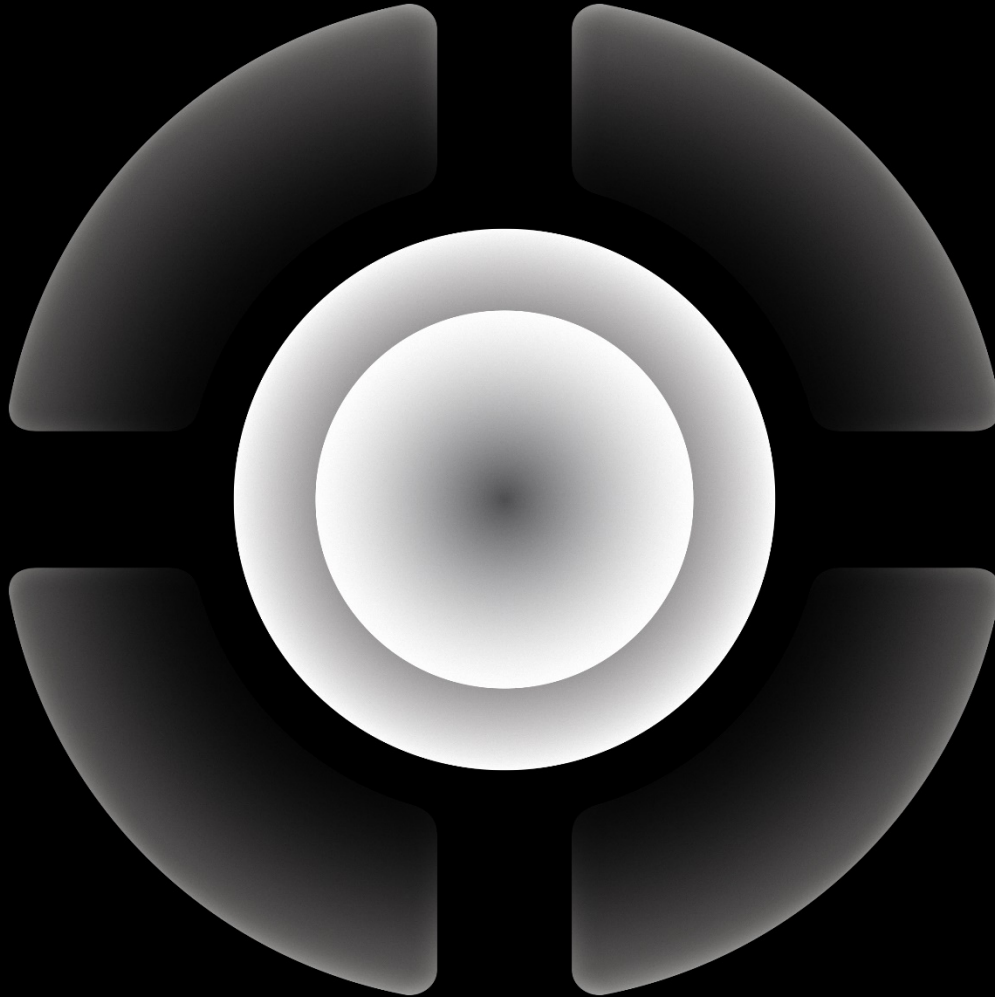


Deloitte.



2021 Transparency Report

Deloitte US

September 2021

Contents

| | |
|--|----|
| A message from leadership | 1 |
| What Deloitte Audit & Assurance brings to capital markets | 2 |
| External and internal audit quality monitoring | 7 |
| Independence, ethics, and additional disclosures | 10 |
| Professional development and performance management | 13 |
| Legal structure of the Deloitte network and the Deloitte US entities | 15 |
| Deloitte & Touche LLP governance – leadership in action | 17 |
| Appendices | 18 |
| Appendix A EU EEA audit firms | 19 |
| Appendix B Financial information | 21 |
| Appendix C Public interest entities | 22 |

As used in the document, “Deloitte” or the “Deloitte US entities” means one or more of Deloitte & Touche LLP, Deloitte LLP (and its other subsidiaries) and Deloitte USA LLP. Please see www.deloitte.com/us/about for a detailed description of Deloitte’s legal structure. The “Deloitte network” refers to the network of legally separate, independent firms that are members of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee. Deloitte LLP and Deloitte USA LLP are the US member firms of the Deloitte network. Certain services may not be available to attest clients under the rules and regulations of public accounting.

The Deloitte US 2021 Transparency Report is published in accordance with the requirement set forth in the European Union’s Directive on Statutory Audit 2006/43/EC for our fiscal year ended May 29, 2021.



A message from leadership

To our clients and stakeholders:

Quality is our brand and serves as the foundation of our profession. When it comes to putting quality first, Deloitte is proudly leading the way. We are dedicated to continuous improvement at all levels of our organization and unwavering in our efforts to deepen accountability at every step of the audit process. We are digitizing the audit, transforming the way we work, and fostering the development of our people, to fulfill our role of providing high-quality audit and assurance services to the capital markets.



The COVID-19 pandemic has changed the way we work, with many companies adjusting the way they conduct business related to restrictions on travel or requirements to work from home. Deloitte's global technology and infrastructure allowed for an agile and rapid response to the impacts of the pandemic, and we remain committed to maintaining high standards of quality in a continuously evolving environment.

An additional focus for both our clients and their stakeholders has been on environmental, social, and governance (ESG) topics—specifically climate. As ESG considerations have risen to the top of the agendas of companies, regulators, investors, and society at large, Deloitte has actively participated in those discussions with the goal of supporting improvements in the usefulness, reliability, and comparability of ESG disclosures. We look forward to continuing robust dialogue on this topic with our stakeholders and policy makers as they collectively navigate the impact of ESG topics on their disclosures and decision making.

As we navigate the changes to come, we remain confident in our ability to maintain a laser sharp focus on quality through our methods, procedures, and accountability measures. The 2021 Transparency Report provides a deep dive into our structure, governance, and approach that is grounded in a strong system of quality controls. We publish this report annually to provide disclosure on certain categories of information identified in the United States and European Union standards related to corporate governance and transparency.

We are the leader in high-quality audit and assurance services through our commitment to trust and integrity and will continue to set the bar for the profession. We understand that we hold a great responsibility in the work we do for our people, clients, communities, and the capital markets, and will continue to strive for the highest standards of quality through our daily decisions and actions. Thank you for the opportunity to highlight our progress.

Sincerely,

A handwritten signature in black ink that reads "Lara".

Lara Abrash
Chair and Chief Executive Officer
Deloitte & Touche LLP



What Deloitte Audit & Assurance brings to capital markets

A focus on audit quality

Our commitment to audit quality permeates everything we do—from our culture and business priorities to the resources and processes through which we define and carry out our audits.

