integrity Imperative

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

Deloitte’s Global Principles of Business Conduct (“Global Code”) outlines Deloitte’s ethical commitments as a network and expectations for Deloitte’s approximately 286,000 people, giving a strong, principled foundation. The Deloitte Integrity Imperative amplifies the Global Code across the network by empowering leaders to set a strong tone from the top; encouraging people to speak up when they witness anything that runs counter to the Global Code; and helping Deloitte act quickly and appropriately in the face of misconduct.

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

- Global Principles of Business Conduct
- Global ethics policies
- Reporting channels and non-retaliation policy
- Annual ethics survey
- Ethics practice-review program
- Ethics learning programs and communications
Shaping the future of the audit profession

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

Appendices
Appendix A | Financial information

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

The breakdown of Deloitte ehf.’s Financial Year 2018/2019 turnover:

<table>
<thead>
<tr>
<th>Turnover</th>
<th>ISK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory audit services</td>
<td>1.678.308.258</td>
</tr>
<tr>
<td>Assurance services</td>
<td>1.105.941.762</td>
</tr>
<tr>
<td>Non-audit services</td>
<td>2.325.833.980</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>5.110.084.000</strong></td>
</tr>
</tbody>
</table>
**Appendix B | 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 ehf. in the Financial Year 2018/2019:

<table>
<thead>
<tr>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arion banki hf.</td>
</tr>
<tr>
<td>Lykill Fjármögnun hf.</td>
</tr>
<tr>
<td>Almenna leigufélagið ehf.</td>
</tr>
<tr>
<td>Náttúruhamfaratrygging Íslands</td>
</tr>
<tr>
<td>Brim hf.</td>
</tr>
<tr>
<td>Norðurping</td>
</tr>
<tr>
<td>Frjálsi lifeyrissjóðurinn</td>
</tr>
<tr>
<td>REG 1 fagfjárfestasjóður</td>
</tr>
<tr>
<td>Gildi - lifeyrissjóður</td>
</tr>
<tr>
<td>REG 2 Smáralind, fagfjárfestasjóður</td>
</tr>
<tr>
<td>HS veitur hf.</td>
</tr>
<tr>
<td>Sparisjóður Höfðhverfinga ses.</td>
</tr>
<tr>
<td>Íslandshótel hf.</td>
</tr>
<tr>
<td>SRE fjármögnun 1</td>
</tr>
<tr>
<td>Jeratún ehf.</td>
</tr>
<tr>
<td>Stapi lifeyrissjóður</td>
</tr>
<tr>
<td>KLS, fagfjárfestasjóður</td>
</tr>
<tr>
<td>Sýn hf.</td>
</tr>
<tr>
<td>Kvika banki hf.</td>
</tr>
<tr>
<td>Valitor hf.</td>
</tr>
<tr>
<td>Landsnet hf.</td>
</tr>
<tr>
<td>Veðskuldabréfasjóður ÍV</td>
</tr>
<tr>
<td>Landsvirkjun</td>
</tr>
<tr>
<td>Vörður liftryggingar hf.</td>
</tr>
<tr>
<td>Lifeyrissjóður bankamanna</td>
</tr>
<tr>
<td>Vörður tryggingar hf.</td>
</tr>
<tr>
<td>Lifeyrissjóður Rangæinga</td>
</tr>
<tr>
<td>Össur hf.</td>
</tr>
<tr>
<td>Lifeyrissjóður Vestmannaeeyja</td>
</tr>
</tbody>
</table>
Appendix C | NSE governance

Deloitte Iceland: legal structure and ownership
With effect from 1 June 2017, Deloitte ehf. became the Icelandic affiliate of Deloitte North West Europe (NWE) LLP, a member firm of the Deloitte network and, with effect from 1 June 2019, Deloitte NWE LLP was renamed Deloitte NSE LLP. The governance arrangements are set out below.

NSE Governance
On 1 June 2019, the Deloitte Central Mediterranean member firm (comprising the Deloitte practices in Italy, Greece and Malta) combined with Deloitte NWE to create Deloitte North and South Europe (NSE).

The Deloitte NSE governance structure consists of the NSE Board, NSE Executive, Geography governance bodies and Geography Executives, underpinned by the NSE Partnership Agreement:

- **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; 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 NSE strategy and vision as well as NSE policies, and overseeing their implementation and execution.
- **Geography governance bodies** exist where this is required for legal and/or regulatory purposes and to oversee local Partner matters. Examples include the UK Oversight Board and Dutch Supervisory Board.
- **The Geography Executive** works 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.
The NSE governance and leadership structure provides clear paths of communication from a Geography to NSE level:

**Governance Structure**

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

**Governance Structure**

- **NSE Board**
  - Delegate/Recommend
  - Informal dialogue & exchange of views
  - Geography governance bodies

- **NSE Sub-committees**
  - Consider Approves/Rejects/Assures
  - Reports/Updates/Request/Recommends

- **NSE Executive**
  - Refer NSE matters
  - Refer local legal, regulatory and Partner matters

