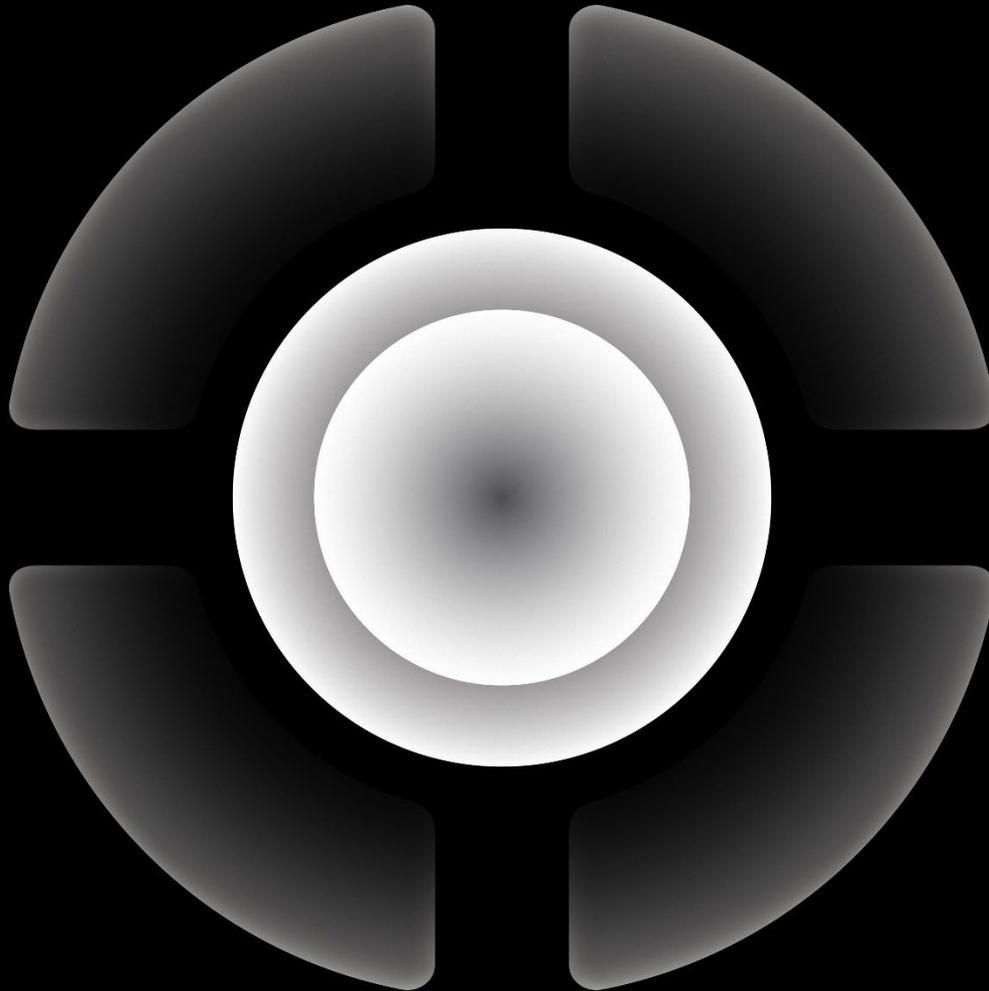


**Deloitte.**



2021 Transparency Report

Deloitte Audit SRL

29 April 2022



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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 2021, except if indicated otherwise.

We are committed to performing high-quality audit services and to professional excellence. We are aware of the importance of the work we do and of our vital role in the capital markets system that drives the engine of our economy. 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. Our Audit & Assurance strategy aligns to Deloitte's multidisciplinary approach, which calls for us to make an impact that matters as we lead the way in defining the audit of the future. Our unrelenting commitment to quality, transformation, and technology enablement will enable us to achieve balanced growth, protect and enhance our brand, and provide an unrivaled talent experience for all our professionals.

