2020 Transparency Report
Deloitte CIS
For the year ended 31st May 2020
30 September 2020
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Message from the Deloitte CIS CEO

I am pleased to present the Deloitte CIS Transparency Report for the financial year ended 31 May 2020. This report provides details of Deloitte’s commitment to continually enhance audit quality as well as details on our structure and governance.

At Deloitte, our purpose is to make an impact that matters for our clients, our people and society shaped by the high quality work we do. In line with our global strategy, audit is an important part of our firm, our brand and our reputation. Our commitment to quality starts with our shared values underpinned by our culture of professional excellence and leading the public accounting profession and this is brought to life in our audit business with the “Quality 123” imperative, which means audit quality is our number one, number two and number three priority.

This is a critical time for the global economy and reliable, accurate, and transparent financial reporting remain the foundation of trust in our capital markets and maintaining investor confidence. We remain vigilant in the face of changing regulatory and public expectations and focused on improving transparency and business ethics in the CIS. This in turn relates to the important responsibility we have as auditors and our working relationships with regulators, government bodies, corporate boards and other stakeholders.

As part of our strategy to be the audit practice of choice, we continue to make significant investments in transforming our audit with innovative technologies and cutting edge tools as well as through the development of our professionals equipping them with the skills needed to deliver high quality audits. Our people use these skills and their technical expertise to serve our clients with distinction and integrity thereby building confidence in the independent audit process.

I hope that this report gives you a better understanding of our firm, along with demonstrating our commitment to audit quality.

Ian Colebourne
Chief Executive Officer
Deloitte CIS

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

Deloitte CIS: legal structure and ownership
Deloitte CIS ("the firm") includes all legal entities and their affiliates operating in the Commonwealth of Independent States, Georgia and Ukraine under the holding company Deloitte CIS Holdings Limited, a limited liability company incorporated under the laws of Guernsey, with its registered office located at: Kingsway House, Havilland Street, St Peter Port, Guernsey, GY1 2QE (“Deloitte CIS Holdings”). Deloitte CIS Holdings does not render services to clients itself; rather, it renders services through its affiliated entities listed in Appendix B. While Deloitte CIS Holdings is ultimately owned by several European entities of the Deloitte Network, Deloitte CIS partners are the beneficiaries of Deloitte CIS Holdings.

The largest audit practices within the firm include AO Deloitte & Touche CIS (Russia), TOO Deloitte (Kazakhstan) and LLC Deloitte & Touche Ukrainian Service Company (Ukraine).

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

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

“Deloitte” is the brand under which approximately 312,000 dedicated professionals in independent firms throughout the world collaborate to provide audit & assurance, consulting, financial advisory, risk advisory, tax and related services to select clients. These firms are members of DTTL. DTTL, these member firms and each of their respective related
entities form the “Deloitte organization”. Each DTTL member firm and/or its related entities provides services in particular geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates. Each DTTL member firm is structured in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its respective territories through related entities. Not every DTTL member firm or its related entities provides all services, and certain services may not be available to attest clients under the rules and regulations of public accounting. DTTL, and each DTTL member firm and each of its related entities, are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm, and their respective related entities, are liable only for their own acts and omissions, and not those of each other. The Deloitte organization is a global network of independent firms and not a partnership or a single firm. DTTL does not provide services to clients.
Deloitte CIS: governance – leadership in action

Deloitte CIS is led by the Chief Executive Officer (CEO). The CEO supervises the Deloitte CIS Executive Committee (“Executive Committee”), which is responsible for conducting the day-to-day management of the firm and overseeing its operations. The Executive Committee assists the CEO in managing the firm. The Executive Committee implements the policies and strategies of the CIS Board of Directors, and is responsible for the firm’s operating functions and for planning for the firm’s future development. Members of the Executive Committee are appointed by the CEO. Each partner serving on the Executive Committee has specific responsibilities, with an emphasis on the committee working as a team to lead the firm. For the year ended 31 May 2020 the Executive Committee included the CEO, the Chief Operating Officer, the Managing Partners of the Audit, Consulting, Financial Advisory, Risk Advisory and Tax & Legal functions, the Managing Partners for Talent and Quality & Risk Management, and the Managing Partners of the Caspian Region (principally Kazakhstan) and the West Region (principally Ukraine). The Executive Committee generally meets on a monthly basis. The non-executive Chairman of Deloitte CIS heads the Deloitte CIS Board of Directors (“Board of Directors”). The Board of Directors provides oversight and guidance to the management of the firm and its subsidiaries regarding operations and long-term strategy. The Board of Directors, through its various committees, also reviews and approves actions on a variety of governance, operational, and administrative matters.

