

2020 Transparency Report

Deloitte Audit SRL

30 April 2021

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# Deloitte Audit S.R.L. leadership message<sup>1</sup>

This report sets out the practices and processes that are currently employed by Deloitte Audit S.R.L., in accordance with the requirements of Law 162/2017 the European Union's Regulation 537/2014 on specific requirements regarding statutory audit of public-interest entities. All information provided in this report relates to the situation of Deloitte Romania on 31 December 2020, except if indicated otherwise.

We are keenly aware of our obligation to deliver audit services that meet the challenges and complexities of the current environment and that comply with professional and regulatory standards. We are committed to do more than simply meeting challenges and conforming to expectations. Our desire is to set standard of excellence for the profession. In keeping with that objective, our commitment to audit quality is unequivocal.

At Deloitte, we recognize the important role that audit plays in contributing to market confidence and integrity. The impact of our work extends far beyond the audit itself. Attesting on financial statements provides investors the confidence to make sound business decisions. It shows clients where they stand today, so that they can respond appropriately for tomorrow.

The COVID-19 pandemic challenged our readiness to adapt to new ways of working while also responding to challenging audit risks and maintaining our focus on the well-being and safety of our professionals. Our infrastructure and investments in the digital transformation of our business allowed us to quickly pivot to a primarily virtual work environment. Our ability to maintain the highest levels of quality while transitioning our workforce to a primarily virtual work environment is a prime example of our dedication to bringing integrity and trust to capital markets.

We recognize today's business environment is constantly evolving at a rapid pace, and in response we are continually seeking to transform the way we deliver audits. The investments we have made and are continuing to make in innovation and emerging technologies, audit processes and policies, and our system of quality control are enhancing the quality of our audits.

Making an impact that matters is a choice we make each and every day. As leaders, we live our purpose by what we do and how we do it, driven by our will to be the best and inspired by what we know to be right. These shared values ensure that both quality and integrity guide the way we behave, to make a positive and enduring impact.

This report provides you with an insight of our firm, along with demonstrating our commitment to audit transformation and quality.

Steven Openshaw

DELOITTE AUDIT SRL



<sup>1</sup> 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-the-network.html>.

# Deloitte network

## Deloitte Romania: legal structure and ownership

Deloitte Audit SRL is connected to the Deloitte network through Deloitte Central Europe Holdings Limited, a member firm of Deloitte Touche Tohmatsu Limited. Deloitte Central Europe, together with Deloitte France, Deloitte Germany, Deloitte Luxembourg and Deloitte Austria is a shareholder in Deloitte DCE GmbH (“DCE”), which is as well a member firm of Deloitte Touche Tohmatsu Limited. The object of DCE is the fostering of the collaboration among its shareholders as members of the global Deloitte network. DCE neither provides any professional services nor engages in commercial activities.

Deloitte Audit SRL is referred to throughout this report as “Deloitte Romania”. Deloitte Central Europe, as an organization of entities organized under the umbrella of Deloitte Central Europe Holdings Limited is referred to throughout this report as “Deloitte Central Europe”. Deloitte Central Europe Holdings Limited holds practice rights to provide professional services using the “Deloitte” name which it extends to Deloitte entities within its territory (Deloitte Central Europe), including Deloitte Romania. Deloitte Romania is authorized to serve as an auditor for clients in Romania.

