

This report serves as Deloitte  
Namibia's Communication on  
Progress to the United Nations

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# Statement of continued support

Deloitte is committed itself to the ten principles on human rights, labour, environment and anti-corruption. The ten principles are closely aligned with our commitment to responsible business and our shared values of integrity, outstanding value to clients and markets, commitment to each other and strength from cultural diversity. We pledge to continue our support towards the ten principles of the United Nations Global Compact.



Junius Mungunda

Managing Partner Deloitte Namibia

# 1. Human Rights

The human rights principles of the Global Compact arise out of the Universal Declaration of Human Rights adopted by the UN General Assembly in 1948

- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- **Principle 2:** Businesses should make sure that their own operations are not complicit in human rights abuses.

## 1.1 Background

Deloitte recognises that it has a responsibility to uphold human rights in the workplace and to use its influence and national reach to foster support for human rights more broadly within society at large. Deloitte not only works to address human rights issues within its communities but also seeks to respond to the human rights challenges across regions and borders. In the workplace, human rights typically take the form of non-discrimination and diversity in personnel practice, professional development that aids employability, and work-life balance programmes that support a healthy balance between professional and private life. Deloitte protects human rights in the community through contributions to increasing levels of education.

## 1.2 Policy Framework

From a policy perspective Deloitte does have employment equity/non-discrimination policies in place. According to the policy, unacceptable grounds for discrimination include: Race, ethnic or social origin, colour, culture, language, birth, gender, sex, pregnancy, marital status, family responsibility, sexual orientation, age, disability, religion, conscience, belief and public opinion. A commitment to human rights is deeply embedded in the Deloitte Ethical Principles; specifically Respect and Fair Treatment- "We treat all our colleagues with respect, courtesy and fairness".

We have a corporate social investment policy which guides how we make community investments in education and job creation in the communities in which we operate. Our investments are on long term partnerships as opposed to once off events. We also encourage our staff to get involved in our activities.

## 1.3 Implementation and activities

With our strategy on being the Standard of Excellence we have three strategic drivers namely leading Transformation, being a Magnet for Talent and Contributing to Society and the Environment which assist us in reaching our goals. It is the responsibility of the Deloitte to support economic transformation and to create equal opportunities for all in the workplace. We are committed to this ideal. The core of our transformation strategy is to develop our leadership from within. Retaining talent for long-term careers requires that we provide exceptional work experience, ongoing learning and a constantly evolving corporate culture. Our transformation goals are holistic and far reaching designed to transform Deloitte into a truly Namibian firm. The firm always has, and always will, support sustainable transformation and human rights. These include:

- Leading the industry in the number of Black partners/directors and managers our firms employs
- Maintaining our 50:50 gender split and increasing the number of women in senior leadership positions
- Maintaining our focus on training and mentoring
- Creating a corporate culture which is inclusive and integrated
- Participating actively in broad based black economic empowerment (BBBEE) reporting initiatives through enterprise development spend
- Investing funds, talent and time back into our communities through education and skills building

Accountability for Transformation rests with the Managing Partner, who reports to the board on strategic progress.

All Business Unit Leaders have Transformation as a key performance indicator and they in turn, hold their partners and directors accountable for the achievement of specific qualitative and quantitative goals. Access to confidential counselling through Independent Counselling and Advisory Services to staff (ICAS) for employees who may feel that their human rights have been violated. ICAS is available to all staff and their immediate family.

Being a magnet for top talent means that we not only attract the best and diverse people, but keep them, and we plan to do this by making Deloitte a place where all our people are engaged in our strategy and appreciated for their contributions to its success. We believe that Deloitte Way gives us the opportunity to regularly engage with each other – at all levels in the firm – around The Deloitte Way and the firm’s Strategy. This will not only help us to identify our top achievers, but it will focus our minds on the key priority areas for our firm and make it meaningful to each of us. A simple-to-use internet system cascades our strategic goals to all our people in Namibia. The technology makes it easy for everyone to interactively give and get feedback on the successes and challenges of living the Deloitte Way- and quickly identifies and appreciates colleagues contributing to our shared vision. Recommendations for recognition get logged into the on-line system. Nominations will identify a person for living the Deloitte Way - and provide a motivation or recognition. The system stores nominations to a database and reports nominations to the team on a monthly basis. People who get nominated the most attend the Deloitte Way awards event.