As standard practice, the firm’s Board of Directors invites the general counsel to all meetings so that it can fully consider the legal implications of all matters.

The following are the members of the Deloitte CIS Board of Directors and Executive Committee:

**Deloitte CIS Board of Directors**
- Mario Van Vliet, Chairman of the CIS Board
- Ian Colebourne, Chief Executive Officer
- Rainer Baetz, Deputy Chairman of the CIS Board
- Rik Vanpeteghem, Regional Managing Director, EMEA
- Nuran Kerimov, Managing Partner, Deloitte in Azerbaijan
- Olga Tabakova, Partner, Technology, Media & Telecommunications Industry Leader, CIS
- Vladimir Kozyrev, Partner, Audit & Assurance, CIS

**CIS Executive Committee**
- Ian Colebourne, Chief Executive Officer
- Mark Smith, Chief Operational Officer, Caspian Leader
- John Robarts, Managing Partner Quality & Risk
- Anastasia Lebedeva, Talent Leader
- Igor Tokarev, Audit and Assurance Leader
- Svetlana Meyer, Tax & Legal Leader
- Alexander Sokolov, FAS Leader
- Natalya Kaprizina, Risk Advisory Leader
- Chris Armitage, Consulting Leader
- Sergey Kulyk, Ukraine Leader

Igor Tokarev, Audit & Assurance Leader, is appointed by the Deloitte CIS CEO. Igor Tokarev and senior management develop and implement the strategy for the Audit & Assurance practice, including related policies and procedures. In all of their activities, Deloitte CIS senior leaders are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements. Deloitte CIS strategy is developed in alignment with the overall strategic direction established for the Deloitte network.

The Deloitte CIS Audit & Assurance leader participates in Deloitte network groups that set and monitor quality standards, and from which a number of audit quality initiatives emanate.
Our purpose and commitment: instilling trust and confidence

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

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

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

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

Deloitte Global leadership
The Deloitte Global Audit & Assurance Leadership Team is led by Jean-Marc Mickeler, Deloitte Global Audit & Assurance Business Leader. Deloitte Global Audit & Assurance responsibilities include:

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

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

Deloitte CIS 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 CIS only accepts engagements where it:

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

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

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

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

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

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2 For more information about Deloitte audit innovation, please refer to Deloitte Global Impact Report.
Coronavirus disease 2019 (COVID-19)

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

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 analyzing the available financial information in light of these unprecedented uncertainties.

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

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

Deloitte’s global technology and infrastructure has allowed for an agile and rapid response to the various impacts of COVID-19. We have prepared for various contingencies in order to support changing client needs and to keep Deloitte professionals informed while working remotely. Deloitte’s business continuity plans have been updated and we have affirmed that Audit & Assurance products and solutions have the necessary bandwidth to ensure continuity. We have launched the Deloitte Global Audit & Assurance Technical Delivery Resource Center—a central location for globally relevant and locally adaptable Audit & Assurance COVID-19 related resources. In addition, COVID-19 industry disclosures have been added to the Disclosure Analytics tool to provide example disclosures across several areas, including risk factors, subsequent events, and management’s discussion and analysis.
Multidisciplinary model (MDM)
MDM is an important contributor to high-quality audits. Auditors increasingly use the work of specialists in a number of areas, including to assist in their evaluation of accounting estimates and fair value measurements when auditing companies' financial statements that are increasingly complex as a result of COVID-19. Further, as big data utilization becomes more pervasive in line with other digital advances, the demand for data analysts and IT specialists will grow accordingly. Among the benefits of the MDM are:

- It is possible to develop industry insights through multiple lenses, which enhances auditors' understanding of business risks relevant to conducting audits.
- The audit practice has immediate access to specialized resources and expertise in other business lines. It promotes audit quality because auditors can tap the expertise of advisory professionals who are skilled in subjects that may not be native to auditors.
- A diverse organization helps attract and retain premier talent.
- Intellectual capital is available within the network to innovate audit processes, technologies, etc.
- Different parts of our business grow at different rates during different time periods in different markets. Our MDM provides a hedge against market volatility that is important to long-term viability of the network and makes significant investments in audit quality and innovation possible, even in times of financial pressures on the audit business.

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

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

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

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

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

We are driving a sustainable audit and assurance business that recognizes and rewards its people and funds ongoing investment in our business.
Learning and development initiatives

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

Not only do we deliver value in more areas, but as we enhance capabilities and skillsets, we build greater confidence and become ever-better evaluators of risk.

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

- At the core, we have a single, global mandatory audit technical learning curriculum for auditors, targeting learners by level, using a dynamic blend of live instructor-led, digital on-demand courses, and on-the-job activities.
- All client service professionals are required to complete at least 20 hours of continuing professional education (CPE) each year and at least 120 hours every three years, through structured, formal learning programs, such as internal or external courses, seminars, or e-learning covering all areas of the competency model (e.g., shared competencies, function-specific technical competencies, and competencies in areas of specialization).
- All client service professionals have clearly defined role expectations and our global Talent Standards outline the capabilities that are required of practitioners at each level.

The Global Audit & Assurance Learning (GAAL) team was recognized in September 2019 as leaders for their exceptional work in bringing innovative and engaging learning to Deloitte professionals worldwide by the Stevie® Awards for Great Employers.

Deloitte has also established specific learning opportunities for specialists working on audit engagements to support their knowledge and understanding of the audit process. Enhanced project management, a key capability for executing audit engagements, has been included in annual development programs which provide a blend of technical and soft skill learning development. The objective of the Deloitte CIS 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 CIS provides formal continuing professional development programs in relevant subject areas consistent with the Deloitte Global Audit & Assurance Curriculum.

The firm has established a process for monitoring the level of structured learning undertaken each year by audit partners and professional staff. Policies and procedures are in place for recording and reporting what structured learning has been undertaken, together with procedures for monitoring and assessing compliance.
Deloitte University
Deloitte actively cultivates the collective knowledge and skills of Deloitte professionals globally through continued investment in Deloitte Universities (DU). These are state-of-the-art learning and development centers focused on Deloitte culture, and rooted in the principles of connectedness and leadership in a highly inclusive learning environment.

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

In accordance with global policies, Deloitte CIS’s partners are evaluated on a yearly basis, and depending on the outcome of the evaluation, the remuneration of partners may increase or decrease. Deloitte CIS operates a remuneration model that evaluates each partner’s contribution towards the achievement of the strategic goals of the firm as a whole, as reflected in the fulfilment of certain Key Performance Indicators, which also reflect the attainment of personal goals.

The remuneration of our partners reflects their ability to develop and grow our people and our business, their compliance with our code of ethics, as well as their focus on quality and risk management. Performance metrics for quality and risk management are weighted to reflect the variety of activities undertaken by a partner, including compliance with risk management policies, professional training, quality, and risk management practices. Performance metrics also reflect financial indicators, such as top and bottom line growth, and the effective management of receivables and work-in-progress.

Based on this assessment, the Board of Directors of Deloitte CIS approves partner performance remuneration.

Equity partners share the aggregated profits of Deloitte CIS. The rate of capital contribution is determined from time to time based on financing requirements. Upon ceasing to be a partner, they receive reimbursement of their partnership interests within the ensuing one-year period.

Salaried partners do not contribute capital and are remitted a share in the profit of the business to a certain extent.