The independent audit is a central element of the financial reporting system in place to protect investors and promote the effective functioning of the capital markets. Making sure audit quality keeps pace with emerging economic, business, financial, and regulatory conditions, as well as advancements in technology, is crucial to continuously enhancing the overall strength and integrity of the financial reporting system. We are keenly aware of our obligation to deliver audit services that meet the challenges and complexities of the current environment and that comply with professional and regulatory standards. For the financial reporting system to function as intended, it is vital that the auditor's role be executed effectively.

We are committed to doing more than simply meeting requirements and conforming to expectations. Our desire is to set the standard of excellence for the profession. In keeping with that objective, our commitment to audit quality is unequivocal.

Commitment of our leadership

We believe a key element of professional excellence is setting the right tone at the top. This tone at the top begins with senior leadership and continues through to leadership in our local offices and on our engagement teams. Our focus on audit quality is evident through the direct involvement of leaders at all levels in audit quality activities and consistent dissemination of quality-emphasizing messages through various communication channels. Our philosophy calls for embedding professional excellence into our definition of what it takes to be an auditor and what it means to conduct an audit. Exercising professional skepticism and acting with integrity are core to our quality principles and are shared responsibilities for which all our professionals are held accountable.

Independence, objectivity, and professional skepticism

Performing high-quality audits requires independence, objectivity, and professional skepticism. In essence, this means defining the investing public as the ultimate stakeholder, creating a culture in which doing the right thing is foundational, and managing our Audit & Assurance business such that short-term financial and operational considerations do not override fidelity to professional standards or serving the public interest.

Internal messaging to our professionals emphasizes that we, as auditors, are evaluators who must maintain a mindset of professional skepticism throughout the conduct of our work. This approach to the audit is reflected in many aspects of our policies, methods, procedures, and training, and is reinforced through high-quality control and accountability measures.

Capability for high-quality audits

Aligning the appropriate competencies and resources in the conduct of our audits is one way in which we achieve our aim of high audit quality.

Our primary resources are qualified and trained professionals. Developing our professionals includes a focus on recruitment, training, and deployment. Our objective is to have a full complement of professionals who understand and apply the standards, policies, and procedures that constitute the audit, including professionals with deep technical, subject matter, and industry knowledge.

Other resources include the proprietary tools, guidance materials, and practice aids that are used in conducting audits, which are available to all our professionals in the Deloitte Technical Library, an extensive online library. Access to the latest information, including industry, marketplace, and news data, is critical to the effectiveness of our audit teams; we regularly issue accounting and auditing guidance to audit professionals and communicate developments that may affect audit quality. Various other required processes also assist in achieving high-quality audits. Among these are activities for making client acceptance and continuance decisions, agreeing on the



scope and terms of the engagement, maintaining independence, staffing the engagement team, planning and performing the audit, managing engagements, conducting consultations on complex issues, evaluating performance, implementing improvements, and communicating with the audit committee.

Audit engagement acceptance and continuance

To evaluate whether to accept or to continue an audit engagement, we assess the risks associated with performing the audit and the risk that we will be exposed to adverse consequences as a result of association with the entity; the results of our assessment are one of many inputs that inform decisions about the planning and performance of the audit.

Our procedures for assessing whether to accept a new audit client or to continue to serve an existing client are rigorous and encompass many considerations, including:

- The reputation and integrity of the audit committee and management, including the results of background checks and searches for regulatory sanctions.
- The management culture, including management's commitment to the appropriate application of accounting standards (e.g., generally accepted accounting principles in the United States of America (US GAAP)) and to implementing and maintaining effective internal control over financial reporting.
- The evaluation of certain risk factors relative to the engagement, as well as the nature of the services we are requested to perform.
- The nature of the business, with special focus on emerging or unusual businesses where association may impair our brand or reputation.
- Independence and conflict-of-interest assessments and considerations.
- The apparent financial viability of the entity at the time of our assessment.

Our assessment of audit engagement risk begins during the client acceptance or continuance process and lasts throughout the engagement. It influences the nature, timing, and extent of audit procedures we perform, as well as resources within the Deloitte network that we involve in the performance of our audit services.

Audit approach

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

Our audit methodology is dynamic – it is ever-evolving to keep pace with the changing demands of companies, investors, and other stakeholders. It recognizes that advances in the availability and management of large data sets and in statistical science are relevant to continuing to enhance the quality of our audits.

Our audit methodology is fueled by innovation. Our investments in cloud technology and digital solutions are bringing artificial intelligence, automated workflow processes, and advanced analytics into the audit process.

Our audit methodology is risk-based, focusing on those financial statement account balances, disclosures, and underlying assertions that have a reasonable possibility of being materially misstated. During the planning phase of the audit, we identify risks of material misstatement and then tailor the audit to respond to such risks. Our risk assessment process draws on our understanding of the entity and its environment, including internal control. As an iterative process, we reevaluate risks of material misstatement throughout the audit and revise our audit plan as needed.

The engagement team tailors and executes procedures to address the assessed risks of material misstatement, focusing on gathering sufficient, appropriate audit evidence. If we are performing an integrated audit—i.e., an audit of both the financial statements and the effectiveness of the entity's internal control over financial reporting—our identification and testing of internal controls that address those assessed risks of material misstatement become a required part of our audit.

The engagement team

The selection of the engagement team is important to the execution of an effective and efficient audit. An audit partner or managing director has leadership responsibilities for the audit. In the case of public company audits, a partner is required to lead the engagement team. In this report, we use “engagement partner” to describe the individual with responsibility for the overall quality on each audit. In addition to the partners and managing directors with responsibility for the audit, the engagement team typically includes one or more of the following professionals: audit senior manager, audit manager, audit senior, audit staff, as well as relevant internal specialists. The engagement team's composition varies depending on the size, nature, and complexity of the company's operations.

Rotation of key audit partners and professionals – In accordance with the requirements of the US Securities and Exchange Commission (SEC), the engagement partner and the partner serving as the engagement quality control



reviewer (EQCR) for public companies may not serve in those capacities for more than five consecutive years. A time-out period of at least five years is required before either partner may return to the engagement. Certain other partners who provide audit services must rotate every seven years and are subject to a two-year time-out period. The periodic rotation of partners is an important requirement that helps us maintain our objectivity and professional skepticism on audit engagements. It is also an opportunity to develop leaders. We have a deliberate and objective succession planning process that identifies leaders to fill engagement partner roles and other senior leadership positions. In addition to the rotation requirements for partners discussed above, consideration is given to potential long association risks of other professionals on audit engagements.

Engagement supervision and review – The engagement partner leads the overall planning and conduct of the audit. More experienced team members supervise less experienced members so that professionals at all levels receive guidance to help perform their work effectively. A review of the audit documentation prepared on an engagement is done to ensure the work was performed and documented, the objectives of the procedures were achieved, and the results of the work support the conclusions reached.