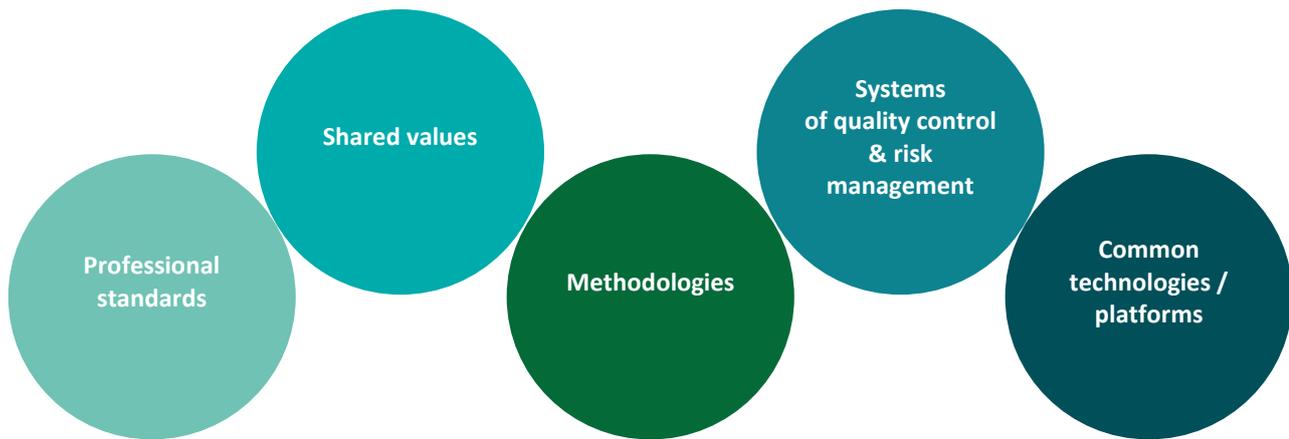
## Ownership structure

|  |
|--|
| <b>Deloitte Central Europe Holdings Limited 470 shares</b> |
| <b>Hassan Ahmed 197 shares</b>                             |
| <b>Corina Dimitriu 52 shares</b>                           |
| <b>Pirvulescu Horatiu-Alexandru 10 shares</b>              |
| <b>Mardare Sorina-Cristina 107 shares</b>                  |
| <b>Mirea Ioana-Alina 127 shares</b>                        |
| <b>Ionescu Andrei 20 shares</b>                            |
| <b>Goranitis Dimitrios 10 shares</b>                       |
| <b>Openshaw Steven 10 shares</b>                           |
| <b>Macdonald Peter Mark 10 shares</b>                      |
| <b>Dumitrescu Radu Cristian 35 shares</b>                  |
| <b>Caprariu Zeno Mugurel Coriolan 42 shares</b>            |

## 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)**

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 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.

“Deloitte” is the brand under which approximately 312,000 dedicated professionals in independent firms throughout the world collaborate to provide audit & 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 organization”. 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 organization is a global network of independent firms and not a partnership or a single firm. DTTL does not provide services to clients.

## Deloitte Romania: governance – leadership in action

Deloitte Romania operates as a Limited Liability Company, established under Romanian law, with registered office at 82-98 Calea Grivitei, The Mark Tower, 14th Floor, District 1, 010735, Bucharest, Romania and registration number RO 7756924, J40/6775/1995.

Deloitte Romania Directors are responsible for the governance and oversight of the Audit & Assurance practice. Specific responsibilities include: approving local audit and assurance business strategy, approving admission of partners and principals, approving the financial aspects of local business plans.

The following Directors of Deloitte Romania were appointed by the General Meeting of Shareholders for a 4-year mandate with the possibility of extension of their mandate through a decision of the General Meeting of Shareholders. Notwithstanding the above provisions, the General Meeting of Shareholders may appoint any or all Directors for a different period of time or for an indefinite term. Any time during the mandate, the General Meeting of Shareholders may revoke the company's Director(s) with or without a reason:

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### Deloitte Romania – Management

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Hassan Ahmed, Director with full powers

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Mardare Sorina-Cristina, Director with full powers

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Mirea Ioana-Alina, Director with full powers

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Openshaw Steven, Director with full powers

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Corina Dimitriu Director with full powers

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Reff Alexandru, Director with limited powers

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In all of their activities, Deloitte Romania senior leaders are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements. Deloitte Romania strategy is developed in alignment with the overall strategic direction established for the Deloitte network.