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

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

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

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

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

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

The AQMM program is focused on driving:

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

Deloitte CIS maintains policies and procedures to promote an internal culture based on the recognition that quality is the number one priority. Deloitte CIS focuses on professional excellence as the foundation for achieving audit quality on a consistent basis.
Audit Quality Monitoring & Measurement
In-flight monitoring
Continuous audit quality monitoring by Deloitte CIS 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 CIS audit quality leader(s) to continuously monitor audit quality and take immediate action.
- A program of subject matter specific “health checks” to assist Deloitte CIS audit quality leader(s) in assessing progress and identifying potential issues on in-flight engagements.

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

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

System of quality control (SQC)
SQC includes numerous elements such as documenting key areas of the SQC processes and controls and performing procedures for testing the operating effectiveness of the SQC, including execution of a comprehensive SQC review program. Used in conjunction with other metrics, Audit Quality Indicators (AQIs) further assist Deloitte CIS in developing and monitoring audit quality action plans and reporting on the progress in its audit quality journey. AQIs are integrated with ongoing AQMM activities.

In addition, proper timing and sequencing of audit activities, including timely reviews of work performed and the resolution of matters identified, are closely associated with high quality audits. Audit Quality Milestones are intended to drive consistency of engagement teams in project management, timing of when work is done, and necessary focus on engagement staffing, including sufficiency and expertise of assigned resources.

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

External inspections
In addition to Deloitte CIS own monitoring of audit quality, we are subject to external reviews by the Regulators inside and outside CIS countries.

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<th>Internal inspections</th>
<th>External inspections</th>
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<tr>
<td>Deloitte CIS performed internal inspection in May – September 2019, the final report was issued in November 2019</td>
<td>The Federal Treasury of the Russian Federation performed an inspection of AO Deloitte and Touch CIS in September – November 2019, the final report was issued in January 2020. Public Company Oversight Board (PCAOB) conducted an inspection in October 2019. Service for Accounting, Reporting and Auditing Supervision (SARAS) performed an inspection of Deloitte Georgia in November 2019.</td>
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Statement on the effectiveness of the functioning of the internal quality control system
We confirm that we are satisfied that our internal quality controls and systems are robust, operate effectively, and allow us to readily identify any areas of potential enhancement. We continually seek to refine all aspects of our business and we use the findings of the practice review, other internal reviews and external regulatory reviews to enhance our system of quality control.
Independence, ethics, and additional disclosures

Deloitte Global Independence

Sets independence policies and procedures based upon the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and the independence standards of the US Securities and Exchange Commission and the Public Company Accounting Oversight Board. Performs full reviews of independence quality controls on a three-year cycle; 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 global policies, quality controls, tools, and practice support activities.

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

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

Deloitte CIS Independence

Deloitte CIS has policies and procedures designed to address compliance with applicable professional standards that relate to independence. These policies and procedures are based on the Deloitte Global Independence policy, and are supplemented, as appropriate, to reflect additional national or regional requirements that may be more restrictive than Deloitte Global policies. Deloitte CIS 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 CIS. 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 CIS 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 and the Global Independence Monitoring System (GIMS).
- An Inspection & Testing program, annual and special purpose independence confirmations, and consultation procedures to monitor individuals’ compliance with independence requirements
- Procedures to identify and analyze non-compliance with independence requirements and apply related disciplinary measures and actions
- Independence-related learning and communications

An internal review of independence compliance was conducted during the year and the report was issued in August 2019

**DESC**
Deloitte Entity Search and Compliance
Global, searchable database containing specific entity information relevant in determining personal and professional independence restrictions

**GIMS**
Global Independence Monitoring System
Application that contains financial relationship data with relevant independence compliance indicators

**Long association requirements of audit partners and professionals**

Deloitte CIS has an internal procedure for reviewing each recurring audit engagement. Every year the Audit Risk Leader (ARL) has interviews with engagement teams and decides on Partner and professional rotation according to firm’s policies and law requirements.

The firm’s policy covers rotation requirements on different types of engagements. For Public Interest Entities, the rotation period is 7 consecutive years with 5 years cooling-off period. For SEC restricted entities, the rotation period is 5 consecutive years with 5 years cooling-off period. For other entities, the rotation period is 7 consecutive years with 2 years cooling-off period.

Deloitte CIS implemented the Audit Risk Management System (ARMS), which automates and simplifies the monitoring process.

