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Foreword

On behalf of Deloitte Audit, an authorized audit firm in Luxembourg (cabinet de révision agréé), I am pleased to present this brochure on the audit profession in Luxembourg and the service offering of Deloitte Audit.

At Deloitte, we understand that the most important decisions are the ones our clients have yet to make. Crafting the future in an informed and clear-sighted way means understanding current conditions, as well as the trends that are shaping tomorrow. That is why we use audit to show where things stand now, and help to be informed for the next steps. With the assurance we provide, we help clients look ahead with strength and confidence.

Our clients require the satisfaction of a robust challenge, at the right time, properly planned and executed with the highest level of quality in the work supporting our audit opinion, and expect the audit to add increasing value to their business.

With this in mind, we always seek to assist our clients in improving their performance. We listen to their needs, consider the associated business implications, and tailor our approach accordingly to provide them with best-in-class service.

Our audit approach, methodology, and supporting technologies are considered to be benchmarks within our profession. In addition, our talent strategy sets high standards of behavior and gears people toward delivering results beyond expectations.

I hope that this brochure demonstrates our commitment to audit quality and the culture of integrity, professional excellence, and accountability that underpins our organization.

Sophie Mitchell
Audit Service Line Leader
The audit profession

A regulated profession
The audit profession is subject to strict oversight, which has been continuously reinforced over the last few years in order to preserve financial security and improve the quality of financial reporting.

In Luxembourg, in respect with the Law of 23 July 2016 on the audit profession, the Commission de Surveillance du Secteur Financier (CSSF) is the competent public oversight authority for the audit profession. The CSSF provides the authorization for the professional qualifications of réviseurs d'entreprises (statutory auditors) and cabinets de révision (audit firms) and for the approval and registration of statutory auditors and audit firms that wish to perform statutory audits and other assignments, including the registration and oversight of third-country auditors.

The CSSF is also responsible for:

- Adapting audit standards and standards on professional ethics
- Implementing a quality assurance system to which all approved statutory auditors and audit firms are subject
- Continuing education in the audit profession

In addition, the audit profession is also subject to the oversight of the Institut des Réviseurs d’Entreprises (Auditors). The IRE is the professional association of réviseurs d’entreprises. It is governed by the Law of 23 July 2016 on the audit profession and is responsible for ensuring compliance with professional obligations, among other duties, and has disciplinary powers against its members through its Disciplinary Council.

Audits of SEC-registered entities or subsidiaries are subject to the oversight of the Public Company Accounting Oversight Board (PCAOB), the US audit supervisory authority.

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Min. hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Anti Money Laundering Updates</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>IFRS</td>
<td>24</td>
</tr>
<tr>
<td>3</td>
<td>Audit of Financial Information (including ISA)</td>
<td>12</td>
</tr>
<tr>
<td>4</td>
<td>Commercial &amp; Tax Law</td>
<td>8</td>
</tr>
<tr>
<td>5</td>
<td>Information Technology</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Ethics &amp; Independence</td>
<td>4</td>
</tr>
<tr>
<td>7 &amp; 8</td>
<td>Statutory audit of Group and International structures Specific requirements for Listed Entities</td>
<td>12</td>
</tr>
<tr>
<td>9</td>
<td>Other topics</td>
<td>48</td>
</tr>
<tr>
<td><strong>Total (with a minimum of 20h a year)</strong></td>
<td><strong>120</strong></td>
<td></td>
</tr>
</tbody>
</table>

In Luxembourg, statutory auditors are required to take part in appropriate continuing education programs of a minimum of 120 hours over a three-year period, with a minimum of 20 hours per year.
EU Audit Market Reform
The new EU legislation entered into force in June 2016 and has significantly reinforced the rules governing the audit profession, notably in terms of independence and reporting. Key impacts are mainly related to Public Interest Entities and their auditors.

Two forms of legislation
   This amends the Statutory Audit Directive 2006/43/EU, applying to all statutory audits, such as in the areas of independence, the internal organization of audit firms, and auditor reporting as well as some requirements applicable to Public Interest Entities (PIEs) regarding audit committees.
   
   The directive is implemented in Luxembourg through the Law of 23 July 2016 on the audit profession.