Corporate Social Investment (CSI) has and always will play a critical part of the business strategy in Deloitte Southern Africa. CSI is an opportunity for the firm to participate in a meaningful way to the upliftment of the communities from where we do business. We invest in our communities in a variety of ways including volunteerism, skills-based volunteerism, pro bono services, board involvement, sponsorships and donations. Our community investment focus is on local priorities that demonstrate shared values and we utilise the core competencies and skills of our people; hence such investments focus on promoting education, employability, and entrepreneurship. Some of our projects include; The Lazarus Shinyemba Ipangelwa (LSI) Foundation’s Business Leadership Youth Program and Wilderness Safaris’ Children in the Wilderness program.

## 1.4 Way forward

The 2012 Transformation strategy is premised on the following principles:

- That we will consistently strive towards race and gender balance in our partner and director numbers
- That we will maintain our BEE rating.
- That we will continue to use organic growth as the foundation of our talent strategy

Our Transformation objectives:

Strategy	Goal by 2012
<p>Optimise the retention of all our talent by creating an enabling culture:</p> <ul style="list-style-type: none"> <li>• In an environment that feels like a professional home for all;</li> <li>• And where everyone has fair opportunities to grow and develop to their full potential.</li> </ul>	<ul style="list-style-type: none"> <li>• Mentors/counsellors and development facilitators to be operating at optimal effectiveness</li> <li>• Utilisation processes in every BU to be effective, fair, monitored and transparent</li> <li>• Zero Employment Equity barriers reported through the Affirmative Action Committee.</li> <li>• Socially and culturally inclusive events to be the norm in all BU’s</li> <li>• Ongoing dialogue circles and change management interventions to be facilitated to provide the platform for colleagues to develop real, sustainable relationships built on trust</li> </ul>
<p>Maintain our leading position in Transformation and provide role models for junior professionals by consistently increasing the number, and seniority, of black and female partners and directors.</p>	<p>To achieve the targets for black and female partners in the following categories:</p> <ul style="list-style-type: none"> <li>• Partners/directors</li> <li>• Senior leadership</li> </ul>
<p>Ensure the sustainability of our transformation strategy by strengthening our partner pipeline of black candidates.</p>	<ul style="list-style-type: none"> <li>• To achieve the target for black senior managers.</li> <li>• To develop a robust pipeline of potential candidates to ensure achievement of partner/director target</li> </ul>

## 2. Labour

The Global Compact Principles relating to labour rights are taken from the 1998 ILO Declaration of Fundamental Principles and Rights at Work.

- **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- **Principle 4:** Businesses should uphold the elimination of all forms of forced and compulsory labour
- **Principle 5:** Businesses should uphold the effective abolition of child labour
- **Principle 6:** Businesses should eliminate discrimination in respect of employment and occupation

### 2.1 Background

Deloitte is committed to creating a sustainable business for the benefit of all stakeholders through an organisational environment where people are encouraged to participate in decisions that directly affect their daily working lives and where shared values and common purpose are promoted. Being a professional services firm, labour is an integral part of the firm's strategies of attracting, retaining and developing the best people. We are committed to being the undisputed Employer of Choice and to enable a culture where all people - regardless of culture, gender and discipline - can succeed. Deloitte regularly conducts people commitment surveys to lend a voice to employees through which to communicate with their leadership. Results are collected, analysed and followed up on in each department and problems are addressed in a constructive manner.

### 2.2 Policy Framework

Deloitte has developed a number of Human Resources and Industrial Relations Policies which form the basis of labour relations objectives and practice relating to its operations. Policies include:

- Termination of employment policy
- Industrial relations and grievance policy
- Remuneration policy
- Leave policy (maternity, paternity, sick leave, study, annual leave)
- Employment equity/non discrimination policies
- Disbursement policy
- Transfer policy
- Travel policy
- Employment equity and non discrimination policy
- Occupational Health and Safety policy

### 2.3 Implementation and activities

We want to be "the place where the best choose to be". In order to ensure that our organisation achieves its goals, we not only need to find and secure great talent, but also make sure that our culture can nurture and sustain it on all levels. Consequently, our talent management efforts are focused on four main priority areas:

- Attraction and recruitment of top talent
- Retention of top talent
- Development of top talent
- Strengthening our culture

#### Workforce composition

In the past three years we have seen the steady growth of our workforce.