The COVID-19 pandemic changed the way we worked with many companies adjusting the way they conduct business related to restrictions to travel or requirements to work from home. We adapted 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

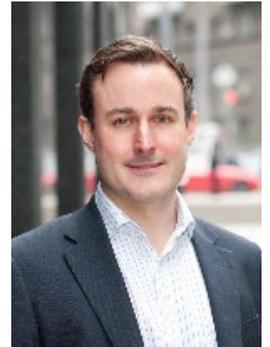
We recognize today's business environment is constantly evolving at a rapid pace, and in response we are continually seeking to transform the way we deliver audits. The investments we have made and are continuing to make in innovation and emerging technologies, audit processes and policies, and our system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

Making an impact that matters is a choice we make 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



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<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

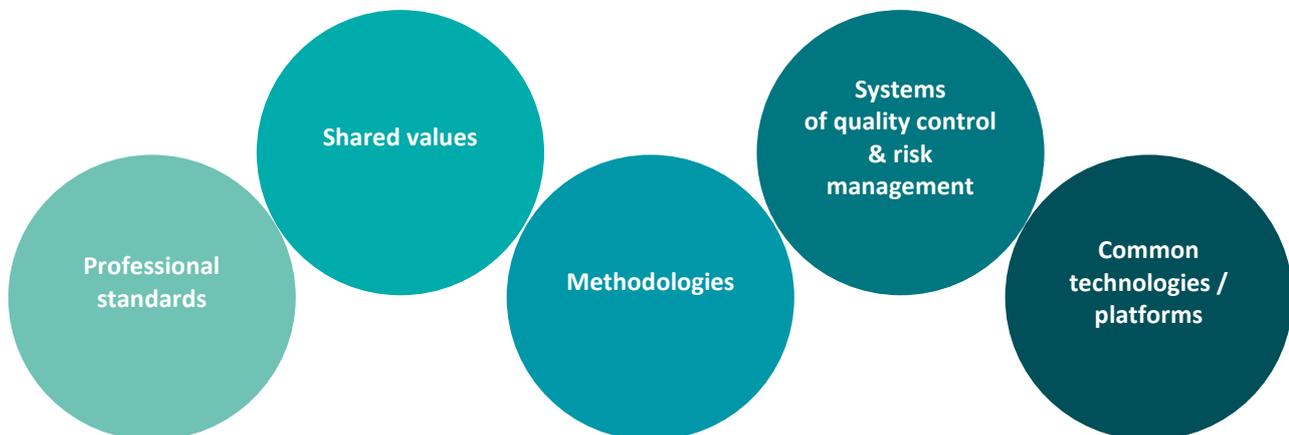
Deloitte Audit SRL is connected to the Deloitte network through Deloitte Central Europe Holdings Limited, a member firm of Deloitte Touche Tohmatsu Limited. Deloitte Central Europe, together with Deloitte France, Deloitte Germany, Deloitte Luxembourg, Deloitte Austria, Deloitte Portugal and Deloitte Turkey 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 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.

## Network description

### The Deloitte network

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



### Deloitte Touche Tohmatsu Limited (DTTL or Deloitte Global)

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

“Deloitte” is the brand under which approximately 345,000 dedicated professionals in independent firms throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to select clients. These firms are members of DTTL. DTTL, these member firms and each of their respective related entities form the Deloitte 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 in Bucharest, Calea Griviței no. 84-98 and 100-102, The Mark building, floor 9, Romania, registered with the Bucharest Trade Registry under no. J40/6775/1995, EUID code ROONRC.J40/6775/1995, sole registration code 7756924.

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 –Board of Directors

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Hassan Ahmed, 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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Dimitriu Ana - Corina, Director with full powers

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MacDonald Peter, Director with full powers

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Dobre Irina, Director with full powers

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Ploem John, Director with full powers

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Macarenco Alexandru, 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

## Entities Deloitte Romania audits

As part of Deloitte Romania Audit & Assurance’s commitment to supporting the capital markets, Deloitte Romania is focused on auditing entities where it serves the public interest and where Deloitte Romania has the capabilities to perform a quality audit with objectivity and in compliance with applicable ethical and professional standards.

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 & 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 innovation<sup>2</sup>**

With The Deloitte Way, Deloitte Romania is bringing innovation into the core of how our audits are executed: 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 and technology enablement are an expectation in today's fast-changing business environment, and this expectation holds true for the audit profession as well. Today's complex business environment requires that the audit be dynamic, multidimensional, and insightful. There is a demand for real-time, relevant information, and clients expect audits to evolve as they innovate their businesses and processes. Deloitte Romania auditors are enhancing procedures by making more use of data-driven analytics, as well as cognitive and cloud-based technologies like Artificial Intelligence (AI). This is due in part to the increased automation and effectiveness these provide, but also the need for Deloitte Romania to stay ahead of technological advances used by the entities that we audit.

