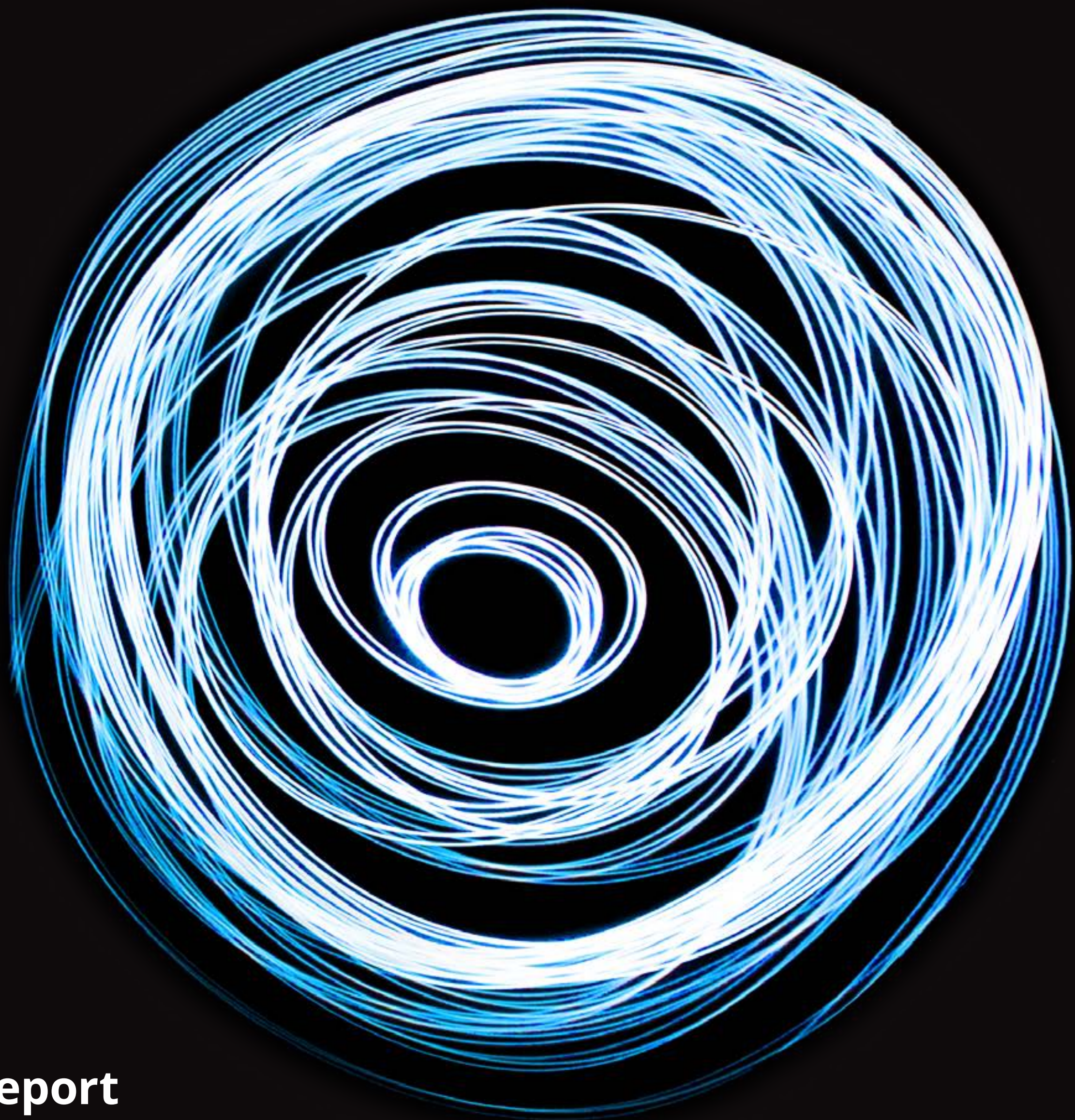


Integrated Annual Report Coöperatief Deloitte U.A. 2017/2018

- Quality
- Ethics & Integrity
- Talent
- Economic performance
- Innovation
- Impact on society

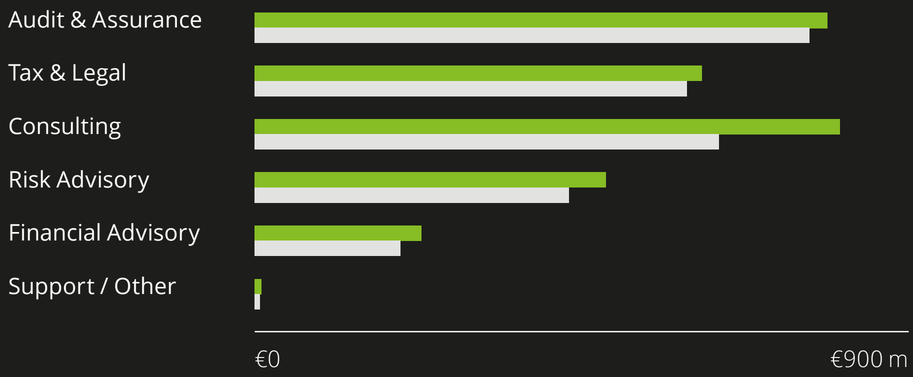
These are the material topics Deloitte has identified through our stakeholder dialogue (see page 52).
To give guidance throughout the Integrated Annual Report, we have included a special bookmark on top of every page. This bookmark indicates the material topics that are covered on every specific page of the Report.

Contents

Net turnover

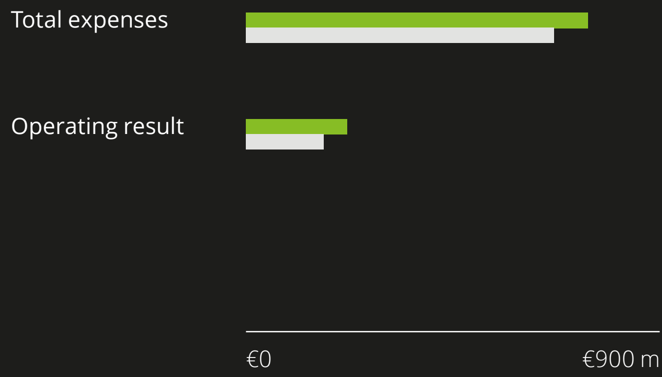
2016/2017 — €814.0 m

2017/2018 — €896.8 m



2016/2017

2017/2018



Innovation

2016/2017 — €11.6 m

2017/2018 — €15.9 m

Strategic KPIs based on target setting 2020

Ensure quality

A = actual **T = target**

Total client satisfaction

FY17A 7.8
FY18A **7.6**
T2020 **8.0**

Client quality

FY17A 7.7
FY18A 7.7
T2020 **8.0**

% regulatory reviews that are satisfactory

FY17A 89%
FY18A **100%**
T2020 **100%**

Premier career destination

 # employer of choice in relevant ranking*

FY17A **#11**
FY18A **#9**
T2020 **#10**

Talent engagement score*

FY17A **7.2**
FY18A **7.3**
T2020 **7.75**

* In 2017/2018 we have updated two data definitions. Please refer to page 8 for more information

Accelerate growth and innovation

Revenue growth in Corporate Advisory

FY17A **€109 m**
FY18A **€181 m**
T2020 **€200 m**

Average client service contribution in growth areas

FY17A 46%
FY18A **47%**
T2020**45%**

% of revenues from innovative offerings

FY17A **23%**
FY18A **23%**
T2020 **30%**

Establish lean operations

Total overhead costs / fee earner FTE

FY17A **€44.7 k**
FY18A **€45.3 k**
T2020 **€44.2 k**

Relative position in international network

FY17A **3rd Quartile**
FY18A **2nd Quartile**
T2020 **1st Quartile**

Impact on society

Hours spent on societal projects

FY17A **0.3%**
FY18A **0.4%**
T2020 **1.0%**

COMMENTS:

Ensure quality

- **% regulatory reviews that are satisfactory:**
  External reviews of our Audit & Assurance practice

Accelerate growth and innovation

- **Revenue growth in Corporate Advisory:**
  Revenue growth realised by the Advisory business of PSI and FSI (excluding Audit & Assurance) compared with 2014/2015
- **Average client service contribution in growth areas:**
  Expressed as the realised Client Service Contribution percentage of Advisory businesses (excluding Audit & Assurance)
- **% of revenues from innovative offerings:**
  Revenue of selected innovative business units. In line with the vision from DTTL, we apply a factor 2 multiplier to calculate the effect from innovative service offerings on regular services

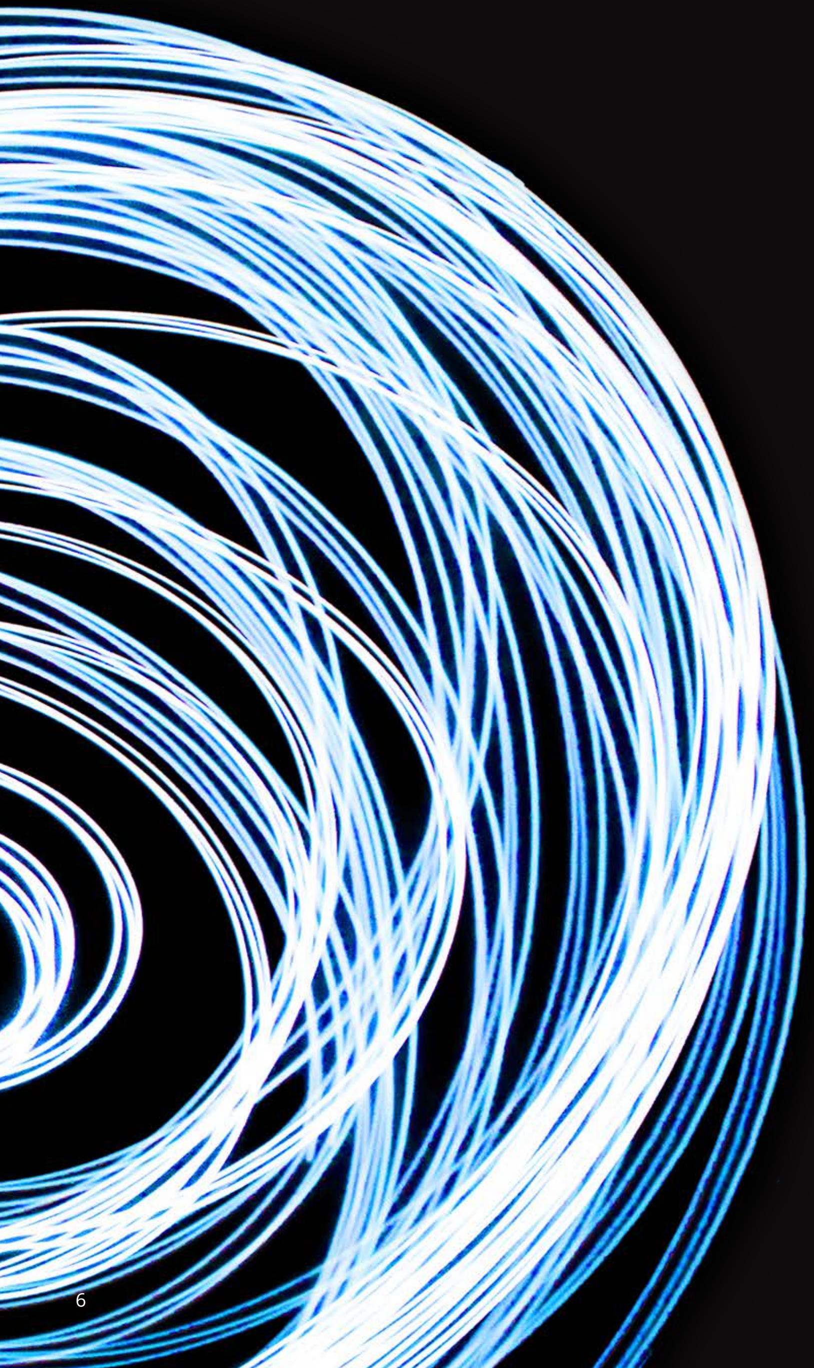
Establish lean operations

- **Relative position in international network**
  Earnings as % of net revenue

Impact on society

- **Hours spent on societal projects**:
  Hours spent on societal projects as percentage of total productive hours in the reporting year

See page 200 for all definitions applied for Strategic KPIs



About this report

This is our third fully Integrated Annual Report (IAR). It contains information about our strategy, impact, value creation and related performance in our financial year that started June 1, 2017 and ended on May 31, 2018. It builds on the Integrated Annual Report 2016/2017 we published on September 13, 2017.

In writing this Report, we bridge the mandatory standards applicable to Deloitte for financial reporting with generally accepted frameworks and standards, such as those from the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI). Our Report begins with the Report from the Supervisory Board and is followed by the Report from the Executive Board. The section 'Market Developments' provides insights into the financial performance and operating context of our five Businesses as well as our Group Support Center. The section 'Our interactions with stakeholders' explains how we sought the opinions of our stakeholders to determine materiality. In the section 'An impact that matters', the heart of this Report, we describe our impact and value creation, and how our Plan 2020 enables us to create value for our stakeholders. In 'Our Plan 2020' we provide an update on the execution of our strategy and insights into the results. The section 'Our way of working' offers an overview of our governance structure, how we encompass our policies on ethics and integrity, and the risks and opportunities we have identified. The 2017/2018 financial statements and disclosures are in Annex 1, while the GRI Content Index and related additional information is in Annex 2. The aim of this setup is to convey our commitment and application of integrated performance and reporting. In addition, Deloitte Accountants B.V. publishes a Transparency Report that contains information about our Audit & Assurance practice. This Report can be found here. In our 2017/2018 IAR we also cover the main themes and topics reported in the Transparency Report in which we provide information on the structure, governance and system of quality controls of Deloitte Accountants B.V..

This Annual Integrated Report has been compiled using the international reporting <IR> framework of the IIRC, the GRI Sustainability Reporting Standards, and IFRS for reporting our financial statements. This year we report under IFRS as adopted by the EU for the first time. Please refer to Annex 1 for the Financial Statements and to Annex 2 for the GRI Content Index. This Report has been prepared in accordance with the GRI Standards: Comprehensive option. The sustainability information in the annual report is assured by our external auditor; we refer to Annex 3 for the assurance report that includes more detailed information. This Report also serves as the Communication on Progress, as prescribed by UN Global Compact, to which Deloitte Netherlands is a signatory. In this context, we also report our impact with a focus on the Sustainable Development Goals set by the United Nations that we deem most relevant for Deloitte.

Scope

In this Report, Deloitte refers to Coöperatief Deloitte U.A. and its subsidiaries as listed in the 'Notes to the specific items on the financial statements' in Annex 1. Coöperatief Deloitte U.A. was founded on April 10, 2015. On June 1, 2015 the shareholding companies of Deloitte Holding B.V. exchanged their shares in Deloitte Holding B.V. for a membership of Coöperatief Deloitte U.A.

As of June 1, 2017 Deloitte Netherlands has become the Dutch Affiliate of Deloitte North Western Europe (NWE). From that date, Deloitte NWE LLP became a member of the Cooperative (with a 2/3 majority of the voting rights in the general meeting). The existing national legal structure of Deloitte Netherlands remains in place.

Deloitte Holding B.V. (Deloitte Holding) continues to be the central entity of the governance structure of Deloitte Netherlands. The shares in Deloitte Holding are held by Coöperatief Deloitte U.A. (the 'Cooperative').

Materiality

In conformity with the GRI Standards and the IIRC's International Integrated Reporting Framework referred to in this section, we have defined materiality using input provided by our stakeholders. We provide an overview of this input in the 'interactions with our stakeholders' section on page 46 of this Report.

Conciseness

To meet the criteria of conciseness for Integrated Reporting, we have opted to provide statutory required financial information in Annex 1. The same applies to some specific sustainability information that is out of scope in terms of materiality in the context of Integrated Reporting. Such information is provided in Annex 2.

Reporting boundaries

There is a significant overlap of issues and related opportunities noted by our internal and external stakeholders. Some of these, especially employment, training & education and health & safety, are a primary focus of our internal stakeholders. Together with diversity, these key areas also directly influence the quality and continuity of our services. The boundary of our reporting is therefore the performance within our direct sphere of influence (internal organisation and interaction with stakeholders) unless indicated otherwise (e.g. in the section where we discuss our value creation in a broader context).

Restatements

We have implemented three changes to our KPIs.

Firstly, we have ceased to use the KPI '% DTTL practice reviews on norm' as this is no longer measured in a systematic manner by DTTL. Internally, we now use the KPI 'DTTL Member Firm Standards #1 compliance'. This KPI relates to business quality. The DTTL Member Firm Standards are not disclosed publicly. As a result, we cannot include the value for this KPI in our public reporting. The value for the KPI has remained stable in 2017/2018 as compared to the previous year.

Secondly, we have implemented a change in our KPI 'Talent engagement score'. In previous years, this KPI consisted of a sub-set of questions that included a question on whether the employee considers employment outside Deloitte. With the business model that we have and due to the fact that many people have Deloitte as their first employer, we feel that this question as such does not add greater insight into the connection that employees have with our company. As a result we removed this question from the sub-set that constitute the Talent engagement score. The result of this change is that our score has increased between 0.1 and 0.2 points. Similarly, we have also raised the target score with 0.25 to 7.75.

Finally, we have changed the underlying definition of the KPI 'Employer of choice in relevant ranking' to reflect our focus on a select number of Dutch universities and to further align our internal dashboard and our public reporting. Therefore, rather than reporting the score in the category Business/Commercial for all universities in scope of the Universum research, we report the score for University of Amsterdam, VU University Amsterdam, University of Groningen, Erasmus University Rotterdam, University of Technology Eindhoven, and Delft University of Technology.

Given the application of IFRS reporting standards for the first time, the prior year financial statements are also reported under IFRS.