Audit documentation – Audit documentation is the record of our audit engagement. It demonstrates that the work performed complies with professional standards, provides evidence of the basis for our conclusions, and shows that the underlying accounting records agree or reconcile with the financial statements. We have clearly articulated policies and practice aids that assist our professionals in understanding and complying with documentation and archiving processes and requirements. The engagement partner is ultimately responsible for the timely assembly and archiving of the audit documentation.

Engagement quality control review – In addition to the engagement partner review, every public company audit engagement is subject to an independent engagement quality control review. This review is performed by a partner designated by the leadership in our Quality and Professional Practice Network (“Quality Network”). The EQCR evaluates the engagement team’s significant judgments and related conclusions regarding both the overall engagement and the preparation of the audit report(s) and determines whether to provide a concurring approval of issuance.

Consultation – Quality and risk management considerations are integral to our audit business and at times may require consultation with the Quality Network. We view consultation as an essential, collaborative process—one that helps determine the most appropriate answers to complex questions. Our consultation policies require that conclusions are documented, understood, and implemented. In addition to consultations, whenever partners and managing directors need additional information or perspectives, they are encouraged to seek assistance from the Quality Network or others in the organization with specialized knowledge.

The Quality and Professional Practice Network

The Quality Network is composed of a team of partners, managing directors, and other professionals. This national team is supplemented by experienced regional and local professionals and supporting technology. The Quality Network’s primary goals are to provide consultation resources with deep technical knowledge in accounting, auditing, industry, and risk; to design, operate, and monitor our System of Quality Control (SQC), including monitoring and inspecting our audits; to provide oversight, leadership, and direction on quality activities; to maintain audit manuals, policies, and guidance used by our professionals; to assist engagement teams with questions; and to engage with regulators and standard setters.

Through consultation and collaboration, this Quality Network provides our audit engagement teams with access to knowledgeable, competent, and objective professionals who provide authoritative insights that are essential to delivering high-quality audits.



System of quality control

Deloitte believes an effective SQC is crucial for the consistent performance of high-quality audit engagements, and we continue to make significant investments in the people, processes, and technologies that underlie Deloitte’s system of quality control. Our 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 in developing and monitoring audit quality action plans and reporting on the progress of our audit quality journey. AQIs are integrated with ongoing Audit Quality Monitoring & Measurement (AQMM) activities (see *External and internal audit quality monitoring* later in this report).

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 established centrally to drive consistency of engagement teams in project management; timing of when work is done; and necessary focus on engagement staffing, including sufficiency and the skills, knowledge, or experience of assigned resources.

In December 2020, the International Auditing and Assurance Standards Board released its revised suite of quality management standards, including International Standard on Quality Management 1 (“ISQM 1”). Effective December 15, 2022, ISQM 1 focuses on quality management at the firm level.

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

Consistent with Deloitte’s culture of continuous improvement and innovation, these standard-setting activities provide the opportunity to challenge ourselves—examining those areas where we can further support and transform our system of quality control. Audit quality is always front and center, and robust audit

quality monitoring and measurement processes play an integral role in our ability to continually improve.

Audit transformation

Innovation and technology enablement are expected in today’s fast changing business environment, and this expectation holds true for the audit profession as well. Today’s complex business environment requires the audit to be dynamic, multidimensional, and insightful. There is a demand for real-time, relevant information, and an expectation that audit firms will evolve as they innovate and digitize their businesses and processes.

Our approach to Audit & Assurance Transformation is holistic and purpose driven, bringing together our world-class, industry-experienced professionals; our digital methodology; and our advanced technology to support our unwavering commitment to audit quality. With Deloitte Omnia, our next-generation cloud-based audit delivery platform that enables a differentiated,

Audit & Assurance Transformation

Being a relevant profession of the future and a sustainable business that evolves with the pace of change in technology and society is critical. Driving this goal is the Deloitte Audit & Assurance Transformation strategy, which is currently being developed and deployed across the Deloitte network, including Deloitte & Touche LLP.¹

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 tech-savvy learning, rewards and recognition, centers of excellence, and delivery centers | Agile development and deployment of tools and technologies to respond to changing environments and market needs |

¹ Deloitte & Touche LLP is the Deloitte US entity that provides audit, assurance, and other attest and advisory services, and is registered with the PCAOB to perform audits of US public companies. For more information regarding the legal structure and governance mechanisms of the Deloitte US entities, see the *Legal structure of the Deloitte network and the Deloitte US entities* section of this report.



digital audit experience, Deloitte is embedding agile innovation into the core of how we audit including automation that simplifies routine tasks, analytics that yield a deeper and more insightful view into data, and artificial intelligence with workflow automation that enhances human discovery and problem solving.

Audit quality is at the center of our culture of continuous improvement and innovation. Deloitte is committed to the continued investment in emerging technologies that enable the delivery of quality, insights, and value. This includes our integrated suite of enhanced innovation features all connected through the cloud, such as:

- Artificial intelligence and natural language processing for document interrogation, analysis, and financial statement version management.
- Digital, collaborative client and audit team communications and progress tracking.
- Sophisticated predictive analytics to assist audit teams in performing enhanced risk assessment and substantive analytical procedures.

Multidisciplinary model

Our multidisciplinary model is an important contributor to high-quality audits. Auditors increasingly use the work of specialists in a number of areas, including for example, data analytics, and the evaluation of estimates and fair value measurements. Among the benefits of our multidisciplinary model are:

- Immediate access for the Audit & Assurance business to specialized resources in other business lines which promotes audit quality by supplementing the skills and knowledge of the auditors.
- To develop industry insights through multiple lenses, which enhances auditors' understanding of business risks relevant to conducting audits.
- A diverse organization helps attract and retain top talent.
- Availability of intellectual capital and technology 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, which supports continued investments relevant to audit quality.

Coronavirus disease 2019 ("COVID-19")

The onset of the COVID-19 pandemic proved our readiness to adapt to new ways of working while also responding to economic volatility, impact on audit risks, and maintaining our focus on the well-being and safety of our professionals. As the impacts of COVID-19 continue to unfold, Deloitte remains committed to delivering the highest-quality audits while keeping the physical and mental well-being of our professionals paramount at all times.

Our infrastructure, and more than a decade of investments in the digital transformation of our business, allowed us to pivot to a virtual first work environment quickly and seamlessly. Our ability to maintain the highest levels of quality while operating in a virtual first work environment is a prime example of our dedication to bringing integrity and trust to the capital markets.