Deloitte Romania Audit & Assurance leaders participate in Deloitte network groups that set and monitor quality standards, and from which a number of audit quality initiatives emanate. As such, a local dedicated professional practice team led by a professional practice director is in place to support quality standards application and monitoring.

## Our purpose and commitment: instilling trust and confidence

At Deloitte Romania, 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 the services we deliver. 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 Romania.

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 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 |

## Audit engagement acceptance and continuance

Deloitte Romania 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 Romania 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 Romania 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 Romania 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 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.

## Coronavirus disease 2019 (COVID-19)

Deloitte's highest priority is the safety and well-being of its professionals. As the impact of COVID-19 unfolds, investors and stakeholders are looking to auditors to provide an independent opinion on companies' financial statements more than ever. Deloitte remains committed to this critical role and delivering the highest quality audits.

Deloitte Romania management and auditors alike are affected by restrictions on travel and requirements to stay at home. With travel restrictions affecting entities' personnel and auditors, companies may obtain information in new or different ways. In addition, Deloitte Romania management is faced with significant uncertainty in making judgments to project future operating results and cash flows, going concern, and developing valuation analysis, etc. The financial reporting process likely requires careful analysis and further considerations of impact from management and auditors given the current environment.

All stakeholders of the financial reporting ecosystem must exercise significant judgment in this unprecedented and uncertain environment—governments, when projecting the length of closures; bankers, when deciding if a loan can be repaid in full; management, when evaluating if a company can continue operating as a going concern and audit committees providing oversight of management; auditors, when assessing these judgments; and investors, when analyzing the available financial information in light of these unprecedented uncertainties.

Although the existing accounting frameworks have provisions for uncertainties, it is important for financial statement users and regulators to expect a higher degree of market and economic volatility in the near future.

Deloitte welcomes the public statements and guidance issued by regulators that recognize the current uncertainties and emphasize the importance of high-quality, forward-looking corporate disclosures. Importantly, some regulators have conveyed that good faith attempts to provide investors and other market participants with appropriately framed forward-looking information will not be second-guessed. Deloitte seeks to raise awareness about the areas that pose challenges and require more scrutiny, context-specific judgment, and increased skepticism and documentation. There is benefit to the public for greater transparency from various financial reporting ecosystem stakeholders raising awareness about these issues. This includes providing more clarity on the responsibilities of management, audit committees, companies, auditors, regulators, and other stakeholders.

Deloitte's technology and infrastructure has allowed for an agile and rapid response to the various impacts of COVID-19. We have prepared for various contingencies in order to support changing client needs and to keep Deloitte Romania professionals informed while working remotely. Deloitte Romania's business continuity plans have been updated and we have affirmed that Audit & Assurance products and solutions have the necessary bandwidth to ensure continuity. We have launched the Deloitte Global Audit & Assurance Technical Delivery Resource Center—a central location for globally relevant and locally adaptable Audit & Assurance COVID-19 related resources. In addition, COVID-19 industry disclosures have been added to the Disclosure Analytics tool to provide example disclosures across several areas, including risk factors, subsequent events, and management's discussion and analysis.

## Multidisciplinary model (MDM)

MDM is an important contributor to high-quality audits. Auditors increasingly use the work of specialists in a number of areas, including to assist in their evaluation of accounting estimates and fair value measurements when auditing companies' financial statements that are increasingly complex as a result of COVID-19. Further, as big data utilization becomes more pervasive in line with other digital advances, the demand for data analysts and IT specialists will grow accordingly. Among the benefits of the MDM are:

- 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 may not be 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.
- Different parts of our business grow at different rates during different time periods in different markets. Our MDM provides a hedge against market volatility that is important to long-term viability of the network and makes significant investments in audit quality and innovation possible, even in times of financial pressures on the audit business.