Deloitte Romania is committed to the continued investment in emerging technologies and diversity of thought that enables the delivery of enhanced quality, insights, and value to our clients and the markets. Deloitte Romania has released Deloitte Omnia, our next-generation cloud-based audit delivery platform, as well as Deloitte Levvia, a tailored solution to support our very small audits. Further development, enhancement, and broad deployment of both solutions will continue over the next several years. Deloitte Romania also has an analytics platform, as well as an integrated suite of enabling innovation tools all connected in the cloud.

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<sup>2</sup> For more information about Deloitte audit innovation, please refer to Deloitte [Global Impact Report](#).

## Environmental, social, and governance (ESG) reporting<sup>3</sup>

### Financial reporting today

To better assess the resiliency of corporate strategies to climate-related and other ESG matters, investors and stakeholders are seeking reliable and comparable information on the potential impacts of these matters. These matters could have implications on a company's financial accounting and reporting, in the context of the existing accounting standards and the financial statement audit. Companies follow financial reporting standards such as the International Financial Reporting Standards (IFRS) and US Generally Accepted Accounting Principles (GAAP). Auditors follow auditing standards such as those established by the International Auditing and Assurance Standards Board (IAASB), International Standards on Auditing (ISA), and Public Company Accounting Oversight Board (PCAOB) related to the audit of the financial statements. These standards require auditors to identify and assess the risks of material misstatement in the financial statements of the companies they audit, and design and perform audit procedures responsive to those risks. Deloitte Romania is increasing awareness of the potential impacts of climate-related and other ESG matters on financial reporting through guidance, tools, templates, learning, and leading practices.

### Corporate reporting of the future

In addition, market participants and broader stakeholders are calling for greater insight into corporate performance, specifically demanding enhanced transparency around ESG impacts and dependencies of a company's business model and strategy. Over time, many standard setters and other organizations have developed frameworks or standards for reporting metrics and ESG information for use by companies. However, currently there is no global enforcement mechanism or assurance requirements for consistent adherence or adoption. Deloitte Romania supports the International Financial Reporting Standards Foundation's (IFRSF) proposal to establish an International Sustainability Standards Board (ISSB) that, alongside the International Accounting Standards Board and under the governance and oversight of the IFRSF, would provide a set of global standards.

There is a growing interest for companies to integrate climate-related and other ESG considerations into systems of internal control, enhancing the maturity of systems, processes, and governance over climate-related and other ESG information. Those charged with governance (e.g., Audit Committees, Boards) are moving toward incorporating ESG considerations in their oversight

responsibilities of companies' management—companies' readiness, companies' management skillsets, and implementation of processes and controls to collect data.

Deloitte Romania supports efforts to make publicly disclosed ESG information consistent, comparable, and reliable. Assurance provides a greater confidence in ESG information. Deloitte Romania believes that there is a benefit of ESG assurance being provided by an audit firm. Objectivity, credibility, and integrity are qualities valued most in assurance providers. These are in addition to independence, professional skepticism, commitment to quality, and appropriate training that are equally critical. All of these are covered under the typical infrastructure of audit firms and will be further reinforced with the adoption of ISQM 1, which becomes effective in December 2022.

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

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



<sup>3</sup> For more information about Deloitte's alignment with ESG, please refer to Deloitte [Global Impact Report](#).

## Coronavirus disease 2019 (COVID-19)

Deloitte Romania's highest priority is the safety and well-being of its professionals. In this changing global environment as the impacts of COVID-19 continue to unfold, investors and stakeholders are looking to auditors more than ever to provide an independent opinion on companies' financial statements. Deloitte Romania remains committed to this critical role and delivering the highest quality audits.

Entity 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, entity 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 analysing 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 Romania 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. 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 Romania's overarching strategic objectives are principles-based and remain unchanged (e.g., investments in quality, people, and technology), however, some related processes have been modified or prioritized to factor in unanticipated changes due to the pandemic. Deloitte firms were required to implement monitoring and consultation processes to maintain high standards of quality and reinforce key areas of focus impacted by the implications of COVID-19.

Deloitte Romania has been focused on setting the necessary tone for the historically challenging period that followed. From an audit risk perspective, the fluid economic and health environments globally continue to put pressure on the risk of fraud, asset impairments, and going concern in certain industries. Operational challenges in some industries can manifest into financial reporting challenges, while other industries may be benefiting from the current environment.

