

9 Appendix

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. It also explains each individual's responsibilities to their clients, colleagues, and society.

Our commitment to ethics

Our leaders see 'doing the right thing' as a fundamental principle, which is not just in the interest of our people and our clients, but also in the public interest. Ethics and integrity are at the core of our business and pivotal to the reputation of our firm.

Our commitment to independence, ethical behaviour and compliance is demonstrated by the tone set by our leaders and reinforced by comprehensive policies and procedures that are consistently monitored.

Deloitte Africa Independence

The Global firm has developed an independence policy which is primarily based on the requirements of the International Ethics Standards Board for Accountants and the Public Company Accounting Oversight Board (PCAOB). Furthermore, local requirements of country specific external audit regulators and other legislation (including Companies Act requirements) are included. The independence policy covers requirements that both the firm and professional staff (including their immediate family members) need to adhere to.

As a result of updated regulatory requirements, the independence policy will be updated and effective from 15 December 2022. These relate specifically to non-assurance services and fees for Public Interest Entity (PIE) audit clients. Any breach of independence policies is taken seriously and may result in sanctions determined in accordance with the Africa Independence Transgression and Liability policy.

A dedicated Director of Independence oversees firm and staff compliance with the independence requirements. Support is provided by an Independence network that was established in all our businesses and regions across the continent.

Several systems of quality controls were developed by Deloitte Global to assist with the compliance and monitoring of independence requirements. These have been supplemented by the development of local systems of quality controls where necessary. Over the past year, these have been fully centralised across the Africa regions to drive consistency.

Independence confirmations

Electronic independence confirmations are completed by all staff annually whereby they confirm that they have fully complied with all aspects of the firm's independence policies over the past 12 months. Similarly, each new hire completes a confirmation upon joining the firm, confirming their understanding of the firm's independence policies after receiving extensive training on these. The firm also signs an annual confirmation to the Global firm, confirming firm independence compliance over the past 12 months.

Global independence monitoring system

The GIMS records and monitors the personal financial interests of all partners, directors and client-facing professionals of manager grade and above, including those of their immediate family members (spouses or spousal equivalents, and dependents). The system records and monitors the personal financial interests of about 1 700 GIMS users that fall within the brackets for quality monitoring. This is primarily to ensure that our client facing professionals and their immediate families do not hold prohibited financial interests in our clients.

In 2021, partners and staff were subject to financial penalties of over R1 million across our Africa Member firm. Most of these occurrences related to individuals missing deadlines to report financial interests or business relationships.

A digital application for use on smartphone/tablet devices has been rolled out to assist professionals with their disclosure requirements.

Business relationships monitoring system

The BRMS records the business relationships of the firm and all staff and monitors compliance with independence policy. All proposed relationships require pre-approval through our BRMS, and certain relationships are re-evaluated and approved on an annual basis.

Inspections and testing

A sample of partners, directors and client-facing professionals of manager grade and above are selected for independence inspection and testing annually. The individual's personal compliance with the firm's independence policies is evaluated, including the accurate completion of their independence confirmations and GIMS and BRMS records.

Deloitte entity search and compliance system

The DESC system contains group structure information of all the firm's audit clients. Any new proposed non-audit service for any audit client or its affiliates is submitted to the relevant audit partner, whose role is to ensure that the scope of services complies with the relevant independence policies, and that it falls within the scope pre-approved by the entity's audit committee. This is facilitated through the Service Request Monitoring (SRM) application within DESC. The information contained in the DESC system is continuously updated to ensure its accuracy and completeness. The system also allows all staff to confirm the permissibility of a new personal financial interest before the acquisition is made.

Client and engagement acceptance monitoring

A sample of partners and directors are selected for an in-depth assessment of the individual's compliance with independence policy related to client and engagement acceptance processes.

Consultation system

Subject matter experts are available to all staff for consultation on independence matters. A record of the consultation, with supporting documentation and evidence, is available for future reference. All staff are required to complete independence learning when joining the firm, and on a continuous basis, to ensure the firm drives awareness of the independence policies and the different quality controls systems available. Over the past year, learning courses were updated to reflect the changes in independence policy. In addition, several messages on independence from the firm's leadership were communicated to all staff.

Reporting

The Director of Independence presents an annual report on independence compliance to the Executive Committee and the Board.

The key elements of the system of quality control that Deloitte Africa 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 DESC system, the SRM application, and the GIMS
- An Inspection and Testing programme coupled with annual and special purpose independence confirmations to monitor individuals' compliance with independence requirements
- Consultation processes that include the identification of individuals who are to be contacted for independence matters
- Procedures to identify and analyse non-compliance with independence requirements and apply related disciplinary measures and actions
- Independence-related learning and communications

Long association requirements of audit partners and professionals

Long association requirements of audit partners and other professionals are currently tracked via the portfolio allocation processes.