**Ethics**

All Deloitte professionals are expected to act with integrity in accordance with high ethical standards as described in the Deloitte Global Principles of Business Conduct ("Global Code"). The Global Code is embedded into each member firm’s Code of Conduct, and defines the commitments that all Deloitte professionals make regarding ethical standards, as well as explaining each individual’s responsibilities to their clients, colleagues, and society.

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

Ethics at Deloitte is led by the Deloitte Global Chief Ethics Officer at the global level, and by member firm Ethics Officers at the local level, who are experienced partners with direct access to the member firm’s CEO and governing body. Deloitte Global and member firm ethics leaders work together to continually monitor risk and to reinforce compliance with the Global Code.

Deloitte CIS maintains policies and procedures that build on the global policies and are designed to provide reasonable assurance that its professionals comply with relevant ethical requirements.
The ethical requirements for audit and related assurance services provided by Deloitte CIS are in accordance with national ethical requirements of the countries in which the firm conducts its operations. Deloitte CIS also complies with Deloitte Global policies and procedures, which align with the requirements and guidance set out in the International Code of Ethics for Professional Accountants 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 Global policies and procedures, Deloitte CIS follows the applicable national requirements.

Deloitte CIS reinforces its commitment to ethics and integrity through communication tools, learning programs, compliance processes, and measurement systems. In addition, Deloitte CIS requires all partners, other professionals and support staff to confirm annually that they have read and comprehended the member firm’s Code of Conduct and understand that it is their responsibility to comply with it.
Deloitte is committed to conducting business with honesty, distinctive quality, and high standards of professional behavior. Deloitte’s Global Principles of Business Conduct (“Global Code”) outlines Deloitte’s ethical commitments as a network and expectations for Deloitte’s approximately 312,000 people, giving a strong, principled foundation. The foundations of the network’s ethics program is comprised of the following elements:

- Global Principles of Business Conduct
- Global ethics policies including policies on Non-Retaliation and Anti-Discrimination and Anti-Harassment
- Reporting channels and incident management protocol
- Annual ethics survey
- Annual assessment and recurring practice-review program
- Ethics learning programs and communications

Deloitte is committed to conducting business with honesty, distinctive quality, and high standards of professional behavior. Deloitte’s Global Principles of Business Conduct (“Global Code”) outlines Deloitte’s ethical commitments as a network and expectations for Deloitte’s approximately 312,000 people, 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

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

Appendices
## 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)

