

Deloitte Audit S.R.L.  
Transparency Report



## Introduction

As an audit company that carries out statutory audits of the annual accounts of public-interest entities, Deloitte Audit S.R.L. (hereinafter: "Company") is publishing this annual transparency report in compliance with Chapter X Article 46 of the updated EMERGENCY ORDINANCE NO. 90/2008 (from 24 June 2008) regarding the statutory audit of the annual financial statements and consolidated annual financial statements and monitoring the accounting profession as public interest.

All information provided in this report relates to the situation of the Company on December 31, 2014, except if indicated otherwise.

### 1. Description of the legal, organizational and ownership structure of the registered auditor

The Company operates as a limited liability company. The quota holders of Deloitte Audit S.R.L. are:

|  |       |
|--|-------|
| Deloitte Central Europe Holdings Limited | – 48% |
| Ahmed Hassan                             | – 12% |
| Farrukh Zafar Khan                       | – 10% |
| Madeline Dalila Alexander                | – 10% |
| Mirea Alina Ioana                        | – 5%  |
| Mardare Sorina Cristina                  | – 5%  |
| Pruner Petr                              | – 5%  |
| Lobda Adriana Simona                     | – 5%  |

### 2. Where the registered auditor belongs to a network, a description of the network and the legal and structural arrangements in the network

#### Deloitte Network Description

The "Deloitte Network" is comprised of firms that are members of Deloitte Touche Tomatsu Limited ("DTTL"), an English company limited by guarantee.

Deloitte Audit S.R.L. ("Company") is an affiliate of Deloitte Central Europe Holdings Limited ("DCEHL"), which is a member of DTTL.

#### About Deloitte

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. Member firms in the Deloitte Network provide services to clients, either directly or through their affiliates (member firms and their affiliates are collectively referred to herein as "Member Firms"). Member Firms operate under the Deloitte brand and related names, including "Deloitte," "Deloitte & Touche," "Deloitte Touche Tohmatsu," and "Tohmatsu."

Member Firms provide professional services in particular geographic areas and are subject to the laws, regulations and professional requirements of the jurisdictions in which they operate. Each Member Firm is structured differently in accordance with, among others, national laws, regulations and customary practices.

Member Firms are not subsidiaries or branch offices of DTTL and do not act as agents for DTTL or other member firms. Rather, they are locally-formed entities with their own ownership structure independent of DTTL that have voluntarily become members of the Deloitte Network with a primary purpose to coordinate their approach to client service, professional standards, shared values, methodologies, and systems of quality control and risk management. DTTL has adopted certain policies and protocols in each of these areas in an effort to establish a consistently high level of quality, professional conduct and service in all member firms. This structure confers significant strengths, combining high quality standards and methodologies with a deep understanding of local markets and a sense of responsibility and initiative among professionals who have a direct stake in the integrity and growth of their respective practices.

## About Deloitte Central Europe

Deloitte Central Europe is a regional organisation of entities organised under the umbrella of Deloitte Central Europe Holdings Limited, the member firm in Central Europe of Deloitte Touche Tohmatsu Limited. Services are provided by the subsidiaries and affiliates of Deloitte Central Europe Holdings Limited, which are separate and independent legal entities.

The subsidiaries and affiliates of Deloitte Central Europe Holdings Limited are among the region's leading professional services firms, providing services through more than 4,700 people in 34 offices in 17 countries.

## Deloitte in Romania

In Romania, the audit services are provided by Deloitte Audit S.R.L. (the „Company”). The Deloitte company operating in Romania is an affiliate of Deloitte Central Europe Holdings Limited. The audit services are provided in offices in Bucharest, Timisoara and Cluj-Napoca.

### 3. Description of the management structure of Company

The Company is managed by the Administrators.

The Company's Administrators are:

Ahmed Hassan  
Farrukh Khan  
Dan Badin  
Adriana Lobda  
Sorina Mardare  
Alina Mirea  
Ploem Johnny Jozef Hubert  
Madeline Alexander

The Administrators work separately and each has the right to represent and administer the company with full powers.in accordance with the Law No. 31/1990 and the articles of association of the Company.

### 4. Description of the internal quality control system of Company and a statement by the administrative or management body on the effectiveness of its functioning internal quality control system

The Company provides audit and related assurance services through its engagements with clients. When taken as a whole, this overview provides a summary of the Company's quality control policies and procedures related to those engagements, and is organized into the following sections

- Leadership responsibilities for the system of quality control
- Ethical requirements
- Human resources
- Client and engagement acceptance and continuance
- Engagement performance
- Monitoring



## LEADERSHIP RESPONSIBILITIES FOR THE SYSTEM OF QUALITY CONTROL

The Company maintains policies and procedures to promote an internal culture based on the recognition that quality is our number one priority. The Company focuses on professional excellence as the foundation for achieving outstanding audit quality on a consistent basis. While the Company's leadership assumes ultimate responsibility for the system of quality control, the partner assigned with operational responsibility for the Company's quality control system has sufficient and appropriate experience and ability as well as the necessary authority to assume that operational responsibility.