2. Regulation (EU) n°537/2014
   These requirements govern statutory audits of PIEs. The regulation refers to the directive, brings additional requirements for the audits of PIEs, and has been applicable throughout the EU since 17 June 2016, excluding the transitional dates for the first application of mandatory audit firm rotation.
   
   The regulation is applicable to all EU member states and in the countries of the European Economic Area (EEA), including Iceland, Liechtenstein, and Norway.
Definition of a Public Interest Entity (PIE)

- Entities whose transferable securities are admitted to trading on an EU-regulated market
- Credit institutions authorized by EU member state authorities
- Insurance and reinsurance undertakings authorized by EU member state authorities
- Other entities a member state may choose to designate as a PIE

Legislation overview

A number of provisions in the legislation are intended to strengthen corporate governance and to enhance the transparency of audits to investors and audit committees, including an expanded auditor report (key risks, going concern, etc.), a comprehensive report to audit committees, and enhanced responsibilities for audit committees.

Other provisions require consideration of service providers and type of services received by entities, in response to the new restrictions on non-audit services as well as mandatory rotation periods for audit firms.

Certain provisions affect not only the Public Interest Entity but also the parent undertakings and controlled undertakings within the EU. Similarly, certain provisions are applicable not only for the statutory auditor but for all firms belonging to the same network as the audit firm.

A number of options (e.g., mandatory audit firm rotation periods, scope of non-audit service prohibitions, definition of public interest entities) have been afforded to member states. The options are decided national level, leading to a patchwork of complex and differing requirements across Europe.

Companies need to consider these complexities when managing across borders, not only in the EU but globally—there are extraterritorial implications for certain companies.

A number of points remain where additional interpretation needs to be worked through with EU authorities and local regulatory bodies.
What is an audit?

An audit opinion generally refers to a specific financial reporting framework, and states whether the financial statements have been prepared, in all material respects, in accordance with this applicable reporting framework.

**What is a financial audit?**
The purpose of a financial audit is to enhance the degree of confidence that intended users can have in the financial statements of an entity. This objective is achieved via the expression of an objective and independent opinion by the auditor on whether the information disclosed in the financial statements fairly reflects the financial position of the entity at a given date and for the financial period then ended.

An audit opinion generally refers to a specific financial reporting framework and states whether the financial statements have been prepared, in all material respects, in accordance with this applicable reporting framework. However, in the case of most general purpose frameworks, the opinion states whether the financial statements are presented fairly, in all material respects, or give a true and fair view in accordance with the framework.

To form an opinion and conduct an audit, an auditor must comply with professional standards for the performance of audits of financial information, which are set by a government body. In Luxembourg, audits of financial statements are conducted in accordance with International Standards on Auditing (ISAs), as adopted by the Commission de Surveillance du Secteur Financier (CSSF). These standards are issued by the International Federation of Accountants (IFAC) through the International Auditing and Assurance Standards Board (IAASB).

The ISAs require an auditor to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error. Reasonable assurance is a high level of assurance and not an absolute assurance.

It is reached when the auditor has obtained sufficient appropriate evidence to reduce audit risk, i.e., the risk of issuing an inappropriate audit opinion due to a failure to detect material misstatement either due to error or fraud.

**Audit risk** is made up of inherent risks: risks involved in the nature of the business or transaction, control risks (depends on the strength or weakness of the internal control procedures), and detection risks (linked to the probability that the audit procedures may fail to detect the existence of a material error or fraud).

**Materiality** is a key concept in the performance of a financial audit. The ISAs state that the assessment of what is material is a matter of professional judgement. In addition, materiality is considered throughout the audit process: in particular during the planning phase of the audit, in performing the audit and in concluding procedures. Evaluating the effect of identified uncorrected misstatements, if any, is necessary for the auditor to form his/her opinion.

In addition, exercising professional skepticism throughout the planning and performance of the audit is essential for the auditor to draw appropriate conclusions. Applying a skeptical mindset includes, in particular, a critical assessment of the audit evidence obtained.