Deloitte's response to COVID-19 demonstrates both resiliency in putting audit quality and the public interest first which is further supported by the significant benefits of the MDM. Negative quality events have the potential to impact the Deloitte brand as a whole. As such, each non-audit Deloitte Romania business has a shared and vested interest in supporting audit quality initiatives.



## 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 are continuously enhancing their skillset and experience.

Deloitte is committed to delivering an unrivalled talent experience, developing our professionals, and furthering their careers by creating a life-long learning environment. We are advancing audit education, skillsets, and flexible career options that appeal to future auditors.

Deloitte professionals bring diverse backgrounds, knowledge, and skillsets that enhance our capability as an organization in delivering the highest quality audits.

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 recognizes and rewards its people and funds ongoing investment in our business.



## Learning and development initiatives

Deloitte’s transformed approach to audit delivery is changing the audit experience for our professionals. Audit teams are empowered by more advanced tools and technologies and more extensive use of data analytics within a guided workflow to execute the end-to-end audit cycle. For our professionals, this means focusing on how the engagement is planned, executed, and managed consistently across the globe using forward looking techniques and capabilities. It also offers opportunities to enhance their technical and professional skillsets and capabilities. For example, the following skills become more important—enhanced data analytics, project management, critical thinking, communication, enhanced professional judgment, and the application of accounting and auditing principles to work more effectively and deliver higher quality engagements.

Not only do we deliver value in more areas, but as we enhance capabilities and skillsets, 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, we have a single, mandatory audit technical learning curriculum for auditors, targeting learners by level, using a dynamic blend of live instructor-led, digital on-demand courses, and on-the-job activities.
- All client service professionals are required to complete at least 20 hours of continuing professional education (CPE) each year and at least 120 hours every three years, through structured, formal learning programs, such as internal or external courses, seminars, or e-learning covering all areas of the competency model (e.g., shared competencies, function-specific technical competencies, and competencies in areas of specialization).
- All client service professionals have clearly defined role expectations and our Talent Standards 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. Enhanced project management, a key capability for executing audit engagements, has been included in annual development programs which provide a blend of technical and soft skill learning development. The objective of the Deloitte Romania professional development program 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 Romania provides formal continuing professional development programs in relevant subject areas consistent with the Deloitte Romania Audit & Assurance Curriculum.

Through an automated monitoring system it is possible to check the status of internal and external courses followed by an individual auditor. Continuing education is also a factor taken into account for the yearly evaluation of audit staff and the assessment of their growth potential.

The relevant authority in Romania in charge of approving financial auditors and audit firms is ASPAAS. Performing financial audit activities is conditional on obtaining the annual visa from ASPAAS. Active financial auditors are required to complete at least 120 hours of continuing professional education (CPE) in three years out of which 60 hours should be related to structured professional education (SCPE) - courses provided usually by ASPAAS. Annual required number of CPE hours is usually 40 out of which 20 should be for SCPE, however it may vary still ensuring a minimum of 20 hours of CPE out of which 10 hours should be SCPE.

Financial audit certification is obtained following meeting criteria provided in Law 162/2017 including educational requirements such having undergone a practical training of three years and having passed an examination of professional competence organized or approved by ASPAAS.

## Deloitte University

Deloitte actively cultivates the collective knowledge and skills of Deloitte professionals globally through continued investment 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<sup>[2]</sup>.



## 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.

Deloitte Romania'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, expertise, integrity, professionalism, entrepreneurship, independence and compliance.