<table>
<thead>
<tr>
<th>EU/EEA member state</th>
<th>Name of audit firms carrying out statutory audits in each member state</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>Deloitte Audit Wirtschaftsprüfungs GmbH</td>
</tr>
<tr>
<td></td>
<td>Deloitte Burgenland Wirtschaftsprüfungs GmbH</td>
</tr>
<tr>
<td></td>
<td>Deloitte Niederösterreich Wirtschaftsprüfungs GmbH</td>
</tr>
<tr>
<td></td>
<td>Deloitte Oberösterreich Wirtschaftsprüfungs GmbH</td>
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<td></td>
<td>Deloitte Salzburg Wirtschaftsprüfungs GmbH</td>
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<tr>
<td></td>
<td>Deloitte Tirol Wirtschaftsprüfungs GmbH</td>
</tr>
<tr>
<td></td>
<td>Deloitte Wirtschaftsprüfung Styria GmbH</td>
</tr>
<tr>
<td>Belgium</td>
<td>Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises CVBA / SCRL</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Deloitte Audit OOD</td>
</tr>
<tr>
<td>Croatia</td>
<td>Deloitte d.o.o. za usluge revizije</td>
</tr>
<tr>
<td>Cyprus</td>
<td>Deloitte Limited</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Deloitte Audit s.r.o.</td>
</tr>
<tr>
<td>Denmark</td>
<td>Deloitte Statsautoriseret Revisionspartnerselskab</td>
</tr>
<tr>
<td>Estonia</td>
<td>AS Deloitte Audit Eesti</td>
</tr>
<tr>
<td>Finland</td>
<td>Deloitte Oy</td>
</tr>
<tr>
<td>France</td>
<td>Deloitte &amp; Associés</td>
</tr>
<tr>
<td></td>
<td>Deloitte Marque &amp; Gendrot</td>
</tr>
<tr>
<td></td>
<td>Audalian Commissaire</td>
</tr>
<tr>
<td></td>
<td>BEAS</td>
</tr>
<tr>
<td></td>
<td>Cisane</td>
</tr>
<tr>
<td></td>
<td>Constantin Associés</td>
</tr>
<tr>
<td></td>
<td>Constantin Entreprises</td>
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<tr>
<td></td>
<td>D.B. Consultant</td>
</tr>
<tr>
<td></td>
<td>ECA Audit</td>
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<tr>
<td></td>
<td>Jacques Serra et Associés</td>
</tr>
<tr>
<td></td>
<td>Laurens Michel Audit</td>
</tr>
<tr>
<td></td>
<td>Opus 3.14 Audit et Conseil</td>
</tr>
<tr>
<td></td>
<td>Pierre-Henri Scacchi et Associés</td>
</tr>
<tr>
<td></td>
<td>Revi Conseil</td>
</tr>
</tbody>
</table>
### EU/EEA member state | Name of audit firms carrying out statutory audits in each member state
---|---
**Germany** | Deloitte GmbH Wirtschaftsprüfungsgesellschaft  
|  | Deutsche Baurevision GmbH Wirtschaftsprüfungsgesellschaft  
|  | SüdTreu Süddeutsche Treuhand GmbH Wirtschaftsprüfungsgesellschaft  
**Greece** | Deloitte Certified Public Accountants S.A.  
**Hungary** | Deloitte Könyvviszgáló és Tanácsadó Kft.  
**Iceland** | Deloitte ehf.  
**Ireland** | Deloitte Ireland LLP  
**Italy** | Deloitte & Touche S.p.A.  
**Latvia** | Deloitte Audits Latvia SIA  
**Liechtenstein** | Deloitte (Liechtenstein) AG  
**Lithuania** | Deloitte Lietuva, UAB  
**Luxembourg** | Deloitte Audit  
**Malta** | Deloitte Audit Limited  
**Netherlands** | Deloitte Accountants B.V.  
**Norway** | Deloitte AS  
**Poland** | Deloitte Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa  
|  | Deloitte Audyt spółka z ograniczoną odpowiedzialnością  
**Portugal** | Deloitte & Associados, SROC S.A.  
**Romania** | Deloitte Audit SRL  
**Slovakia** | Deloitte Audit s.r.o.  
**Slovenia** | Deloitte Revizija d.o.o.  
**Spain** | Deloitte, S.L.  
**Sweden** | Deloitte AB  
**United Kingdom** | Deloitte LLP  
|  | Deloitte Limited  
|  | Deloitte N.I. Limited

**Disclosure in accordance with Article 13.2 (b)(iv) of the EU Audit Regulation**

The total turnover achieved by the audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements: € 2.1 billion<sup>4</sup>

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<sup>4</sup> Amount represents an estimate determined based upon best efforts to collect this data. Certain Deloitte audit firms registered to perform statutory audits in respective Member states provide statutory audit services as well as other audit, assurance and non-audit services. While Deloitte endeavored to collect specific statutory audit turnover for each EU/EEA Deloitte audit firm, in certain cases turnover from other services has been included. The turnover amounts included herein are as of 31 May 2020, except for a limited number of instances where a Deloitte audit firm has different financial year-end or has not finalized its reporting for such period. In those cases, turnover amounts are for the relevant financial year or preceding financial year. Where currency other than Euros is used in the Member state, the amount in Euros was translated using an average exchange rate in effect for the period 1 June 2019 to 31 May 2020.
### Appendix B | Legal entities of Deloitte CIS