The professional standards, Deloitte policies and guidance, strong consultation and specialist networks, and steadfast diligence continue to be the basis for our execution of high-quality audits. In response to the impacts of the COVID-19 pandemic, we developed a COVID-19 Audit Considerations resource center on the Deloitte Technical Library – a central location for all Deloitte professionals to access COVID-19-related audit resources and guidance.

We will continue to focus our efforts on consistent high-quality execution in a fluid workplace environment while prioritizing the safety and well-being of our professionals. Leveraging learnings from working in a virtual first environment, we have an incredible opportunity to determine how we will transform our work, workforce, and workplaces while gradually transitioning to a hybrid work model. As we prepare for our future of work at Deloitte, we will seek to create opportunities for impactful connections with our people, clients, and other stakeholders.



External and internal audit quality monitoring

Audit Quality Monitoring & Measurement

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

The objectives of the AQMM program are to:

- Transform the way audit quality is monitored and measured and audit deficiencies are resolved.
- 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.

In-flight monitoring

Monitoring of a sample of engagements “in-flight” provides timely visibility into the effectiveness of updates or changes to the audit methodology and tools resulting from new standards or in response to feedback from internal and external monitoring activities. In-flight monitoring results are evaluated overall to determine whether additional communication and support to the Audit & Assurance business is needed with respect to adherence to the updates or changes to the audit methodology.

Engagement reviews

Our Internal Inspections group evaluates the work performed for a sample of audit engagements to assess compliance with our system of quality control, as well as US GAAP and standards of the Public Company Accounting Oversight Board (PCAOB) or other applicable regulatory bodies and standard setters, as appropriate. The scope of an internal inspection includes an evaluation of the quality of the audit work performed on the selected audit and a review of certain practices, policies, and procedures related to audit quality and performance.

Any engagement partner or managing director who supervises audits or other attest engagements ordinarily has a sample of his or her engagements reviewed at intervals generally not to exceed four years. This approach provides a representative cross-section of engagements of both public and nonpublic companies selected for inspection each year. Additionally, certain risk-based selections are made each year, which add a level of unpredictability to the selection process.

A dedicated group of audit partners, managing directors, and senior managers make up our core inspection team and lead, or are reviewers for, a portion of the inspections. Other partners, managing directors, and senior managers, including those with industry or other specialized knowledge, lead and perform inspections with oversight from our core team.

Our internal inspectors share their findings on a specific audit engagement with the engagement team, the Audit Professional Practice Director in the applicable office, and the regional National Professional Practice Director. Remediation of inspection findings is undertaken, when necessary, on individual engagements and the lessons learned from the inspections are more broadly used to enhance audit quality, including through communication with the Audit & Assurance business and integration with the learning curriculum.

The findings of our internal inspections and the themes identified by the PCAOB’s inspections, as described below, are generally consistent.

External inspections

In addition to reviews conducted by our own Internal Inspections group, our public company audits are subject to inspection by the PCAOB and our nonpublic engagements are subject to inspection triennially by another accounting firm as part of the American Institute of Certified Public Accountants (AICPA) peer review program.



Annual PCAOB inspections are required for registered public accounting firms that perform more than 100 US public company audits annually. We are supportive of the role the PCAOB plays in strengthening confidence in the integrity of the independent audit process. The PCAOB's rigorous inspection process is an important element in achieving our shared objectives, and we are committed to the consistent execution of high-quality audits for the benefit of the investing public. The scope of the inspections includes an evaluation of the quality of the audit work performed on selected audits, as well as a review of firm practices, policies, and procedures. The inspections page of the PCAOB website at: <https://pcaobus.org/Inspections/Pages/default.aspx> and the Guide to PCAOB Inspections, published by the Center for Audit Quality (CAQ), available at: <https://www.thecaq.org/guide-pcaob-inspections?sfvrsn=0>, provide more information about the PCAOB's process for inspecting public company auditing firms.

The annual PCAOB inspection report for audit firms includes a public and a nonpublic portion.

Public portion of inspection reports—Beginning with the 2018 reports for the largest US firms, the PCAOB has made significant changes to both the form and substance of the report, and as a result, Part I now contains two parts (specific to engagements inspected) as follows:

- Part I.A: Deficiencies that were of such significance that the PCAOB believes the firm at the time it issued its audit report(s) had not obtained sufficient appropriate audit evidence to support its opinion on the issuer's financial statements and/or internal control over financial reporting.
- Part I.B: Deficiencies that do not relate directly to the sufficiency or appropriateness of evidence the firm obtained to support its opinion(s), but nevertheless relate to instances of noncompliance with PCAOB standards or rules (such as filings on Form AP, Auditor Reporting of Certain Audit Participants, and workpaper archiving matters).

For these deficiencies and for any other auditing deficiencies identified during the inspection process, PCAOB standards require that the firm under inspection assess whether the PCAOB findings affect its ability to support previously expressed audit opinions and, accordingly, whether corrective actions are needed. Corrective actions generally include remediating omitted procedures by performing additional or enhanced audit procedures and, if necessary, reissuance of an audit report.

The report on the 2019 Inspection of Deloitte & Touche LLP, dated December 17, 2020, is the PCAOB's most recent

inspection report on our audit business. The full text of the public portion of the PCAOB's 2019 inspection report is available on the PCAOB's website at: https://pcaob-assets.azureedge.net/pcaob-dev/docs/default-source/inspections/reports/documents/104-2021-002-dt.pdf?sfvrsn=d944b28e_2.

Nonpublic portion of inspection reports—The nonpublic portion of each inspection report contains certain observations about the firm's audit performance and system of quality control. The Sarbanes-Oxley Act of 2002 requires that the PCAOB's observations on the firm's quality control procedures not be made public by the PCAOB provided that, within 12 months of the date of the inspection report, the firm addresses those observations to the PCAOB's satisfaction. This is evidenced by the PCAOB communicating their acceptance of the firms' response to the report.

In September 2019, the PCAOB determined that the remedial actions we took in response to Part II of our 2016 inspection report, issued November 28, 2017, addressed the quality control observations to the satisfaction of the PCAOB, which represents our eighth consecutive year of PCAOB Part II acceptances.

Our remediation response to the criticism in Part II of the PCAOB's 2017, 2018, and 2019 Inspection Reports of Deloitte & Touche LLP have been submitted and the PCAOB is currently reviewing these responses.

Peer review—audits of nonpublic entities—In addition to the PCAOB inspections of public company audits, professional requirements of the AICPA and many state accountancy boards require that public accounting firms undergo a peer review of their accounting and auditing practices related to nonpublic entities. Another public accounting firm conducts the peer review every three years.

A peer review of our system of quality control for the year ended March 31, 2020, was completed in December 2020. The peer review was primarily related to audit engagements for the year ended December 31, 2019. Our 2020 report, with the highest rating of "pass," is posted to the AICPA website at:

https://peerreview.aicpa.org/public_file_search.html.