Reliability and completeness

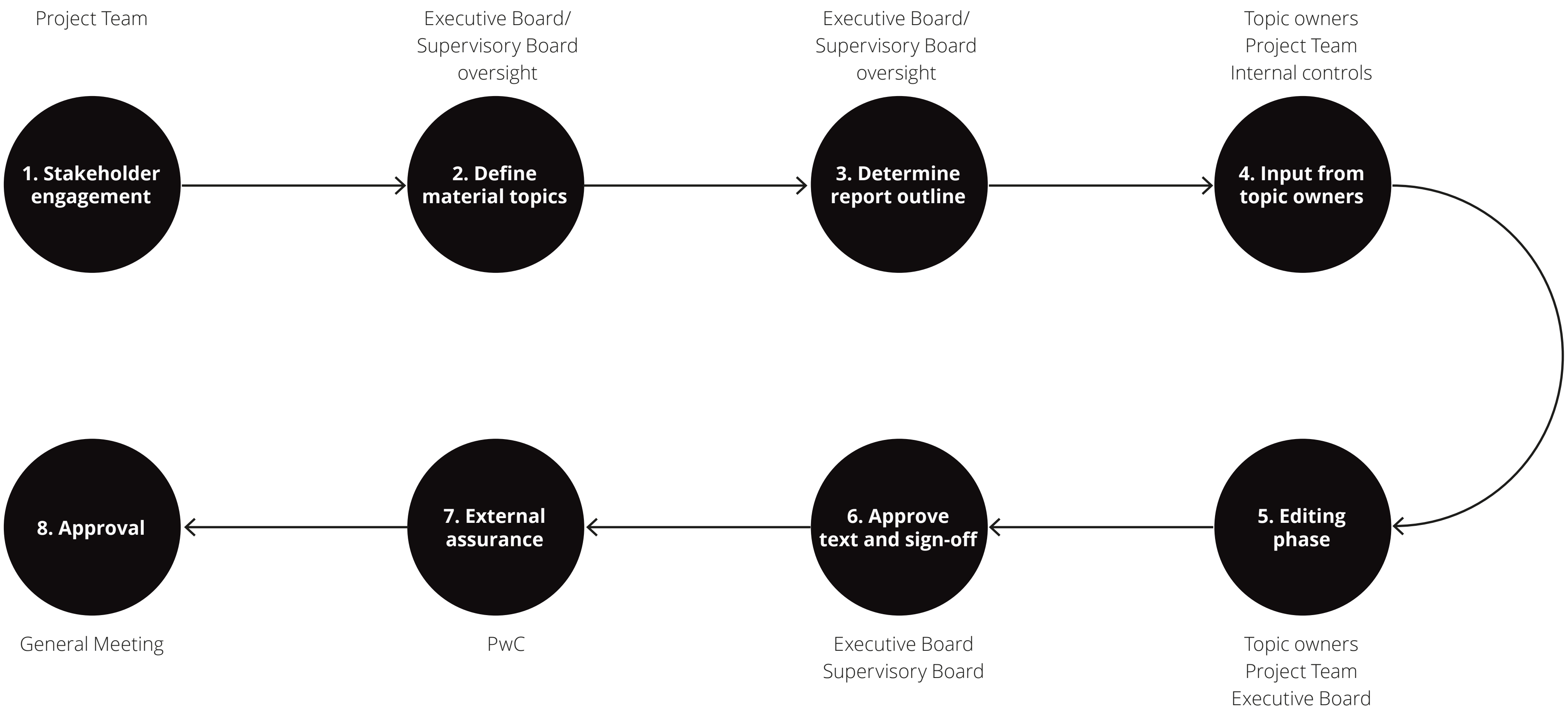
We have collected the relevant performance data from our business information systems as supported by our internal control and monitoring systems, and suppliers and other sources. This is centrally recorded and reviewed by our controlling department. Our external auditor PwC has been engaged to provide reasonable assurance on the sustainability information. The assurance report and conclusions of PwC can be found in their Assurance report in Annex 3.

Process for defining report content

See the process on the next page. Central in our approach to reporting is the Integrated Annual Report Project team. This team consists of representatives from Control & Accounting, teaming with experts from the Sustainability Group in our Risk Advisory Business and supported by Brand Communication. The team is headed by our Financial Lead. The reporting cycle starts with an examination of our stakeholders' feedback and a benchmark of our reporting against that of our peers. On the basis of these investigations, the Project team prepares a report outline identifying key focus areas that is presented to the Executive Board and subsequently to the Supervisory Board for discussion and approval. After approval, the Project team reaches out to the topic owners (for example, Business leaders and ExCo members) with a request for input. The input is then edited by the Project team and sent to the topic owners for approval. Simultaneously, the draft report is sent to the Executive Board for comments. After inclusion of their feedback, the draft-report text is submitted for comments and approval to both the Executive Board and the Supervisory Board.

Simultaneously, the Project team works on gathering relevant financial and non-financial data. Once this data is available and checked through our internal controls mechanism, it is incorporated in the draft report that is consequently sent to our external assurance provider, Once PwC has reached its final conclusions, the draft report is submitted for final review and sign-off to the Executive Board and the Supervisory Board, after which it is tabled for approval at the General Meeting

Process for defining report content



Report from the Supervisory Board

Introduction

For Deloitte Netherlands the reporting year has been very successful, and the Supervisory Board is grateful to all Deloitters who have made this possible. This success was not only defined in monetary terms; our market position has also improved and we have merged into Deloitte North West Europe despite the manageable challenges to our businesses. Most importantly, the quality of our ongoing relationships with clients are positively valued.

The period has also been marked by a notable shift in our internal organisation in terms of our attention to so-called 'soft issues' such as company Culture and behaviours. As a result, we have developed a far deeper understanding of these important areas and are now better able to manage them. We have continued to stress Quality in all that we do, not only in Audit & Assurance, albeit that this will remain the spearhead of our attention. A good example of the shift to 'soft themes' at Supervisory Board level are the inclusion of Ethics and Integrity in the Quality, Integrity and Risk Committee. Overall, we believe that such an orientation will benefit the Quality of services our clients wish us to provide.

The year saw our merger into Deloitte North West Europe. The drive for fewer Deloitte Member Firms is partly driven by the needs of our clients, who are less and less restricted by national borders. It is partly driven by Deloitte's need for greater uniformity, both in terms of client delivery and in terms of Quality, while also driven by the opportunity to reduce costs. We have made good progress on the first two, and the reduction of national costs will remain at the forefront of our attention.

Our Audit & Assurance Practice has consistently and frequently interacted with the Supervisory Board. As it is the only practice under strict Regulatory oversight, this is a key priority. The Supervisory Board has met once formally, in full, with the Authority for Financial Markets (AFM) as well as with some of its members informally several times. Our strict adherence to Quality standards and the dialogue with the AFM will continue to be focus areas for the Board. We have encouraged and supported the Executive Board in their decisions to create a Culture that truly nurtures Quality, even when this led to the departure of some long serving practitioners.
Deloitte has further emphasised its Member Firm Standards. These are instrumental to gauging our relative, qualitative position within the Deloitte network, and have therefore been an additional, useful monitoring tool for the Supervisory Board. It will remain an objective for Deloitte Netherlands to achieve the highest possible score on all Member Firm Standards.

The Supervisory Board has been actively engaged by the Executive Board in determining and monitoring execution of the firm's Plan 2020. During a full day meeting of both Boards, the Executive Board has reported on execution progress and sought the Supervisory Board's consent for a number of focused strategy 'sprints' for financial year 2018/2019. Individual pillars of Deloitte's Plan 2020, such as Ensure Quality, Become Premier Career Destination and Innovation, have been discussed in regular Board meetings and in meetings of its subcommittees, as well.

Cooperation within the Supervisory Board and with the Executive Board has been good and with ongoing interaction that is highly constructive. This has been the first full year in which the so-called 'internal members of the Supervisory Board' have been replaced by observers from the Partnership Council. The transition has been smooth, and we will continue to avail ourselves of the knowledge of the members of the Partnership Council. This year, the Supervisory Board has again made an internal evaluation of its functioning, and the functioning of its members and subcommittees, assisted by the HR Consultancy Group of Deloitte. Recommendations from the evaluation have been translated in a concrete action plan, and its execution-progress has been discussed in a Board meeting. Evaluations are carried out every year and the resulting recommendations assist in improving the functioning of the Board.

During the year, the Supervisory Board had nine regular meetings, one Strategy Day with the Executive Board, two days at Singularity University focused on innovation, and one Education Day. All meetings are prepared by the Secretariat to the Board together with the Chairman and CEO. Attendance has been very good.[1] A total of 18 Committee Meetings were held. Apart from the regular meetings, the members

[1] Floris Deckers, Vincent Moolenaar and Nienke Meijer attended all regular Supervisory Board meetings. Frans Eelkman Rooda and Jacqueline Rijsdijk attended 8 (out of 9) of the regular Supervisory Board meetings. Attendance of the Supervisory Board members w.r.t. Committee meetings: Floris Deckers 9 (out of 12), Frans Eelkman Rooda 11 (out of 11), Jacqueline Rijsdijk 9 (out of 10), Vincent Moolenaar 14 (out of 14) and Nienke Meijer 9 (out of 9).

had frequent contact with the Executive Board, with the ExCo, with individual partners and employees of Deloitte, with the Employee Council, with the members of the Partnership Council, and with the members of the Young Professionals Audit Quality Board. Informal consultation between the members of the Supervisory Board took place on regular basis. The Chairman and CEO also meet frequently face-to-face, preferably twice a month. Two General Meetings have been chaired. All voting proposals were met with approval by the partners during these General Meetings.

We would like to express our gratitude to all who have contributed to the success of Deloitte in the past year.

Name	End of term	Current term
Floris G.H. Deckers (Chairman)	July 2020	Second term
Frans E. Eelkman Rooda (Vice-Chairman)	September 2019	Second term [1]
Jacqueline P. Rijsdijk	September 2019	Second term [1]
Vincent G. Moolenaar	November 2020	First term
Nienke Meijer	July 2021	First term [2]

Members and Committees

The Supervisory Board has assigned, under its responsibility, a number of its specific tasks to five subcommittees (Committees):

- Audit & Finance Committee
- Quality, Integrity & Risk Committee
- Partner Matters Committee
- Remuneration Committee
- Selection & Nomination Committee

Members of the Supervisory Board

In financial year 2017/2018 the Supervisory Board comprised five members:

[1] Based on good governance principles and best practices, the Supervisory Board should draw up a retirement schedule. The Supervisory Board may resolve to nominate Jacqueline Rijsdijk and Frans Eelkman Rooda for a further re-appointment for two years in September 2019.

[2] At the beginning of the current financial year 2017/2018, Nienke Meijer was appointed as the fifth Supervisory Board member for four years as of June 30, 2017. During financial year 2017/2018, she followed a comprehensive Supervisory Board Introduction Programme.

Independence

All members of the Supervisory Board are independent within the meaning of paragraph 2.1.8 of the Corporate Governance Code, and in the opinion of the Supervisory Board, all independence requirements of paragraphs 2.1.8 till 2.1.10 of the Code have been met during financial year 2017/2018.

Composition of the Supervisory Board Committees

After the appointment of Nienke Meijer as fifth member of the Supervisory Board, it was decided to change the composition of the Committees as of January 1, 2018, so that each member of the Supervisory Board should be the Chair of a Committee and member of two Committees.

Audit & Finance Committee [3]

Frans E. Eelkman Rooda, Chair
Vincent G. Moolenaar
Jacqueline P. Rijsdijk

[3] In 2017/2018, it was decided to change the name of the Audit Committee into the Audit & Finance Committee to reflect the scope of the tasks and responsibilities of this Committee and achieve uniformity with the working methods of the Board Committees at NWE level.

Quality, Integrity & Risk Committee [4]

Vincent G. Moolenaar, Chair
Floris G.H. Deckers
Nienke Meijer

[4] In 2017/2018, DTTL requested to have a Board Committee that takes responsibility for ethics and integrity. The Committee has followed up on and complies with this principle, by including integrity

in the regulations of the Supervisory Board and the Committee, which now cover the oversight of integrity and ethics initiatives and activities of the Executive Board. The Committee name has been changed from Quality & Risk Committee into Quality, Integrity & Risk Committee.

Partner Matters Committee

Floris G.H. Deckers, Chair
Jacqueline P. Rijsdijk
Frans E. Eelkman Rooda

Remuneration Committee

Nienke Meijer, Chair
Floris G.H. Deckers
Frans E. Eelkman Rooda

Selection and Nomination Committee

Jacqueline P. Rijsdijk, Chair
Vincent G. Moolenaar
Nienke Meijer

The Supervisory Board members (or a representation thereof) also participate in partner discussion events and other activities, for example, as facilitators for the Woman on Boards Executive programme. In addition, the Supervisory Board has met with the Works Council and a selected group of young professionals.

Highlights of the work of the Audit & Finance Committee during 2017/2018

The Audit & Finance Committee (A&FC) assists the Supervisory Board in fulfilling its oversight responsibilities for the internal and external reporting, financial risk management and control framework, internal audit, engagement with the external auditor, and finance and tax. In doing so, it considers the outcome of internal audits and assessments of compliance with applicable laws and regulations.

The A&FC held five regular meetings during the financial year 2017/2018. The findings and comments were reported to the Supervisory Board during the regular meetings of the Board. The Chief Operating Officer, a delegate of the Partnership Council, the finance lead, the risk and reputation lead, the controller and the internal auditor as well as the external auditor, attended the A&FC meetings.
The work of the A&FC during 2017/2018 focused on:

- Structure of the control framework of the group, especially with regard to the 'work in progress' balances and IT controls, as well as the redefinition of key controls;
- The annual internal audit plan and reorientation of the internal audit function towards operational audit;
- The work and activities of the external auditor;
- Internal and external audit findings, including follow-up on recommendations made by the internal and external auditors;
- Planning and preparation of integrated reporting, including conversion to IFRS;
- Financing structure of the group including oversight on the partial redemption of debt;
- Forecasts and financial plans;
- Financial performance of the firm, both at an aggregate level and for the different Businesses of Deloitte.

Highlights of the work of the Quality, Integrity & Risk Committee during 2017/2018

The Quality Integrity & Risk Committee (QIRC) assists the Board in fulfilling its oversight responsibilities regarding Quality , integrity and risk management of the Executive Board. Within this scope the QIRC discusses the principal strategic, operational, financial and compliance risks that the company expects to be exposed to and the steps taken by management to mitigate those risks.
During financial year 2017/2018, the QIRC had five regular meetings. Key highlights included:

- Audit Quality has and will be a recurring topic at QIRC meetings. The Committee has thoroughly and repeatedly discussed, among others, culture and behaviour, the Audit Quality plan, AFM reports and the impact of its conclusions on the aforementioned plan, continuous improvements of PCAOB Audits and the process and outcome of internal practice reviews;
- Each Function line has provided an in-depth Quality update;
- The Committee has thoroughly discussed material litigation and risk management cases, based on the contentious matters overview;

- The QIRC monitors the Enterprise Risk Framework of the organisation and focuses on two (high) risk priorities per meeting. For example, the defined risks Security & Confidentiality, Talent & Leadership Development, Client Portfolio management / Commercial Orientation, and Independence were discussed in the presence of their respective risk owners;

- The Member Firm Standards, related to Quality and risk, have been used as an instrument of the QIRC to monitor the performance of the Executive Board and the Netherlands Firm. Member Firm Standards were discussed for Quality, Technology, Risk and all functions;

- The outcome of the independence inspection and testing, and new EU Public Interest Entities legislation;

- Updates and reports of the Risk and Reputation Lead (for example independence, internal and external complaints and reputational risks), the Compliance Officer and General Counsel of Deloitte Netherlands;

- Integrity and ethics have been and are important topics of the QIRC. The QIRC monitors the implementation of Deloitte's integrity imperative in the Dutch firm.

Highlights of the work of the Partners Matters Committee (PMC) during 2017/2018

The Partner Matters Committee (PMC) supports the Supervisory Board in oversight matters with regards to the partner remuneration system. The PMC reviewed the classification of the entire group of partners in the 2017/2018 partner remuneration system. Furthermore, the PMC has prepared the ratification process of the Supervisory Board regarding the Executive Board's appointment of Audit partners. In that context, the PMC and the Supervisory Board assess whether Quality (i) is sufficiently embedded in the nomination procedure and (ii) has been reasonably taken into consideration in the appointment decision by the Executive Board. The PMC is also the forum for individual complaints and appeals by partners against decisions by the Executive Board regarding their individual classification. No formal complaints were filed in 2017/2018.

Highlights of the work of the Remuneration Committee during 2017/2018

The Remuneration Committee (RC) supports the Supervisory Board on decisions regarding the remuneration of the members of the Executive Board, including an assessment of their individual performance. The RC met twice during the financial year 2017/2018 and discussed the performance, short and long term objectives (KPIs) with regards to the remuneration of the Executive Board. In addition to these two meetings, the RC held two meetings with individual members of the Executive Board, concerning their individual performance and assessment of their objectives.

After evaluation by the RC and the Supervisory Board, the Supervisory Board decided – and communicated to the General Meeting in September 2017 – to change the remuneration of the Executive Board members within the framework of the remuneration policy previously determined by the Supervisory Board and approved by the General Meeting.

The remuneration of the Supervisory Board has not been changed compared to financial year 2016/2017.

Highlights of the work of the Selection and Nomination Committee during 2017/2018

The Selection and Nomination Committee (SNC) is responsible for preparing the selection and nomination by the Supervisory Board of new members of the Executive Board and the Supervisory Board. The SNC also addressed succession planning of members of both Boards, and is closely involved in succession planning of members of the Executive Committee, particularly with regards to the Audit & Assurance leadership.

The SNC had four meetings in the financial year, mainly to discuss the succession planning of the Executive Board and the future CEO profile. Other agenda items discussed included; succession management, leadership development and the first rotation of NWE elected Board members. Furthermore, the Supervisory Board nominated Frans Eelkman Rooda and Jacqueline Rijsdijk for reappointment as members of the Supervisory Board.

Rotterdam, July 20, 2018

On behalf of the Supervisory Board
F.G.H. Deckers, Chairman

Floris G.H. Deckers (1950)
Member since 2012
Profession/principal employment

Floris Deckers has served as the CEO of Van Lanschot Bankiers (2004-2013) and as Senior Executive at ABN AMRO, mostly outside the Netherlands. Besides his role as Chairman of Deloitte Netherlands, Mr. Deckers is also member of the Board of Deloitte NWE (Independent Non Executive) and sits on the Advisory Committee of DTTL Global.