## ETHICAL REQUIREMENTS

### Ethics

The Company maintains policies and procedures that are designed to provide reasonable assurance that it and its partners, professional staff, and support staff comply with relevant ethical requirements.

The ethical requirements for audit and related assurance services provided by the Company are **in accordance with national requirement which have fully adopted Code of Ethics for Professional Accountants ("Code") issued by International Federation of Accountants (IFAC) version revised 2013**. The Company also complies with the DTTL policies and procedures which align with the requirements and guidance set out in Parts A and B of the Code of Ethics for Professional Accountants ("Code") issued by the International Ethics Standards Board for Accountants (IESBA), a standard-setting body of the International Federation of Accountants (IFAC). When the national professional requirements are more restrictive than the DTTL policies and procedures, the Company follows the applicable national requirements.

The Company has appointed an Ethics Officer who is an experienced partner other than the Chief Executive Officer or Managing Partner (collectively referred to as "CEO") of the Company, who has direct access to the CEO and the Company's governing body. In addition, the Company has developed and implemented its own code of conduct that describes, in some detail, critical professional behavior that reflects local customs, regulations, and legal requirements.

The Company provides communication channels through which partners, professional staff, and support staff can consult on and report ethical issues and situations. The Company reinforces its commitment to ethics and integrity through communication tools, learning programs, compliance processes, and measurement systems.

The Company requires all partners, professional staff, and support staff to confirm annually that they have read and understood the code of conduct and understand that it is their responsibility to comply with the code.

### Independence

The Company has policies and procedures that are designed to provide reasonable assurance that it complies with applicable independence standards. These policies and procedures are based on the Code, and are enhanced, as appropriate, to reflect local standards or DTTL policies that may be more restrictive.

The Company's system of quality controls related to independence includes the following:

- Independence policies and procedures
- Compliance business process tools, including the Deloitte Entity Search and Compliance system, the Global Independence Monitoring System and Confirmations
- Business relationship assessments and monitoring
- Independence learning
- Monitoring of independence systems and controls relating to personal independence, and engagement and practice reviews
- Disciplinary measures and actions
- Assignment of responsibility for independence systems and controls
- "Tone-at-the-top" culture relating to independence.

## 1: Independence Policies and Procedures

The Company's independence policies and procedures cover the Company, and the Company's partners, professional, and support staff, and certain relatives thereof, where applicable. These policies and procedures are, in some instances, more restrictive than the independence standards in the Code and contain specific independence requirements that are applicable when the Company is to maintain independence with respect to an audit client ("restricted entity") and the client's affiliates.

Policies require that the Company, and its partners and professional staff, determine, among other things, whether an entity is a restricted entity before the Company, a partner or professional staff member (including, their spouse, spousal equivalent, and dependents) engage in certain transactions with the entity. The Company, partners and managerial personnel enter their financial interests and brokerage accounts into a tracking system (the "Global Independence Monitoring System" or "GIMS"). GIMS enables an electronic review of financial interests and brokerage accounts to help identify if independence restrictions may affect the ability to hold such items. The Company annually obtains confirmations from its partners, professional staff and support staff that such individuals are in personal compliance with the Company's independence policies.

The Company's independence policies and procedures are made available electronically to the Company's partners, professional staff and support staff. Updates to these policies and procedures are also made and communicated electronically to the Company's partners, professional staff and support staff. Moreover, other independence-related materials are available on an independence website. Reminders on policy and other matters are routinely published as part of communications showing changes to entities that are internationally restricted, as relevant.

Policies and procedures are in place at the engagement level to require the audit engagement partner to consider independence matters during the course of an audit engagement and to address the completeness of communications with the audit committee or those charged with governance, where required.

## 2: Deloitte Entity Search and Compliance System (DESC) system, the Global Independence Monitoring System (GIMS), and Confirmations

There are three related aspects of the Company's systems and controls concerning the Company's independence and the personal independence of its partners, professional staff and support staff: DESC, GIMS, and the confirmation process. These three aspects support each other in that (1) partners and professional staff search DESC, (which includes a database of internationally restricted entities) and/or GIMS (which has a database of financial interests and brokerage accounts), to identify if an entity or its financial interests or brokerage accounts are restricted before acquisition; (2) partners and managerial personnel record their financial interests and brokerage accounts in their portfolios in GIMS; and (3) the Company periodically confirms to DTTL its compliance and the compliance of its partners, professional staff and support staff with the Company's independence policies.