Audit procedures must enable the auditor to collect sufficient and appropriate audit evidence. They include procedures to understand the entity's business, control tests, and substantive tests. An auditor may decide to use audit sampling when performing audit procedures.
We invest in our people and talent because they are the main assets of our firm and our key to continued success.
When are audit services required?

**Legal audits**

An audit of an entity’s financial statements may be required by the applicable laws, because of the entity’s size, or its nature (e.g., companies in the Financial Sector or the Insurance Sector, regardless of their size and legal form). Audits or reviews may also be required by law for a specific event or operation such as mergers, demergers, liquidations, interim dividend distributions, or contributions in kind. In addition to the laws, other regulatory bodies such as the CSSF or the Commissariat aux Assurances (CAA) can require specific audit procedures and reports. For instance, the CSSF requires long-form reports for some regulated entities such as investment funds and banks.

In Luxembourg, the Law of 19 December 2002 sets out the layout and content of financial statements and audit requirements depending on the quantitative criteria as follows (meeting two out of three criteria is sufficient to be classified in a category of company):

<table>
<thead>
<tr>
<th>Balance sheet total in €</th>
<th>Turnover total in €</th>
<th>Average number of full-time staff employed</th>
<th>Company size</th>
<th>Consequences</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 20 million</td>
<td>&gt; 40 million</td>
<td>&gt; 250</td>
<td>Large</td>
<td>An external auditor must be appointed. The financial statements must comply with the layout set by Grand Ducal Regulation of 15 December 2016 and the notes to the accounts must comply with the requirements fixed in the article. A management report must be prepared. Its content is fixed in article 68 of the law.</td>
</tr>
<tr>
<td>≤ 20 million and &gt; 4.4 million</td>
<td>≤ 40 million and &gt; 8.8 million</td>
<td>≤ 250 and &gt; 50</td>
<td>Medium</td>
<td>An external auditor must be appointed. The balance sheet must be prepared in accordance with the layout set in the Grand Ducal Regulation of 15 December 2016 and the notes to the accounts must comply with the requirements fixed in the regulation, however an abridged profit and loss can be prepared. An abridged management report can be prepared.</td>
</tr>
<tr>
<td>≤ 4.4 million</td>
<td>≤ 8.8</td>
<td>50</td>
<td>Small</td>
<td>Small companies are not required to appoint an external independent auditor and can draw up an abridged balance sheet and profit and loss with abridged notes. No annual management report is required.</td>
</tr>
</tbody>
</table>
In Luxembourg, the Law of 19 December 2002 sets out the layout and content of financial statements and audit requirements depending on quantitative criteria.

### Contractual audits
Apart from legal audits, contractual audits might be required by the articles of incorporation of the entity or performed at the request of shareholders or third parties such as banks, suppliers, or the entity’s management, in order to increase the value and credibility of the financial information produced by management.

### Periodic audits versus ad-hoc audit services
In addition to periodic audits of annual or consolidated financial statements, ad-hoc services can be conducted under certain circumstances.

For example, as mentioned above, the issuance of shares against a contribution in kind, mergers, divisions, voluntary liquidations, or interim dividend distributions are typical situations when ad-hoc audit services are required. The external auditor must issue a report stating that the value of the contribution in kind equals at least the value of the shares issued, a report on management’s report on the merger or the division, a report regarding the accounts of the liquidation, or the interim financial situation in the case of an interim dividend distribution.

A listing, an application for a subsidy, or transitioning to a new accounting framework such as IFRS are other examples of instances when ad-hoc audit services can be rendered.

### Depending on the nature of audit services rendered, the reports issued will be of the following nature (whereas only the ISA 700 report is an audit report)

<table>
<thead>
<tr>
<th>Report Type</th>
<th>Description</th>
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<tbody>
<tr>
<td>ISA 700</td>
<td>Report of the auditors on a full scope audit</td>
</tr>
<tr>
<td>ISRE 2400</td>
<td>Review of historical financial statements</td>
</tr>
<tr>
<td>ISRE 2410</td>
<td>Review of interim financial information performed by the independent auditor</td>
</tr>
<tr>
<td>ISAE</td>
<td>Examination of prospective financial information</td>
</tr>
<tr>
<td>ISRS 4400</td>
<td>Agreed-upon procedures</td>
</tr>
<tr>
<td>Other reporting</td>
<td>Long-form reports</td>
</tr>
<tr>
<td></td>
<td>Management letter</td>
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</tbody>
</table>
Focus on sustainability
Stakeholders, including regulators and investors, are demanding that organizations improve their sustainability performance and report an array of sustainability data.