The professional standards, Deloitte Romania policies and guidance, strong consultation and specialist networks, and steadfast diligence continue to be the basis for Deloitte Romania's execution of high-quality audits. Deloitte Romania's technology and infrastructure allowed for an agile and rapid response to the various impacts of the COVID-19 pandemic. Deloitte Romania prepared for various contingencies in order to support changing needs and to support professionals during periods when they have been required to work remotely. Deloitte Romania has continued to utilize the Deloitte Audit & Assurance Technical Delivery Resource Center – a central location for all Deloitte Romania professionals to access globally relevant and locally adaptable COVID-19-related audit resources and guidance. These responses have allowed us to continue to reinforce execution of the Deloitte Romania audit approach throughout the pandemic.

Deloitte has also led global initiatives to understand the implications of working virtually for professionals, to provide them with support to enhance team collaboration and to consider new ways of working in a remote environment. Despite the virtual working environment, learning was successfully delivered to Deloitte Romania professionals through virtual programs and we are using this experience to drive continuous improvement.

The transformation of audit execution in an increasingly dynamic work environment has led Deloitte Romania to respond to the rapidly changing needs and requirements of the talent landscape. As Deloitte Romania is organizing the return to the workplace, it is challenging its historical working methods and considering a hybrid working environment.

Going forward, Deloitte Romania will continue to focus its efforts and provide a consistent audit experience in a way that embraces the evolving expectations of clients and professionals.

## 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. This has been more important than ever as companies' financial statements were required to reflect the uncertainties presented by COVID-19. Financial statements may continue to grow in complexity due to new ESG considerations and other focus areas. 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:

- Possibility to develop industry insights through multiple lenses, which enhances auditors' understanding of business risks relevant to conducting audits.
- Immediate access for the audit practice to specialized resources in other business lines. This promotes audit quality because auditors can leverage the knowledge and experience of advisory professionals who are skilled in subjects beyond audit and assurance.
- A diverse organization helps attract and retain premier talent.
- Availability of intellectual capital within the network to innovate audit processes, technologies, etc.
- Parts of the business grow at different rates during various time periods across markets. Deloitte Romania's MDM provides a safeguard 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 Romania'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. Each non-audit Deloitte Romania business has a shared and vested interest in supporting audit quality initiatives and Deloitte Romania's strategy to deliver high-quality, globally consistent service to clients.



## Professional development and performance management

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

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

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

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

Deloitte Romania is driving a sustainable audit and assurance business that recognizes and rewards its people and ongoing investments in their future.



## Learning and development initiatives

Deloitte Romania's transformed approach to audit delivery is changing the audit experience for professionals. Audit teams are empowered by advanced tools and technologies and more extensive use of data analytics within a guided workflow to execute the end-to-end audit cycle. For Deloitte Romania 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 competencies. 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 does Deloitte Romania deliver value in more areas, but as capabilities and skillsets are enhanced, we build greater confidence and become ever-better evaluators of risk.

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

- At the core, Deloitte Romania has 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 Talent Standards outline the capabilities that are required of practitioners at each level.

Deloitte Romania 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.

The professional and business skills development area is strongly supported through mandatory courses for skills relevant at each level, onboarding on role programs, specifically addressed individual needs, key talents initiatives and self-paced learning.

A powerful content aggregator platform supports Auditors in quickly finding resources for both technical and soft skills topics, integrating several of the most renowned learning platforms.

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.

Locally, in 2021 Deloitte was awarded by Catalyst “Most Desired Employer in Romania in the Financial Services Industry” for the third year in a row. Deloitte is also recognized globally among “World’s Best Workplaces™” by Great Place to Work® and Fortune and among “World’s Most Attractive Employers”, by Universum. Learning opportunities count tremendously towards the perception, as a blended approach continues to be implemented: professional certifications, technical knowledge and business skills are the main three pillars of development.

## 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 centres 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](#).

## Deloitte Romania's priority focus on audit quality

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



## **Leadership commitment and tone at the top**

Deloitte Romania's culture of quality and excellence begins with strong tone from the top, starting with senior leadership through to the leaders in all our offices and audit engagements. Deloitte Romania's focus on audit quality is evident through the direct involvement of leaders across activity levels and consistent messaging that reinforces the importance placed on audit quality. Deloitte Romania's relentless pursuit of quality defines not just what we do, but who we are.

## **Independence, objectivity, and professional skepticism**

The execution of high quality audits requires independence, objectivity, and professional skepticism. This means a continuous and tangible focus on Deloitte Romania's critical role in protecting the public interest, including creating a culture of quality where doing the right thing is of paramount importance. As evaluators, Deloitte Romania consistently reinforces the important role of who must maintain a mindset of professional skepticism throughout the conduct of our work. This approach to the audit is reflected in many aspects of Deloitte Romania policies, methods, procedures, and learning, and is reinforced through quality control and accountability measures.