### Deloitte Entity Search and Compliance (DESC) system

DESC is operated by DTTL on behalf of the DTTL member firms. Each DTTL member firm reports the names of its clients and their affiliates that meet the definition of an international restricted entity. The policy definition of an international restricted entity includes public audit clients, as well as other entities that may be of public interest. Such restricted entity information is recorded in the DESC system. The entity information provided by the Company to DTTL is continuously updated to help ensure its accuracy and completeness, including periodic validation processes performed by engagement teams or the DTTL member firms. Updates to DESC's entity information are made daily based upon these processes. The Company's partners and professional staff access DESC on-line.

DESC also has features that are used to request and document approvals related to providing services to an entity. In many jurisdictions, a restricted entity's audit committee or others charged with governance must pre-approve services that will be delivered within the restricted-entity group. Where such features are enabled, DESC's features establish a standard business process among the DTTL member firms whereby service requests are submitted to the lead client service partner, who is responsible for obtaining and documenting appropriate authorizations prior to approving the service request.

## Global Independence Monitoring System (GIMS) for financial interests and brokerage accounts

Each DTTL member firm also identifies and reports the publicly-available securities and brokerage accounts that are associated with an international restricted entity. Such securities and brokerage accounts are recorded in GIMS. GIMS is operated by DTTL on behalf of the DTTL member firms, and each DTTL member firm administers the related monitoring processes related to its partners and professional staff. Partners and professional staff search DESC for an entity, and/or GIMS for a security or brokerage account, before acquiring a financial interest or establishing a brokerage account, to determine if restrictions apply that affect them. This includes investments for or on behalf of a spouse, spousal equivalent, and dependent. Partners and managerial personnel enter defined types of such financial interests and accounts into their individual portfolios in GIMS for monitoring purposes.

GIMS assists partners and managerial personnel by identifying situations which may not comply with the Company's policies so that the item may either be reviewed or corrected. When such a situation is detected, the system advises the individual that an independence-impairing situation may exist, and poses questions which aid the individual to determine whether or not the item is permitted in the particular circumstances. This includes generating notices to the individual in situations where a once-permissible holding becomes newly restricted, so that appropriate and timely actions can be taken. The Company monitors and follows-up on such notices until the individual resolves the item.

## Confirmations

The Company annually obtains confirmations from its partners, professional staff and support staff. It is performed by 31 May each year. Annually, the Company reports to DTTL that the Company has taken appropriate steps to obtain sufficient evidence that it and its partners, professional staff and support staff comply with applicable independence requirements (including that the Company itself is independent of restricted entities). In addition, similar independence confirmations are obtained from new employees and employees who end their labor or collaboration relationships with the Company.

## Consultation Network

The Company communicates with its partners and employees regarding the consultation policies for independence matters and identifies the individuals who are to be contacted. Additionally, the Company consults with DTTL's independence group and other member firms when the Company determines that additional input or advice is needed under the circumstances.

## **3: Business relationship assessments and monitoring**

The Company has a business relationships assessment and monitoring process. The objective of such process is to ensure that prior to entering into any business relationship with a restricted entity or its management or substantial stockholders a determination is made to ensure such a relationship does not impair independence with respect to that restricted entity.

## **4: Independence Learning**

The Company provides independence learning to its partners and professional staff

## **5: Monitoring of Independence Systems and Controls Relating to Personal Independence, and Engagement and Practice Reviews**

### Inspection of Personal Independence

On a periodic basis, the Company inspects for compliance with the Company's independence policies and procedures. The objective of the inspection and testing program is to determine whether the representations and information submitted by partners and professional staff relating to independence matters and the information contained in GIMS are accurate and complete.

## Inspection of Company's Compliance

The Company is subject to a practice review at intervals not to exceed three years. Compliance with independence policies at both a Company level and at a client level is reviewed. See further details of engagement and practice reviews in the Monitoring section below.

### **6: Disciplinary Measures and Actions**

The Company has disciplinary procedures in place to address non-compliance with the Company's independence policies and procedures. These disciplinary procedures are designed to provide an appropriate response to breaches of such policies and procedures by partners, professional staff and support staff.

### **7: Assignment of Responsibility for Independence Systems and Controls**

The Company has assigned a Director of Independence who has the responsibility to implement and maintain quality controls over independence. More specifically, the Director of Independence is responsible for taking the lead on all significant independence issues within the Company, including the implementation and maintenance of the Company's business processes related to: (1) independence consultation, (2) independence learning programs, (3) restricted entity information in DESC, (4) use and monitoring of the features of DESC, (5) use and monitoring of GIMS, (6) **annual** confirmations, (7) testing and inspection programs, and (8) disciplinary processes. Communication channels exist between the Company's Director of Independence, Company management and DTTL's independence group.