- **Geography Executives**
  - Address & resolve local legal, regulatory and Partner matters

---

### Deloitte NSE Board sub-committees

**Audit & Risk (Standing)**
- Oversee the appointment of internal and external auditors to the firm
- Oversee audit quality in accordance with applicable regulations
- Oversee the level of risk acceptable in each business area
- Provide oversight and support to the internal practices in the delivery of audit quality and local legal and regulatory compliance

**Public Interest Oversight (Standing)**
- Oversee public interest matters as they affect NSE

**Partner Matters & Fairness (Standing)**
- Make recommendations to the Board regarding the admission, suspension, retirement of NSE Equity Partners, and make determinations in relation to any NSE Equity Partner's long term ill health
- Ensure fairness between NSE Equity Partners across all Geographies

**Nomination (Standing)**
- Produce a shortlist of potential candidates and recommend to the Board a final list of candidates to stand in Board elections
- Ensure diversity requirements are met in the composition of the Board

**Elected Leader (event driven)**
- Oversee selection of candidates for NSE Chair and NSE CEO roles
- Run the election process and present proposals for NSE Chair and NSE CEO candidates to the full NSE Board for approval

**Governance & Composition (event driven)**
- Review the composition and size of the Board whilst both respecting the minimum number of elected Board members representing each Geography and seeking to ensure the firm’s diversity requirements are met in the composition of the Board

**Remuneration (event driven)**
- Seek feedback, conduct appraisals, and make recommendations to the Board with regard to the proposed assignment of Equity Groups and the allocation of NSE Units to the NSE Chair, the NSE CEO and holders of such other senior management positions as the Board may determine

**Compensation & Partner Units (event driven)**
- Review and discuss with the NSE CEO the processes established and applied for the determination of NSE Units and Equity Groups to NSE Equity Partners (other than the NSE Chair and NSE CEO), to ensure that the principles set out in the Profit Sharing Memorandum proposed to the Board by the NSE CEO are consistently applied and the NSE Unit allocation process results in fairness between NSE Equity Partners and groups of NSE Equity Partners (other than the NSE Chair and NSE CEO) provided that the Committee shall not duplicate the work of the NSE CEO and/or the Remuneration Committee

**Transactions & Major Projects (event driven)**
- Consider on behalf of the Board and provide recommendations to the Board on proposals from the NSE CEO to borrow money, make investments, give undertakings and enter into contracts on behalf of the firm subject to agreed thresholds
- Oversee major projects as directed by the Board and ensure that the interests of the firm are protected
- Consider, report to the Board on and make recommendations to the Board on major transactions or other significant investments
Appendix D | Deloitte offices in Iceland

Offices

Höfuðborgarsvæðið
Smáratorgi
201 Kópavogi
Tel. +354 580 3000

Akureyri
Glerárgötu 28
600 Akureyri
Tel. +354 580 3380

Egilsstaðir
Kaupvangi 3b
700 Egilsstöðum
Tel. +354 580 3400

Grundarfjörður
Grundargötu 30
350 Grundarfjörður
Tel. +354 580 3440

Húsavík
Garðarsbraut 5
640 Húsavík
Tel. +354 580 3388

Hveragerði
Austurmörk 4, 2. hæð
810 Hveragerði
Tel. +354 580 3000

Höfn í Hornafirði
Krosseyjarvegi 17
780 Höfn í Hornafirði
Tel. +354 580 3000

Neskaupstaður
Egilsbraut 21
740 Neskaupstað Tel. +354 580 3410

Reykjanesbæ
Hafnargötu 91
230 Reykjanessbae
Tel. +354 580 3460

Snæfellswær
Ólafsbraut 21
355 Snæfellswæ
Tel. +354 580 3430

Vestmannaeyjar
Vesturvegi 5
900 Vestmannaeyjum
Tel. +354 580 3370

Partner companies

Endurskoðun Vestfjarða ehf.
Aðalgötu 19
415 Bolungarvík
Tel. +354 450 7900

Endurskoðun Vestfjarða ehf.
Hafnarstræti 9-13,
400 Ísafirði
Tel. +354 450 7910

NUMO – Løggil
Grannskóðanavirki Sp/f
Klaksvíksvegur 77, 710
Klaksvík, Færøyjar
Tel. +298 20 13 13
Appendix E | Board declaration

Deloitte Iceland transparency report is compiled in accordance with art. 29 of the Act on Auditors no. 79/2008, whereas it states that auditors and audit firms who are involved in auditing public interest entities shall annually publish on their website a transparency report.

The board and CEO of Deloitte Iceland confirm, based on their knowledge, that this transparency report entails the information required in accordance with art. 29 of the Act on Auditors no. 79/2008. In addition, the board and CEO of Deloitte Iceland confirm that Deloitte Iceland’s internal quality control system, as it is described in this report, is effective and that applicable independence rules, as described in this report, have been adhered to.

Kopavogi, 2 October 2019

Halldor Arason, chairman

Thorsteinn Petur Gudjonsson, CEO

Jon Eyfjord Fridriksson

Anna Birgitta Geirfinnsdottir