We established a Portfolio Governance Board, convened to debate and decide on the partner, engagement quality control reviewer and team allocation to our listed client portfolio, considering industry experience and capabilities, quality history, workload and business chemistry.

Long association requirements of audit partners are a key consideration when allocating a partner to a client. We have further invested in a portfolio management system which is currently in development. Going forward the rotation requirements will be built into the portfolio management system and provide real time control to pro-actively alert the business to upcoming rotation requirements.

10 Glossary

Privacy

For data-protection compliance, we align our privacy programmes with leading accountability practices. We work closely with the Deloitte Global Privacy and the Deloitte Global Public Policy and Regulatory teams to monitor new privacy developments affecting our clients and firm. We also continually review available mechanisms to better facilitate and safeguard data transfers.

Confidentiality

We are dedicated to continually improving how we safeguard client confidential information and internal information about our people and operations. We work with the Deloitte Global Confidentiality team to shape a globally consistent approach. Our confidentiality leaders use a variety of strategies – for example, maturity assessments, cutting-edge technology, communication and training – to consciously shape a culture in which every Deloitte professional feels a sense of ownership in their role of protecting confidential information.

Cyber-security

The risk of a malicious cyber-attack or breach of security is an area of considerable focus. Such an event could result in Deloitte's data, or that of our clients, being lost, corrupted or disclosed to unauthorised parties. It could also prevent the firm from doing business as normal. The firm has implemented a process of monitoring, reviewing and continuous improving in response to this growing risk.

Financial Crime

We understand that our clients require the highest degree of ethics, integrity and quality in the performance of our services. We also understand that our clients may be subject to laws that prohibit bribery, corruption, money laundering or breaches of sanctions or export controls laws (collectively 'Financial Crime'). We may be subject to similar laws, regulations and other codes of professional conduct, and as such have our own internal policies, which prohibit illegal or unethical behaviours and procedures which are aimed at mitigating risks associated with Financial Crime.

In pursuance of the above we have implemented various Financial Crime related programmes and also process elements aimed at mitigating the risk of Financial Crime.

The Deloitte Financial Crime programme includes:

1. Financial Crime related policies, procedures and guidelines
2. Financial Crime training, communication and awareness building
3. Financial Crime risk assessments
4. Financial Crime due diligence on clients and non-client third parties (e.g. vendors and subcontractors)
5. Financial Crime internal audits
6. An anonymous whistle-blower reporting platform
7. Non-retribution policy for bona fide reporting of Financial Crime
8. Annual Financial Crime compliance confirmations for all staff
9. Financial Crime governance body reporting

In connection with the performance of services for our clients, we undertake to uphold the highest standards of ethics and integrity. We do not offer, promise or give any financial or other advantage to another person with the intention of inducing them to perform improperly or to reward improper, and we undertake to comply with all applicable Financial Crime laws and regulations, both local and international (including the Foreign Corrupt Practices Act (FCPA) and UK Bribery Act).

We conduct our business activities according to the following principles:

- We are committed to compliance with all applicable Financial Crime laws;
- We are committed to working in an ethical, lawful, and professional manner; and
- We do not violate Financial Crime laws, nor do we facilitate or otherwise cause others to do so.

B-BBEE	Broad-based Black Economic Empowerment
BRMS	Business relationships monitoring system
CA(SA)	Chartered Accountant (South Africa)
CEO	Chief Executive Officer
Companies Act	Companies Act 71 of 2008 (South Africa)
COVID-19	Coronavirus disease
CRB	Client Review Board
DESC	Deloitte entity search and compliance system
DRB	Deal Review Board
DTTL	Deloitte Touche Tohmatsu Limited
DUE	Deloitte University EMEA
EMEA	Europe Middle East and Africa
EQCR	Engagement Quality Control Review
ESG	Environmental, social and governance
FCPA	Foreign Corrupt Practices Act (United States of America)
GIMS	Global independence monitoring system
IFR	In-flight Review
IFRS	International Financial Reporting Standards
IPR	Internal Practice Review
IRBA	Independent Regulatory Board for Auditors
ISAE	International Standard on Assurance Engagement
ISQM	International Standard on Quality Management
ITR	International Tax Review
JSE	Johannesburg Stock Exchange
KPI	Key Performance Indicator
KZN	KwaZulu-Natal, South Africa
LCSP	Lead Client Service Partner
LGBT+	Lesbian, gay, bisexual, transgender, queer
PBR	Priority Business Risk
PCAOB	Public Company Accounting Oversight Board
PIE	Public Interest Entity
QRM	Quality Risk Management
R	South African rand
SAGEA	South African Graduate Employers Association
SAICA	South African Institute of Chartered Accountants
SRM	Service Request Monitoring
TEF	Tony Elumelu Foundation
TES	Temporary Employment Services
UK	United Kingdom
UK Bribery Act	United Kingdom Bribery Act of 2010
USA	United States of America
USD	United States dollar
WEF	World Economic Forum