DTTL has assigned a senior leader and a DTTL independence team member who provide access to timely and accurate information designed to facilitate the independence function at the Company level.

### **8: "Tone-at-the-Top" Culture Relating to Independence**

Company 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 the Company. Strategies and procedures to communicate the importance of independence to partners, professional staff and support staff have been adopted, emphasizing each individual's responsibility to understand the independence requirements.

### **Conflicts of Interest**

Potential conflicts of interest are considered on all prospective engagements and prior to the Company entering into a financial or business relationship with a third party. The Company has policies and procedures in place to identify potential conflicts of interest in connection with the Company either (i) accepting a prospective engagement or (ii) entering into certain business or financial relationships with another entity.

The Deloitte Conflict Checking System (DCCS) is designed to support the Company's conflict checking business process to identify and manage potential conflicts relating to prospective engagements, business or financial relationships. For each new engagement or relationship opportunity, DCCS captures the principal parties to the engagement, the scope of work, engagement team and specific questions which are driven by the proposed service offering. As part of each conflict check recorded in DCCS there is an automated search of DESC to identify any potential audit/attest relationships. DCCS also provides an automated means of cross-border conflict checking. Overall DCCS provides a record of existing engagement, business and financial relationships which is automatically searched when proposing for new engagements or relationships.

## HUMAN RESOURCES

### Hiring

The Company has established policies and procedures designed to provide reasonable assurance that it has sufficient partners and professional staff with the competencies, capabilities, and commitment to ethical principles necessary to:

- Perform engagements in accordance with professional standards and applicable legal and regulatory requirements; and
- Enable the Company to issue reports that are appropriate in the circumstances.

The Company is committed to attracting talented people in the organization through organizing workshops with future top graduates from universities, internal staff recommendations, and recruiting experts. The hiring process is managed by the Human Resources Department together with the Audit Department in order to identify suitable candidates. The final interviews are held with Company's partners for the recruitments at all professional levels.

### Advancement

The Company's policies and procedures for advancement have been established to provide reasonable assurance that professional staff selected for advancement have the qualifications necessary to fulfill the responsibilities they will be called on to assume. A few of the policies and procedures are identified below.

- Various professional staff levels within the Company and descriptions of the related competencies required to perform effectively at each level have been established.
- Advancement policies and procedures that identify the experience and performance qualifications for advancement to each level have been established and communicated to the Company's professional staff.
- Procedures for periodic performance evaluation have been established.
- A counseling program to assist professional staff in identifying realistic career paths and developing action plans to help realize professional goals has been established.

### Professional Development

The purpose of the Company's professional development program is to help partners and professional staff maintain and enhance their professional competence. To supplement on-the-job development, the Company provides formal continuing professional development programs in relevant subject areas.

The Company has developed a competency model, Global Excellence Model (gEm), specific to each function used to express the areas of personal capability for partners and professional staff. gEm has three main components: technical competencies which are functionally specific; shared competencies which are common across the functions; and competencies for specialization. The gEm model is a combination of knowledge, skills, and attitudes that are necessary to perform the various roles within the Company. As such, this competency model forms the basis for structuring the continuing professional development program.

All partners and professional staff take personal responsibility to ensure that their own continuing professional development and education is appropriate to their roles, responsibilities, and professional requirements. However, the Company establishes minimum levels of continuing professional development to be undertaken by partners and professional staff within a specific period of time. These levels include a minimum of 20 hours of structured learning per year and 120 hours of structured learning in every three-year period (i.e., an average of 40 hours per year). To achieve these levels of development, the Company offers 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, functionally-specific technical competencies, and competencies in areas of specialization).

The Company is also committed to encouraging the professional staff to obtain professional accreditations such as ACCA, membership in Chamber of Financial Auditors of Romania, membership in Certified Accountants Body.

The Company is also periodically organizing trainings and workshops in relation to local accounting and fiscal legislation changes and updates.



## CLIENT AND ENGAGEMENT ACCEPTANCE AND CONTINUANCE

The Company has rigorous policies and procedures in place for accepting prospective clients and engagements and assessing engagement risk, regardless of the proposed services to be rendered.

These policies and procedures are designed to provide the Company with reasonable assurance that it will only accept engagements where it:

- Is competent to perform the engagement and has the capabilities, including time and resources, to do so
- Can comply with relevant ethical requirements, including independence and conflicts of interest assessments and considerations.
- Has considered the integrity of the client, and does not have information that would lead it to conclude that the client lacks integrity.