Causal factor analysis and remediation

We take all inspection observations very seriously. We seize opportunities to enhance the quality of our audits and have taken the constructive feedback from past inspections to make changes that are yielding desired improvements in audit quality. We are committed to constructive engagement with the PCAOB, and we analyze



and perform remedial procedures relative to each written inspection comment we receive. In addition, we perform analyses to identify the causal factors behind our positive inspection outcomes and written inspection comments, and we develop action plans accordingly to continuously enhance audit quality. Furthermore, we assess whether corrective actions to our system of quality control may also be appropriate and, if so, such actions are designed, implemented, and monitored.

We are managing our Audit & Assurance business with audit quality as our number one priority, using consistent, nationally driven policies. We have made substantial, comprehensive investments in our Audit & Assurance business to enhance the consistency of our audit execution in an increasingly dynamic economic environment and respond to the evolving requirements of capital markets.

Statement on the effectiveness of the functioning of the quality control system

As we strive to be the standard of professional excellence, we are committed to the consistent delivery of high-quality audits and the effective functioning of our system of quality control. Our monitoring and review activities have confirmed that our system of quality control is operating effectively. The results of these activities are communicated regularly to our leadership and allow us to identify areas in need of potential improvement now or in the future. Our process includes an internal certification process by partners and managing directors with responsibilities for the various aspects of the system of quality control to emphasize the importance of effective quality control. The internal certification process supports the Chair and Chief Executive Officer (CEO) of Deloitte & Touche LLP's responsibility for 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 rules of the US SEC and the PCAOB. Performs full reviews of independence quality controls on a three-year cycle; provides an annual focused review program to be performed by member firms for the off-cycle years; and performs in-depth follow-up reviews as needed.



Performs **ongoing 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.

All professionals of the Deloitte US entities are expected to act with integrity in accordance with high ethical standards as presented in our US Code of Ethics and Professional Conduct (the “Code”), which includes our Global Principles of Business Conduct that is available at: <https://ecode.deloitte.com/welcome>. The Code specifies expectations for all professionals of the Deloitte US entities regarding ethics and compliance standards, as well as explaining each individual’s responsibilities to the public, clients, and colleagues. Professionals receive a variety of communications and training promoting ethical behavior. Channels for discussing issues regarding ethics and compliance are well established and used regularly.

High ethical standards within the Audit & Assurance business are maintained through a set of policies and programs that function across all the Deloitte US entities. Our professionals are accountable for demonstrating high levels of integrity and professionalism at all times.

Our independence requirements apply to all Deloitte US entities’ professionals, regardless of whether they are directly involved in delivering audit services. The National Managing Partner for the Independence & Conflicts Network (ICN) is responsible for overseeing independence matters, including the design, implementation, operation,

monitoring, and maintenance of the system of quality control related to independence. The Chief Ethics & Compliance Officer is responsible for making sure appropriate disciplinary action is taken when independence policy or regulatory violations occur.

Communications to our professionals

We use a variety of communication channels and approaches, such as our intranet site, newsletters, email communication campaigns, leadership messages, mandatory training, and embedded messaging in various career milestone learning programs (including prehire and onboarding) to promote and reinforce the importance of ethical behavior; compliance with laws, professional standards, and responsibilities; and policies across the Deloitte US entities.

Part of our culture from the beginning

During our onboarding process for new hires, professionals are introduced to Deloitte’s standards and expectations for ethics, independence, confidentiality, data privacy, and compliance. After the initial onboarding program, we require all new professionals to complete several trainings covering these topics in more detail during the first 60 days with our organization. We also



conduct periodic mandatory training for our professionals related to specific ethics and independence-related topics.

Tools and resources

Our readily accessible tools and resources make it easier for our professionals to meet their independence and compliance requirements.

Our Compliance HelpDesk is available to both employees and their spouses/spousal equivalents to assist in answering questions about independence and compliance requirements. In addition, our professionals can access and track their compliance status on My Compliance Dashboard via our intranet or mobile application.

We actively encourage our professionals to speak with their supervisors or contact the Ethics and Compliance Office about ethics and compliance issues, and offer the Integrity Helpline, a confidential, 24-hours-a-day, 365-days-a-year service that is accessible from any location. Each reported incident is investigated thoroughly to resolution.

Individual compliance and internal monitoring

To help our professionals maintain their personal independence, the Deloitte US entities provide access to integrated systems that contain regularly updated information about companies that are restricted for independence reasons (restricted entities), and a platform for tracking and monitoring professionals' and their immediate family members' investments and financial relationships in the Deloitte Tracking & Trading System.

Our broker data import program enables professionals to authorize their brokerage account holdings to be automatically imported into their Deloitte Tracking & Trading System portfolio. To monitor the accuracy and completeness of information reported in the Deloitte Tracking & Trading System, the Independence Monitoring team performs audits of selected professionals across all levels within the Deloitte US entities.

Personal representations and reporting of potential independence violations

US professionals are required to submit a semiannual "Representation on Independence, Ethics, and Compliance" to confirm they have read, understood, and complied with our Code, as well as independence policies and guidance. All representations, in which self-disclosures of potential policy violations are made by professionals, are reviewed by the Independence Monitoring team.

Professionals are required to report potential independence violations involving themselves, their spouses/spousal equivalents, or dependents when they are identified. ICN is informed of potential independence violations to determine the appropriateness of the corrective actions and the need for communications and/or actions with respect to the clients involved. Ethics & Compliance considers the need for any disciplinary measures and the Chief Ethics & Compliance Officer regularly reports to Deloitte's senior leadership regarding regulatory and policy violations and disciplinary actions taken.

Scope of services for attest clients

Our engagement acceptance policies for nonaudit services require that the partner, principal, or managing director for each potential engagement undertakes a process that determines whether independence must be maintained with respect to the client, even if the client is not an attest client.

Because of limitations on the permissible services for attest clients and their affiliates, independence is considered as part of the engagement acceptance process. If independence from the client is required, the engagement partner, principal, or managing director must verify, prior to beginning the engagement, that the services to be provided are permissible and have been preapproved by the lead client service partner and, where necessary, the audit committee or its equivalent.

Each year, the Independence Monitoring team conducts engagement independence inspections of selected restricted entity audit clients for review of scope-of-service approvals and related documentation, including documentation of communications and discussions with the audit committee, and the permissibility of the services. The results of the inspections are communicated to the engagement team as well as Audit & Assurance leadership for consideration in evaluating the engagement team's overall performance.

Monitoring business relationships

A marketplace business relationship is one where a Deloitte US entity engages with a third party to provide services to clients or to promote eminence in the marketplace. All new marketplace business relationships require reviews by the lead relationship partner and by the ICN Business Relationship team. A database of approved marketplace business relationships is maintained and continuing relationships undergo an independence update at least annually.