Deloitte can provide assurance on sustainability data and reports. By obtaining this assurance, the company ensures the reliability of information reported and benefits from recommendations on how to improve its report, its reputation, and its responses to stakeholder's expectations.

These standards are issued by the International Auditing and Assurance Standards Board (IAASB).

There are two levels:
- **Limited** – The assurance provider has carried out enough work to make statements about the report, which are framed as "Nothing has come to our attention which causes us to believe that the reported data does not accurately reflect the organization's performance during the year".

- **Reasonable** – The assurance provider has carried out enough work to be able to make statements about the report, which are framed in a positive manner, e.g., "The reported sustainability data materially reflects organization's performance during the year".

Ad-hoc services at a glance

- Mergers, divisions and voluntary dissolutions
- Interim dividends
- Contribution in kind
- Performance audit, monitoring and evaluation
- Subsidy for vocational training (INFPC)
- IFRS training and support in IFRS conversions
- "NAV doctor" for UCITS
- GRI™ sustainability reporting services
- Listing services
- IFRS training and support
Audit at Deloitte

By applying our audit approach and methodology to our clients, we deliver a partner-led planning process that enhances risk identification and assessment and promotes an appropriate response in controls testing and substantive procedures.

About Deloitte Audit

Financial information

The gross turnover of the network of companies to which Deloitte Audit belongs in Luxembourg, including the gross turnover of Deloitte Audit, amounts to €274.3 million for the financial year ended on 31 May 2016 and can be broken down by sector of activity as follows:

- Statutory Audit assignments*: 22%
- Other assurance assignments*: 7%
- Advisory and consulting assignments: 42%
- Tax services assignments: 29%

*Gross turnover of Deloitte Audit

Staff information

At the end of February 2017, Deloitte Luxembourg employed 1,820 people of which 528 work in our Audit department. We employ 56 different nationalities.
Cross-service line collaboration to bring more added value to your audit

Strong IT expertise
Within Deloitte, our Enterprise Risk Services (ERS) practice is a dedicated internal audit and support to the external audit unit responsible for performing any assignment relating to any audit activities. ERS’s professional auditors hold state-of-the-art knowledge and are equipped to offer audit insights to help clients stay up-to-date with the latest “need to know” information.

Strong valuation expertise
Our valuation experts help our audit teams to review fair value estimates or impairment analyses. As a result, they have acquired extensive knowledge of audit requirements. They support audit teams on impairment testing of goodwill or intangibles. They are also there to help the firm stay informed on new valuation best practices or techniques.

Strong tax expertise
Tax professionals deliver deep knowledge of tax and statutory requirements and help simplify tax management and oversight, while providing global visibility for making informed strategic decisions. Tax professionals offer services that help multinational companies align their tax strategies to their business, through a wide variety of compliance and advisory services.

The Deloitte audit approach
Partner-led audit planning and execution is a distinguishing feature of a Deloitte audit
By applying our audit approach and methodology to our clients we deliver a partner-led planning process that enhances risk identification and assessment and promotes an appropriate response in controls testing and substantive procedures. Deloitte stands out for its emphasis on the role of our partners in the execution of our services because experience shows that their close involvement yields an audit that has clarity of purpose and is tailored to our clients’ business. We believe that a partner-led audit is key to driving quality throughout the process.

Deloitte places a high value on innovation, which has long been a strong global initiative of ours. As a result, we lead the profession in the development and use of innovative auditing tools and technologies.
The illustration below summarizes the strategy behind our audit methodology:

A risk-based approach: customized audit procedures come from pinpointing risks

Our audit approach focuses on understanding the entity’s business and control issues from the inside out. It combines a rigorous risk assessment, diagnostic processes, and audit testing procedures.