Engagement risk classification associated with accepting an engagement is assessed as “normal,” “greater than normal,” or “much greater than normal” and is completed prior to the commencement of work. The engagement risk assessment process includes approval by the recommending partner and concurrence by at least one other Company partner that the Company may accept the client and the engagement. In addition, the decision to accept appointment is approved by the Company’s Risk Leaders if engagement risk is assessed as “greater than normal” or “much greater than normal.”

On international engagements, engagement acceptance and continuance procedures are performed at the member firm level. The Company does not assume the acceptability of a client and/or the engagement merely because it has been referred from another member firm.

In assessing acceptability of an engagement, we consider client and professional service risks, which generally include the following factors:

- Management characteristics and integrity
- Organization and management structure
- Nature of the business
- Business environment
- Financial results
- Business relationships and related parties
- Prior knowledge and experience

The Company’s engagement risk assessment procedures identify related risks and provide a basis for tailoring the audit approach in order to address engagement-specific risks.

The engagement risk assessment begins during the engagement acceptance/continuation process, and is an ongoing process that continues throughout the engagement. Risk assessment tools and programs are encompassed in the audit approach and common documentation to facilitate the comprehensive risk assessment for planning the audit once the engagement is accepted.

On an annual basis, engagements in process for more than one year are evaluated to determine if the Company should continue the engagement. Factors discussed above are revisited to ascertain whether the relationship should continue.

In addition, any time an entity undergoes a significant change (e.g., change in ownership or management, financial condition, or nature of entity’s business), continuation of the relationship is reevaluated. Decisions of engagement continuance are concurred by one other partner.



## ENGAGEMENT PERFORMANCE

### Assignment of Partners and Professional Staff to Audit Engagements

The Company assigns responsibility for each audit engagement to an audit engagement partner. The Company's policies define the responsibilities of the audit engagement partner and those responsibilities are communicated to that partner. The identity and role of that audit engagement partner is communicated to key individuals of the client's management team and those charged with governance at the client.

The Company also has policies and procedures in place so that partners and professional staff assigned to all audit engagements have the appropriate degree of proficiency for their role and the responsibilities to be performed.

An engagement team ordinarily includes one or more of each of the following: audit engagement partner, audit manager, field senior, and staff. However, the engagement team will be developed based on the size, nature, and complexity of the entity's operations. Every audit engagement team is under the control and supervision of the audit engagement partner to whom responsibility for the conduct of all audit services on the engagement is assigned. The audit manager assigned to the engagement is responsible for providing primary supervision and direction to the professional staff in the execution of the audit plan and in the performance of the audit engagement. The field senior is responsible for the day-to-day supervision of the other members of the engagement team.

The audit engagement partner considers many factors to determine that the engagement team collectively has the appropriate capabilities, competencies, and time to perform the audit engagement. Factors considered in this determination include, among others:

- The size and complexity of the entity's business
- The applicable financial reporting framework used in preparing the financial statements
- Applicable independence considerations, including any possible conflicts of interest
- The qualifications and experience of professional staff

### Audit Approach

The audit approach includes requirements and guidance to assist in the planning and performance of audit engagements and is based on the International Standards on Auditing issued by the International Auditing and Assurance Standards Board of IFAC. The Company has further supplemented these requirements and guidance to reflect local requirements as applicable. The common documentation and the enabling software technology are tools that enhance the consistent implementation of the audit approach and promote effectiveness and efficiency.

The following are the main elements of the audit approach:

#### Understanding of the entity and its environment

An understanding of the entity and its environment, including its internal control, to assess the risks of material misstatement at the financial statement and assertion level is vital to performing an effective audit. The Company's audit teams develop this understanding and assess financial statement risks in a number of ways, including analyzing financial information to identify trends and unusual balances; holding in-depth discussions with management and those charged with governance; considering the inherent nature of each financial statement component and the risks associated with that component; evaluating the reliability of internal control; assessing the extent to which technology is used in the financial reporting process; and, if applicable, reviewing internal audit findings.

As necessary, based on the nature of the entity's information systems and the extent to which technology plays a role in the transaction processing and financial reporting processes, information technology specialists may be involved in the audit engagement.

### Testing the operating effectiveness of controls

The engagement team obtains an understanding of the entity's internal control in each audit engagement. For certain engagements, when required by local auditing standards or when included as a component of the financial statement audit procedures, engagement teams may also test the operating effectiveness of the entity's internal control in preventing or detecting and correcting material misstatements.

### Audit procedures

Engagement teams develop the audit plan to address the risks associated with the entity, the audit engagement, and the financial statements as a whole.

Throughout the audit, engagement teams continually assess risk and how audit findings bear on the audit procedures. The audit approach allows partners and professional staff to modify the audit procedures to address issues that arise in the course of the audit.