Vendor business relationships are relationships wherein a Deloitte US entity or its personnel purchases goods or



services for Deloitte's use in the ordinary course of business. All such relationships are assessed for compliance with established policies and procedures.

The Independence Monitoring team conducts annual reviews of the processes used by, and the controls in place for, each Deloitte US entity to ascertain whether marketplace business relationships are identified and submitted for review and approval in a timely manner and in compliance with established policies. It also evaluates a sample of all vendor business relationships, including those with restricted entities, to assess whether they have been through the appropriate processes and protocols and comply with established policies.

Internal review of independence practices

The Deloitte US entities have conducted a thorough internal review of our independence practices. The results have been reported to leadership and provide reasonable assurance that our professionals are compliant with the

requisite independence policies and procedures. In the event of noncompliance, we have addressed each matter on a case-by-case basis at a programmatic and individual level, providing additional training, guidance, or disciplinary action as appropriate.

Results of noncompliance

Our policies include expectations concerning independence policies and the consequences of noncompliance. Such actions may involve written reprimands, additional required training, counseling by applicable leadership, additional independence audits, monetary penalties, reductions in performance ratings, restrictions on the individual from providing services, changing the individual's job responsibilities, and termination/separation from the Deloitte US entities. A national independence compliance review committee composed of senior leaders addresses more serious violations by partners, principals, and managing directors.



Professional development and performance management

Learning and development programs

Our professional development program illustrates our recognition that continuous improvement requires continuous learning. We provide training and education on technical and regulatory matters, professional ethics and independence, and nontechnical programming that focuses on leadership development, well-being, and inclusion.

Our professional development program is designed to build the technical, industry, and leadership skills essential to delivering high-quality audits and to attract and retain top talent in the profession. In response to the COVID-19 pandemic, Deloitte pivoted to a 100% virtual (digital and instructor-led) curriculum throughout fiscal year 2021. To maintain a quality learner experience while still delivering the technical information necessary for performing quality audits, Deloitte instructional designers and subject matter resources applied leading practices for virtualizing content. In fiscal year 2021, our innovative programs for Deloitte auditors offered nearly 840,000 learning hours, incorporating interactive modular-based programs with case studies, breakout discussions, simulations/role-plays, and videos. As we look toward a post-COVID future — and the re-opening of Deloitte University, our leadership center located in Westlake, Texas — creating a learning environment that includes a more balanced and intentional mix of live in-person, virtual, and digital learning becomes an additional focus of our modernized learning approach.

Our extensive curriculum, evaluated annually to enhance content, method, and approach of delivery, covers technical accounting and auditing matters, as well as professional standards, regulatory, professional ethics, and independence issues for all levels from new hire to partner and managing director. The curriculum encompasses a wide variety of data & analytics and tech-savvy topics, including the use of our innovative tools and other disruptive technologies that prepare our professionals to operate in the 21st century. For select strategic areas, we combine multiple courses and experience requirements for proficiency programs allowing professionals to be recognized for achieving a level of proficiency. In addition, every year, our partners, managing directors, senior managers, and managers

attend level-specific intensive programs focused on timely accounting and auditing issues, specialized industry matters, and a variety of leadership and professional topics. We enhance our culture of development by using annual personal development plans and providing learning materials and experiences that professionals can leverage on demand while on the job.

Our client service professionals have rigorous external and internal continuing professional education (CPE) requirements. All Audit & Assurance client service professionals, whether certified public accountants (CPAs) or not, are required to complete at least 40 CPE credits by December 31 every calendar year. For professionals performing client service who also devote more than 25% of their available time to performing attest services or have engagement partner- or manager-level responsibility for the overall supervision of attest services, at least 16 of the required 40 CPE credits must be in the subject areas of accounting and/or auditing. We monitor compliance with internal and external CPE requirements.

Deloitte supports our professionals in maintaining necessary licensing and certifications and offers learning opportunities to stay current on professional standards. We encourage our partners, principals, managing directors, senior managers, and managers to teach or facilitate learning programs. We encourage all levels to participate in profession-wide organizations and in the programs they sponsor, such as the CAQ, the AICPA, and state CPA societies.

Performance management and earnings allocation

The annual performance management and earnings allocation practices of the Deloitte US entities emphasize shared values and promote the attainment of our top priorities.

Clear expectations are set out for partners, principals, and managing directors engaged in the delivery of audit services that indicate they must be committed to professional excellence, which includes exhibiting a high level of audit mastery/proficiency.



At the start of the fiscal year, partners, principals, and managing directors set goals based on expectations of their peer group, roles, responsibilities, and organizational strategic objectives. Goals are subject to review and input by their career development advisor and leadership, and progress is assessed throughout the year, including at fiscal year end.

Each partner, principal, and managing director is evaluated on an ongoing basis based on the contributions they make to the business. Quality considerations are the foundation of the assessment for audit partners, principals, and managing directors and are central to the deployment, peer grouping, and unit/earnings allocation/compensation processes. For those who do not meet quality expectations, custom performance improvement and development plans are designed. These plans address the many aspects of quality and provide leadership support and, in some cases, oversight of work or limitations on assignments. Supervisory partners typically review, support, and monitor these plans.

The partner/principal performance management and earnings allocation practices of the Deloitte US entities focus on the following critical components:

- Emphasis on shared values of integrity, outstanding value to markets and clients, quality, commitment to each other, and strength from cultural diversity.

- Compliance with applicable independence requirements.
- Support for professional development and succession.
- Assessment of the expectations and skills outlined in our performance criteria for deployment, goal setting, performance feedback, and peering purposes.

For partners and principals, an earnings allocation process is employed. In general, every year, the applicable partnership allocates interests to partners and principals. These interests are referred to as units. Units are assigned to partners and principals on an overall assessment of their performance, impact, and contribution, in accordance with their peering group. At the end of the fiscal year, unit value is set based on the performance of the Deloitte US entities. The earnings of partners and principals are determined by their number of units.

To reinforce focus on their primary responsibility—providing high-quality audit services—the policies of the Deloitte US entities, consistent with federal regulations, forbid audit partners from receiving compensation, bonuses, or other direct financial incentives for selling to their audit clients products or services other than audit, review, or assurance-related services.