External positions and activities
- Chairman of the Supervisory Board, Chairman of the Appointment Committee and member of the Technical and Commercial Committee of SBM Offshore
- Member of the Executive Board of the Vlerick Business School (Belgium)
- Chairman of the Supervisory Board of the Springpaarden Fonds Nederland
- Member of the Supervisory Board of Arklow Shipping Limited (Ireland) and member of the Supervisory Board of Arklow Shipping Nederland B.V.
- Advisor to Apollo Management International LLP and Alteri Partners LLP (London)
- Member of the Board of Stichting Amici Almae Matris (Belgium)
- Member of the Board of Stichting Administratiekantoor Professor Vlerick te Rotterdam

Frans E. Eelkman Rooda (1952)
Member since 2013
Profession/principal employment

Frans Eelkman Rooda is the former CFO of Royal Wessanen (2008-2011) and Mediq (1997-2008) in the Netherlands. Prior to that, he was a consultant and partner at McKinsey & Company.

External positions and activities
- Chairman of the Board of Trustees of Centre for Human Drug Research

Jacqueline P. Rijsdijk (1956)
Member since 2013
Profession/principal employment

Jacqueline Rijsdijk has worked at the Dutch Central bank for more than 25 years in several executive positions, her last position being Director of Payments (until 2008). Subsequently, she has been a member of the Board of ASR Nederland. As of 2010 she has focused on oversight positions in the public and private sectors.

External positions and activities
- Member of the Supervisory Board of Royal Cosun (Coöperatie Koninklijke Cosun U.A.)
- Member of the Supervisory Board of the merged VU Medical Center and the Amsterdam Medical Center.
- Partner at Partner in Toezicht
- Member of the Advisory Board of Airbus Defence and Space Netherlands B.V.
- Chair of the Supervisory Board of Fair Share Fund Triodos Bank, Chair of the Supervisory Board of the Green Fund Triodos Bank
- Chair of the Supervisory Board of Veer foundation
- Member of the Board of Stichting Beheer Hotelschool Den Haag
- Member of the Advisory Board of The Waste Transformers
- Member of the Supervisory Board of AAP Implantate AG

Vincent G. Moolenaar (1963)
Member since 2016
Profession/principal employment

Since November 1, 2016, Vincent Moolenaar has been a member of the Supervisory Board of Deloitte Netherlands. He has worked at Shell in various Commercial and General Management positions. More recently he was the Senior Vice President Internal Audit at Ahold. He currently works at Ahold Delhaize as Global Integration Program Leader for the merger Ahold/Delhaize.
He is also a former chairman of the Institute of Internal Auditors (NL).

External positions and activities
- Member of the Program Board of the education Executive Internal Audit Program at the University of Amsterdam
- Chairman of Golfsociëteit De Lage Vuursche

Nienke Meijer (1965)
Member since 2017
Profession/principal employment

Since July 1, 2017, Nienke Meijer has been a member of the Supervisory Board of Deloitte Netherlands. She has worked at (a.o.) Wegener, 'Eindhovens Dagblad' and 'Dagblad de Limburger' in several senior management positions. Nienke Meijer currently works at Fontys University as chairman of the Executive Board. Nienke Meijer has extensive (management) experience in the areas of strategy development, innovation/digitalisation, human capital and media.

External positions and activities:
- Member of the Board of Stichting Brainport
- Member of the Board of Stichting Juridische Hogeschool Avans-Fontys
- Member of the Board of Stichting Onderzoeken Ontwikkelingsdiensten Eindhoven/Tilburg
- Member of the Board of Vereniging Hogescholen
- Member of the Supervisory Board of Leiden University Medical Centre (LUMC)
- Owner of BlueLake Strategies B.V.
- Member of the Advisory Board of the AWTI (Adviesraad voor Wetenschap, Technologie en Innovatie)

Report from the Executive Board

Introduction

In this Integrated Annual Report we strive to take a holistic view and reflect openly on our business environment, dilemmas and opportunities. We believe in an open and transparent dialogue and relationship with you, our stakeholder. By sharing this Report, we aim to provide you with a better understanding on how we make an impact that matters by creating and sustaining value in the short, medium and long term. We appreciate and welcome any feedback you are willing to provide as it enables us to continue improving our impact and related reporting in the years ahead. Please send any comments, questions or observations you may have to nlbccommunications@deloitte.nl.

Purpose and aspiration

To address our key challenges and opportunities, and fulfil our aspirations, we have defined a clear Plan to 2020. This strategy guides us on our journey, and is a bridge to achieve our global purpose 'To make an impact that matters: for our clients, our people and society', and our aspiration 'To be the undisputed leader in professional services'.

This means:

- To be the organisation that clients, the public, regulators and talent hold up as a role model of quality, integrity, and positive change;
- To be the employer of choice, providing the best talent with professional and personal fulfilment;
- To be the most innovative partner for our clients and our talent;
- To be able to solve the toughest business challenges with an integrated approach across businesses. service lines and borders;
- To be the first choice for premium clients;
- To always pursue our purpose.

Strategy

Being part of Deloitte NWE, we are determined to contribute to the execution of the NWE Strategy:

Our purpose
Make an impact that matters

Our 2020 strategy

Our three key choices

To serve the most important clients across NWE and in each Geography

To build world-class capabilities in each of our Business

To increase our global influence and lead in EMEA

Our differentiators

Client relationships
Earning enviable client loyalty

Talent and culture
Building a culture of constant oppertunity and growth

Quality
Embedded in all we do

Multi-diciplinary solutions
Teaming up for maximum client impact

Exponential organisation
Innovation at our core

Connected + Autonomy
Seamless collaboration and mobilisation

Sense of partnership
Forging the strongest sense of partnership in the industry, valuing each other and strength of our diversity

Our 2020 aspiration
Be the undisputed leader in professional services

To translate and execute the NWE strategy for the Dutch geography, we have defined and continue to implement our Plan 2020. We are on track and continue to make progress on each of the six pillars of our Plan:

- Ensure quality
- Become premier career destination
- Accelerate growth and innovation
- Improve client portfolio
- Establish lean operations
- Seek internationalisation

For each of the pillars, we have defined key performance indicators (KPIs) and set target values to be achieved by 2020. In the section 'Our Plan 2020' you can find more detailed information on our progress per pillar. Strengthened by the achievements this year, we are confident we have laid out a solid and sustainable Plan that is supported throughout our organisation and aligned to both the Deloitte NWE strategy, as well as our overall global purpose and aspiration.

In 2017/2018 we started to work within the context of the integrated Deloitte NWE firm, which we believe is key in strengthening our client impact and in accelerating the innovation of our services and propositions. Furthermore, we have continued our culture programme to strengthen Deloitte's culture of quality and to achieve our goals and aspirations.

Organisational changes

As of June 1, 2017 Deloitte member firms representing the Netherlands, UK & Switzerland, Belgium, Finland, Denmark, Sweden, Norway and Iceland established Deloitte North West Europe (NWE). By working as one enlarged firm we can achieve more - for our clients, our people and the communities we work in - than we could on our own.

Deloitte North West Europe brings together the experience and insights of over 30,000 people, increases our capacity to invest and innovate and enhances working across borders and delivering seamlessly. With one consistent approach to market, the new firm will bring the best of Deloitte to our clients and our people.

From September 2016 till May 2017, steps were taken to implement the new structure as of June 1, 2017 (a.o. setting up the governance structure and designing formal processes). From June 1, 2018 our member firm in Ireland has also joined NWE.

The operational model of Deloitte NWE is based on the concept of Connected+ Autonomy, a single Deloitte NWE group strategy and plan for each geography. Local leadership is empowered to develop and deliver their local plans, which are aligned to the strategy and tailored to local market conditions. The Connected+ Autonomy model establishes clear responsibilities and areas of accountability. The Dutch Executive Board is primarily responsible for quality and risk at a national level, with our governance and operating model ensuring compliance with relevant national laws and regulations.

In 2017 the structure and composition of the Supervisory Board of Deloitte Netherlands has been changed to comprise independent external members only, in line with measures agreed by the Dutch audit firms and the NBA. In July 2017 Nienke Meyer joined the Supervisory Board of Deloitte Netherlands.
For more information on the composition of the Supervisory Board and its subcommittees, please refer to the section 'Roles and responsibilities'.

Our year

In our first year as a part of Deloitte NWE we realised continued growth in our revenue and result before taxation and management fee. Our revenues increased by 10.2% compared to the previous year to reach €896.8 million. Our result before taxation and management fee increased by 13.5% to €167.7 million, an increase of €20.0 million. Our revenue growth was driven by all businesses and especially by strong performance in our Risk Advisory, Financial Advisory and Consulting businesses.
As a percentage of revenue our result before taxation and management fee increased from 18.4% to 19.3% in 2017/2018. We are convinced that being part of NWE contributed to our success, although our first year also focused on investing and preparing for future growth. The performance enabled us to increase the amount available for variable pay to our staff to €41.8 million.
The solvency based on equity, membership capital and subordinated loans (group's capital base) increased as compared to last year, mainly due to newly joined partners in combination with the annual amount added to our equity position . Based on the improved liquidity and cash position, the group redeemed an extra €30M on the bank loans in addition to the regular annual term. We foresee a

continuation of the positive development of solvency and liquidity. The operational cash flow decreased compared to last year mainly due to additional management fees paid and the settlement of part of the interest rate swap. Based on our financial position, the group was able to redeem an extra €30M on the bank loan. No changes are expected in the financing structure and future cash flows. No significant investments and cash flow from investment activities are planned.

The world today is being shaped by momentous social, economic and geopolitical developments. These challenges and opportunities require that organisations be increasingly adaptive and innovative. In these turbulent times, to ensure we make a sustainable impact that matters, we have continued to focus on our Plan 2020 with its six pillars.

Together with our investments in quality and culture, our primary focus has been the foundation of the NWE member firm. On June 1, 2017, we celebrated the official start of NWE. The main NWE priorities have been to focus on the NWE client portfolio and recruiting of new NWE partners. This international cooperation provides us with enhanced expertise, talent, intellectual property, innovation power and tooling that is necessary to maintain and expand our impact, to help clients address increasingly complex challenges, and provide a challenging and rewarding work environment for our people.

In 2017/2018, we successfully hired 18 partners and welcomed 1,595 new Deloitters (including 638 interns) in the Netherlands. We continued to invest in teamwork, quality and an open culture. This included the continuation of our culture programme, which started with a culture survey and focus groups in the summer of 2016, and has continued with leadership training and dialogue sessions between leadership and employees.

We have changed the way we manage performance with the implementation of a new performance management system used globally, including almost all NWE countries. Our new approach ensures a continuous conversation between team members, team leads and coaches and stimulates the impact we make. With the introduction of the new performance management system, we have also re-adjusted our remuneration policy.

With the NWE Impact Awards we recognised and celebrated our employees, their work and the impact we are making on clients, people and society. Employees were asked and motivated to submit their personal impact story – individually or in a team - or to nominate a colleague or another team for the NWE impact Awards. Via various judging rounds, the winners were announced and received recognition for their impact.

In the beginning of financial year 2017/2018, Deloitte was hit by a cyber attack outside of the Netherlands in which an attacker accessed data in a cloud based email platform. In response, DTTL has stated that it has implemented a comprehensive security protocol and initiated an intensive and thorough review which included mobilising a team of cyber-security and confidentiality experts from inside and outside of Deloitte. DTTL has also stated that it has contacted governmental authorities immediately after it became aware of the incident, and contacted each of the very few clients impacted. Finally, DTTL said that no disruption has occurred to client businesses, to Deloitte's ability to continue to serve clients, or to consumers. More information on the cyber incident can be found on our website.

Deloitte remains committed to ensuring that its cyber-security defences are 'best in class', to investing heavily in protecting confidential information and to continually reviewing and enhancing cyber security.

Much has happened in the area of innovation. For example, we introduced AIME, our first Artificial Intelligence (AI) 'colleague'. AIME was the subject of an internal awareness campaign around the concept of Artificial Intelligence to begin discussions on this theme in our organisation. For this reason we also organised several AI sessions.

We believe that our impact on clients was enhanced by our ongoing development of innovative service offerings, especially in the area of AI and Blockchain. AI and Blockchain are both technologies that are bringing enormous opportunities for our clients. Blockchain, for example, is changing the way business is done in many industries, by providing trust, security and full transparency.

The General Data Protection Regulation (GDPR), which came into effect on May 25, 2018, has also affected both Deloitte and our clients. All employees were informed about GDPR and were asked to complete an e-learning.

In the past year, we have put forward thought leaders in national newspapers, radio and television, online media and trade media. We have received positive attention on topics that are important for both our clients and society, such as projects from the Deloitte Impact Foundation and topics related to cyber security, artificial intelligence, blockchain and digital transformation. On the other hand, we have had some negative coverage on the cyber incident discussed above and on the audit quality of the audit profession in general, including Deloitte and the findings of AFM in review. Furthermore, specific previous audit assignments of Deloitte met criticism in the press, such as the recent Steinhoff case. We are positive to report that settlements were agreed in the Ahold and Innoconcepts cases. We work with great effort in order to continue, to build and to improve on quality.

Other areas of attention are client quality and employee engagement, where we have not yet achieved our set targets. Programmes and actions are being introduced to take further steps for improvement in these areas.

Our community engagements via the Deloitte Impact Foundation increased from 13,839 hours in 2016/2017 to 19,089 hours in 2017/2018, with a high degree of diversification given the fact that all Deloitters can submit ideas for projects. Among the inspiring projects we undertook are the Extraordinary Life Sessions project, through which Deloitte enables high school students to make better decisions for their future by understanding their own talents, and The Ocean Cleanup conceived by Boyan Slat, which Deloitte is supporting to achieve its objective of clearing plastic waste from the oceans.

Finally, on May 31, 2018, the Monitoring Commmission Accountancy issued its second report on the status of the implementation of the 53 recommendations from the NBA report 'In the public interest'. We discuss their conclusions in the section Audit & Assurance on pages 28-30.

Investing in our culture

Our culture is a key enabler for the quality of our services and ultimately a key differentiator, also for our clients. To better cater to our clients' needs, we need to enhance our interpersonal skills in combination with our technical ability. To sustain the shift from hired expert to business partner, we must have a deep interest and understanding of our clients, not only in terms of organisation but also in understanding and building trust with the people behind the client. Together with our clients we should be able to reflect on the issues that keep them from meeting their goals or rather contribute to achieving them.

To increase our impact, we invest in the leadership capabilities of our people, for example through coaching and the Deloitte University Europe. To change our culture, feedback and continuous learning are essential. Only by being open and accessible can we move from good to great.
To create this culture of feedback, we have taken several initiatives in 2017/2018. In August 2017, we introduced 24-hour partner sessions in which we engage with our partners on desired behaviour and collaboration. The first wave of partners invited to this session included the members of our Executive Committee. Since then, we have conducted several of these sessions with partners across our businesses to participate.

In addition to engaging with our employees, the members of the Executive Board and partners who participated in the 24-hour sessions, also participated in culture-centred roundtables in several of our offices in the Netherlands. Finally, in February 2018 we started the preparations for the launch of the 'Living our Shared Values' Campaign that will start in August/September 2018.
We have taken positive steps and have gained traction. Nonetheless, we are mindful that the pace of our progress continues to be slower than we would like. From the interactions we had in 2017/2018, it has become clear that our people believe we still have some way to go. Amongst others, i) our people do not yet experience a sufficiently diverse culture in which feedback is the norm, ii) they feel that individual performance is still rewarded rather than team performance, iii) they believe that making mistakes is not generally regarded as part of the creative process and iv) they also say that Deloitte is not always comfortable challenging the norm and sticking to our principles. This does not discourage us. On the contrary, it inspires us to step up our efforts for cultural change.

An important element of our culture programme is the attention we give to diversity and inclusion. More actively than ever, we are paying attention to gender diversity, now proactively providing coaching to female high performers among other measures as well. We aim to create an environment in which men and women can invest in their work-life balance, for example, by having the opportunity to take one month of unpaid leave. In addition, we have stepped up our efforts regarding the re-entry of talent, especially after maternity leave.

The advantage of working within the NWE structure is that it supports learning from each other. For example, our colleagues in the UK are more advanced in areas of diversity and inclusion so we are looking how we can implement similar best practices within the Dutch firm.

Although we track some components of our culture programme through the periodic talent survey, we feel the need to have a more comprehensive snapshot of where we stand. To this end, we will repeat the culture survey that we conducted in 2016/2017 after the summer of 2018.

In control statement

The Executive Board is responsible for actively managing all strategic, compliance, financial and operational risks; ensuring that adequate risk management and control mechanisms are in place, and that the key risks as mentioned in the Risk Management section of this Report are sufficiently assessed and managed. The Executive Board actively promotes our ethical principles and quality standards, including checks for all professionals across the Deloitte organisation.

The Executive Board has reviewed and analysed the risks that Deloitte is exposed to, and it periodically reviewed the design and operational effectiveness of the internal control framework. The outcome of these reviews are reported and discussed with the Audit & Finance Committee, the Quality, Integrity & Risk Committee, and in the Supervisory Board.
We have assessed the design and the operational effectiveness of our risk management and internal control framework, and to the best of our knowledge identified and disclosed all material risks and uncertainties relevant to the company's continuity in the foreseen future. Based on our activities in 2017/2018, the Executive Board considers the framework to have worked effectively and to provide sufficient assurance to state that we have been, currently are, and anticipate to be, in control of our key risks and that this provides reasonable assurance that the financial statements 2017/2018 do not contain any material misstatements.

Outlook

The global and Dutch economies continued to show stable growth over the last year. Geopolitical risks and related volatility are however on the rise. Specifically as relates to trade wars, political tensions, the nearing Brexit and intended reductions in debt buy-back. While considering the current environment, our goal is to continue building and executing on our vision and 2020 growth strategy.

The NWE member firm combination has enabled us to accelerate our 2020 Plan by attracting new partners as well as investing offerings and solutions for our clients. This combined with increasing investments in our talent development and focusing on innovation. Initiatives are underway to bundle and scale our investments in blockchain, AI, and Robotic Process Automation (RPA). Towards the end of 2017/2018, the Board approved investments in a global issue of SAP 4 Hana combined with the plan to move to a Global Finance Services model. Implementation is planned for 2019/2020.
Related to our 2020 Plan, we will continue to grow our business and improve our performance by making investments in quality, talent development, innovation, and by recruiting and retaining the best talent. Other strategic initiatives will also continue in the areas of improving client portfolio and ensuring our operations continue to be "fit for growth".