	Female	Male	Total Headcount
31 May 2009	41	40	81
31 May 2010	37	38	75
31 May 2011	33	44	77

## Staff commitment survey results

The last People Survey Deloitte undertook was in 2011. In this survey, we saw an increase in staff participation to 97% (from 62% in 2008).

Overall, the Engagement Index for Namibia increased from 70, to 71 in the last survey. While this increase may seem modest, the upward trend is noteworthy as People Engagement is the relative strength of an individual's identification with, involvement in, and loyalty to an organisation. Going forward the firm will continue to focus on this indicator. Conceptually, People Engagement can be characterised as a:

- Strong belief in and acceptance of the organisation's goals and values
- Willingness to exert considerable effort on behalf of the organisation
- Willingness to act on the business/brand strategy
- Strong desire to maintain membership in the organisation

Among other things, engaged employees are:

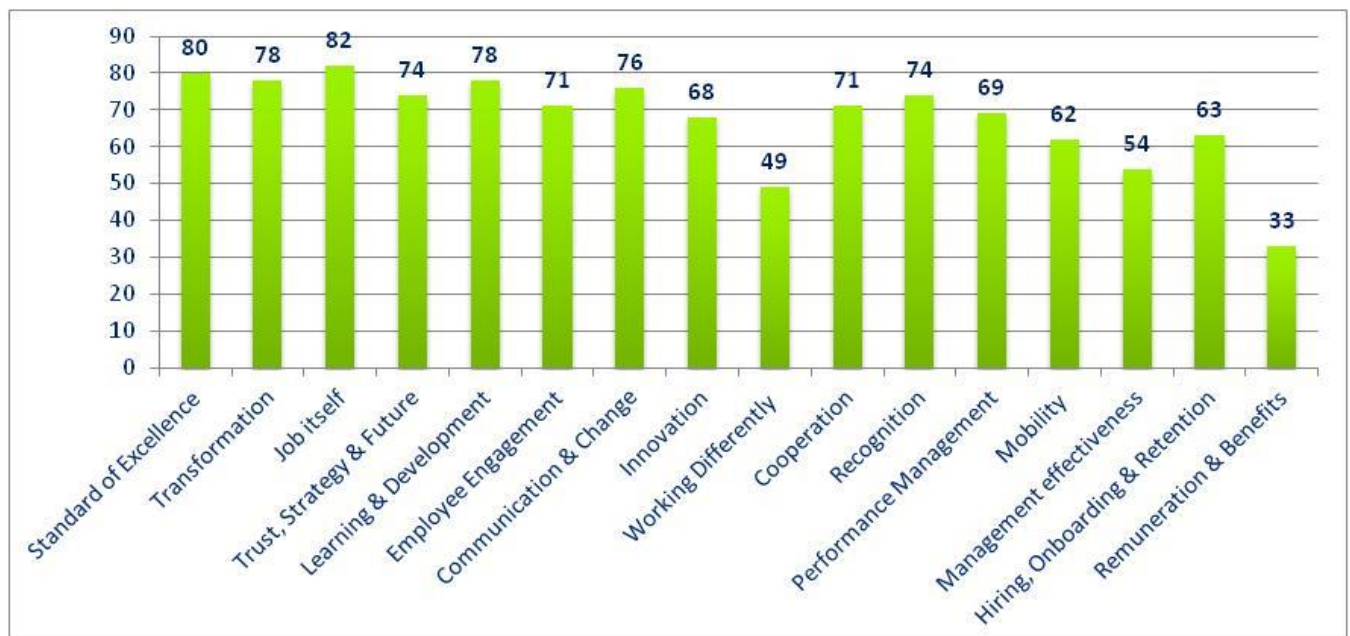
- Motivated to go "above and beyond" for clients (internal or external)
- Feel it is their responsibility to help make the firm more efficient and effective
- Willing to change how they do their jobs
- Energised to solve problems and overcome obstacles to better service

The results of the survey reflect a very proud and client centric employee body. Across the office, in excess of 72% of staff are proud to work for Deloitte Namibia and 80% would recommend the office to friends as a place to work and to prospective clients. We've made progress in many of the people interaction areas with our greatest strengths being in the categories of:

- Job itself;
- Standard of Excellence;
- Learning & Development;
- Transformation.