### Use of Experts

While the audit engagement partner retains responsibility for all aspects of the engagement, there are instances when the engagement team utilizes an expert. In such instances, an engagement team evaluates whether the expert has the necessary competence, capabilities and objectivity.

In evaluating whether or not the expert's work constitutes appropriate audit evidence in support of the financial information, the engagement team considers:

- The source data used;
- The assumptions and methods used and, if appropriate, their consistency with those used in the prior period; and
- The results of the expert's work in light of the engagement team's overall knowledge of the business and of the results of its audit procedures.

### Engagement Documentation

The Company maintains policies and procedures to support the assembly and archiving of audit files whereby the audit engagement team submits the audit files for archiving within the shorter of: (1) 60 days from the date of the report; or (2) the period set out in applicable professional standards and regulatory and legal requirements. The Company's policies and procedures address the retention of documents (in paper and electronic form), including those that address the confidentiality, safe custody, integrity, accessibility and retrievability of archived documentation.

### **Engagement Team Reviews**

A review of the audit documentation is required to be performed by a member of the engagement team who has more experience than the preparer. In some cases, elements of audit documentation may be reviewed by several team members.

### **Engagement Quality Control Reviews**

An engagement quality control review is performed for all audit and related assurance services, with limited exceptions. The review is performed by a partner or a manager who is not directly involved in the engagement and who has the appropriate experience and knowledge about applicable accounting and auditing standards and regulations. The engagement quality control reviewer is not part of the engagement team and is not portrayed in fact or appearance as a member of the engagement team. Appropriate experience and knowledge includes experience and knowledge of the entity's industry, economic environment, and accounting principles. For all public interest entities and all high risk engagements, the review is performed by a partner with sufficient and appropriate experience and professional qualifications to act as an engagement partner on these types of audits.

The reviewer is appropriately briefed by the engagement team and conducts the review in such a manner that sufficient knowledge and understanding is obtained in order to reach conclusions. The reviewer's responsibility is to perform an objective review of significant auditing, accounting, and financial reporting matters, to document the procedures the reviewer performed and to conclude, based on all the relevant facts and circumstances of which the reviewer has knowledge, that no matters that have come to his or her attention would cause the reviewer to believe that the significant judgments made and the conclusions reached were not appropriate in the circumstances.

**Special Reviews**

For engagements that have been identified as having much greater than normal engagement risk, a special review partner is assigned to provide an additional level of competence and objectivity in planning and performing the engagement. The special review partner is independent of the engagement. Normally this partner possesses specialized industry and technical skills applicable to the engagement and, in certain situations, is independent of the practice unit to enhance objectivity or to provide specialized resources.

**Consultation Network & Differences of Opinions**

The Company has established a consultation network to assist in resolving issues identified by the engagement team. Consultations include technical accounting and auditing questions regarding the application and interpretation of applicable standards and reporting issues or on any other matter pertaining to an audit engagement that requires specialized knowledge.

To facilitate the technical consultation process, the Company has an national accounting and auditing consultation structure. A National Professional Practice Director with specialized technical skills and experience is supported by subject matter resources in various areas, for example, such as regulatory filing requirements; technical auditing requirements; and complex accounting matters, etc. The Company maintains policies and procedures for the resolution of differences of opinion among partners and others who are assigned to the engagement team, including those who are in a consultative capacity.



## MONITORING

### Annual Quality Assurance Review

In accordance with DTTL policies, the audit practice of the Company is subject to a quality assurance review, or “practice review” as it is commonly referred to, at intervals not to exceed three years. Compliance with this policy is achieved by an annual practice review covering the audit practice over a three-year cycle. Last practice review of the Company’s audit practice was performed in May 2013.

The annual practice review program is designed to cover a number of practice offices each year. Every practice office is subject to a practice review at intervals not to exceed three years. Normally, the performance of every audit partner is assessed during the three-year cycle, and at least one engagement for each member firm partner is selected to achieve this goal. Consideration is also given to assessing the performance of managers, particularly those managers who are candidate for partner nomination.

The Company is responsible for the practice review. DTTL provides guidance and oversight regarding the practice review plans and procedures. The general coordination and administration of the practice review program is the responsibility of the Company’s practice review director, in conjunction with the regional practice review director.

The practice review plan, process, and results are reviewed and concurred by a partner from another member firm (the “concurring partner”) every year. The concurring partner who is assigned this responsibility works closely with the Company’s practice review director and the regional practice review director in overseeing the planning and performance of the practice review.

