

SECTION 172(1) STATEMENT

This statement describes how the members of the board of Directors of the Company (the “Board”) fulfil their obligations under section 172 of the Companies Act 2006.

Section 172 requires that a Director of a Company act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following factors:

- a) the likely consequences of any decision in the long term;
- b) the interests of the Company’s employees;
- c) the need to foster the Company’s business relationships with suppliers, clients and others;
- d) the impact of the Company’s operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct;
and
- f) The need to act fairly as between members of the company.

In discharging their duty under section 172, the Directors have regard to the factors set out above, as well as to other factors which they consider relevant to the decision being made. The Directors acknowledge that stakeholders may have differing views about various decisions taken by the Board and engage with stakeholders on these matters. For example, all of the Company’s stakeholders were affected in some way by COVID-19. In particular, the Company’s top priority of protecting its employees by encouraging all employees to work remotely was, in certain instances, at odds with the Company’s commitment to minimise service disruption to its clients. Each instance of conflicting priorities was resolved on a case-by-case basis and always in consultation with both affected employees and clients.

Considering the long-term consequences of decision-making

In setting strategy, and considering risk issues, the Board’s decision-making is focused around ensuring that the Company maintains a reputation for providing high quality services to its clients and the Company’s financial performance is sustainable in the long term. Throughout the year, the Board reviews the Company’s principal risks and takes a keen interest in how risks rise and fall in importance and what measures the Company is taking to mitigate the near- and longer-term risks to the business.

SECTION 172(1) STATEMENT (continued)

Stakeholders

This section describes the importance of the Company’s key stakeholders and some of the engagement activity that takes place with them.

Stakeholder Group	Why is this stakeholder critical to the Company’s business?	What engagement activity takes place with this stakeholder?
Clients	The principal activity of the Company is the provision of consulting services. Understanding the needs of the Company’s clients in a dynamic and changing marketplace helps it to provide more relevant and effective services.	Engagement with the Company’s clients is led by Account Teams who obtain regular feedback through a variety of mechanisms.
Employees	The Company’s professionals are its most valuable asset and key to its success. They are responsible for performing and managing the services that the Company provides to its clients.	<p>The Company offers a range of communications, engagement and development opportunities for its employees which are designed to encourage maximum engagement. Examples include regular town halls featuring senior leaders; regular engagement surveys; a strong focus on inclusion, flexibility and wellbeing; and additional measures to support and equip senior leaders. There has been a special focus on these types of items most recently during the COVID-19 pandemic. As an example, recent surveys have included a particular focus on the change in working practices resulting from the Company’s response to the COVID-19 pandemic. Where the Board is not directly involved in these activities, mechanisms are in place to feedback relevant insights to inform Board decision-making.</p> <p>In addition to the efforts highlighted above, the Company has kept its professionals up to date on matters related to promotion, progression, career development, and crisis support throughout the pandemic.</p>

SECTION 172(1) STATEMENT (continued)

Stakeholders (continued)

Stakeholder Group	Why is this stakeholder critical to the Company's business?	What engagement activity takes place with this stakeholder?
Suppliers	The services the Company provides to its clients depend on services and supplies it procures from different organisations.	<p>Deloitte LLP, a fellow group entity, engages and selects suppliers using an objective, standardised process and utilises a business relationship management tool to track and manage such relationships. During the supplier selection process and during the course of the relationship, the Company engages with suppliers to understand their business requirements and points of view. Further, all of the Company's suppliers are provided with a Supplier Code of Conduct which outlines expectations of suppliers and provides a channel to engage the Company's Ethics Officer, if needed.</p> <p>The Company understands the importance of fostering a positive relationship with its suppliers and has systems and processes in place to ensure suppliers are paid in a timely manner.</p>
Communities	The Company is committed to addressing some of society's most pressing challenges with the belief that business is at its best when it helps to build a better society. By supporting local communities, the Company is able to bring this belief to life.	<p>The Board supports the Company's goals and initiatives with regard to supporting local communities by providing the Company's employees with opportunities to engage in a range of societal and charitable activities that seek to enhance the communities in which we live and work.</p> <p>A further description of these activities is located at the Deloitte LLP 2020 Annual Report website at: https://www2.deloitte.com/uk/en/pages/annual-report-2020/our-purpose-in-action.html.</p>

SECTION 172(1) STATEMENT (continued)

Environment

The Board believes businesses have a critical responsibility to help address the sustainability of our planet. Environmental sustainability is important to the Company and is a critical component of its operations, strategic initiatives and senior-level agendas. For example, the Company has adopted carbon reduction goals addressing buildings' energy use and travel, and offsets air travel through the purchase of third-party verified carbon credits. The Board is committed to a long-term sustainability journey in which the Company addresses its environmental impacts.

The desirability of the Company maintaining a reputation for high standards of business conduct

The Company provides services to a wide range of clients and is part of Deloitte NSE LLP (Deloitte NSE LLP and its subsidiaries are hereinafter referred to as 'Deloitte NSE'), a member firm of Deloitte Touche Tohmatsu Limited ('DTTL'). Each of the member firms of DTTL is required to conduct itself in such a manner as to advance the good reputation of the Deloitte network. In light of its business and ownership, the Company aligns itself with those goals, and the Board therefore takes all decisions with the aim of maintaining the Company's reputation for high standards of business conduct. The Board promotes a culture of upholding the highest standards of business conduct and regulatory conduct and ensures these core values are communicated to the Company's employees through the organisation's intranet and regular email communications and embedded in the Company's policies and procedures and employee induction and training programmes.

The need to act fairly as between members

The Company's direct sole shareholder is D & T Consulting Holdings Limited and the ultimate parent undertaking and controlling party is Deloitte NSE LLP. As these entities are part of the DTTL group, the interests of these entities are generally very closely aligned.

SECTION 172(1) STATEMENT (continued)

Decision-making in practice

Board decisions relate to areas including risk and compliance, financial performance, services provided to clients and business operations. One example of how the Company has had regard to the matters set out in section 172(1) (a) – (f) when discharging its section 172 duties and the effect of that on decisions taken by it is the payment of the dividend. Throughout the year, the Board assessed the strength of the Company’s balance sheet and future prospects relative to uncertainties in the external environment. During the year ended, the Board recommended an interim dividend of £69,000,000. In making this decision, the Board considered a range of factors. These included the long-term viability of the Company; its expected cash flow; the ongoing need for strategic investment in the business and workforce and the pricing expectations of its customers and suppliers, as well as the expectation of its parent company.

During the current financial year, as is the case each year, the Board approved a number of other items including decisions relating to:

- the services provided by the Company;
- employee well-being as a result of the COVID-19 outbreak; and
- the acquisition of business and assets of KeyTree, an award-winning SAP consultancy practice.

These and other decisions made by the Board are appropriately informed by consideration of the Section 172 factors through the mechanisms described above.

Deloitte.

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