We have also made notable progress in the categories of Learning & Development and Performance Management. Compensation and benefits, recognition and incentives, and hiring and staffing remain areas that we will continue to focus on.

For Deloitte the goal is to help foster a workplace environment that provides our people with what they're looking for most: meaning, purpose and the special personal connections that they expect from a professional services environment. The summarised results for our firm are reflected on this chart:



The highest priorities for improvement include:

- Work / Life Balance (Working Differently)
- Remuneration and Benefits
- Talent retention

These issues have been discussed in detail in this review, as well as the actions taken which include:

- The review of our Working Differently initiative
- The appointment of a national manager for Reward
- The retirement fund contribution revision
- The development of our Talent Experience initiative
- The Southern African GHR&D 2015 strategy

### **Working Differently at Deloitte**

In line with our drive to attract and retain the best people, Deloitte conducts The People Survey across its member firms in 140 countries. One area that stood out in the results for the Namibian office was work life balance, which continues to be a challenge and area of concern for the people of Deloitte. Deloitte had in place a host of flexible work arrangements (FWA) policies, but feedback from staff was that it was seen to apply only to working mothers. *Working Differently* shakes up the “8-5” paradigm and replaces it with one that emphasises choice for employees in terms of where and when they work and shifts the focus towards delivering results. It is about new, creative and improved ways of working that meets the needs of our people and the clients that we serve. We now have been Working Differently at Deloitte for over a year. A recent survey conducted across the firm indicates that the initiative has had a positive impact on our people and is making inroads into transforming the workplace. The survey also indicated that 71% of our staff feels there are multiple ways of when where and how they get my work done.

### **Our Principles of Work**

We at Deloitte ...

1. ... support flexibility and choice in terms of where, when and how we work.
2. ... recognise that the expectations of our external and our internal clients as well as the expectations of the individual, their manager, their team and their business unit are taken into account when considering Working Differently.
3. ... challenge the widespread perception that “face time” or visibility in the office automatically equals productivity.
4. ... accept that there is no “one size fits all” solution in terms of how, when and where we work and that everyone should be treated as an individual within the guidelines set out.
5. ... recognise that a relationship of trust, respect, open communication and clearly defined deliverables between staff and managers is one of the essentials to make Working Differently successful.
6. ... acknowledge that some roles are more suited to Working Differently than others due to the nature of the work.
7. ... accept that our strategy to be Exceptionally Client Centric may result in circumstances when Working Differently may not be appropriate.
8. ... expect that every arrangement should be negotiated between the individual and the person they report to.
9. .... accept that the success of Working Differently will be the shared responsibility of the individual and the person/s they report to.

### **Compensation and Benefits**

Deloitte appointed a dedicated National Reward manager and a Reward consultant to focus on the rewards and benefits in the organisation. The Reward and Analytics team tracks trends in reward and benefits practices and provides market analysis and best practice advice towards providing reward that reflects levels of responsibility, skill and output and that compensation and benefits are competitive within the marketplace.

### **Employee Well-Being Programme**

Through the Employee Well-being Programme (EWP) we empower our staff and their families to successfully achieve a work-life balance and to live an enriched life. Personal support and information is available 24 hours a day, 365 days a year, from qualified, experienced counsellors. The service offers information and guidance on different aspects of life, including: financial advice, legal issues, relationships, family matters, substance abuse, work, stress, trauma, debt and health issues. Deloitte in Namibia is partnered by Independent Counseling & Advisory Services (ICAS) to provide our people and their immediate family members access to a full range of counseling and support services. In the past year ICAS have implemented debt management services, to assist financially-stressed employees with advice and debt mediation services. The online health information service, e-Care, has also been upgraded and now offers self-directed learning on diverse range of change programmes.