#### Types of Engagements Reviewed

The engagements selected for review include national engagements and inbound/outbound transnational engagements (audits of financial statements that are or may be used across national borders), including public interest entities, as well as a number of high risk audit engagements. Some sensitive and complex engagements (e.g., first-year engagements, situations where there is a change in control, or deteriorating financial condition) are also selected. All major industries served by the Company or practice office are considered.

#### Scope of Practice Reviews

**Reviewers are chosen from regional or international pools or from other practice offices within our Company.** The assignment of reviewers is based on skill level, industry knowledge, and experience on transnational engagements.

The reviews of individual engagements consist of discussions with the partner and/or manager responsible for the engagement and a review of related reports, working papers, and, where appropriate, correspondence files.

Engagements are reviewed to:

- Determine whether quality control procedures have been properly applied to such engagements,
- Assess the adequacy of implementation of the audit approach, including compliance with the policies and procedures contained in the Company’s policy manuals,
- Monitor compliance with applicable local laws, and
- Assess the overall quality of service provided to clients.

The overall risk management and quality control policies and procedures of practice offices within our Company are also reviewed, including the following:

- Risk management program, including engagement acceptance and continuance
- Independence
- Recruitment and advancement
- Professional development
- Public filings in other countries
- Information technology specialist reviews
- Assignment of professional staff to audit engagements
- Consultation with Company experts
- Consultation with outside experts
- Engagement quality control reviews

## **National inspection processes performed by regulators, professional bodies or other**

The Chamber of Financial Auditors performed a quality assurance review at Deloitte Audit SRL periodically. Last review was conducted in November 2014.

### Results of Practice Reviews

The findings and recommendations resulting from the practice reviews are presented in a practice review report and management letter to the Company's CEO. The purpose of the management letter is to provide suggestions for improvement in response to findings noted. The Company addresses findings in the practice review management letter by drawing up a detailed action plan setting out the action to be taken, the person(s) responsible, and the timing to implement the recommendations contained in the practice review management letter, where applicable.

In addition, the Company communicates to the relevant partner and other appropriate personnel deficiencies (if any) noted as a result of the practice review and recommendations for appropriate remedial action. The Company also communicates on an annual basis the results of the practice review and ongoing consideration and evaluation of its system of quality control to its partners and other appropriate individuals within the Company.

## **Complaints and Allegations**

The Company's policies and procedures are designed to provide it with reasonable assurance that it deals appropriately with complaints and allegations that the work performed by the Company failed to comply with professional standards, and regulatory and legal requirements, and allegations of noncompliance with the Company's system of quality control.

## **5. List of public-interest entities audited by the registered auditor during the last financial year is disclosed in Appendix 1**

## **6. Statement on the policy followed by the Company concerning the continuing education of statutory auditors of registered statutory auditors carrying out audits in the name and on behalf of the audit Company**

### **Continuing education**

Continuing education is a key policy of the Company, as this is an important means of developing knowledge and maintaining and improving the quality of our services. The Deloitte Learning intranet provides a starting point, including technical training (GAAP, GAAS, professional rules, tax, IT), management and interpersonal skills, business economics and industry-specific courses.

The continuing education program is comprised of both Deloitte-organised training sessions as well as external training, among others by the Institute of Auditors. Certain courses are mandatory and others are optional, such that each auditor or trainee auditor can personalise their learning programme.

During the first years, most training is comprised of mandatory courses on technical topics including Deloitte methodologies and processes but afterwards the optional part increases given that individual needs become more diverse. An individual learning programme is required as from senior 2 level (approximately four years' experience).

More experienced auditors are expected to update and deepen their technical knowledge. Developing management and interpersonal skills are also very important for this group. There is also the possibility to follow longer term education, such as MBA programmes. There is also a system of accreditation for SEC registrants whereby a training course needs to be completed before an auditor may perform certain tasks.

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 within the Company.

**7. Total amount of the registered auditor's incomes, including divided by respective amounts of services rendered and related to independent financial audits, tax advices and other services not mentioned hereto**

The breakdown of Deloitte Audit S.R.L.'s 2014 expected net sales:

|                                 | <b>Th RON</b> |
|---------------------------------|---------------|
| <b>Statutory audit</b>          | 29,759        |
| <b>Other assurance services</b> | 27,752        |
| <b>Other services</b>           | 12,635        |
| <b>Total</b>                    | <b>70,146</b> |

Deloitte Audit S.R.L. provides no tax advisory services.

**8. Information concerning the basis for the partners' remuneration**

The remuneration of each partner in the audit Company comprises two elements – role compensation and performance compensation – both of which are related to the contributions made in their respective roles. Their role compensation is dependent on the scope and impact of their responsibilities. Their performance compensation is related to the achievement of goals set each year.