After three consecutive record-breaking years in terms of revenue and profit, our focus in 2018/2019 will be on further building and investing in quality, innovation, talent as well as in our operations. Based on the current visibility, we plan to continue to grow our number of professionals by between 4 and 6%, which will also continue to be driven by NWE investments. We expect a slight ramp up in our investments in innovation and product development compared to 2017/2018, while also further increasing our investments in talent learning and development. We will do this in combination with time allocated to making an impact on society and our goal is to grow these activities until they represent 1% of our hours.

Rotterdam, July 20, 2018

Executive Board
P. J. Bommel, Chief Executive Officer and Chairman of the Executive Board
M. van Vliet, Chief Operations Officer
E. Robbe, Chief Quality Officer

Interview

Delivering on the NWE vision

One year since its launch, the North-Western Europe (NWE) organisation has already had a deep and positive effect for Deloitte Netherlands. According to Chief Operating Officer Mario van Vliet, the integration process has gone very smoothly, with the Connected+ Autonomy model preserving local ownership while developing synergies from the enlarged organisation. Most importantly, he adds, Partners in the Netherlands, are extremely positive about its potential.

"We wanted to make sure our Partners were the ones driving this process from the start, and some had been cautious to embrace NWE until now," he explains. "Today many of them are already working in integrated teams and still they feel they are part of an integrated NWE member firm. There's now an appreciation of how NWE is helping us in closing in on our strategic objectives and making an impact that matters for our clients."

With clients increasingly looking to address complex challenges in a globalised world, the NWE organisation provides clear advantages, particularly among large multinationals, which Deloitte has identified as its strategic priority accounts.

"These companies are drawn to the strength of our network and they naturally have the expectation that we'll deliver the same standard of quality wherever we are," says van Vliet. "We've seen far greater interest than we anticipated, and it is particularly gratifying that we're serving more large multinationals, including one very important new client that opted for our support throughout NWE on a major post-merger integration."

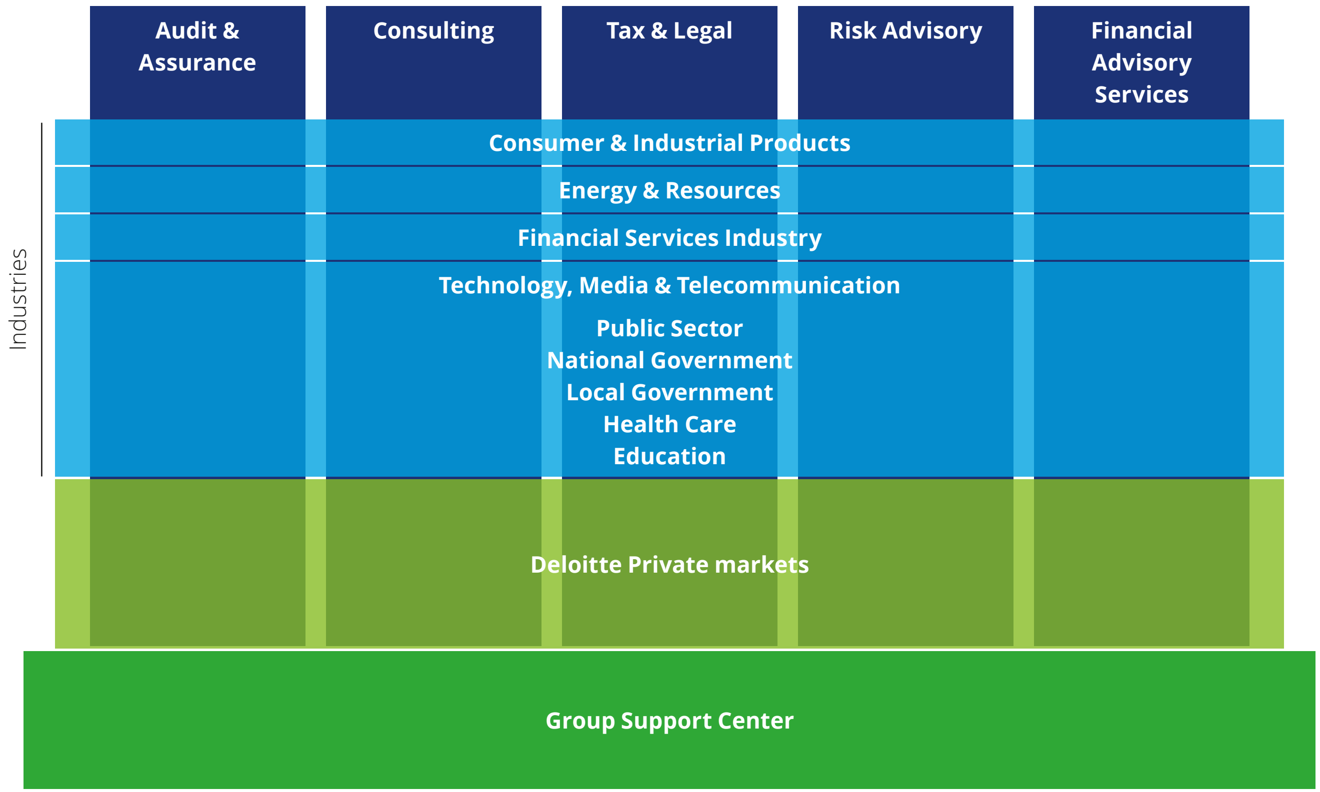
The NWE organisation, which in addition to the Netherlands, includes UK & Switzerland, Belgium, Finland, Denmark, Sweden, Norway and Iceland as founding members, also welcomed the arrival of Ireland in the year. The expectation going forward is that it will continue to grow, even finding ways to work more closely with the Mediterranean member firms.

"This is only the first year, so we know there's still a lot of work to do," says van Vliet. "The next crucial steps will be to further improve our cost synergies, integrate our back-office systems and applications and apply common policies. The great thing is that we now have the traction and momentum to do just that."

Mario van Vliet
Chief Operating Officer

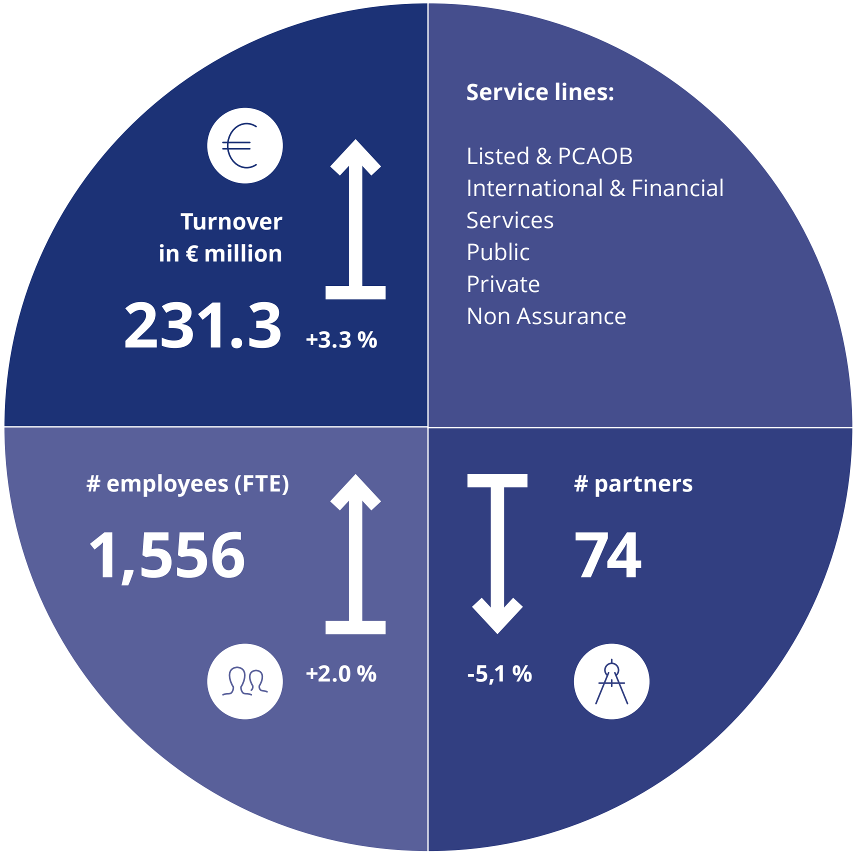
Market Developments

Deloitte is structured around five Businesses that work across various economic sectors (industries). The businesses are supported by our Group Support Center that serves both the businesses and the industries. In 2017/2018, we migrated our regional structure to a more market-oriented focus under Private markets, the goal being to build more concentration, skills and solutions in serving distinctive Private market segments.



In this section, we provide the financial results and market developments for our five businesses and for our Group Support Center. We also give insights into the role of innovation and the implications of working within the NWE structure.

Audit & Assurance



Performance FY18

For Audit & Assurance, making an impact that matters means that we focus on delivering independent audits of the highest quality and are dedicated to also pursuing opportunities and addressing challenges to meet the expectations of the public interest.
Our professionals strive to make an impact that matters on clients, communities, and society at large. Across Deloitte, there is a recognition of the important role that audits play in contributing to market confidence and integrity. In line with our aspiration to be the undisputed leader in professional services, our Audit & Assurance approach is structured around:

- **Quality** - Continuously raising the standards of quality through providing broader and deeper assurance in accordance with respective Standards and guidelines;

- **Talent** - Being bold, teaming and also pioneering, defining the audit of the future;

- **Growth** - Driving the impact of audit with a continually expanding range of skills, experiences, and insights;

- **Innovation** - Driving positive, disruptive change to revolutionise what audit can do – and how.

For more details, please see our 2017/2018 Transparency Report. [INSERT LINK]

On the backdrop of our Purpose and Aspiration, and being committed to develop a high-quality audit practice, we have made visible choices on:

- Our **Culture**, with a culture programme in place that focuses on themes such as the development of leadership and team cooperation. We have launched initiatives to further professionalise the way in which we work together with a focus on behaviour;

- Our **Quality**, with significant investments in areas that include; (i) further bolstering root cause analysis to properly understand and develop leading practices; (ii) the global Audit Quality Monitoring & Measurement programme that facilitates continuous quality improvement; and (iii) a quality control approach that we developed with a dynamic interim form of monitoring & support;

- Our **Talent**, investing in an enhanced talent model that includes a single global Audit Learning curriculum, setting up communities where people can work across service lines for varied working experiences, and the renewed performance management system and practices for rewards and recognition;

- Our **Clients**, looking closely at both our existing client portfolio and new clients that we accept. By making clear choices we believe we can better serve our clients and offer more challenging work with optimal working hours for our people;

- Our **Service Delivery**, investing in Quality and Audit Transformation agenda, through standardisation (Deloitte Way Workflow), centralisation (Regional Delivery) and Automation (Analytics, Robotics), improving both audit quality, efficiency and value.

Due to the choices and investments we make, our Audit & Assurance practice has shown steady progress in all four strategic agendas and improved quality combined with financial results. This allows for further investments in audit quality and innovation, e.g. in analytics and robotic process automation. Results in 2017/2018 were also excellent in our Non-Assurance practice. The CTRL platform is the delivery platform for our Non-Assurance practice and has benefited from our growth in client numbers. Similarly, our Business Process Solutions practice performed very well, taking advantage of the strong economy and being able to identify and meet market and client needs. Audit & Assurance revenues in 2017/2018 grew by 3.3% to € 231.3 million.

Innovation

We continue to monitor demands and the impact that market developments and regulatory requirements have on our audit business and audit professionals. To further enable this, we have chosen to pivot towards right-sized teaming communities focussed on talent development for our people orientation, and four distinct Service Lines for our market orientation.

The public trust that we instil is not a static quantity - we look ahead to emerging conditions, continually innovating in both outlook and application to shape the standards that will give trust and comfort to stakeholders in the future.

We make a concerted and continuous investment in developing breakthrough technologies, fresh approaches and new, disruptive perspectives to reshape audit. Automation that speeds up and improves routine tasks, analytics that yield a deeper and more insightful view into the data, and artificial intelligence that enhances human discovery and problem-solving. For example:

Spotlight is a web-based data analysis application that reviews specific account balances based on data risks, such as homogenous revenue streams.

Icount is a web-based application that streamlines the inventory count process from start to finish, eliminating the need for pencil and paper.
The *Audit Incubator* Board challenges our professionals to spot opportunities to do things smarter, different, and better.

NWE

We see different forms of cooperation between NWE firms in the area of quality; (i) training; (ii) consultations (iii) exchange of professionals and; (iv) the monitoring of quality initiatives (AQMM). Being part of a strong firm like NWE unites our efforts within in the global network.

As of June 1, 2017, majority voting rights over Deloitte Accountants have been vested, indirectly, in Deloitte North West Europe LLP (Deloitte NWE). Deloitte NWE is registered as an audit firm with the ICAEW, the UK audit regulator, in accordance with relevant EU regulations. The CEO and the Audit Lead of Deloitte NWE, currently: David Sproul and Stephen Griggs, have been identified as co-policy makers (mede beleidsbepalers) of Deloitte Accountants B.V. within the meaning of the Netherlands Act on the Supervision of Audit Firms.

Serving the public interest

The impact of our work extends beyond audit. Attesting that financial statements give a true and fair view in all material respects, and providing insight on the conduct, controls and tone at the top of an enterprise gives investors the confidence to make critical decisions. Deloitte has been handed this trust by society and it is up to us to live up to the expectations.

Operating in the public interest focuses on performing the statutory duty of auditing financial statements and issuing a statement on the reliability of financial and non-financial information. It also includes the duty to consider issues such as fraud, corruption and discontinuity. As leadership we are aware that recent incidents like Steinhoff can lead to a breach of this trust. We are strongly committed to the continued investment in and improvement of our Quality Control Framework.

Regulatory environment and developments

Deloitte and its regulator, the Authority for Financial Markets (AFM), share the same goal; to ensure audit quality serves the public interest. Furthermore, it is important to foster trust between the regulator and an audit firm, and this trust is built on mutual respect and transparency.
During last year we have had frequent interaction with the AFM, both formal and informal. Formal meetings include quarterly meetings with the Board of Deloitte Accountants B.V. and an annual meeting with the Supervisory Board and Management Board of Deloitte Holding B.V.. In addition we have had two meetings with our regulator in different composition

with professionals and board members of Deloitte Accountants B.V. as part of the intermediate stage following the Dashboard 2016 on progress in our change process, about which our regulator concluded positively in 2017. The purpose of these meetings was to help us in further strengthening our culture and quality control framework. We also participated in a thematic review of the AFM on the role of the audit partner in our culture focused on audit quality.

Together with other firms, Deloitte is participating in the Stuurgroep Publiek Belang (NBA) to restore the trust from society in the profession. The latest published reports are on focal themes; (i) Root Cause Analysis; (ii) Governance structures; (iii) Quality; (iv) Continuity and; (v) Fraud.
Relevant regulatory developments include for example:

- The fit-for-purpose test on current and newly to be appointed (non) executive directors of PIE Audit Firms operating in the Netherlands as of January 1, 2018.

- The sector takes measures that control the risks for the PIE audit firm and the accounting profession as a result of financial pressure at the equity audit partner level. A measure that was already in place internally at Deloitte.

A critical mirror
The MCA offers the sector a critical mirror. It's one we embrace. We want to be the undisputed leader. And we show strong results on the road to this undisputed leadership; in terms of quality, the upward trend in each market segment, and our innovation agenda. The MCA report is a clear call to action: 'Get on with it!', says it all. We – and the sector as a whole – have definitively found our way up after going through a deep low. We will not stop climbing now. The MCA report offers us and the sector concrete issues to act upon, such as:

- Reinforcing linkage of causes, measures and consequences – this speaks directly to the importance of the process we have in place we call Plan-Do-Check-Act Cycle, working with impact analyses on the effect of measures. And this requires continuous improvement.

- Workload, time pressure and tight budgets - a tough-to-handle and sector-wide issue. We have implemented an integrated package of measures to reduce the workload. This is reality though: our workload continues to be too high. So, we still need to up our game.

- Taking on the dilemmas– Beyond sector initiatives, we as Deloitte have a clear perspective on the current environment and trends facing the audit. An ongoing dialog is required, both within our firm and the sector.

- Fraud as a top priority - Society clearly has high expectations of auditors, particularly when it comes to fraud and continuity. Focussing on fraud and corruption risks is one of the crucial pillars of our business operations and our interpretation of the quality control system. Audit teams have a clearly upped their attention for fraud risk analysis, however we aspire to go even further.

- Showing more ambition – we set out to 'Aspire with assurance' and have the ambition the be the undisputed leader of the profession.

Two disciplines successfully linked

Following the desire to do more with data science, ABN AMRO asked for challenging cases from Maxima Medical Centre and Erasmus University Medical Center (Erasmus MC). Together, they challenged Deloitte and other organisations to find smart solutions for genetic data.