## Reasons to love working at Deloitte

Taking care	<ul style="list-style-type: none"> <li>• Comprehensive medical scheme With progressive and income plans to accommodate diverse needs of employees</li> <li>• Retirement funding through Pension and Provident fund with flexible member choice contribution levels from 7.5% to 27.5% total contribution</li> <li>• 24 hour disability and life cover for the members</li> </ul>
Brain train	<ul style="list-style-type: none"> <li>• E-Learning available to all staff, Books 24X7</li> <li>• Financial study assistance and bursaries for staff</li> <li>• Exam study leave</li> <li>• Personal coaching</li> <li>• Trainee board support</li> <li>• Unrestricted use of knowledge management resources</li> <li>• myJourneyCentre and myBusinessSchool for trainees</li> </ul>
Time out	<ul style="list-style-type: none"> <li>• Social events, month-end drinks</li> <li>• Sports days, company hospitality at large sports events</li> <li>• Fully paid maternity leave / paternity leave</li> </ul>
Dress for success	<ul style="list-style-type: none"> <li>• Subsidised uniforms for Tea ladies and delivery driver.</li> <li>• Business casual dress code</li> </ul>
Caring for others	<ul style="list-style-type: none"> <li>• Annual IMPACT Day (1 full day of community service)</li> <li>• Helping Hands voluntary giving scheme</li> <li>• Deloitte Foundation</li> </ul>
Employee Wellness Programme	<ul style="list-style-type: none"> <li>• Access to 24 hour counselling through ICAS For all employees in need and for their immediate families.</li> <li>• Debt management services through ICAS (provided by Summit)</li> <li>• Online information through e-Care (<a href="http://deloitte.healthinsite.net">http://deloitte.healthinsite.net</a>)</li> </ul>

## Health and Safety

More and more, Deloitte and its clients are faced with security challenges at all levels that could potentially impact how we conduct our business and put the safety and security of our people at risk. In response to this challenge, Exco established a Security Office for the Southern African firm, aligned with the Global Security Office in early 2009. Our Security Office will provide strategic and operational management oversight and integration for the following risk management areas:

- Occupational Health and Safety
- Travel Security
- Business Continuity Management
- Information Technology Security
- Physical Security

During the course of the last financial year Deloitte has invested a great deal of time and effort in order to ensure the safety and security of our employees.

## Occupational Health and Safety (OHS)

- Part of OHS is to ensure that buildings are compliant in terms of the Namibian Labour Act
- Relevant fire, medical and evacuation personnel are trained
- Evacuation routes are clearly indicated
- Plans are tested

## **Travel Security**

- Deloitte can successfully track employees on international business provided that flights are booked through Rennies Travel. This is possible through a global agreement with Rennies and the Global Security Office providing booking and accommodation information for security purposes.
- Deloitte has implemented travel security cards to all employees while on international business. This provides employees with medical and security assistance 24 hours a day. This provides assistance in cases relating to emergency evacuation in life threatening circumstances.
- Deloitte currently provides employees with local travel security advice on potentially dangerous situations.
- Deloitte also provides to its employees guidance and learning in several security categories.

## **Business Continuity Management (BCM) is important for the following reasons**

- The first priority is the safety and well-being of staff, clients and other individuals conducting business at Deloitte premises.
- The second priority is the wellbeing of the environment and society in which the organisation operates.
- The third priority is the recovery of critical business processes which are required to sustain operations.

Deloitte has recognised the potential human, financial and operational losses associated with a service interruption and the importance of maintaining viable crisis management, emergency response and business continuity strategies. Our BCM Programme is intended to provide a framework for developing plans to ensure the safety of employees and the resumption of time sensitive operations and services in the event of an emergency such as fire, power or communications blackout, flood, civil disturbance or any type of personnel absenteeism.

Deloitte will maintain the following sets of plans in order to ensure an effective BCM Programme:

- Emergency Response Policy (ERP) – Procedures that address the initial reaction and activities to ensure the safety of all personnel as well as to work with emergency personnel to minimise or contain the current situation.
- Crisis Management Plan (CMP) – Procedures that address the roles and responsibilities around specific incidents and coordinates the decisions and communications throughout the crisis event. Included in these would be public relations and crisis communication activities. These procedures should also address activation requirements for the BCM Programme.
- Business Continuity Management (BCM) - The element of BCM which deals specifically with the resumption of specific tasks necessary to recover critical functions/processes in the event of a disaster, including personnel, essential records, equipment supplies, work space, communication facilities, work stations, fax, copy machines, mail services, etc.
- Business Continuity Plans (BCP) - Activities and programmes designed to return the information technology services, which support the business operations, to an acceptable condition.

## **Information Security Management**

The Global Security Office maintains a variety of tools and resources related to technology security. Regular awareness programmes are run with staff to ensure that they are kept up-to-date with changes in risks to information security.