## **Audit approach**

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

This audit methodology is dynamic—it evolves continuously to keep pace with the changing demands of investors, companies, and other stakeholders. It recognizes that advances in the availability and management of large data sets and in statistical science are relevant to continuing to enhance the quality of Deloitte Romania audits.

Deloitte Romania audit methodology is risk-based, focusing on the financial statement account balances, disclosures, and underlying assertions that have a reasonable possibility of being materially misstated.

## **Processes to support Deloitte Romania professionals in the execution of high-quality audits**

The resources applied by Deloitte Romania professionals in the performance of their audits include the proprietary tools, guidance, materials, and practice aids used in conducting audits, which are available to all our professionals in the Deloitte Technical Library, an extensive online library. Deloitte Romania regularly issues accounting and auditing guidance to our professionals and communicates developments that may affect audit quality.

## **Consultation**

Quality and risk management considerations are integral to Deloitte Romania's audit business. That is why Deloitte Romania views consultation as an essential, collaborative process—one that helps determine the most appropriate answers to complex questions. Deloitte Romania consultation policies require that conclusions are documented, understood, and implemented. In addition to formal consultations, whenever engagement partners and teams need additional information or perspectives, they are encouraged to seek assistance from the Audit Quality team, or others in the organization with specialized knowledge.

## **System of quality control**

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

Regulators and standard setters in Romania and globally are also focused on driving further improvements in firms' systems of quality control. In December 2020, the IAASB released its new, revised suite of quality management standards, including International Standard on Quality Management 1 ("ISQM 1"). Effective 15 December 2022, ISQM 1 focuses on quality management at the firm level.

Deloitte Romania's ISQM 1 implementation activities are well underway, working with leaders across Deloitte Romania, as well as the broader network, to further enhance our proactive approach to managing the quality of engagements performed—identifying and addressing risks to audit quality and driving continued advancements in quality control processes.

Consistent with Deloitte Romania's culture of continuous improvement and innovation, these standard setting activities provide the opportunity to challenge ourselves—examining those areas where we can further support and transform the system of quality control. Audit quality is always front and centre, and robust audit quality monitoring and measurement processes play an integral role in our ability to continually improve.

# External and internal audit quality monitoring

## **Audit Quality Monitoring & Measurement**

A continued focus on audit quality is of paramount importance to the Deloitte brand. It is critical that a Deloitte Romania audit is consistently executed and of high quality, wherever in the world it is performed.