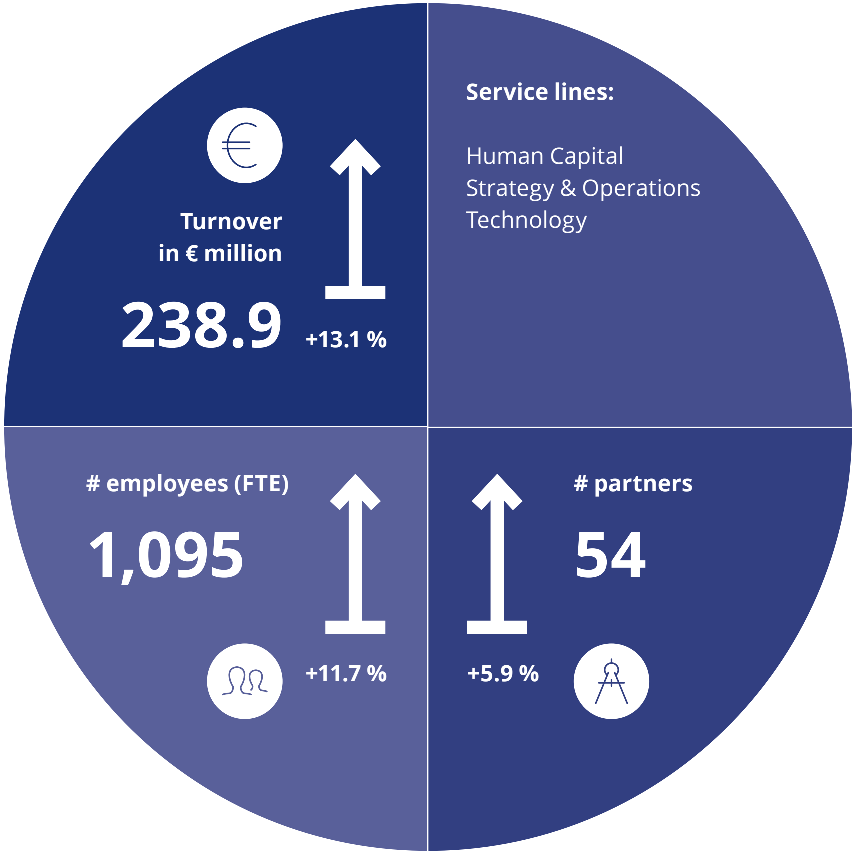
This was the perfect opportunity for Martijn Ludwig and his team to highlight our advanced and digital analysis capabilities, while making impact on society by helping out children with leukaemia. To meet the challenge, they hosted a 48-hour hackathon to examine how they could contribute to better decision-making in treatments for children with leukaemia.

“We wanted to demonstrate scalability, so we asked Erasmus MC for a second testcase: to determine to which degree one can predict which skin cancer treatment will be most effective,” Martijn says. “This kind of calculation is relatively routine in the financial sector, but for medical practitioners it is relatively new, even though it can bring enormous added value. For example, we can tap directly into the international databank of genetic sequences. By linking together two different disciplines in a way that hadn’t been thought of before, we’re using our expertise to help medical practitioners improve their cancer treatment decisions.”

Martijn believes that Deloitte’s strategy, with its sharp focus on data analytics, will continue to embrace and carry out innovative projects like this one. “It’s worth it!” he says.

Martijn Ludwig, Senior Manager at Deloitte

Consulting



Performance FY18

Consulting again achieved strong performance in the year. Growth in both revenues and profitability continued. We became part of Consulting in NWE, which strengthened our platform to become the undisputed leader in Consulting, also in the Netherlands.

We took a further step with the execution of our Consulting Plan 2020, centred around impact on clients, people and leadership. We have been partnering with our clients to transform their business in critical parts of their value chain, like Customer, Operations, Finance, HR and IT. We have increased our focus on serving priority and strategic clients in Financial, Private and Public sectors. We are able to support our clients from strategy to execution by providing multi-disciplinary services that are enabled by our strategic, operational, human capital and technology capabilities. We have acquired AEPEX during the year in order to strengthen and build out our SAP capabilities. We have a strong focus on recruitment, development and retention of our talent. We have recruited more than 250 consultants over the year, spread over all experience levels, and have introduced new ways of engaging with our talent for a positive impact.

We have experienced particularly strong growth in the Financial Sector (Banking and Insurance), Consumer Products, Retail & Transportation sector and the Energy & Resources sector. We have further deepened our Executive relationships with our priority and strategic clients through account management, eminence and transition/innovation Labs, leveraging our Global and specifically NWE capabilities. All our Service Areas, Strategy & Operations, Human Capital and Technology contributed to our growth.

Innovation

Our investment in innovative capabilities and services such as Digital, Analytics, Robotics, Cognitive and Artificial Intelligence also contributed to achieving growth. A few examples:

- We supported a Dutch-based international bank to develop and launch a new brand and digital-only private banking proposition and technology platform. Our client is now able to innovate the way it engages with its digital-oriented client base. Our support ranges from strategy to execution, partnering in an ecosystem consisting of multiple vendors;
- We supported a multinational retailer to define their global technology strategy and enable its digital transformation journey. We have also helped them to optimise online consumer baskets using advanced analytics;

- We partnered with a financial institution to optimise their lending processes using machine learning and robotics process automation. This has resulted in improved client service at lower costs;

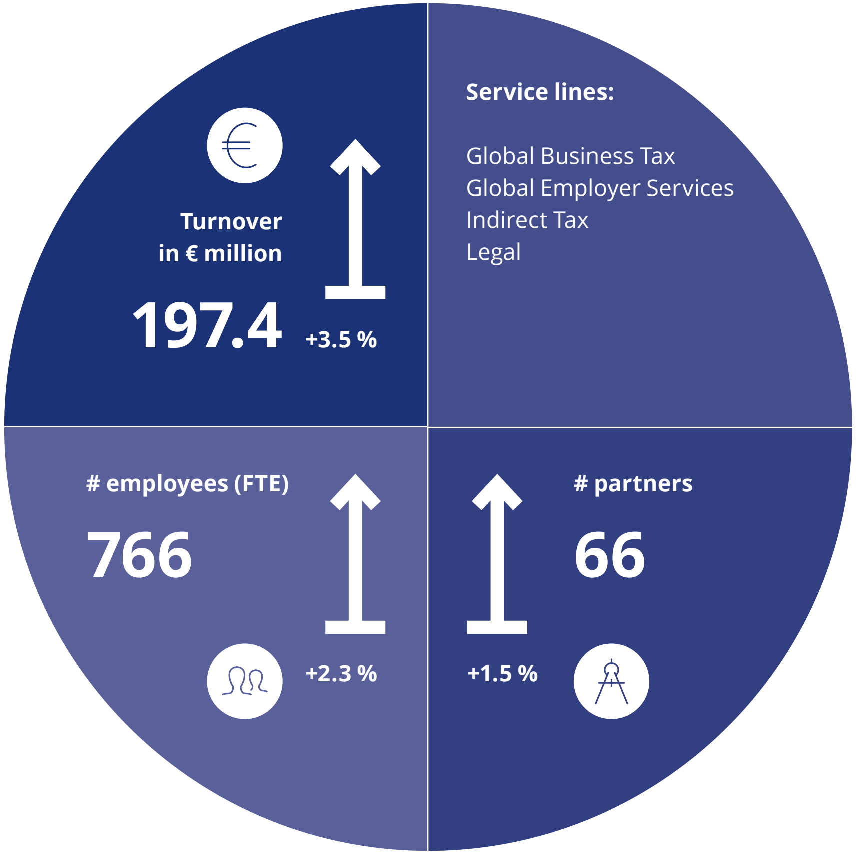
- We support a global Life Sciences company to leverage artificial intelligence for product innovations and new business models.

NWE

Our strong Consulting platform in NWE further increased the positive impact we are making on our clients and talent. We are leveraging deep industry insights and broad technical capabilities across the region to serve our clients in the best way. We offer our talent the opportunity to solve the most complex business challenges for clients, often in an international environment. We are also serving the public interest through delivering high impact projects for NGOs. For multiple projects we use our Impact foundation and make Consulting experience and time available. One example of this is a strategy project for an innovative, environmentally friendly waste removal company. Another is our support to improve the global distribution network for medicines for a worldwide NGO.

Consulting revenues in 2017/2018 grew by 13.1% to €238.9 million.

Tax & Legal



Performance FY18

With competition increasing and technology playing an even more important role, we have continued to explore new business delivery models. Overall, Tax & Legal's profile has continued to change rapidly.

Our Tax & Legal Function employs almost 900 people in the Netherlands who are assisted by our service delivery centres in India and Bucharest. Additionally, we have Dutch desks in New York and Hong Kong.

We also continued to hire more people with nontraditional educational backgrounds, mirroring the need for technology and process-savvy talent. This change is reflected in the adjustments we made to onboarding programmes, learning curriculums and team structures.

Specific training programmes have been set up in combination with Deloitte Consulting and Risk Services to attract the best technology and process sharp talent.

These initiatives are helping to transform our Tax & Legal business, which is a central part of our strategy. We are making significant investments in content and quality, technology and innovation which are essential to establish Deloitte's undisputed leadership by 2020 and beyond.

In 2017/2018 Tax & Legal saw increased growth levels compared to last year. We invested heavily in our growth areas, improved our operations and built on the pillars of our Plan 2020. As a result, we saw growth in areas like M&A, International tax, Transfer pricing, TMC, Indirect tax and Legal. In other areas, growth remained flat or was relatively low. We saw stronger growth in the sectors Private Services Industries and in Financial Services industry, and lower growth rates in the Private Markets and Public Sector Industry. Our Global Employee Services business continued to be challenged in its goal to build out the advisory business in combination with the more commodity priced compliance business.

Tax & Legal revenues in 2017/2018 grew by 3.5% to approximately €197.4 million.

Innovation

We continued our investment in Technology and Innovation to be perceived as #1 in the market place, attract talent and optimise our delivery models. Specific examples are Robotic Process Automation for compliance processes, data analytics on compliance and finance processes and Artificial Intelligence for assessing legislation, documents and data. In Digital and Innovation we took further steps to align our efforts and developments and speed up our time to market, making use of new delivery models and technologies. Most notable among these was the acquisition of Tytho BV, a recognized tax technology boutique firm on April 1, 2018. This acquisition signals our ambition to become the market leading tax technology firm.

NWE

Joining NWE provides a unique opportunity to share best practices, leverage our scale and target investments in our clients, people, delivery model and innovation. Our focus in the first year has mainly been on merging in the marketplace and giving substance to the connected+ autonomy model. We look back at a very successful first year.

Regulatory environment

International context

The tax systems of many countries have not been able to keep up with the pace of globalisation. In addition, over time, many governments have used their tax regimes as competitive levers to attract investment and jobs and to ensure that the companies headquartered in their jurisdictions are competitive globally. Most taxpayers operating internationally have factored this reality into their business plan to a certain extent. To stay competitive, they took advantage of available tax benefits while having to comply with increasingly complex tax regimes.
For the last two decades, an unprecedented degree of tax reform has been taking place around the world, partly in response to the 2008 global financial crisis and the perception that multi-national corporations were using tax planning to erode the corporate tax base.

As a result, in 2013 the Organisation for Economic Cooperation and Development (OECD), supported by the G20, initiated a detailed global plan to address Base Erosion and Profit Shifting (BEPS). This plan was issued in 2015 and contained key provisions, the effect of which will occur in the near future:

- Global Country by Country Reporting – detailed reporting of foreign operations of corporate taxpayers shared with tax authorities around the world thereby increasing transparency;
- Global Transfer Pricing Guidelines with a focus on allocating income to countries where activities are performed and economic substance is present;
- Automatic global sharing of local country tax rulings between tax administrations;
- Harmonised global approach to patent box incentive regimes;
- Eliminating mismatches in country tax laws applicable to tax cross-border hybrid instruments and entities;
- Restricting the deductibility of corporate interest expense;
- Greater domestic taxation of offshore income.

A Multilateral Treaty Instrument was signed by over 70 countries in June of 2017, with more jurisdictions to follow. It has been designed to swiftly implement the BEPS-related changes into the existing treaties and, inter alia, prevents using tax treaties for tax avoidance.

European Union

In addition to the local country legislative and treaty changes described above, the EU is also implementing significant changes. This includes the introduction of Anti-Tax Avoidance Directives (ATAD) 1 (effective in 2019) & 2 (effective 2020-2022) which implement certain of the BEPS measures described above and introduce further measures that go beyond the BEPS project including a General Anti-Abuse Rule (GAAR). In December 2017 the EU published a list of non-cooperative jurisdictions that was released with recommendations to Member States regarding potential sanctions. While not a tax measure as such, the EC has also been challenging certain tax regimes and tax structures under State Aid legislation. Also, many individual Member States are continuing to enact broader legislation related to increased tax reporting and corporate income tax base broadening measures.

United States

A major US Tax Reform came into effect in 2018. This will have a significant impact globally due to the size and scale of the US economy and US multinationals. In the past, offshore structures were particularly attractive for US multinationals due to an ability under US tax law to indefinitely defer US taxation by not repatriating profits to the US. Under the new US tax law, existing deferred offshore profits are subjected to current US income tax. Also, in the future much of the offshore profits will be subject to US tax on a current basis. Hence, it is likely that most US multinationals will now prefer to repatriate offshore profits to the US rather than reinvesting in offshore structures. Also, like the BEPS measures, US Tax Reform is curtailing the deductibility of interest expense and eliminating hybrid mismatch planning.

In a separate initiative from the BEPS project, the Common Reporting Standard (CRS) / Automatic Exchange of Information (AEOI) is being implemented globally. In short, financial institutions around the world will automatically advise a customer's country of residence of any accounts that have been opened. Once fully implemented, this will make it virtually impossible for individuals and companies to hide funds in offshore accounts and not pay tax on the associated income.

While the above tax changes have been taking place, there was also an increase in focus on the role of 'tax intermediaries'. The EC has recently adopted a directive that will require intermediaries, including tax advisors, to disclose cross-border tax schemes to the authorities.

Role of Deloitte in the global tax debate

We help our clients to be compliant with the tax laws around the globe. Due to the complex and differing requirements around the world, organisations like Deloitte, with global presence and deep expertise, enable to organise the tax process in a modern and efficient manner. We believe that our role contributes to a healthy global economy that promotes growth, cross-border trade and vital local economies, and this is the way we serve the public interest.

We have fully endorsed the modernisation of the international tax rules and the significant number of changes including the BEPS project. This includes responding to the OECD requests for input and participation in the meetings of the G20, BIAC and OECD's Forum on Tax Administration on this topic. We have also responded to domestic governments' consultations on implementing the new rules. We deployed significant resources around the world in educating our clients and our people on these new rules, and have developed technology tools to assist our clients in complying with these new laws. We believe that Deloitte and the other big accounting firms are indispensable in the execution of the BEPS and other related legislative actions.

Deloitte Netherlands activities

Deloitte Tax & Legal is actively engaged in the Responsible Tax debate in the Netherlands. We contribute our technical expertise by providing comments on the various proposals from the OECD, EU and Dutch government and engage in conversations with external stakeholders, including MPs and NGOs.

In 2017, we formed a Tax Review Board in The Netherlands. The Board consists of both internal and external members and deals with a broad range of matters concerning responsible tax. Among others, the Board assesses the acceptability of services and provides guidance to our practice.

With these consultations we want to achieve that we, as a group, consciously involve social and political developments in our advisory beyond the formal laws and regulations, but which are important to our reputation as a group and for our clients. These can involve purely corporate and international structures, but also national situations.

We see it as our responsibility to address these issues proactively with our clients and our people to make them aware of the impact, while providing them with insights into the possible implications also outside the Tax Function. Responsible tax has become an integral part of our advisory role to our clients and we actively reflect on our role in this topic.

Responsible tax is not only actively discussed by this Board but is also a topic of various internal Tax & Legal (partner) meetings. For us it is fundamental that the Global Tax Reset is not just a talking point or compliance topic but a shift in the way we advise our clients. We approach this as a learning organization, constantly challenging ourselves, our people and our clients on how we can improve.

Our vision

During the BEPS project it appeared difficult to achieve consensus in this area of international tax as different governments have different priorities and many governments use tax incentive regimes to attract investment and jobs. The business and tax professional community have contributed to and been supportive of the G20/BEPS initiative and associated tax law changes. This coordinated global approach is far superior to individual countries taking unilateral approaches that may harm cross-border trade and investment. Global economic prosperity is highly dependent upon cross-border flows.

In this context, we would expect a tax system that supports global trade to:

- Tax profits once – In line with the substance principles of the OECD BEPS Action Plan and the 2017 Transfer Pricing Guidelines, double taxation should be avoided;

- Be transparent – clarity by governments on how their tax systems work will allow other governments to understand the approach taken and the potential impact on their countries;

- Be certain - Certainty at country level ensures that multinationals can make long term investment decisions and contribute in the way that governments intend;

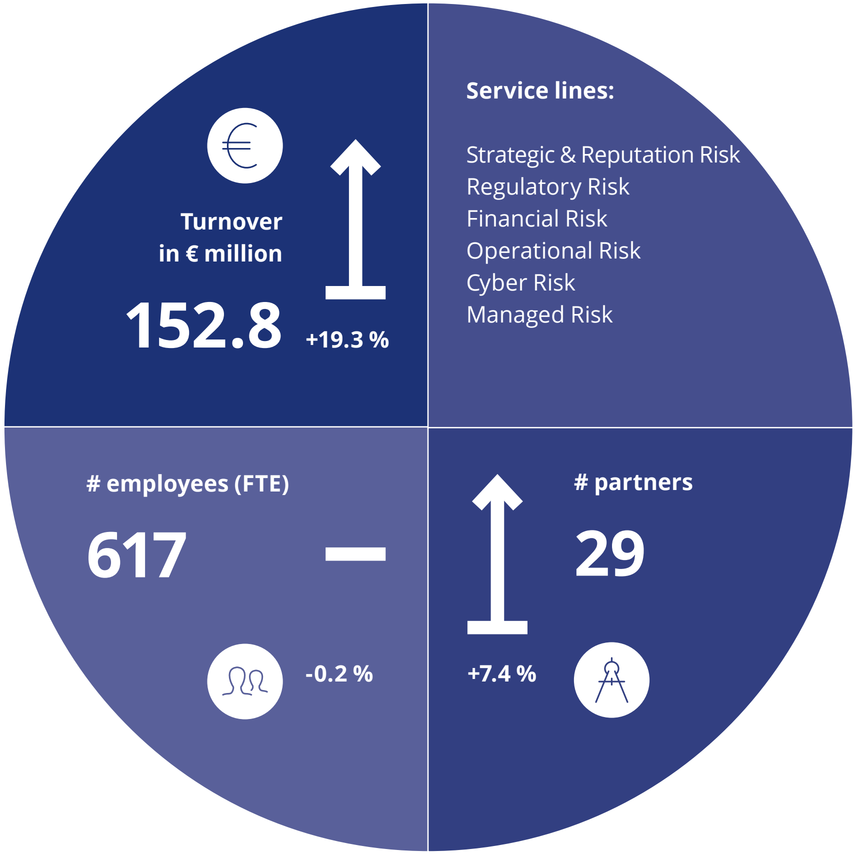
- Include effective mechanisms for resolving uncertainties swiftly;

- Provide the opportunity for active cooperation with taxpayers, to avoid disputes, drive efficiency and deliver an effective tax system with minimal negative economic distortions.