## **Physical Security**

Physical security refers to the safety and security of our physical premises. It ensures that Deloitte can respond quickly to incidents that effect aspects relating to of our people, buildings and assets

## **Audit Graduate Recruitment**

Audit Graduate Recruitment (AGR) constitutes the largest component of the Namibian office's overall recruitment operations. This year our intake reached 11 candidates, all of whom 8 have successfully completed their CTA/equivalent. We constantly seek out the most talented individuals from universities across the country, and no effort is spared in ensuring that our audit practice is supplied with top drawer talent.

## **Experienced hires**

Our experienced hires recruitment forms part of the national recruitment initiative. Exciting times lie ahead for this division, which now sees a talent advisor dedicated to each business unit looking after the tactical and strategic talent needs of each business. In light of a looming resurgence out of the economic downturn, our strategic growth targets and consequential need for talented individuals, this certainly is one of the spaces to watch. Sourcing methodologies are being re-engineered and, with the ability to proactively identify talented individuals in the market, the firm will be empowered to not only grow its business-reach, but also to further cement the unique culture of Deloitte.

### **The trainee accountant experience: myJourneyCentre**

One of the initiatives Deloitte has undertaken in the past 2 years is the creation and launch of our “myJourneyCentre” concept for trainee accountants in Southern Africa. myJourneyCentre opened its doors on 1 June 2009, dedicated locations in all Southern African offices of Deloitte. This is a really exciting trainee initiative that offers some fantastic interventions including career conversations and internal secondment opportunities. myJourneyCentre.

The intent of myJourneyCentre is two-fold:

- To help Deloitte trainee accountants identify and enhance their strengths and potential
- To help Deloitte trainee accountants launch their business journey of a lifetime

### **Employee Referral Reward Programme**

To encourage word-of-mouth referrals to Deloitte of talented and experienced staff, Deloitte has developed an Employee Referral Reward Programme, which rewards staff for the permanent placement of top talent. The value of the referral reward is N\$ 20 000 regardless of the level of the position.

Candidates may not actively be solicited from Deloitte clients and referrals must be made via the Recruitment Management System (RMS) for vacancies by the Deloitte employee

## **2.4 Way forward**

Going forward an Employee Wellbeing Program plan will be developed to arrange for events, available to the entire office, focused on ergonomics, stress management, cancer and HIV awareness and financial well-being.

# 3. Environment

The environmental principles of the Global Compact are based on the Rio Declaration on Environment and Development (also known as Agenda 21) that was adopted in 1982.

- **Principle 7:** Businesses should support a precautionary approach to environmental challenges
- **Principle 8:** Businesses should undertake initiatives to promote greater environmental responsibility
- **Principle 9:** Businesses should encourage the development and diffusion of environmentally friendly technologies

## 3.1 Background

At Deloitte our commitment to environmental sustainability is firmly embedded in our Shared Values and the Deloitte Way. The rise of climate change as a fundamental issue for society has emphasised the need for more corporate action on the environment. We recognise our responsibility to minimise the impact of our operations and services on the environment, and we are making real progress as we work to develop a fully integrated approach to environmental management. Deloitte recognises that it has an impact on the environment, both directly through the consumption of energy and other resources in daily business activities as well as indirectly through the services we offer our clients.

## 3.2 Policy Framework

Deloitte has developed an environmental policy with key statements on how we will manage our impact on the environment. The Deloitte Southern African Environmental Policy states that it will:

- Comply with the letter and spirit of applicable laws and regulations;
- Comply with the spirit of the United Nations Global Compact principles on environmental sustainability;
- Incorporate energy efficient measures and promote energy efficiency use in all areas of business activity;
- Implement waste management strategies that promote waste reduction, re-use and recycling where appropriate;
- When possible, make choices that minimise the need for travel. When travel is necessary, we will make choices that minimise the environmental impacts;
- Promote awareness amongst staff on environmental impacts of their work activities;
- Adopt a purchasing programme that take into account the environmental impacts of products and services; and
- Continuously seek to improve environmental performance of our clients through our service line offerings.

## 3.3 Strategy and Implementation

- The Namibian office has got a green champion that encourages waste minimisation and manages our impact on the environment.
- We are also encouraged to make use of our investments in video-conferencing facilities to ensure that we keep air travel to a minimum. Our Environmental Policy statement also mentions “When possible, make choices that minimize the need for travel, when travel is necessary, we will make choices that minimize the environmental impacts”.