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

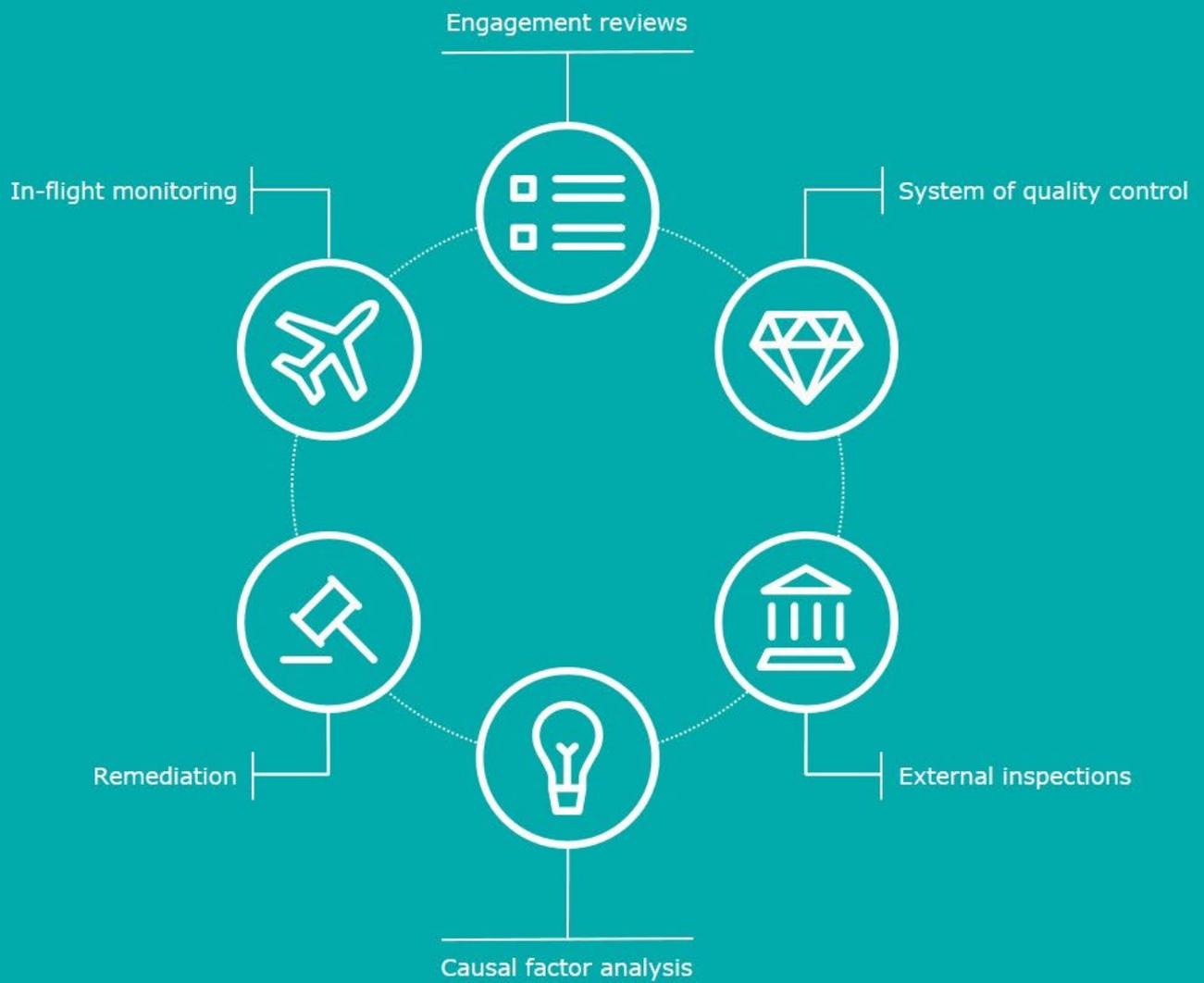
- Transform the way audit quality is monitored and measured and audit deficiencies are resolved; and
- Enhance the internal system of quality control which all Deloitte network firms follow

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



# 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.
- In-flight monitoring results are evaluated overall to determine whether additional communication and support is needed for audit engagement teams with respect to adherence to the audit methodology or updates thereto.

## 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 drive consistency.
- Identifying appropriate resources (from within Deloitte Romania as well as from other Deloitte geographies) with the right experience and industry knowledge, including establishing central review teams.

## System of quality control (SQC) review

SQC review 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. Deloitte Romania is also preparing for the future by focusing on readiness activities for monitoring related to implementation of ISQM1. These preparations are further advancing quality control processes and the approach to monitoring, and continually strengthening our culture of continuous improvement.

Audit Quality Indicators (AQIs), used in conjunction with other metrics, 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 the skills, knowledge, or experience of assigned resources.

## Causal factor analysis and remediation

Continuous improvement is essential to Deloitte Romania’s culture of quality and excellence. Understanding why audit deficiencies occur is critical to the design of effective actions to remediate findings. Further, actions are taken when audit deficiencies are identified during the performance of an audit engagement. 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

Deloitte Romania confirms 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. Performs full reviews of independence quality controls on a three-year cycle; provides an annual focused review program to be performed by member 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 **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 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 Deloitte Independence policy, and are supplemented, as appropriate, to reflect additional national or regional requirements that may be more restrictive than Deloitte policies. 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 Director of Independence is responsible for overseeing independence matters within the member firm, including the design, implementation, operation, monitoring, and maintenance of the system of quality control related to independence.

The key elements of the system of quality control that Deloitte Romania implemented in accordance with global 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, the Service Request Monitoring (SRM) application, and the Global Independence Monitoring System (GIMS).
- An Inspection & Testing program, and annual and special purpose independence confirmations, to monitor individuals' compliance with independence requirements
- Consultation processes including the identification of individuals who are to be contacted for independence matters
- Procedures to identify and analyse 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 2021



**DESC**

Deloitte Entity Search and Compliance

Cross-country, searchable database containing specific entity information relevant in determining personal and professional independence restrictions



**SRM**

Service Request Monitoring

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



**GIMS**

Global Independence Monitoring System

Application that contains financial relationship data with relevant independence compliance indicators

## Long association requirements of audit partners and 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 Romania professionals are expected to act with integrity in accordance with high ethical standards as described in the Deloitte Romania's Code of Conduct (the "Code") 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, 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 Deloitte Romania professionals through an annual ethics survey.