To deliver an audit that is specifically tailored to our clients, we customize the nature, timing and extent of the control and substantive procedures we perform by applying our professional judgement to match the level of risk identified for each significant account, class of transaction, or disclosure to the relevant assertions. Our international audit approach is applied consistently around the world, while providing the flexibility to serve the unique circumstances and complexities of our clients.

We work closely with your entity yet maintain our independence, and encourage open communication. We believe an audit cannot be a compliance exercise focused solely on the completion of prescriptive procedures. Rather, we recognize and embrace the opportunity to provide valuable feedback to our clients and their business—uncover opportunities for greater efficiencies, provide insights into financial and operational performance based on benchmarking data from our impressive portfolio of clients, and point our clients in the direction of future growth.
There are several assurance benefits gained through EMS

EMS ensures that risks arising from the industry, business, or entity locations will be fully integrated into our approach and in our work on audit and internal control systems. These systems will provide comprehensive and timely responses to the expectations of the group.

EMS ensures coordination spread across both teams and countries through a common reference database and the transmission of an information and work snapshot (automated folder synchronization).

EMS ensures full and complete involvement of the partners who have a clear and concise vision of the progress of the work and all adjustments and findings identified during our audit using the "dashboards" in the software.

Leveraging technology for efficiency, effectiveness, and value added for audited entities

Deloitte places a high value on innovation, which has long been a strong global initiative of ours. As a result, we lead the profession in the development and use of innovative auditing tools and technologies.

These tools help us determine audit scope, prepare globally consistent audit work papers and files, conduct analytical reviews, select data for testing, accumulate audit results, and monitor progress to provide for the timely completion of tasks. We continuously improve our technology to better meet the needs of our clients. Deloitte has significantly invested in developing proprietary software for conducting audits and communicating globally with audit teams and client personnel. In particular, our audit approach centralizes our audit and provides consistency in every region, country, and location.

This standard audit approach is based on an expert tool called the Engagement Management System (EMS). This continuously updated tool is in line with a risk-based approach. We are able to customize our audit approach depending on our client’s specific features, risks, and needs. This unique system deployed in each country guarantees quality, safety, and responsiveness.

Our audit approach is based on a comprehensive set of content and media for the implementation of a consistent approach across the world with EMS. More than just a software tool, EMS is fully structured in accordance with the Deloitte Audit methodology and is perfectly in line with a risk-based approach. Content specific to the unique features of each country and each industry is regularly updated locally and globally, and is instantly disseminated to all Deloitte member firm.

Thus, from a common basis for all, ensuring consistency of approach and work in the entire global network, the content is customized and adapted to local standards and regulatory issues. This new tool is an opportunity to deliver ever-more specific and tailored audits to increase the quality and efficiency of our work, and to offer more value to our clients.
Audit at Deloitte | Aspire with assurance

Deloitte Advanced Analytics has been developed to use modern data mining, pattern matching, data visualization, and predictive modeling tools to produce analyses and algorithms that help organizations make better decisions. As part of an audit initiative, Deloitte Analytics can be used in audits in order to bring efficiency, quality and added value.

Efficiency arises from the possible automation of repetitive techniques which allows testing of complete populations to be completed more quickly. Analytics can also be utilized for complex procedures and calculations, thus reducing the time required for manual, sample-based calculation.

The analysis of data may also provide information to identify risks that would not have been available by applying manual techniques. In addition, analytics allows you to test either an entire population or the identification of the most risky populations for testing, thus increasing the quality of audit procedures compared with a traditional sampling approach.

Finally, analytics helps to provide value-added insights into a client’s operations, for example through visualization techniques, or can provide the benchmarking of a client compared to its peers.

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1. **Advanced Analytics**
   - The use of modern data mining, pattern matching, data visualization, and predictive modeling tools to produce analyses and algorithms that help organizations make better decisions.

2. **Performance Management**
   - An umbrella term that describes the methodologies, metrics, processes, and analytical applications used to monitor and manage the business performance.

3. **Business Intelligence**
   - Querying, reporting, OLAP, and “alerts” that can answer the questions: what happened; how many; how often; where; where is the problem; what actions are needed.

4. **Enterprise Data Management**
   - The architectures, policies, practices, and procedures that properly manage the collection, quality, standardization, integration, and aggregation of enterprise structured data.