With regards to a decrease in electricity usage we sent energy efficient tips and communications to staff about the importance of saving electricity. Our Environmental Policy states that we “Incorporate energy efficient measures and promote energy efficiency use in all areas of business activity”.

Our air travel has also decreased since our air travel policy ensures that we keep international flights to a minimum. With regards to air travel, we have a Travel Policy which has had an impact on our carbon footprint. The Travel policy was implemented in April 2009. All travel needs to be cost effective and any air travel also needs to be sanctioned by the relevant business unit leader. Only Partners may fly Business Class on international trips, regardless of duration, with the confirmation of.

- The Deloitte Namibia office has implemented waste recycling initiatives
- The firm promotes awareness amongst our people on the environmental impacts of their work activities through announcements via the Daily Planet daily newsletter.

### **3.4 Way forward**

Our office will be investigating setting targets for our carbon footprint and measuring our impacts on the environment. With regards to a decreasing our office's electricity usage we will also investigate having motion light detectors and air conditioners with timers installed.

# 4. Anti-Corruption

The 10th Principle of the United Nations Global Compact is based on the United Nations Convention against corruption which was adopted in 2003

- **Principle 10:** Businesses should work against corruption in all of its forms, including extortion and bribery

## 4.1 Background

Ethics, integrity and quality are at the core of all we do at Deloitte. The behavior and actions of all the people at Deloitte should enhance and maintain the integrity, reputation and standing of Deloitte and make a positive contribution internally, to the business world and to society.

## 4.2 Policy Framework

The Deloitte & Touche Tohmatsu Policy Manual sets out the policies and procedures that are applicable to all members of staff in Southern Africa:

- Ethics Policy
- Independence policy
- Claims and reputation management policy
- Client and engagement acceptance policy
- Risk management policy

### **Potential Conflicts of Interest (DPM 3200) – Relating to Business and Financial Relationships with Third Parties:**

DPM 3200 provides policies and guidance to identify and resolve potential conflicts of interest arising from the proposed acceptance of Engagements and proposed business or financial relationships with third parties.

### **“Know Your Client” – Inquiries and Research (DPM 3212):**

DPM 3212 provides policy and guidance on conducting “know your client” inquiries and research in connection with the acceptance by a Member Firm of Engagements to provide Professional Services for prospective or existing Clients.

### **Background Checks (DPM 3230):**

DPM 3230 provides policies and guidance on conducting background checks for prospective and existing Clients. A background check is a process of gathering information on an individual or entity for the purposes of determining whether their personal or business reputation are such that the Member Firm is willing to become associated with them.

### **Section 1420 of the Deloitte Policy Manual (DPM) relates to Independence and is applicable and the following relates to Threats of Independence:**

A self-interest threat occurs when the Firm or a member of the engagement team could benefit from a financial interest in, or other self-interest conflict with, a Restricted Entity.

A self-review threat occurs when any product or judgment of a previous engagement needs to be re-evaluated in reaching conclusions on the engagement, or when a member of the engagement team was previously a Director or Officer of the Restricted Entity, or was an employee in a position to exert direct and significant influence over the subject matter of the engagement.

An advocacy threat occurs when the Firm, or a member of the engagement team, promotes, or may be perceived to promote, a Restricted Entity’s position or opinion to the point that objectivity may be, or may be perceived to be, compromised. Such may be the case when a Partner or professional staff member subordinates his or her judgment to that of such entity.

A familiarity threat occurs when, by virtue of a close relationship with a Restricted Entity, or its Directors, Officers, or employees, the Firm or a member of the engagement team becomes too sympathetic to the entity’s interests or to the interests of its Directors, Officers or employees. An intimidation threat occurs when a member of the engagement team may be deterred from acting objectively and exercising professional skepticism by threats, actual or perceived, from the Directors, Officers or employees of a Restricted Entity.