Deloitte Romania 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 Romania are in accordance with the national professional requirements, 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.

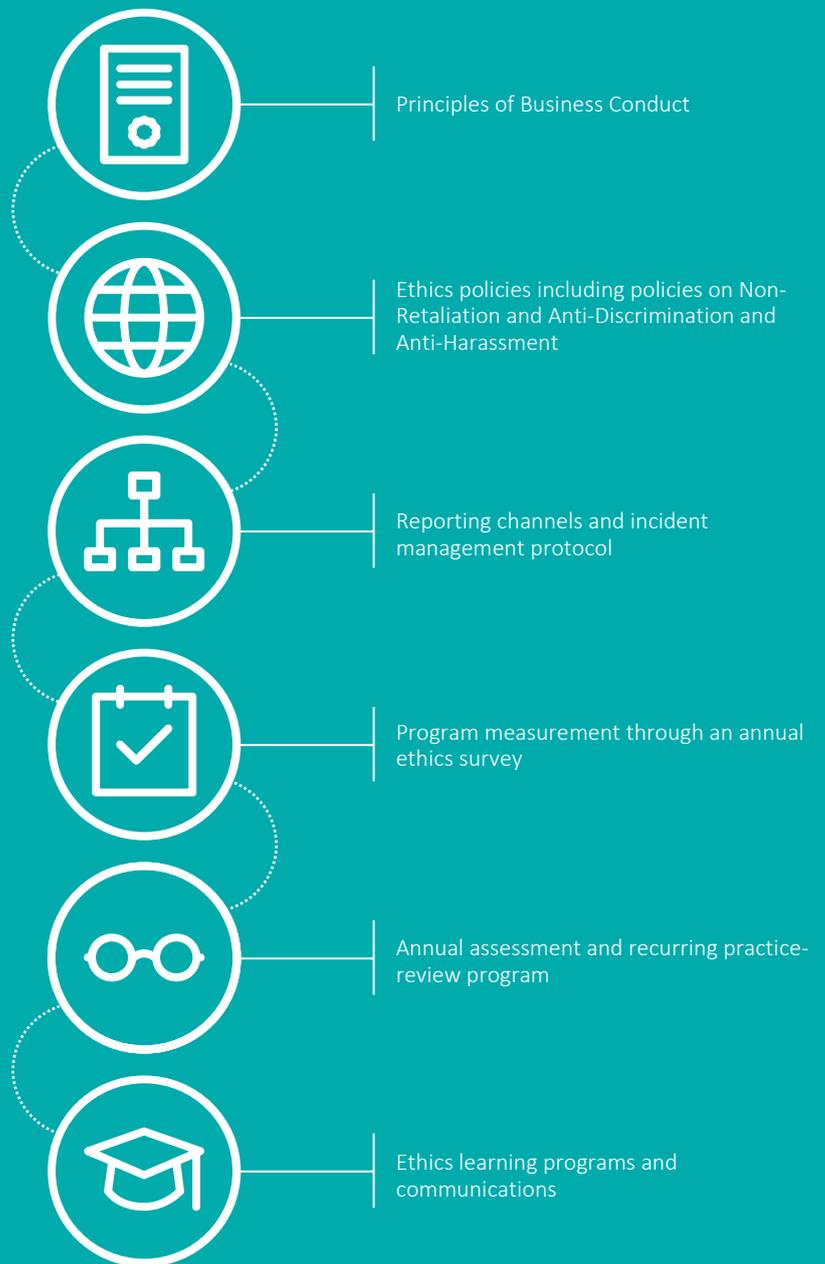
Deloitte Romania reinforces its commitment to ethics and integrity through communication tools, learning programs, compliance processes, and measurement systems. In addition, Deloitte Romania requires all partners, other professionals, and support staff to confirm annually that they have read and comprehended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



# Deloitte Ethics

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

Deloitte's Principles of Business Conduct outlines Deloitte's ethical commitments and expectations, giving a strong, principled foundation. The foundations of the network's ethics program is comprised of the following elements:





## Shaping the future of the audit profession

Deloitte Romania is proactively engaging with a range of stakeholders – including policy makers, regulators, investors, company directors, audit committee chairs and industry bodies – to help to ensure audit and the corporate governance and reporting regime continues to evolve to meet the needs of society and to serve its purpose in promoting confidence and trust in the capital markets. All of these stakeholders play a critical role in supporting the provision of relevant information in the public interest. The drive to bring innovation to the audit reflects Deloitte Romania's commitment to enhance the audit of today as well as establish a long-term vision for the future of audit.