Legal structure of the Deloitte network and the Deloitte US entities

Network description

The Deloitte network

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

Deloitte Touche Tohmatsu Limited

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

"Deloitte" is the brand under which approximately 345,000 dedicated professionals in independent firms throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to select clients. These firms are members of DTTL. DTTL, these member firms, and each of their respective related entities form the "Deloitte organization." Each DTTL member firm and/or its related entities provides services in particular geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates. Each DTTL member firm is structured in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its respective territories through related entities. Not every DTTL member firm or its related entities provide 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 US: legal structure and ownership

In the United States, Deloitte LLP and Deloitte USA LLP are the member firms of DTTL. Deloitte USA LLP holds the rights to the "Deloitte" name, licenses the right to use the name to the Deloitte US entities, and has certain responsibilities for the cross-functional coordination and oversight of the Deloitte US entities to protect and enhance the Deloitte brand. Deloitte USA LLP has no ownership interest in Deloitte LLP or its subsidiaries. Services to clients are provided by the subsidiaries of Deloitte LLP, including:

- Deloitte & Touche LLP
- Deloitte Consulting LLP
- Deloitte Financial Advisory Services LLP
- Deloitte Tax LLP
- Deloitte Transactions and Business Analytics LLP

Deloitte USA LLP, Deloitte LLP, and the subsidiaries of Deloitte LLP are each separate and distinct legal entities. Each of the subsidiaries listed above is organized under Delaware law; separately capitalized; has its own Chair, CEO, and Board of Directors; and these subsidiaries provide a distinct, though complementary, array of services, including audit and assurance, advisory, tax, and consulting services.

Deloitte & Touche LLP provides audit, assurance, and risk and financial advisory services to clients and is registered with the PCAOB to perform audits of US public companies. Deloitte & Touche LLP is a private partnership registered under the laws of the State of Delaware as a limited liability partnership and is owned by Deloitte LLP and its individual partners and principals who actively participate in its business.²

Deloitte & Touche LLP is licensed to practice public accountancy in 51 states and US jurisdictions. In addition,

² Deloitte LLP also is a private partnership registered under the laws of the State of Delaware as a limited liability partnership and is owned by its partners and principals who actively participate in its business or the business of its primary subsidiaries.



where required by state accountancy laws, Deloitte LLP, Deloitte Tax LLP, and Deloitte Financial Advisory Services LLP also are licensed to practice public accountancy in various jurisdictions. These partnerships are subject to state law requirements regarding the licensing of CPAs. All professional practice matters are solely within the control and authority of the entities that are licensed to practice public accountancy in the United States.

Deloitte & Touche LLP is focused on providing high-quality audits to our US-based multinational audit clients through a globally consistent methodology executed locally across our member firm network. Performing audits of

multinational companies with subsidiaries around the world involves complexities regarding scoping, coordinating, and executing audit work, whether performed by the US-lead engagement team or component auditors in non-US locations.

Given these complexities, the supervision and review of work performed by other member firms that is relevant to the audit opinions on the consolidated financial statements and internal control over financial reporting (if applicable) of US-based multinational audit clients are highly coordinated and managed elements of these engagements.



Deloitte & Touche LLP governance – leadership in action

Deloitte & Touche LLP is the Deloitte US entity that provides audit, assurance, and advisory services, and it is registered with the PCAOB to perform audits of US public companies.³ The Chair and CEO of Deloitte & Touche LLP appoints members to the Deloitte & Touche LLP Board of Directors subject to periodic ratification by a vote of the partners and principals of Deloitte & Touche LLP.

The Deloitte & Touche LLP Board of Directors is responsible for the governance and oversight of the Deloitte & Touche LLP Audit & Assurance and Risk & Financial Advisory businesses. Specific responsibilities include approving the admission of partners and principals, approving the allocation of units and earnings to partners and principals, approving the financial aspects of business plans, and approving the strategy.

Senior management of Deloitte & Touche LLP develops and implements the strategy for the Deloitte & Touche LLP Audit & Assurance and Risk & Financial Advisory businesses, including related policies, procedures, other professional practice matters, and leadership appointments. The Deloitte & Touche LLP strategy is developed in alignment with the overall strategic direction established for the Deloitte US entities. In all their activities, Deloitte & Touche LLP senior leaders are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements.

The Chair and CEO of Deloitte & Touche LLP has established a governance model that includes the Deloitte & Touche LLP Board of Directors, Audit &

Assurance Executive Committee, and Risk & Financial Advisory Executive Committee.

The Chair and CEO of Deloitte & Touche LLP supervises the Audit & Assurance Executive Committee, which includes:

Deloitte & Touche LLP – Audit & Assurance Executive Committee⁴

| |
|---|
| Lara Abrash, Chair and Chief Executive Officer |
| Ellen Basilio, National Managing Partner – US Growth & Offerings |
| Christine Davine, National Managing Partner – Quality, Risk & Regulatory |
| George Fackler, Chief Strategy Officer |
| Tim Gillam, National Managing Partner – PPMD Talent |
| Chris Griffin, Regional Managing Partner – West |
| Dipti Gulati, Regional Managing Partner – East |
| Robert Hollingsworth, National Managing Partner – US Audit & Assurance |
| Jon Raphael, National Managing Partner – Digital Transformation & Innovation, and National Managing Partner – Assurance |
| Sherif Sakr, Chief Operating Officer |
| Matt Wangard, Regional Managing Partner – Central |

The following are the members of the Deloitte & Touche LLP Board of Directors:

Deloitte & Touche LLP – Board of Directors⁴

| | |
|--------------------|----------------|
| Lara Abrash, Chair | |
| Chris Cooper | Stacy Janiak |
| Jennifer Haskell | John Peirson |
| Jannie Herchuk | Jeff Salvatore |
| Trina Huelsman | Justin Silber |

³ For more information regarding the legal structure and governance mechanisms of the Deloitte US entities, see the *Legal structure of the Deloitte network and the Deloitte US entities* section of this report.

⁴ All members of the Audit & Assurance Executive Committee and the majority of the members of the Board of Directors are CPAs.



Appendices



Appendix A | EU EEA audit firms

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

The following is a list of the firms in the Deloitte network that perform statutory audits in a European Union (EU) or European Economic Area (EEA) member state.

| EU/EEA member state | Name of audit firms carrying out statutory audits in each member state |
|---------------------|--|
| Austria | Deloitte Audit Wirtschaftsprüfungs GmbH |
| | Deloitte Burgenland Wirtschaftsprüfungs GmbH |
| | Deloitte Niederösterreich Wirtschaftsprüfungs GmbH |
| | Deloitte Oberösterreich Wirtschaftsprüfungs GmbH |
| | Deloitte Salzburg Wirtschaftsprüfungs GmbH |
| | Deloitte Tirol Wirtschaftsprüfungs GmbH |
| | Deloitte Wirtschaftsprüfung Styria GmbH |
| Belgium | Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises BV / SRL |
| Bulgaria | Deloitte Audit OOD |
| Croatia | Deloitte d.o.o. za usluge revizije |
| Cyprus | Deloitte Limited |
| Czech Republic | Deloitte Audit s.r.o. |
| Denmark | Deloitte Statsautoriseret Revisionspartnerselskab |
| Estonia | AS Deloitte Audit Eesti |
| Finland | Deloitte Oy |
| France | Deloitte & Associés |
| | Deloitte Marque & Gendrot |
| | Audalian Commissaire |
| | BEAS |
| | Cisane |
| | Constantin Associés |
| | D.B. Consultant |
| | ECA Audit |
| | Jacques Serra et Associés |
| | Laurens Michel Audit |
| | Opus 3.14 Audit et Conseil |
| | Pierre-Henri Scacchi et Associés |
| | Revi Conseil |
| Germany | Deloitte GmbH Wirtschaftsprüfungsgesellschaft |
| | Deutsche Baurevision GmbH Wirtschaftsprüfungsgesellschaft |
| | SüdTreu Süddeutsche Treuhand GmbH Wirtschaftsprüfungsgesellschaft |
| Greece | Deloitte Certified Public Accountants S.A. |