5. **Enterprise Content Management**
   - The strategy of the technologies, tools, and methods, used to capture, manage, store, preserve, and deliver unstructured content across an enterprise.

Our computerized audit approach and investment in technology enables us to deliver seamless global auditing services and ensure a cost-effective audit.
1. Advanced Analytics
2. Performance Management
3. Business Intelligence
4. Enterprise Data Management (Structured)
5. Enterprise Content Management (Unstructured)

People
Process
Technology
Strategy and governance
The importance given to industry expertise and specialist skills

To be able to offer our clients qualified industry professionals, we have established multi-disciplinary industry groups covering the following segments: banking and financial sector professionals (PSF); insurance; investment funds and hedge funds; commercial; industrial and public sector (CIPS); real estate and private equity; but also life sciences and healthcare and technology; media and telecommunications.

Within these industry groups, we invest heavily in education and knowledge-sharing, both internally and with our clients. For instance, Deloitte Luxembourg organizes regular industry meetings across its three service lines (audit, tax, and consulting) where experts share their views and knowledge on topical issues facing our industry.

In audit we also organize monthly industry meetings dedicated to our audit directors, managers and our audit seniors. This allows us to provide focused guidance to our managers and seniors as they can freely discuss challenges they face and ask questions to clarify and enhance their developing knowledge and experiences.

We also publish a number of reports, newsletters, and webcasts each year and serve our clients with industry specialists to perform an audit that is tailored to their needs.

In addition, the sharing of knowledge among our people is key into the Deloitte Quality and Excellence initiative and is supported by the launch of the Knowledge Initiative six years ago. The knowledge management objective at Deloitte is to optimize the creation, maintenance and sharing of our intellectual capital by involving people to maximize the impact and delivery of our services to our clients.

The combination of our specialist skills, industry expertise and ongoing investment allows us to anticipate complex business problems for our clients and recommend preventive actions.
Deep investment in our people supports our commitment to deliver quality

We invest in our people and talent because they are the main assets of our firm and the key to continued success. Offering our people the possibility to have multiple experiences is motivating and rewarding for them, but also for the whole structure, as it contributes to increasing the quality of our services.

For our talented professionals, an international experience is an opportunity to share and develop skills, discover new cultures, expand business development opportunities, and increase their understanding of foreign markets and business practices.

Deloitte Luxembourg encourages international mobility and offers a range of opportunities:

- Long-term assignments in other member firms around the globe for 12 to 36 months
- Short-term assignments such as swaps between two member firm colleagues or an individual mobility program in another service line or firm

We believe in providing a good working environment and creating professional opportunities for our employees. Delivering outstanding quality consistently requires an unwavering focus on many aspects of our business.

These include:

- Our recruitment process for all our people from trainee to partner: in audit, we recruit people holding a Bachelor's degree from a business school or university with a major in economics, management, or accounting, or a Master's degree from a business school or university
- Challenging promotion processes at all levels
- Targeted training programs including service-line-specific training that keeps our people at the forefront of new regulations
- Review processes and a remuneration and appraisal structure for partners and staff that recognizes and rewards quality

The career of our staff members is a constant learning process as they regularly receive technical training and attend courses to develop their management, communication, as well as commercial skills. Deloitte also strongly promotes and sponsors professional qualification and certifications for our staff. Deloitte University, open to all Deloitte staff, is indicative of the firm’s support to development through its training opportunities offered to international peers.

We know that our clients take the continuity of their audit team seriously—so do we. Continuity is absolutely critical to the quality of the service we deliver to our clients, and is important for audit efficiency, minimizing disruption to our clients’ staff, and allowing us to develop effective working relationships and a deeper understanding of our clients’ business.

We strive to retain our best talents and maintain continuity from one year to the next on our audit assignments.

The measures taken to maximize continuity in our audit teams include:

- At junior level, a pre-scheduled staff booking system to ensure the same individuals return each year
- A tailored on-boarding process undertaken by all new team members regardless of their level before they serve a client
Together, we share an unwavering commitment to raise the standards of quality through ever-deeper assurance on an ever-broader range of questions.