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<sup>[2]</sup> For more information about Deloitte Universities, please refer to Deloitte [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 Audit Quality Monitoring & Measurement (AQMM) program are to:

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

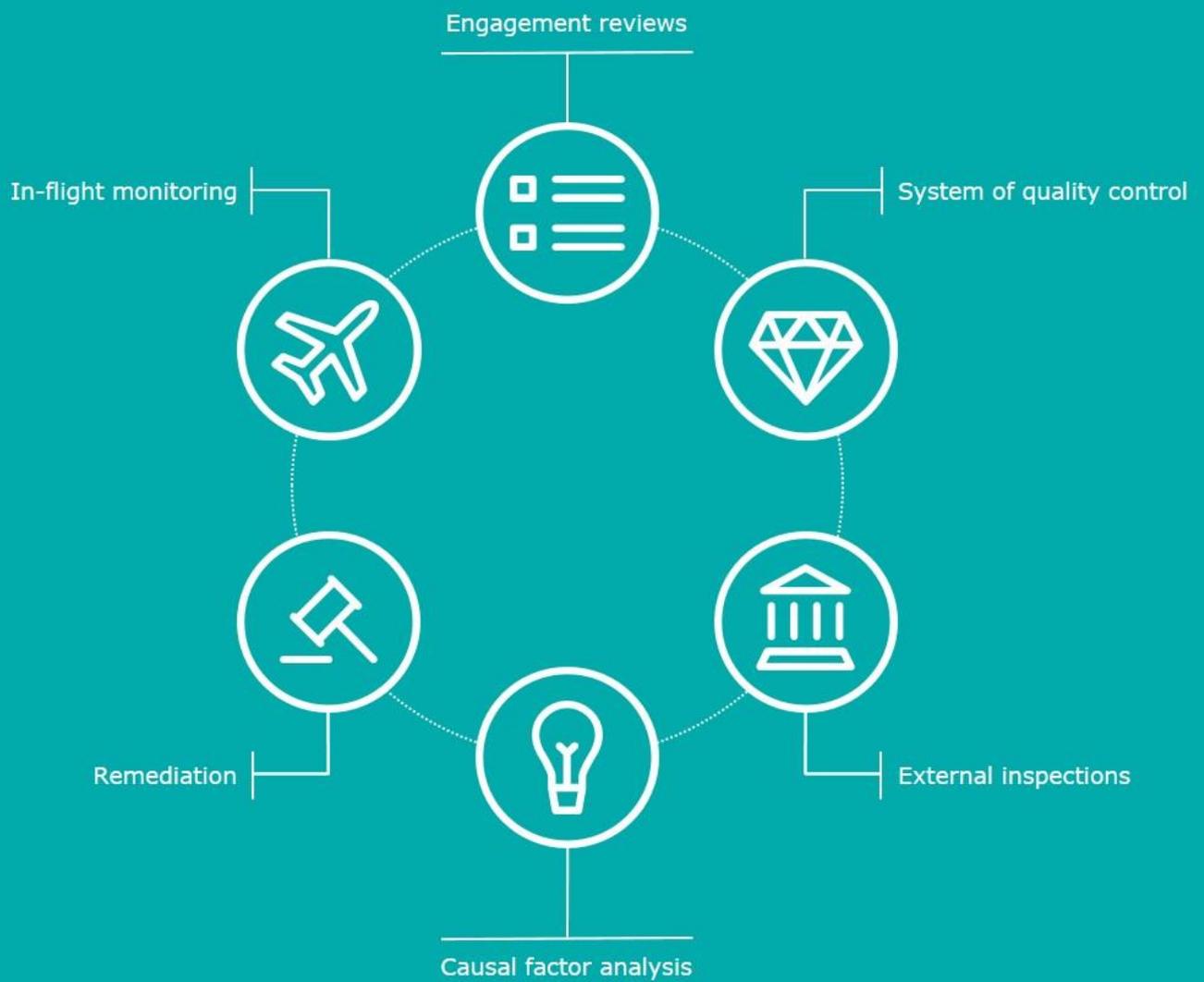
The AQMM program is focused on driving:

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

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



# Audit Quality Monitoring & Measurement



### In-flight monitoring

Continuous audit quality monitoring by Deloitte Romania 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 Romania audit quality leader(s) to continuously monitor audit quality and take immediate action.
- A program of subject matter specific “health checks” to assist Deloitte Romania audit quality leader(s) in assessing progress and identifying potential issues on in-flight engagements.