| EU/EEA member state | Name of audit firms carrying out statutory audits in each member state |
|-----------------------------|---|
| Hungary | Deloitte Könyvvizsgáló és Tanácsadó Kft. |
| Iceland | Deloitte ehf. |
| Ireland | Deloitte Ireland LLP |
| Italy | Deloitte & Touche S.p.A. |
| Latvia | Deloitte Audits Latvia SIA |
| Liechtenstein | Deloitte (Liechtenstein) AG |
| Lithuania | Deloitte Lietuva, UAB |
| Luxembourg | Deloitte Audit |
| Malta | Deloitte Audit Limited |
| Netherlands | Deloitte Accountants B.V. |
| Norway | Deloitte AS |
| Poland | Deloitte Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa Deloitte Audyt spółka z ograniczoną odpowiedzialnością |
| Portugal | Deloitte & Associados, SROC S.A. |
| Romania | Deloitte Audit SRL |
| Slovakia | Deloitte Audit s.r.o. |
| Slovenia | Deloitte Revizija d.o.o. |
| Spain | Deloitte, S.L. |
| Sweden | Deloitte AB |
| United Kingdom ⁵ | Deloitte LLP Deloitte Limited Deloitte N.I. Limited |

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

The total turnover achieved by the audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements: € 1.9 billion.⁶

⁵ On January 31, 2020, the United Kingdom was no longer part of the European Union. However, pursuant to an agreement between the United Kingdom and EU, the United Kingdom remained part of the EU customs union and single market and continued to apply EU law through the end of the transition period (i.e., December 31, 2020). The disclosure of total turnover from the statutory audit of financial statements includes turnover from the United Kingdom firms for the period from June 1, 2020 to December 31, 2020.

⁶ 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 May 31, 2021, except for a limited number of instances where a Deloitte audit firm has different financial year-end or has not finalized its reporting for such period. In these cases, turnover amounts are for the relevant financial year or preceding financial year. Where currency other than Euros is used in the member state, the amount in Euros was translated using an average exchange rate in effect for the period June 1, 2020 to May 31, 2021.



Appendix B | Financial information

We provide information on revenue and earnings by service, employee compensation, and benefits as a percentage of revenue and our capital structure. The following table summarizes the revenue and other statistics of the Deloitte US entities on a combined basis:⁷

| Fiscal year end | 2021 | 2020 | 2019 |
|--|--|----------|----------|
| Revenues (US \$ in millions) | \$22,931 | \$23,157 | \$21,913 |
| Revenue | | | |
| Earnings | | | |
| Employee compensation and benefits as a percentage of revenue | 52.4% | 51.2% | 49.2% |
| Capital structure | The majority of our capital structure consists of capital contributed by our partners and principals. In addition to this paid-in capital, the other portion of our capital structure consists of long-term privately placed debt. The debt carries an NAIC 1 designation, NAIC's highest designation, which is comparable to an A or better rating from one of the nationally recognized rating agencies. | | |

■ Audit and Enterprise Risk Services ■ Tax ■ Consulting ■ Other Advisory

Note: The accounting records of each Deloitte US entity are prepared on the accrual basis and in a manner that reflects the way the businesses are operated. The financial information shown above is not prepared in accordance with US GAAP. The revenue amounts shown include reimbursable expenses billed to clients. Earnings for each entity include direct costs and expenses, as well as allocated amounts of shared costs and expenses.

⁷ Information is as of the fiscal years ended May 29, 2021, May 30, 2020, and June 1, 2019.



Appendix C | Public interest entities

US public audit clients as reported to the PCAOB

The PCAOB requires all registered firms to file annual reports on Form 2 each year, covering a 12-month period from April 1 through March 31. In compliance with PCAOB rules, Deloitte & Touche LLP filed an annual report on June 30, 2021, listing all audit reports issued for issuers, as defined under US law, for the 12-month reporting period ended March 31, 2021. Information on such audits is available electronically. To view the list of our issuer audit clients, please refer to our Form 2, Item 4.1 on the PCAOB website at:

<https://rasr.pcaobus.org/Forms/FormSummary.aspx?ID=AAC95D8B4D90A69E0C2755B777F4FB60>.

Public audit clients as reported in EU member states

Below is a list of our public audit clients that have issued transferable securities on a regulated market in EU member states⁸ for which Deloitte & Touche LLP completed an audit during our fiscal year ended May 29, 2021:⁹

- Eagle Bulk Shipco LLC
- Honeywell International Inc.
- Marsh & McLennan Companies Inc.
- Morgan Stanley
- Morgan Stanley Finance LLC
- Northrop Grumman Corporation
- The Boeing Company

⁸ Relevant audit clients generally include companies incorporated outside the EU/EEA whose transferable securities are admitted to trading on a regulated market of any member state of the EU/EEA, with certain exceptions, as described in the frequently asked questions annexes to the Forms A and B (EU) Common Application Forms. Each of the EU member states in which Deloitte & Touche LLP is registered defines relevant audit client in a similar manner.

⁹ The aggregate audit and related fees earned as of May 29, 2021, for these companies totaled approximately \$163 million. The aggregate other fees earned as of May 29, 2021, for these companies totaled approximately \$5 million.

Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the “Deloitte” name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.

Deloitte provides industry-leading audit, consulting, tax and advisory services to many of the world’s most admired brands, including nearly 90% of the Fortune 500® and more than 5,000 private and middle market companies. Our people work across the industry sectors that drive and shape today’s marketplace — delivering measurable and lasting results that help reinforce public trust in our capital markets, inspire clients to see challenges as opportunities to transform and thrive, and help lead the way toward a stronger economy and a healthy society. Deloitte is proud to be part of the largest global professional services network serving our clients in the markets that are most important to them. Now celebrating 175 years of service, our network of member firms spans more than 150 countries and territories. Learn how Deloitte’s more than 345,000 people worldwide make an impact that matters at www.deloitte.com.

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor.

Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.