# 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 BV / SRL          |
| 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  |
|                     | DB Consultant  |
|                     | ECA Audit  |
|                     | Jacques Serra et Associés  |
|                     | Laurens Michel Audit   |
|                     | Opus 3.14 Audit et Conseil   |
|                     | Pierre-Henri Scacchi et Associés                                       |
|                     | Revi Conseil   |
| Germany             | Deloitte GmbH Wirtschaftsprüfungsgesellschaft                          |

| EU/EEA member state         | Name of audit firms carrying out statutory audits in each member state    |
|-----------------------------|---|
|                             | 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 <sup>4</sup> | 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: € 1.9 billion<sup>5</sup>

<sup>4</sup> On 31 January 2020, the United Kingdom was no longer part of the European Union. However, pursuant to an agreement between the United Kingdom and EU, the United Kingdom remained part of the EU customs union and single market and continued to apply EU law through the end of the transition period (i.e., 31 December 2020). The disclosure of total turnover from the statutory audit of financial statements includes turnover from the United Kingdom firms for the period from 1 June 2020 to 31 December 2020.

<sup>5</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 2021, 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 the Euro is used in the member state, the amount in Euros was translated using an average exchange rate in effect for the period 1 June 2020 to 31 May 2021.

# 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 2021 turnover:

| Turnover  | Romanian LEI      |
|---|-------------------|
| Statutory audit (PIEs or PIE subsidiaries)                    | 22.004.078        |
| Statutory audit (non-PIEs or non-PIE subsidiaries)            | 26.570.363        |
| Non-audit services (audited PIEs or PIE subsidiaries)         | 6.295.679         |
| Non-audit services (audited non-PIEs or non-PIE subsidiaries) | 11.064.073        |
| Non-audit services (other entities)                           | 15.794.280        |
| <b>Total</b>  | <b>81.728.474</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 2021:

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| Name   |
|--|
| ADMINISTRATIA ROMANA A SERVICIILOR- ROMATSA  |
| AEDIFICIUM BANCA PENTRU LOCUINȚE S.A.  |
| ALPHA BANK ROMANIA SA  |
| ALPHA FINANCE ROMANIA SA   |
| ALPHA LEASING ROMANIA IFN SA   |
| ALTUR SA   |
| AQUILA PART PROD COM S.A.  |
| BANCA DE EXPORT IMPORT A ROMANIEI EXIMBANK SA  |
| BANCA ROMÂNEASCĂ S.A.  |
| CEMACON - S.A.   |
| COMPANIA NAȚIONALĂ PENTRU CONTROLUL CAZANELOR, INSTALAȚIILOR DE RIDICAT ȘI RECIPIENTELOR SUB PRESIUNE - (CNCIR) SA |
| COMPANIA DE ASIGURARI-REASIGURARI EXIM ROMANIA (CARE-ROMANIA) SA   |
| COMPANIA NATIONALA DE ADMINISTRARE   |
| CREDEX IFN S.A.  |
| CREDIT AGRICOLE BANK ROMANIA S.A.  |
| CREDIUS IFN S.A  |
| ELECTROMAGNETICA SA  |
| ELECTROMAGNETICA SA  |
| FIRST BANK S.A.  |
| 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.  |
| MECANICA CEHLAU SA   |
| MED LIFE SA  |
| OTP BANK ROMANIA S.A.  |
| OTP LEASING ROMANIA IFN S.A.   |
| PROMATERIS S.A.  |
| PROVIDENT FINANCIAL ROMANIA INSTITUT   |
| RAIFFEISEN BANK SA   |
| RAIFFEISEN LEASING IFN SA  |

ROMCARBON SA  
S.A.I. RAIFFEISEN ASSET MANAGEMENT SA  
SAI ATLAS ASSET MANAGEMENT SA  
SOCIETATEA DE INVESTITII FINANCIARE-TRANSILVANIA SA  
SOCIETATEA DE INVESTITII FINANCIARE BANAT-CRISANA-SA  
SOCIETATEA ENERGETICA ELECTRICA S.A  
TERAPLAST SA  
TIRIAC LEASING IFN SA  
TTS (TRANSPORT TRADE SERVICES) 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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