### Engagement reviews

Key components of engagement reviews (internal practice reviews) include:

- Risk-based engagement selection and consideration of all major industries served by Deloitte Romania.
- Mandatory moderation panel to drive consistency in findings and engagement ratings.
- External partners and deputies who oversee practice reviews to increase consistency.
- Identifying appropriate resources (from within Deloitte Romania 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 Romania 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 Romania and provides for effective implementation and monitoring of key audit quality priorities.

### External inspections

In addition to Deloitte Romania own monitoring of audit quality, we are subject to external reviews by the ASPAAS (Statutory Audit Public Oversight Authority) and CAFR (Chamber of Financial Auditors of Romania). The last quality assurance review referred to in Article 26 of the European Union’s Regulation 537/2014 on specific requirements regarding statutory audit of public-interest entities was carried out in November 2014 by the Chamber of Financial Auditors of Romania.

### 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.

# Independence, ethics, and additional disclosures

## Deloitte Romania 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 and Law 162/2017. Performs full reviews of independence quality controls on a three-year cycle; provides an annual focused review program to be performed by Deloitte Central Europe firms as part of their Audit Practice Review for the off-cycle years; and performs in-depth follow-up reviews as needed.



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



Delivers **information 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** through active engagement with independence and business leadership groups, periodic communications and alerts, and development of guidance, learning and instructions.

## Deloitte Romania Independence

Deloitte Romania has policies and procedures designed to address compliance with applicable professional standards that relate to independence. These policies and procedures are based on the Code of Ethics for Professional Accountants (the “Code”) issued by the International Standards Board for Accountants, and are supplemented, as appropriate, to reflect additional national or regional requirements that may be more restrictive than the Code. Deloitte Romania 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 Romania. 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 Romania implemented in accordance with independence policies include the following:

- Engagement acceptance and monitoring
  - Monitoring long association of partners and professionals with audited entities
  - Business relationship assessments and monitoring
  - Use of independence business process tools, including the Deloitte Entity Search and Compliance (DESC) system and the Global Independence Monitoring System (GIMS).
  - An Inspection & Testing program, annual and special purpose independence confirmations, and consultation procedures to monitor individuals’ 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
- An internal review of independence compliance was conducted during the year and the report was issued on 15 December 2020.



**DESC**

Deloitte Entity Search and Compliance

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



**GIMS**

Global Independence Monitoring System

Application that contains financial relationship data with relevant independence compliance indicators

### Long association requirements of audit partners and professionals

Deloitte Romania maintains policies and procedures requiring rotation of key audit partners and staff. These differ for a public interest entity as defined in Law 162/2017 (the “EU PIE”) or entities defined as a public interest entity by Deloitte Romania (“other PIE”). Individuals responsible for carrying out a statutory audit should not serve an EU PIE for more than seven consecutive years in the position of a key audit partner. They shall not participate again in the statutory audit of the audited EU PIE entity before three years have elapsed following cessation of such service. In case of other PIE, individuals responsible for carrying out a statutory audit should not serve other PIE for more than seven consecutive years in the position of a key audit partner. They shall not participate again in the statutory audit of the audited other PIE entity before two years have elapsed following cessation of such service. During the cooling-off period of three or two years, the key audit partner should not participate in the audit of the audited entity, perform the engagement quality control review, consult with the engagement team or the audited entity regarding technical or industry-specific issues, transactions or events or otherwise directly influence the outcome of the statutory audit.

While it is the primary responsibility of the individuals serving as key audit partners to ensure they comply with the rotation requirements, Deloitte Romania implemented a monitoring process that includes among other analysis of client portfolios and individuals assigned in various roles to statutory audits and considering appropriate competence, capability, workload and availability of statutory auditors so as to enable these individuals to adequately discharge their responsibilities as key audit partners.