**Quality is a pillar of the Deloitte strategy**

We consider quality to be key to perennial success as it guarantees our performance over time, especially in difficult periods and in a challenging environment. Quality not only encompasses the characteristics of our products and services, it also extends to the way we deliver them, the way we communicate, and the way we interact with our clients.

To ensure that everyone within the firm strives to attain the same standards of excellence, we must all adhere to our clearly-defined quality charter, organized around 10 key principles. In addition, the Quality, Ethics, and Professional Practice Department, comprising more than 50 experienced professionals involved in professional institutions, guarantees independence, ethics, and quality to our clients.

**A rigorous quality approach**

Through our code of conduct, our professional standards, and our firm’s client service standards, every partner and employee understands the importance of quality in everything we do.

Deloitte has extensive governance procedures in place to ensure that all work performed is of the highest quality. Our engagement quality assurance review is part of the most rigorous and historically implemented procedures even before it became a regulatory requirement.

In general, opinions are subject to a technical independent review prior to their issue. This ensures that our work is of a consistent high quality and has been delivered in accordance with the firm’s procedures. Deloitte also has a rolling program of proactive reviews where partners and other senior staff review assignments to ensure that they comply with the firm’s policies and procedures.

To deliver work beyond our own quality standards of excellence, we seek regular feedback from our clients through a formal and rigorous satisfaction assessment process. This ensures that we perform according to our clients’ highest expectations.
Ethical and professional conduct

Deloitte has set up a stringent policy to ensure that standards of service and technical quality are applied to each engagement.

Our internal Code of Ethics applies to all employees and partners to ensure compliance with professional conduct and independence rules including: client and engagement acceptance and retention procedures, conflict of interest management procedures, and independence rules, as well as professional confidentiality. Our culture focuses on professional values and the individual responsibility of each employee with regard to understanding and complying with professional conduct and independence rules.

In selecting our teams, we make sure that our clients will be served by people who have considerable industry experience without being subject to any conflicts of interest. We also make sure that this remains the case and have longstanding policies and procedures in place to ensure that no conflicts arise.

Deloitte’s independence principles

The Luxembourg Code of Ethics, together with the EU Audit Market Reform Regulation and Luxembourg Law on the audit profession for public interest entities, define the list of authorized services that can be provided to audit clients and increases the quality of judgment in the auditors’ acceptance analysis. Deloitte has developed safeguards and strict procedures in order to maintain compliance with applicable professional standards and regulatory and legal requirements, and to ensure that we do not accept any assignment that might impair our independence as auditors.

Our processes to maintain independence are based on written independence policies issued by the global Deloitte organization for application by all Deloitte member firms and their professionals, which we adhere to rigorously, and which are consistent with the Luxembourg Law of 23 July 2016 on the audit profession implementing directive 2006/43/EC, as amended, and the EU Regulation 537/2014. Where more restrictive laws and regulations apply, these are supplemented accordingly by the respective firms.
Deloitte has invested in best-in-class systems to enable us to identify and manage conflicts of interest in client assignments well in advance.

We assess whether potential new engagements are consistent with maintaining independence and we monitor partner and staff investments to ensure that we safeguard the independence and objectivity of Deloitte, our people, and particularly our audit teams.

**From an operational perspective, in addition to the procedures above, we have the following safeguards in place at Deloitte to counter threats to our independence:**

- Before an engagement begins, use of our International Restricted Entity List identifying the companies to which independence rules apply is mandatory. The approval of the partner responsible for each entity appearing on this list is required for each planned engagement. This list is regularly updated.

- The Global Information Reporting System, a tool allowing the lead partner to identify all the engagements carried out for a given client, interfaced with the accounting systems of our local Deloitte offices and thereby enabling a complete review of all engagements conducted.

- A centralized conflict-checking process applying to all new engagements, with a review of any potential conflicts by a dedicated independent compliance officer.

- Electronic signoff procedures on independence to monitor compliance.

- Partners and employees involved in an audit need to confirm their independence in relation to the entity to be audited in each case.
In selecting our teams, we make sure that our clients will be served by people who have considerable industry experience without being subject to any conflicts of interest.
Contacts

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