Continuation of the work being undertaken currently by the BEPS Inclusive Framework is critical to create an environment of greater cooperation, transparency and understanding. This will also help countries develop tax policies that meet their own economic needs but based on principles that promote global trade. Countries need to avoid introducing unilateral legislation that is inconsistent with the BEPS recommendations.

We would encourage governments to adopt a globally coordinated approach regarding the digital economy as uncertainty in this area may lead to double taxation discouragement of cross-border trade.

Risk Advisory



Performance FY18

In the past year, Risk Advisory, has continued optimising the services they provide to clients through dedication and focus, commitment, and the quality of work. This produced a stable performance and solid growth compared to last year. Most of the growth was generated by growing regulatory demands, The addressable spend is expected to decline in the future as the recent wave of regulatory change comes to an end, and combined with increasing competition. Other non-Financial Industries' business remained stable. The Risk Advisory growth strategy is to significantly expand and diversify the client portfolio, especially to the non-FSI side. In terms of delivered services, an above expectation performance in Financial Services with stable performance in our Strategic, Operational and Cyber services with Regulatory performing slightly below plan.

Innovation

Due to changing and evolving customer demands, Risk Advisory has looked critically at its own business and delivery models. New market dynamics, such as digital technologies and globalisation, have created new risks. Organisations are focusing on innovation and experimentation, where failure is being viewed as a necessary step. With a more strategic view on risk, Risk Advisory is increasingly helping clients not only to create and protect value, but also to turn risk into a value proposition allowing management to accommodate change. For example, within the service portfolio of Risk Advisory, the demand for Cyber and Blockchain expertise continues to grow. In addition, Risk Advisory has added technology, data, analytics and innovation to its service portfolio, which has resulted in the development and implementation of alternative business & delivery models.

Our transformation is to generate solutions instead of hours, and developing scalable platforms & end-to-end services, implement a flexible workforce and work with adding sustainable value and being paid for it. Examples of concrete innovation projects included:

- DocQMiner - a disruptive platform that significantly reduces time for contract reviews through artificial intelligence in all major world languages - transforms IFRS16 implementation projects from low tech to high tech;

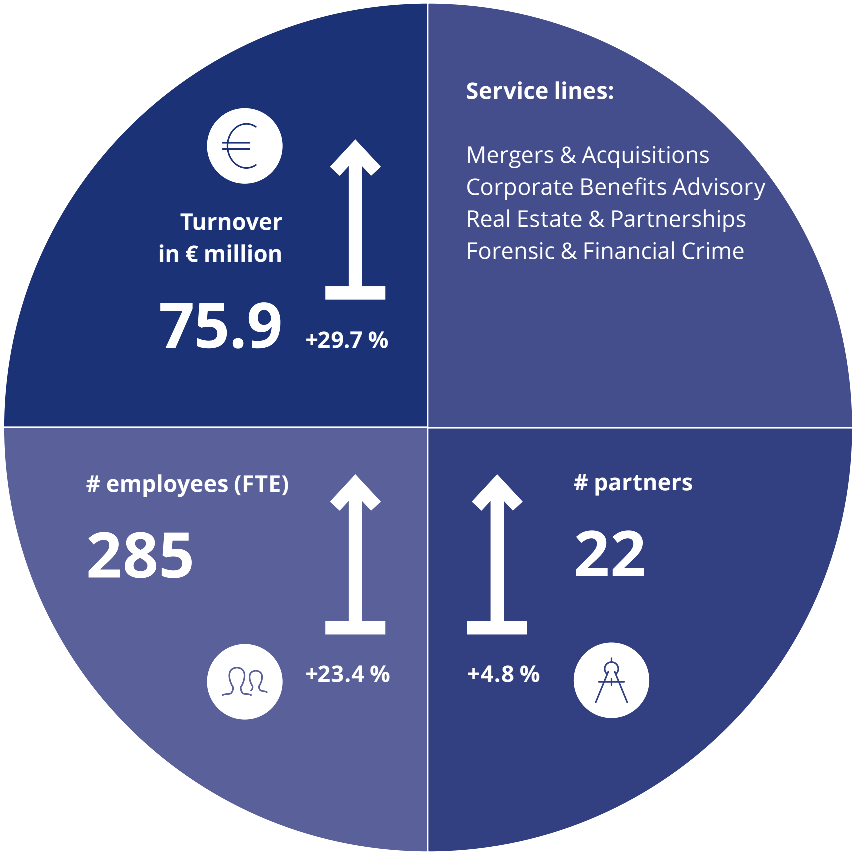
- Managed analytics - scaling of our proprietary data and process analytics platforms and bringing them directly to our global clients in a subscription model;

- Eagle eye - risk sensing capability to predict credit default events based on powerful open source intelligence engine.

NWE

Within NWE, Risk Advisory is working on further integration of the current Cyber practices into OneCyber. Focused to capture services and client driven synergies, providing new opportunities for leading talent, creating a NWE culture, and optimising the investment capacity. All these areas will allow us to grow faster across the different geographies in NWE.

Financial Advisory



Performance FY18

FAS provides services related to M&A, forensic, real estate and pension challenges faced by clients. Our broad client base ranges from leading multinationals, owner managed business and private equity, through to local and national governments. The Forensic team has recently transferred from Risk Advisory to also align with our worldwide practice.

M&A activity levels were generally favourable in the year, and also, real estate market activity increased. Given the limited changes in pension legislation, revenues were slower in Benefits & Pension Advisory services. Our Forensic team faced some challenges, but the business picked up at the end of the year.

Our overall growth rate of 29.7% is mainly driven by M&A services as well as lead advisory. A substantial part of the revenue relates to engagements performed together with wider NWE teams.

Innovation

During the year we invested in our corporate venturing proposition and analytics and artificial intelligence capabilities. With our data-driven corporate venturing services, we assist clients in shaping and implementing their corporate venturing strategy, and assist in mapping ecosystems and identifying relevant targets. With data analytics and artificial intelligence we are capable of performing more in depth and reliable Forensic and M&A investigations.

NWE

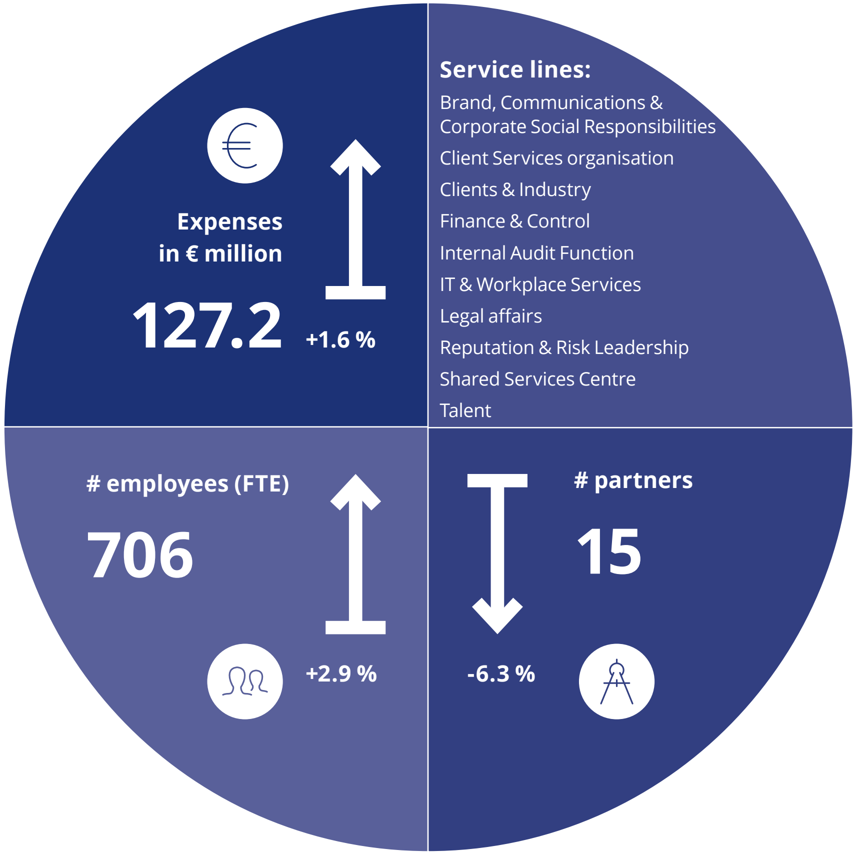
We have seen a further trend towards increased consolidation and interest of private equity in combination with new ways of financing. As a result, we have been advising clients on some large transactions resulting from an increased focus on core activities of corporates. From different parts of NWE, team members contributed to serve our clients. We deliver high quality insights, enabling clients to maximize the value of their transactions. Our expertise also supports the Audit & Assurance business.

With several clients we are building a block chain solution around real estate. With our data driven tooling we have assisted several large corporates with the implementation of their venturing strategy. We used machine learning to detect fraudulent client behaviour. In a large due diligence engagement, part of our reporting was interactive.

Total turnover in 2017/2018 amounted to €75.9 million.

> I have worked for nine years at Deloitte Transaction Services, at which I directly started after graduation from university. I thoroughly enjoyed participating in challenging and highly interesting projects with a group of enthusiastic and motivated colleagues for prominent clients. I learned so much in this period, not just from the internal training courses I was offered, but specifically 'on the job' by learning directly from my colleagues. Almost every single day, I am still using the experience I gained with Deloitte in my current position as partner of private equity firm BB Capital Investment, based in The Hague.
>
> *– Nancy Kouwenhoven, Partner at BB Capital Investments*

Group Support Center



Performance FY18

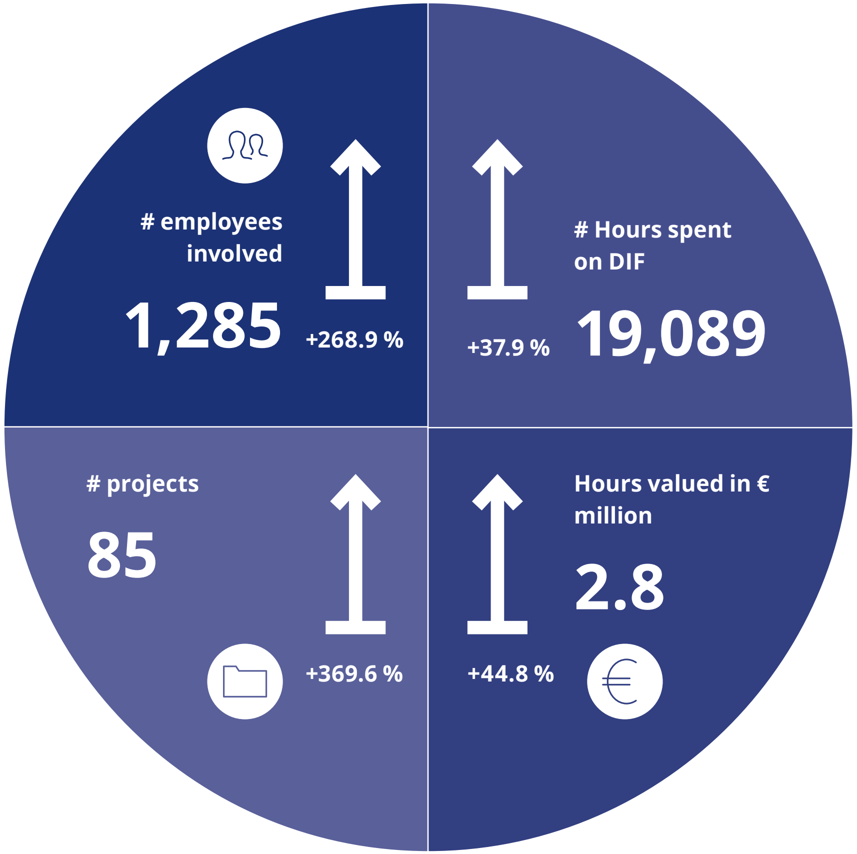
Group Support Center (GSC) is the support organisation of Deloitte and consists of 721 partners and employees. The objective of the support organisation is to ensure an optimal 'customer experience' for its customer, both internally and externally. By delivering the required services at the highest (quality) level, GSC offers the basis for the entire organisation to realise Deloitte's vision: 'to make an impact that matters'. That the support organisation is successful in this is shown by the continued interest of clients and other member firms to learn from our internal service model.

In 2017/2018 the costs including depreciation for investments increased 1.3% as a result of organisation growth in terms of fee earners requiring more mobile phones, laptops, software licenses and office space. The growth of the number of fee earners in itself also required additional recruiting efforts and therefore more recruiters. Besides the increase of costs linked to growth of the organisation, investments and optimisation was made in redeveloping rental properties in among others.Amsterdam, Arnhem, The Hague and Rotterdam and the relocation in Breda. The costs are also impacted by a provision for unoccupied office space in Rotterdam and Eindhoven of €1.0 million.

Innovation
Since innovation in the businesses is mostly technology driven, our IT department works in close contact with the businesses in developments on, for example, AI, and robotics. GSC also uses AI/ robotics in its internal processes and is considering applying these technologies more and more in current business processes.

NWE
All GSC departments are in contact with their NWE peers and are collaborating on providing standardised services based on best practices, therefore enhancing overall quality while looking into ways how this can best be organised and costs optimised. Examples of the areas of cooperation are the implementation of new standardised SAP and CRM systems (planned for FY19 and FY20) while integration also takes place on mobility of fee earners within NWE as well as centralised communication and townhalls for employees on specific NWE topics.

Deloitte Impact Foundation



Performance FY18
We are part of society and we feel responsible for having a positive impact where we can. Impact is not created through numbers, but through knowledge and connections.

In September 2016 Deloitte launched an internal social engagement platform with the help of social enterprise GoodUp: the Deloitte Impact Foundation. The Deloitte Impact Foundation encourages our people to share their knowledge, energy and talents to benefit society in addition to the impact that we make through further training and education of our 5,000+ employees and through our client engagement. Our people are able to initiate a project of their own or participate in an already existing project focusing on challenges regarding education, endurable society and societal innovation. Deloitte professionals are given the necessary tools to enthuse their colleagues and can share experiences, updates, videos and pictures on the platform. By making these connections between professionals with different expertise, meaningful projects are initiated and completed, which allows us to realise our purpose of having made a significant impact on individuals as well as society by 2020.

Within the **education pillar**, the focus of activities is to support children, young people and students in the Netherlands to help improve their knowledge and skills through a range of educational initiatives via coaching and short-term internships, or Deloitte's National Money Exam. The latter is an integrated approach to financial education and teaches children of primary schools (11-12 years old) to be money smart. For **endurable society** we are looking to spur innovations that address the root causes of issues such as homelessness, poor health, and unemployment. For one of the endurable society projects, 'Predict Best Cancer Treatment', a group of colleagues developed a data model that predicts which cancer treatment works best for leukaemia patients, which is also scalable for other types of cancer. Projects that focus on **societal innovation** help society - Alice the care robot, a human-looking robot that has been developed to provide care in the future for lonely and demented elderly people, is one of those societal innovations.

Deloitte is committed to driving societal change and promoting environmental sustainability. By working in innovative ways with government, non-profit organisations, society, and by bundling our knowledge, we are designing and delivering solutions that contribute to a sustainable and prosperous future for all.

Only by connecting Deloitte's purpose to the personal purpose of our employees can we create a connection that enables employees to bring their "whole self' to Deloitte. Therefore, in order to increase the involvement of our people in the Deloitte Impact Foundation, we aim to embed societal initiatives in our culture.

Our goal for 2020 entails that 30 percent of our professionals are involved in our initiative (societal positions, projects etc.) and 1 percent of our time, approximately 50,000 hours, is spent on making an impact that matters on society through the Deloitte Impact Foundation.

In 2017/2018, over 19,000 hours were registered in SAP on making an impact on society through the Deloitte Impact Foundation, representing a value of € 2.8 million. In reality however, we estimate that the actual number is higher as many participants, particularly those who spend relatively few hours on assignments for the Foundation, did not always log them in SAP. In addition to the hours registered in SAP for the Deloitte Impact Foundation, a total of 1,600 hours were registered for other voluntary work.

More information on the Deloitte Impact Foundation can be found via www.deloitteimpactfoundation.nl.

"So, how are you really doing?"

Opening up about your darkest thoughts can decrease the odds of falling victim to burn-out, depression and suicide. Katalijn Ritsema van Eck, who has had to deal with a suicide in her own family, wants to create an open culture in which it's acceptable to talk about the hardest aspects of life.

"Especially in the corporate world, we prefer to discuss what's going well over what's causing us trouble," says Katalijn. "I want us to break that pattern." Together with her team, she created a project for the Dutch Stichting 113 Zelfmoordpreventie (Suicide Prevention Foundation) and united ten multinationals for the founding of the Corporate Depression and Suicide Prevention Network.