### Ethics

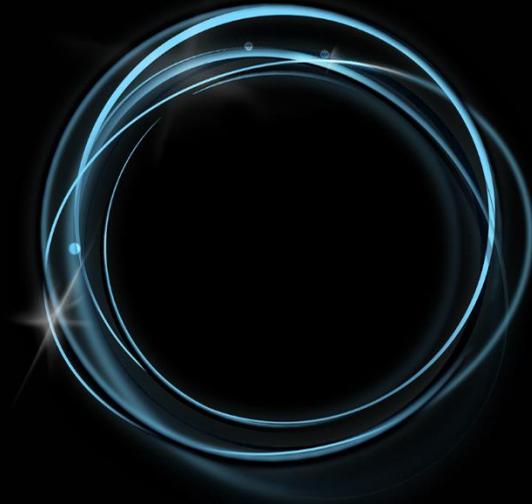
All Deloitte professionals are expected to act with integrity in accordance with high ethical standards as described in the Deloitte Romania Code of Conduct, and defines the commitments that all Deloitte Romania professionals make regarding ethical standards, as well as explaining each individual’s responsibilities to their clients, colleagues, and society.

In addition to the Code of Conduct, other foundational elements of Deloitte Romania’s ethics program include a program of training and communications, and established reporting channels supported by defined incident management protocols. For continuous improvement, regular program assessments and reviews are conducted and feedback is collected from our professionals through an annual ethics survey.

Deloitte Romania maintains policies and procedures that build on the global policies and 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 Romania are in accordance with Law 162/2017. Deloitte Romania also complies with Deloitte Romania 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 national professional requirements are more restrictive than the Deloitte Romania policies and procedures, Deloitte Romania follows the applicable national requirements.

Deloitte Romania reinforces its commitment to ethics and integrity through communication tools, learning programs, compliance processes, and measurement systems. In addition, Deloitte Romania requires all partners, other professionals and support staff to confirm annually that they have read and comprehended the Deloitte Romania's Code of Conduct and understand that it is their responsibility to comply with it.



## Shaping the future of the audit profession

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



# Appendices

# 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 Burgenland Wirtschaftsprüfungs GmbH                           |
|                     | Deloitte Niederösterreich Wirtschaftsprüfungs GmbH                     |
|                     | Deloitte Oberösterreich Wirtschaftsprüfungs GmbH                       |
|                     | Deloitte Salzburg Wirtschaftsprüfungs GmbH                             |
|                     | Deloitte Tirol Wirtschaftsprüfungs GmbH                                |
|                     | Deloitte Wirtschaftsprüfung Styria GmbH                                |
| Belgium             | Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises CVBA / SCRL       |
| Bulgaria            | Deloitte Audit OOD   |
| Croatia             | Deloitte d.o.o. za usluge revizije                                     |
| Cyprus              | Deloitte Limited   |
| Czech Republic      | Deloitte Audit s.r.o.  |
| Denmark             | Deloitte Statsautoriseret Revisionspartnerselskab                      |
| Estonia             | AS Deloitte Audit Eesti  |
| Finland             | Deloitte Oy  |
| France              | Deloitte & Associés  |
|                     | Deloitte Marque & Gendrot  |
|                     | Audalian Commissaire   |
|                     | BEAS   |
|                     | Cisane   |
|                     | Constantin Associés  |
|                     | Constantin Entreprises   |
|                     | D.B. Consultant  |
|                     | ECA Audit  |
|                     | Jacques Serra et Associés  |
|                     | Laurens Michel Audit   |
|                     | Opus 3.14 Audit et Conseil   |
|                     | Pierre-Henri Scacchi et Associés                                       |
| Revi Conseil        |  |

| EU/EEA member state | Name of audit firms carrying out statutory audits in each member state    |
|---------------------|---|
| 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   |
| 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                    |
| 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   |
| United Kingdom      | Deloitte LLP  |
|                     | Deloitte Limited  |
|                     | Deloitte N.I. Limited   |