## 4.3 Strategy and Implementation

- Everyone at Deloitte should read, understand and abide by the firm's Code of Ethics
- Everyone at a Deloitte should complete the DTT e-learning course on Ethics
- Consultation should take place with the Ethics Officer, or your Functional Reputation & Risk Leader, or the firm's Reputation & Risk Leader or other appropriate person whenever you are facing an ethical issue or dilemma that is not covered by the Code of Ethics and that you are not sure how to deal with.
- You should take appropriate action when you become aware of any unethical behaviour on the part of anyone at Deloitte. This will involve:
  - speaking directly to the person concerned and challenging his or her behaviour in terms of the Code of Ethics, or
  - raising your concern with an appropriate person at a more senior level (which could be a manager, Partner/director, Business Unit Leader, Reputation & Risk Leader, Exco member, Board member, COO or CEO), or
  - communicating anonymously via the Tip-offs Anonymous hotline which is 0800 00 33 22
- No reprisals should be taken against anyone reporting unethical behaviour unless such reporting was knowingly deceitful or false.
- An investigation into possible unethical behaviour must be a fair and open minded process giving all the parties involved adequate opportunity to express their views and to present evidence they consider appropriate.
- Every reasonable effort must be made to keep matters and issues under investigation confidential. In particular, requests for, or undertakings given on, confidentiality must be respected, unless there are compelling and justifiable reasons to do otherwise. Once an investigation has been completed and a decision reached, appropriate details of the principles and the findings may be made public.
- Disciplinary action should be considered where a breach of the Code of Ethics has been admitted or established.

### Independence

A National Independence function has been established to:

- develop, communicate and ensure compliance with independence policies; and
- monitor compliance with certain national and international regulatory requirements.

A key area relates to maintaining both actual and perceived independence from our clients. Independence may be affected, for example, by the services we offer to our clients or the personal interests of the firm's partners and staff.

The role of Independence is not only to make sure there is an effective compliance framework in place, but also to raise awareness of the issues involved and encourage consultation whenever questions or concerns arise.

- The consideration of independence issues form an integral part of client and engagement acceptance procedures. You need to adhere to the procedures established for your particular business unit in this regard.
- GIMS records are accessed via the firm's intranet. If you need any assistance in accessing these records or in recording information on the system, please contact National Independence.
- Before buying any investment, access DESC on the intranet to determine whether or not the company or fund you are considering is a restricted entity. Restrictions on the investment you can make apply whether or not you make your own decisions on investments or this is done by a third party such as an investment manager. Accordingly, any investment manager you may use must be made aware of the restrictions on investments that can be made.

When you leave the firm you should complete an independence declaration covering the period from the date of your previous declaration up till the time of departure. A copy of the declaration form can be obtained from National Independence.

### GIMS

As a result of the move towards more rigorous auditor independence monitoring, DTT has committed to the Securities and Exchange Commission in the US to employ an electronic independence monitoring system to track all investments held by all managers, directors and partners of the worldwide firm. This is in response to 2-01 of SEC Regulation S-X (d) (4) (ii) which requires us to put in place a system to address the following: "With respect to partners, directors and managerial employees, an automated system to identify their investments in securities that might impair the accountant's independence; "This system is intended to compliment, and hopefully eventually replace the current cumbersome process of completing and signing manual independence forms (for managers and above).

### **Independence Learning**

Per the Deloitte Policy Manual (DPM) 1420 par 295; All Partners and Professional Staff have a responsibility to ensure that they obtain knowledge of the independence policies appropriate to their roles, responsibilities, and professional requirements.

In order for staff to comply with this policy, there are mandatory e-learning courses to be completed.

### **Monitoring Independence**

- All staff require to complete 'Joining, Annual and Leaving independence declarations'.
- All staff require to complete various e-learning courses.
- Audit planning documentation requires audit team to be independent.
- Managers & Partners declare ALL financial interest on GIMS (Global Independence Monitoring System.)
- All staff are required to declare any business relationships on Deloitte Business Relationship Management System.
- Independence Inspection and testing on managers & partners
- Conflict Check system
- Providing Consultations on Independence in compliance with the Independence Policy

### **Business Relationships and Business Relationship Management System (BRMS)**

All firm and certain individual relationships need to be declared on the BRMS.

In order to manage this, staff are required to declare the following on the BRMS:

- Directorship of a public limited company, private company cc etc, (All employees)
- Membership of a close corporation/ professional body's management committee, etc (Partners & Managers)
- Trustee (excluding family trusts). (Partners & Managers)

### **Ethics Survey**

Deloitte Southern Africa implements an Ethics survey annually which provides a useful indication of where we can improve communications on Ethics.



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