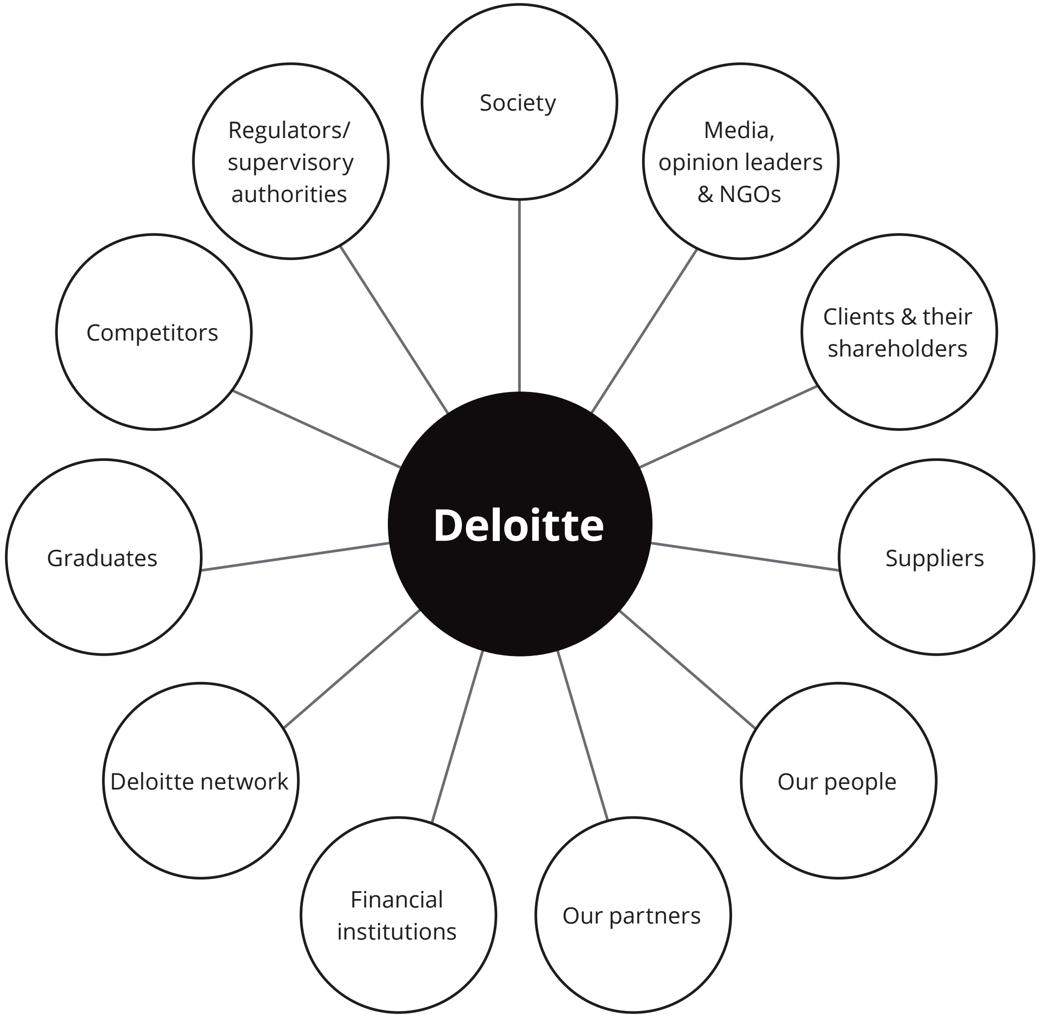
"Colleagues and customers have opened up thanks to our project," she explains. "That also encourages others to be forthcoming with their own issues. This snowball effect can go on to change the culture of the corporate world. In turn, this contributes to preventing burn-out and depression, and will ultimately save lives."

The impact will be further increased with the launch of an online and offline campaign in cooperation with a handful of other corporates. "We're also creating a framework for solutions that corporates can apply to encourage openness about mental health vulnerability. Deloitte has decided to pioneer this model within our own organisation."

– Katalijn Ritsema van Eck, Manager at Deloitte

Interactions with our stakeholders

Our aspiration is to be a role model for quality, integrity, and positive change. To understand the implications of this aspiration, we interact with our stakeholders to seek their opinions and their expectations. This process allows us to define a timely and adequate response to the issues they deem important for our business and for our ability to make an impact that matters.



Evolving market landscape
Our clients face emerging technologies, disruptive business models and highly connected networks that are spread across markets (distributed networks). The service needs of our clients and the way we work are affected by these developments and require tailored solutions across diverse teams and expertise. In addition, our ability to deliver consistent, high quality services across the globe is becoming increasingly important as neither our clients nor other leading professional service firms are geographically bound or limited to traditional (local) markets.

Developing labour market
The labour market is continuously evolving and so are our workforce requirements. The profile of the professionals we need to succeed is more diverse than ever, as both our clients and the services we provide are changing. This means that in addition to traditional education we are also recruiting and employing engineers, mathematicians, psychologists, scientists and other specialists to address today's business challenges. The nature of labour relationships is also evolving. Millennials have different career expectations and online platforms provide mechanisms to collaborate without boundaries. It is our responsibility to continue to remain attractive and to retain the talent of the future and offer an outstanding career experience that attracts, retains and develops the best talent.

Changing regulatory environment
Our regulatory environment is evolving, which includes not only our regulators, but also opinion leaders, NGOs and the media. Increased attention and pressure on transparency, quality, integrity and independence are inherently reshaping the rules and regulations of our organisations and our industry as a whole.

Changing societal expectations
Global professional services providers such as Deloitte are perceived by parts of society as 'black boxes', which is leading to a broader call for increased transparency in the way we conduct our business, help our clients, and on how we report. At the same time, there is recognition of the knowledge and experience we bring into the public debate and the social initiatives we engage in.

We actively seek our stakeholders' views
We aim to take our stakeholders seriously. To this end, throughout the year, we actively engage in dialogue or seek their opinions in other manners such as through (social) media scanning. In Table 01 on the next page we indicate how we engage with the various stakeholder groups that are relevat to our business.

Table 01: Means of stakeholder engagement

Stakeholder groups	**How we seek their views**
Clients & their shareholders	Client Service Assessments Client meetings and events Requests for proposals Clients & Markets research External research and ratings Media scanning
Our people	Talent survey Works Council Formal and informal meetings Receiving feedback
Our partners	Formal and informal partner meetings Receiving feedback
Graduates	Surveys and research Participation in campus events Recruitment sessions
Deloitte network	Active participation in key DTTL governance bodies directly or as part of NWE International cooperation around issues or assignments
Regulators/Supervisory authorities	Formal and informal meetings Media scanning
Media, Opinion leaders & NGOs	One-on-one engagements Cooperation with knowledge institutes such as universities Media scanning
Society	Active participation of Deloitters in society Media scanning
Competitors	Active participation in trade and industry platforms One-on-one sessions around themes or issues Media scanning
Suppliers	Contract management Media scanning
Financial institutions	One-on-one engagements Media scanning

Issues raised by our stakeholders

Our stakeholders continuously voice their views and expectations. In Annex 2 (pages 196-198), we have included a table in which we summarise the main expectations and issues per stakeholder group. We also provide our response to these expectations and issues and indicate how we address them in our strategy.

Structured stakeholder dialogue

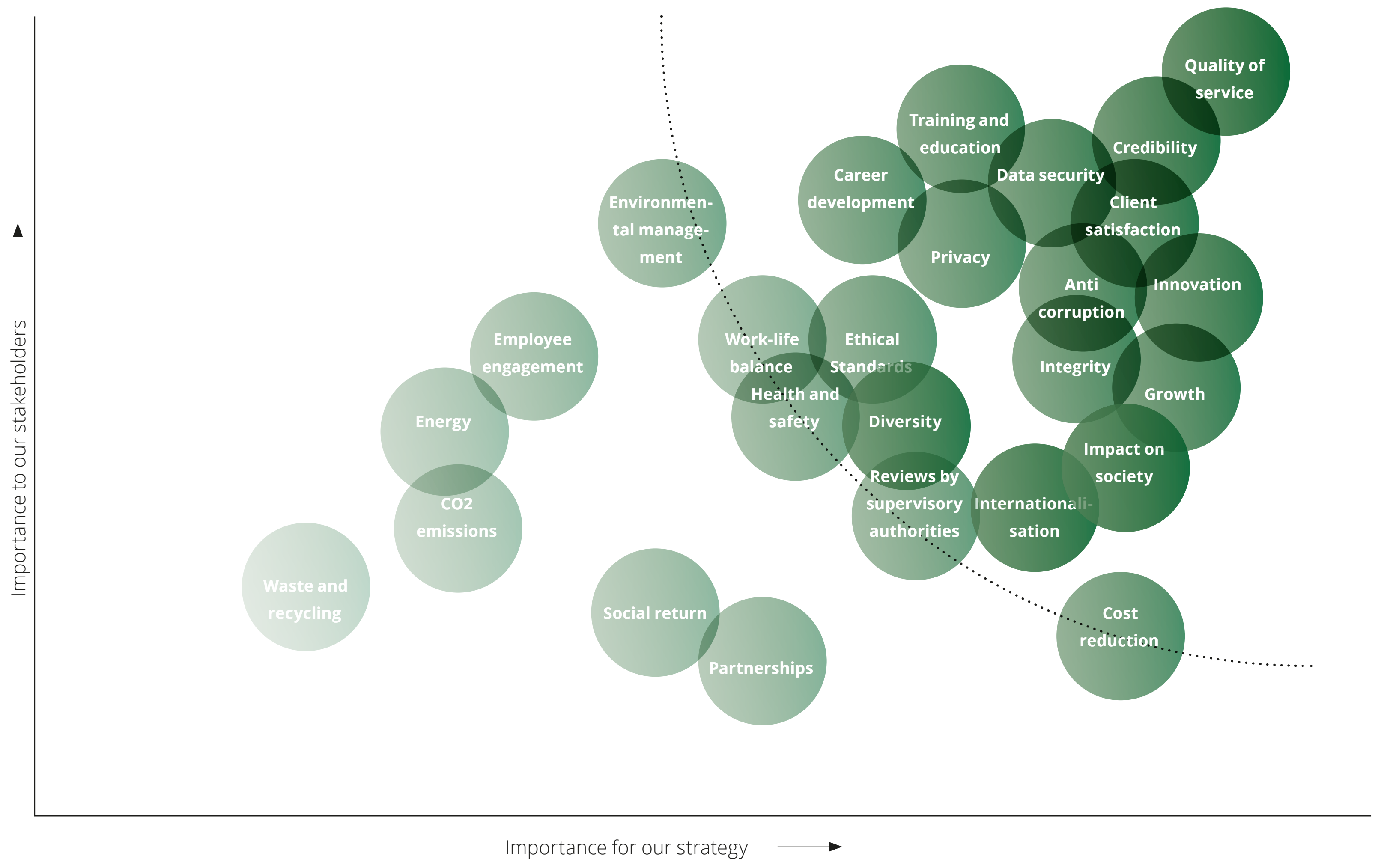
In 2016/2017, we conducted a structured stakeholder dialogue involving the primary stakeholder groups we identified to assess the materiality of our strategic and sustainability agenda.

Through a combination of desktop research, surveys and interviews, we documented the topics our stakeholders deem important in their relationship with Deloitte. Using both objective metrics (frequency, ranking) and subjective criteria (professional judgement), we have plotted the outcome of our dialogue in our materiality matrix.

Being an integral part of society, Deloitte participates in a wide range of formal and informal dialogues. Next to this, we constantly scan the horizon for emerging issues to be able to define a timely response and act accordingly.

In 2017/2018, we mainly focussed our efforts on engaging with organisations that operate in the area of public policy. In this context, we actively sought dialogue with politicians, government officials, opinion leaders and NGOs. The overall conclusion is that the public policy sector wants to have a better understanding of how Deloitte operates. We saw no evidence that our selection of material topics was misaligned. Consequently, for this year's Integrated Annual Report, we have built on the conclusions of last year's dialogue.

Materiality matrix



Material topics

Based on the materiality matrix, we have identified the following topics as being material for Deloitte and its stakeholders:

Topic	Elements
1. Quality	- Quality of services - Client satisfaction - Credibility/Trust - Privacy - Data security - Reviews by supervisory authorities
2. Ethics & Integrity	- Ethical standards - Integrity - Anti-corruption
3. Talent	- Diversity - Training & education - Career development - Health & safety
4. Economic performance	- Growth - Internationalisation - Cost reduction - Environmental management
5. Innovation	- Bringing new service offerings to market
6. Impact on Society	- Corporate citizenship - Social impact

Making an impact that matters

Making an impact that matters

We aim to be an organisation that our stakeholders view as a leading role model for quality, integrity, and positive sustainable change. We recognise the importance of our ongoing dialogue with our stakeholders as it helps us understand what they consider important and what their perceptions are about Deloitte and our activities. We are an active participant and contributor in many markets including the professional services market, the labour market and the broader social and regulatory environment. By being proactive, we want to enhance our understanding of the factors that drive our performance and success.

Central in our value creation is our business model. This business model is designed to define, design and implement impactful solutions to the many business challenges that our clients face. The combined (professional and industry) knowledge and experience of our talent are essential in this respect. Our business model is fueled by our purpose and aspiration and supported by our Plan 2020.

As a business, we take in the resources that we need to fulfill our purpose. By operting our business model we impact the lives of our stakeholders. On page 55 we describe our business model of value creation in a schematic way, detailing our main inputs and impacts. Thee impacts are further elaborated on pages 59-65.

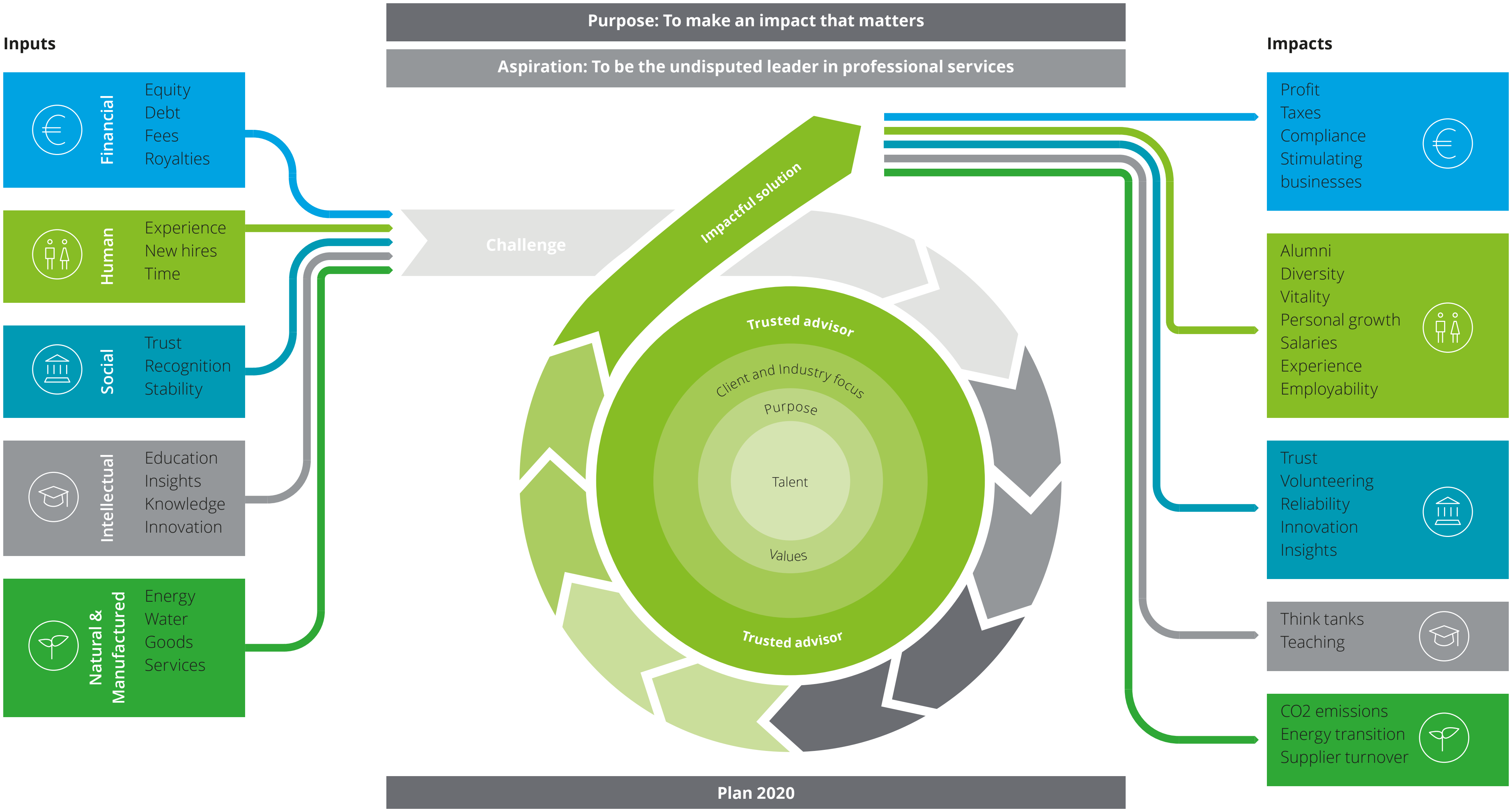
The Internet of Things and healthcare

By 2020, the Internet of Things (IoT) will connect as many as 20 billion ‘things’ (source: Gartner). Daan Hoevers and his team, who work at Deloitte’s IoT Centre of Excellence, are exploring the wide array of opportunities that IoT can offer in the healthcare sector. Together with their UK colleagues, the team has begun collaborating with Vodafone IoT Healthcare, a market leader in mobile communications between devices.

“We participated in a series of ideation workshops with health care and telecom experts, and so the idea of focusing on IoT solutions in the MedTech sector was born,” Daan explains. “After conducting market research, we developed a business case and a list of potential clients. Then, to make our idea more concrete, we carried out a more in-depth analysis of a feeding tube use case. We created an IoT application prototype and presented it at the Vodafone stand at the Barcelona Mobile World Congress 2018.”

“With this cooperation, we combine our strength in healthcare advice with our expertise in cyber security, privacy and legal matters. We’re now developing a number of commercial cases while also deepening our relations with Vodafone,” says Daan. “For instance, the introduction of Low Power Wide Area communication technologies will boost the technical and economic viability of various IoT use cases. With our focus on innovation and internationalisation, projects like these are a perfect fit for Deloitte.”

Daan Hoevers, Manager at Deloitte



Ensure Quality
Premier career destination
Accelerate growth and innovation
Improve client portfolio
Lean operations
Seek internationalisation

Our business process

Our standard business process is designed to deliver high quality services to our clients. It can be depicted as follows:

Prospect and opportunity → **Client and engagement acceptance** → **Engagement team formation** → **Engagement execution** → **Quality assurance** → **Finalise engagement** → **Client feedback**

Prospect and opportunity

Identification of business opportunities with existing or potential clients.

Client and engagement acceptance

Deloitte maintains strict acceptance procedures for clients and engagements. These procedures are aimed at:

- Complying with (international) laws and regulations;
- Avoiding reputational damage;
- Understanding client and engagement risks.

Engagement team formation

We compose the service delivery team, taking into account:

- Competences of team members necessary to deliver the service;
- Independence of individual team members.

Engagement execution

The responsibility for the proper and timely execution of the engagement rests with the assignment manager who operates under the responsibility of the assignment partner. Work can only be performed if there is a signed engagement letter.

Quality assurance

Deloitte has formal Quality Assurance policies for all our services. Per type of engagement, they identify which quality assurance procedures apply (for example review of draft project deliverables by a third party).