Partners are evaluated once annually and their role and performance compensation is adjusted upwards or downwards on the basis of their past and planned contributions.

**9. Licensing requirement for statutory compliance**

The audit report is signed by the statutory auditors, natural persons, on their behalf or on behalf of auditors legal entities – authorized companies, and is dated.

Deloitte Audit S.R.L.  
Bucharest, Romania  
March 31, 2015

## Appendix 1 – PUBLIC INTEREST ENTITIES IN 2014

ARCELORMITTAL HUNEDOARA S.A.

ARCELORMITTAL TUBULAR PRODUCTS IASI

ARCELORMITTAL TUBULAR PRODUCTS ROMAN

Armax Gaz S.A.

Banca Romaneasca SA Membra a Grupului National Bank of Greece

BLOM BANK FRANCE S.A. PARIS SUCURSALA ROMANIA

BRD ASIGURARI DE VIATA S.A.

BRD Finance IFN SA

BRD Groupe Societe Generale S.A.

BRD Societate de Administrare a Fondurilor de Pensii Private SA

BRD Sogelease IFN S.A.

Cardif Assurance Vie S.A. Paris Sucursala Bucuresti

Cardif-Assurances Risques Divers S.A. Paris Sucursala Bucuresti

CETELEM IFN SA

COMPANIA DE APA ARAD SA

COMPANIA NATIONALA IMPRIMERIA NATIONALA SA

COMPANIA NATIONALA PENTRU CONTROLUL CAZANELOR, INSTALATIILOR  
DE RIDICAT SI RECIPIENTELOR SUB PRESIUNE

Compania Nationala Posta Romana S.A

D&CA Insurance Broker SRL

DAFORA SA

Debo Leasing IFN SA

DOMENIA CREDIT IFN SA

ELECTROCARBON SA

Electrocentrale Galati SA

Electroputere S.A.

ERSTE GROUP IMMORENT ROMANIA IFN S.

Filiala din Romania a Fondului Roman

FONDUL DE GARANTARE A CREDITULUI RURAL- IFN SA

Fondul de Investitii Zepter Equity

Fondul de Investitii Zepter Mixt

Fondul de Investitii Zepter Obligatiuni

FONDUL PROPRIETATEA S.A.

Foraj Sonde SA

FORTE ASIGURARI - REASIGURARI SA

Garanta Asigurari SA

Garanti Bank SA

Idea Leasing IFN SA

IMPULS - LEASING ROMANIA IFN S.A.

IMPULS BROKER DE ASIGURARE SRL

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Impuls Leasing Services SRL

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LIBRA INTERNET BANK S.A.

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Marsh Broker de Asigurare-Reasigurare SRL

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MECANICA CEAHLAU SA

---

Metropolitan Life Asigurari SA

---

Metropolitan Life Societate de Administrare a unui fond de pensii Administrat Privat SA

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Metrorex SA

---

Midocar Leasing IFN SA

---

MotorActive IFN S.A.

---

NBG LEASING IFN SA

---

NBG SECURITIES ROMANIA S.A.

---

NEXTEBANK SA

---

Noble Securities S.A.

---

OTP Bank Romania S.A.

---

OTP Leasing Romania IFN S.A.

---

PIRAEUS INSURANCE REINSURANCE BROKER ROMANIA SRL

---

Provident Financial Bulgaria OOD

---

RALFI IFN SA

---

ROMCARBON SA

---

S.A.I. SWISS CAPITAL ASSET MANAGEMENT SA

---

SC Provident Financial Romania IFN

---

Societatea Asigurare-Reasigurare Astra SA

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SOCIETATEA COMERCIALA DE PRODUCERE  
A ENERGIEI ELECTRICE IN HIDROCENTRALE HIDROELECTRICA SA

---

SOCIETATEA COMPLEXUL ENERGETIC OLTENIA SA

---

SOCIETATEA DE INVESTITII FINANCIARE

---

SOCIETATEA NATIONALA DE GAZE NATURALE "ROMGAZ" SA

---

SWISS CAPITAL SA

---

THE ROYAL BANK OF SCOTLAND PLC, EDI

---

TIRIAC LEASING IFN SA

---

Turbomecanica SA

---

UNICREDIT BUSINESS INTEGRATED SOLUTIONS SCPA MILANO SUCURSALA  
BUCURESTI

---

UniCredit Consumer Financing IFN SA

---

UNICREDIT INSURANCE BROKER SRL

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UniCredit Leasing Corporation IFN S.A.

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UNICREDIT LEASING FLEET MANAGEMENT

---

Unicredit Leasing Romania SA

---

UniCredit Tiriac Bank S.A.

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VBL Broker de Asigurare SRL

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Verida Credit IFN S.A.

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Zirom SA

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