### 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: € 2.1 billion<sup>2</sup>

<sup>2</sup> Amount represents an estimate determined based upon best efforts to collect this data. Certain Deloitte audit firms registered to perform statutory audits in respective Member states provide statutory audit services as well as other audit, assurance and non-audit services. While Deloitte endeavored to collect specific statutory audit turnover for each EU/EEA Deloitte audit firm, in certain cases turnover from other services has been included. The turnover amounts included herein are as of 31 May 2020, except for a limited number of instances where a Deloitte audit firm has different financial year-end or has not finalized its reporting for such period. In these cases, turnover amounts are for the relevant financial year or preceding financial year. Where currency other than Euros is used in the Member state, the amount in Euros was translated using an average exchange rate in effect for the period 1 June 2019 to 31 May 2020.

# Appendix B | Financial information

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

The breakdown of the DELOITTE AUDIT SRL's 2020 turnover:

| Turnover  | RON               |
|---|-------------------|
| Statutory audit (PIEs or PIE subsidiaries)  | 16,196,144        |
| Statutory audit (non-PIEs or non-PIE subsidiaries)  | 28,269,190        |
| Non-audit services (audited PIEs or PIE subsidiaries, audited non-PIEs or non-PIE subsidiaries) | 18,135,480        |
| Non-audit services (other entities)   | 33,316,580        |
| <b>Total</b>  | <b>95,917,395</b> |

# 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 AUDIT SRL in the Financial Year 2020:

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### Name

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ALPHA BANK ROMANIA SA

ADMINISTRATIA ROMANA A SERVICIILOR- ROMATSA

ALPHA FINANCE ROMANIA SA

ALPHA LEASING ROMANIA IFN SA

ALTUR SA

BANK LEUMI ROMANIA SA

BLOM BANK FRANCE SA PARIS SUCURSALA

BNP PARIBAS PERSONAL FINANCE S.A. P

BT PENSII - SOCIETATE DE ADMINISTRA

CEMACON - S.A.

COMPANIA DE ASIGURARI-REASIGURARI EXIM ROMANIA (CARE-ROMANIA) SA

COMPANIA NATIONALA DE ADMINISTRARE

COMPANIA NAȚIONALĂ PENTRU CONTROLUL CAZANELOR, INSTALAȚIILOR DE RIDICAT ȘI RECIPIENTELOR SUB PRESIUNE - (CNCIR) SA

CREDEX IFN S.A.

CREDIUS IFN S.A

ELECTROMAGNETICA SA

FIRST BANK S.A.

FONDUL DE GARANTARE A ASIGURATILOR

FONDUL DE GARANTARE A CREDITULUI RU

FONDUL DE GARANTARE A DEPOZITELOR B

FONDUL PROPRIETATEA S.A.

GOTHAER ASIGURARI REASIGURARI S.A.

IMPACT DEVELOPER & CONTRACTOR S.A.

IMPULS - LEASING ROMANIA IFN S.A.

MED LIFE SA

OTP BANK ROMANIA S.A.

OTP LEASING ROMANIA IFN S.A.

PROMATERIS S.A.

PROVIDENT FINANCIAL ROMANIA INSTITUT

ROMCARBON SA

SAI ATLAS ASSET MANAGEMENT SA

SOCIETATEA DE INVESTITII FINANCIARE BANAT-CRISANA-SA

SOCIETATEA DE INVESTITII FINANCIARE-TRANSILVANIA SA

SOCIETATEA ENERGETICA ELECTRICA S.A

TERAPLAST SA

TIRIAC LEASING IFN SA

TURBOMECANICA SA

UNICREDIT BANK S.A.

UNICREDIT CONSUMER FINANCING IFN SA

UNICREDIT LEASING CORPORATION IFN S

VFS INT. ROMANIA IFN SA

VISTA BANK (ROMANIA) S.A.



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