<table>
<thead>
<tr>
<th>CIS Country</th>
<th>Name of firms in each CIS Country</th>
<th>Key service lines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>AO Deloitte &amp; Touche CIS (registered in the EU)</td>
<td>Audit, Financial Advisory, Risk Advisory</td>
</tr>
<tr>
<td></td>
<td>Deloitte Consulting LLC</td>
<td>Consulting, Tax &amp; Legal</td>
</tr>
<tr>
<td>Cyprus</td>
<td>Deloitte &amp; Touche Regional Consulting Services Limited</td>
<td>Tax</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>Deloitte LLP (Registered in the EU)</td>
<td>Audit, Risk Advisory</td>
</tr>
<tr>
<td></td>
<td>Deloitte TCF LLP</td>
<td>Financial Advisory, Consulting, Tax &amp; Legal, Risk Advisory</td>
</tr>
<tr>
<td></td>
<td>Deloitte Services LLP</td>
<td>Consulting, Risk Advisory</td>
</tr>
<tr>
<td></td>
<td>Deloitte Resources Consulting LLP</td>
<td>Tax, Risk Advisory</td>
</tr>
<tr>
<td>Ukraine</td>
<td>LLC Deloitte &amp; Touche USC</td>
<td>Audit, Tax &amp; Legal</td>
</tr>
<tr>
<td></td>
<td>DELOITTE &amp; TOUCHE Ltd.</td>
<td>Financial Advisory, Consulting, Risk Advisory</td>
</tr>
<tr>
<td>Armenia</td>
<td>Deloitte Armenia CJSC</td>
<td>Audit, Tax &amp; Legal, Risk Advisory</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>Deloitte &amp; Touche LLAC</td>
<td>Audit, Tax &amp; Legal, Financial Advisory and Risk Advisory</td>
</tr>
<tr>
<td>Belarus</td>
<td>FUE Deloitte &amp; Touche</td>
<td>Audit, Tax, Financial Advisory, Consulting and Risk Advisory</td>
</tr>
<tr>
<td></td>
<td>Deloitte Legal UE</td>
<td>Legal</td>
</tr>
<tr>
<td>Georgia</td>
<td>Deloitte &amp; Touche LLC</td>
<td>Audit, Tax &amp; Legal, Financial Advisory, Consulting</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>Deloitte &amp; Touche LLC</td>
<td>Audit, Tax &amp; Legal</td>
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<tr>
<td>Tajikistan</td>
<td>Deloitte &amp; Touche LLC</td>
<td>Audit</td>
</tr>
<tr>
<td></td>
<td>Deloitte LLC</td>
<td>Consulting</td>
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<td>Uzbekistan</td>
<td>Deloitte LLC</td>
<td>Financial Advisory</td>
</tr>
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<td></td>
<td>Audit Organization</td>
<td>Audit, Tax</td>
</tr>
<tr>
<td></td>
<td>Deloitte &amp; Touche LLC</td>
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</tr>
<tr>
<td></td>
<td>Deloitte Advisory LLC</td>
<td>Legal</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>Deloitte Turkmenistan ES</td>
<td>Audit, Tax</td>
</tr>
</tbody>
</table>
## Appendix C | Financial information

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

The breakdown of the Deloitte CIS 2020 turnover (USD):

<table>
<thead>
<tr>
<th>Turnover</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory audit (PIEs or PIE subsidiaries)</td>
<td>6,650,421</td>
</tr>
<tr>
<td>Statutory audit (non-PIEs or non-PIE subsidiaries)</td>
<td>57,376,525</td>
</tr>
<tr>
<td>Non-audit services (audited PIEs or PIE subsidiaries)</td>
<td>1,617,513</td>
</tr>
<tr>
<td>Non-audit services (audited non-PIEs or non-PIE subsidiaries)</td>
<td>48,506,208</td>
</tr>
<tr>
<td>Non-audit services (other entities)</td>
<td>62,638,014</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>176,788,681</strong></td>
</tr>
</tbody>
</table>
Appendix D | 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 CIS in the Financial Year 2020:

<table>
<thead>
<tr>
<th>Name</th>
<th>FYE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polyus PAO</td>
<td>31st December 2019</td>
</tr>
<tr>
<td>Sistema JSFC</td>
<td>31st December 2019</td>
</tr>
<tr>
<td>Halyk Bank JSC</td>
<td>31st December 2019</td>
</tr>
</tbody>
</table>