Finalise engagement

After the engagement is finalised, for example by issuing the end report or the assurance report, we file all the engagement documentation.

Client feedback

In many cases, client feedback is sought by means of Client Service Assessments, interviews or online questionnaires. The conclusions of the client feedback are fed into our CRM system.

On the basis of 64 Client Service Assessments (CSAs) conducted 1n 2017/2018, we received an overall score of 7.6, a small decline compared to last year. We also asked our clients to rate the quality of our services, which resulted in a score of 7.7, the same as in 2016/2017. Our continued focus on quality and culture, together with tangible investments in account management capabilities and LCSP training will form the basis to further build and enhance client satisfaction and client quality in the coming years.
The main conclusions from the CSAs that we performed are:

- Deloitte is perceived as innovative, with fresh eyes and delivering very good quality in general.
- The need for global cooperation and knowledge exchange continues to be of key importance to international clients. Clients expects us to manage the process.
- The rising importance of digitization and cyber security is paramount. Clients are very interested to understand the potential impact thereof on their business. The added value of the Deloitte cyber security business is perceived high.
- Clients prefer a long term personal relationship and regular contact with main Deloitte contact person to talk about market developments and their main topics.
- Clients expect us to share knowledge and expertise as part of the sparring partner relationship. We can improve in delivering an equally high level at all our clients.
- Clients show a rising interest in co-creation. Some clients would want to partner and conduct joint business with Deloitte.

How our strategy impacts capitals

	Financial capital	Intellectual capital	Human capital	Natural capital	Social capital	Manufactured capital
Ensure quality	✓	✓	✓	✓	✓	✓
Become premier career destination	✓	✓	✓	✓	✓	✓
Accelerate growth & innovation	✓	✓	✓	✓	✓	
Improve client portfolio	✓	✓	✓			
Establish lean operations	✓	✓	✓	✓		
Seek internationalisation	✓	✓	✓	✓	✓	

Our strategy addresses the material topics we have identified through stakeholder dialogue (see page 51).

Making the connection

Our strategy comprises six pillars that each impact the capitals identified in the Reporting Framework of the International Integrated Reporting Council (IIRC) in their own way

How our Plan impacts our material topics

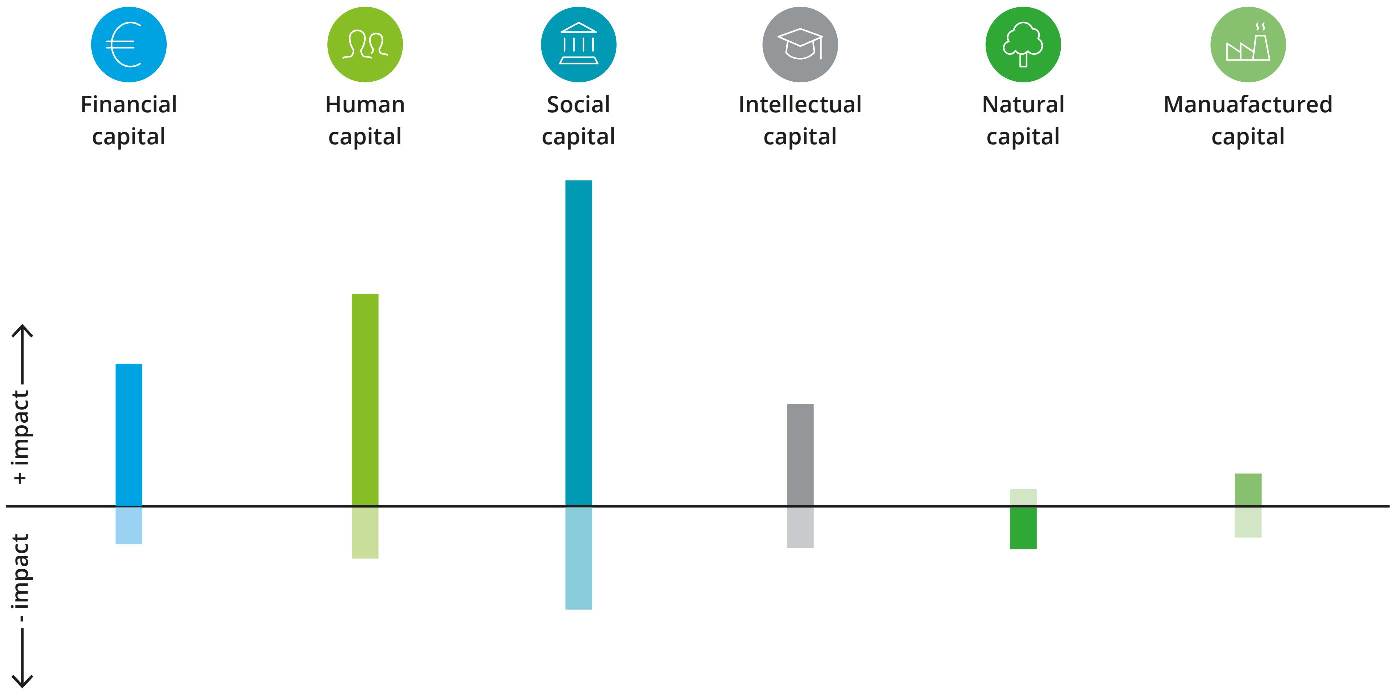
	Ensure quality	Become premier career destination	Accelerate growth & innovation	Improve client portfolio	Establish lean operations	Seek internationalisation
Quality	✓	✓	✓	✓	✓	✓
Ethics & Integrity	✓	✓	✓			
Talent	✓	✓	✓			✓
Economic performance	✓	✓	✓	✓	✓	✓
Innovation	✓	✓	✓		✓	✓
Impact on society	✓	✓				✓

In the section 'Our Plan 2020' we discuss our strategy and the actions we have taken to address our material issues and opportunities in greater depth.

An impact that matters[1] ...

Through our interactions and services, we have an impact on our stakeholders. By providing assurance on complex financial and accounting matters or IT systems, we create and enhance public trust that is essential for the functioning of the business community and for society at large. By rendering a wide variety of advisory services to our clients, we improve data quality, contribute to legal and tax compliance, provide organisational insights, reduce and mitigate risks, streamline processes, stimulate innovation and inspire leadership.

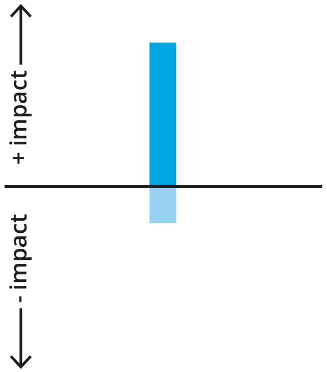
Our activities have both positive and negative impacts. In this paragraph, we describe the impacts we have identified on our stakeholder and the six capitals as defined by the IIRC.



[1] The diagrams in this section (pages 59-65) represent our understanding of the relative size of an impact and are not based on specific measurements unless indicated otherwise.

… on the financial world

Financial capital



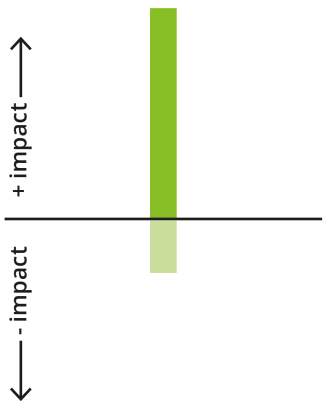
Our clients compensate us for our services. We use the resulting income to develop and to compensate our people, invest and finance the goods and services needed to deliver our services to clients and pay our taxes, insurance premiums and other business costs. Our ongoing operations are primarily financed by partner investments and by profitable performance. As needed, we have access to external credit facilities to finance our working capital and to make investments.

Deloitte has been successful in achieving a substantial return on its investment: in 2017/2018, the EBITDA amounted to €192 million on an invested capital (membership capital, subordinated loans and equity) of €89 million. This ratio is necessary due to the way in which our company is funded: our partners do not receive a regular income but are rewarded for their share of the profit in return for their labour efforts and investments in Deloitte.

However, our most substantial financial impact is not our direct one, but the indirect impact we have through our services. The activities of our Audit & Assurance business allow companies and governments to engage in their activities based on audited facts, thus reducing risk while stimulating business. Our Tax & Legal business ensures that companies comply with all relevant tax legislation combined with optimal tax planning. Other advisory services (Consulting, Risk Advisory, Financial Advisory) contribute to our clients' financial results by providing services that save costs, reduce risk or facilitate further growth.

...on our people

Human capital



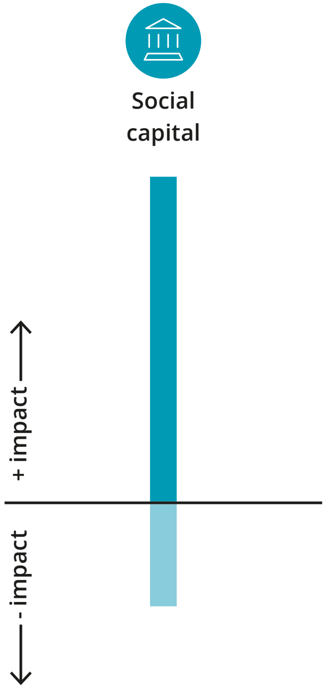
Our impact is not only achieved directly as a result of our business activities. By employing people we contribute to the livelihood of our more than 5,600 partners and employees and their families. Moreover, on an annual basis, some 1,200 students and young graduates are given the opportunity to join Deloitte's team.

Being part of Deloitte provides starters with benefits, and a first work experience in a firm that invests in learning on the job, teaming and continuous training and education. They also gain experience with clients and related intellectual challenges and benefits on a wide variety of assignments with emerging, and leading Dutch and international companies. These activities result in over €535.2 million in management fees and salaries paid to our employees and partners, and €3.7 million out of pocket costs invested in learning and development, creating a positive impact on human capital.

Many of our young recruits also find their way to rewarding positions outside Deloitte after a number of years. In their new job environment, they leverage on their insights and experience that has a positive impact on their employer's organisation and environment. When they continue their careers within Deloitte, they are offered a growth path that can eventually lead to becoming an entrepreneur themselves by being invited to become a partner in the firm or in select cases, growing an idea via Deloitte Innovation. With around 4,100 active alumni adding value outside Deloitte, we deem the impact to human capital through the experience provided to them to be positive.

Unfortunately, there are also negative impacts on colleagues who are unhappy in their professional careers or who experience difficulties in handling the demands of the high-performance culture that is desired by Deloitte. Based on third party research we assume that 20% of our lost days and of our employee turnover are caused by disturbed life balance. This results in a negative estimated impact at over €16 million based on salaries.

... on society



Providing external assurance on financial and non-financial information builds trust in society that is necessary to facilitate financial transactions (e.g. decisions to invest, divest or grant a government subsidy). The 2008 financial and economic crisis once again proved that reliable financial insights are a prerequisite for economic growth and prosperity. Moreover, there is a growing tendency for companies to include more non-financial information in their reporting. We stimulate this development by offering our experience and insights and acting as an external assurance provider.

Yet, our impact on society stretches beyond the trust in our assurance services. Our advisory work with clients enables organisations to better understand their business and operating environment, thereby transforming them into stable economic vehicles that create value for their own set of stakeholders.

We believe the societal impact of both our assurance and our advisory work to be greater than the revenue we received.

In addition, the Deloitte Impact Foundation allows Deloitters to be volunteers and use their skills towards a greater social goal, with over 19,000 hours spent, the equivalent of € 2.8 million in fees.

In certain instances, our industry has fallen short of societal expectations, which has resulted in new measures and requirements for firms such as ours. It is our duty and responsibility to adopt and go beyond these requirements to help to restore trust as well as add value. Relating thereto, we are also monitoring the public debate in various geographies around the implications for separating professional service firms into audit only and advisory.

... and our clients

Our clients turn to us to improve aspects of their business. With over 5,600 partners and employees and 15 offices across the Netherlands, Deloitte is one of the largest providers of professional services in the areas of accountancy, tax advisory, consultancy, risk management and financial advisory. Our professionals work in multidisciplinary teams in order to have a broad perspective on the questions and solutions provided to our clients.

Deloitte aims to be a trusted and innovative business partner, providing assurance on past performance and insights into future opportunities. Together, we aim to make our clients more successful, smarter, faster, more resilient and adaptive.

Although it is difficult to quantify this impact, we believe it to be one of the biggest positive impacts that we have.

… on the academic world

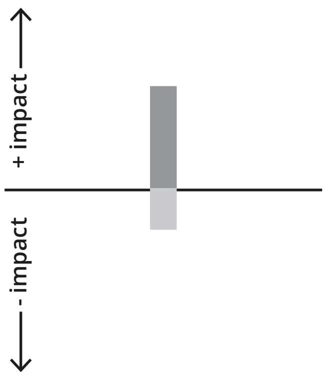
Intellectual capital

Deloitte actively cooperates with academia both inside and outside the Netherlands. We depend on renowned academic institutions to educate our future professionals and business leaders. In return, we contribute to academic debate by actively leading and participating.
124 of our professionals are internally registered in teaching positions at universities and colleges.

In addition, Deloitte actively participates in think tanks such as the working groups of the Dutch Chartered Accountants Association and the Foundation on Auditing Research (FAR), to advance professional standards. Furthermore, we seek cooperation with universities to transfer valuable academic insights to our client base.

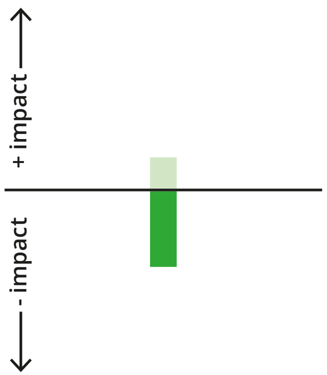
Finally, we support our employees financially to further educate themselves, contributing to the stability of educational facilities. As an example, educational out of pocket expenses amounted to around € 3.7 million in 2017/2018.

On the downside, due to formal constraints, we cannot always share our own insights with the academic world.



... on natural resources

Natural capital



We are not an energy intensive company. Nonetheless, we use energy to heat, cool and power our offices, and use water for cleaning, sanitation and drinking. We endeavour to be as efficient as possible with scarce natural resources by 'purchasing green' and using energy-efficient technology, such as stimulating fuel-efficient mobility where possible.

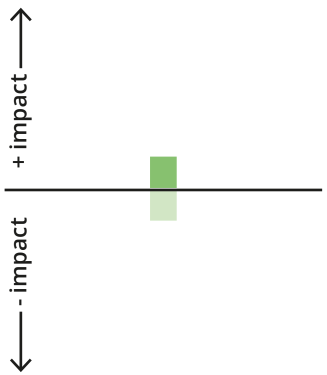
We buy petrol and diesel to travel from our homes to our offices, from our offices to our clients and return home. As an alternative, we offer our employees the possibility to travel with public transport next to, or rather than with their lease car.

When assignments allow it, our employees are fully equipped to work from home, reducing not only environmental impact but enabling flexibility and efficient time planning for our staff as well. Nonetheless, our mobility related CO2 emissions activities contribute to global warming which has a negative impact on natural capital. To a lesser extent, the same applies to water although our water consumption is relatively limited and the Netherlands rarely suffers from drought. Please see the table on page 199 for details of our ecological footprint.

Both as participant in the Dutch Energy Transition Coalition and as a consultant, Deloitte aims to actively contribute to the energy transition of the Netherlands, and thereby preserve natural resources and limit local CO2 emissions. In our activities, we involve both producers and users of energy to better connect energy transition activities on both sides. Moreover, our Sustainable Energy Group helps energy producers shift from fossil fuels to renewable sources.

… and on our suppliers

Manuafactured capital



As a professional services provider, we consider our impact on manufactured capital as limited. The impact we have lies in the goods and related services we own, lease or otherwise use for our work. By using manufactured capital, it is unavailable to others, reducing availability. This could be considered as our negative impact on manufactured capital.

Our total purchasing spend is approximately € 172 million. This positively contributes to the economic sustainability of our supplier base. We nurture close partnerships that are mutually advantageous to our suppliers and to Deloitte. Our leading principle with preferred suppliers is ‘growing together’.

Together with our suppliers, we make a positive impact through our Supplier Code of Conduct that outlines requirements in the areas of business ethics, labour conditions and circumstances, human rights and environmental protection.

We steer on quality, availability, price and service. This means that we will end contracts with suppliers from time to time. Where this might create a positive benefit on manufactured capital in general, we realize that this has a negative impact on the suppliers concerned.

Impacting the Sustainable Development Goals

On January 1, 2016, the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development of the United Nations officially came into force. Over the next 15 years, with these 17 goals, countries will combine efforts to end all forms of poverty, fight inequalities and tackle climate change. The realisation of the SDGs depends on the cooperation of all social participants, including the private sector. Deloitte contributes to the realisation of the goals, especially as a result of our audit & assurance activities that enables informed (investment) decision to take place, but also because of our advisory work that helps our clients improve their organisations, the way we develop our Talent and invest in Innovation.

Based on our business model and the capitals we deem most relevant, we selected three SDGs that we consider as key in our ability to have a material impact. Considering the interconnectedness of the SDGs, we selected four additional SDGs that can help realise our impact.

In the graph below, we share our view of the most relevant SDGs and respective indicators.

Capitals impact our SDGs

Material capitals – To align with our most material topics	**#1: Social**	**#2: Financial**	**#3: Human**	**#4: Intellectual**
Material SDGs – We have chosen the following SGDs	4 QUALITY EDUCATION – For our line of work we need and therefore stimulate continuous learning for all.	8 DECENT WORK AND ECONOMIC GROWTH – Through our work we share knowledge, add economic value and create employment to society.		16 PEACE, JUSTICE AND STRONG INSTITUTIONS – With our work, we facilitate in effective, accountable and transparent institutions.
Facilitators – Which are facilitated by	3 GOOD HEALTH AND WELL-BEING – Facilitate those working for and with Deloitte in their mental health and well-being.	5 GENDER EQUALITY – Prevent discrimination and other harmful practices based on gender	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE – Facilitate transformations in a more agile infrastructure, through innovation and automation.	10 REDUCED INEQUALITIES – Equal pay and rights between age, sex, disability, race, origin etc.

Quality education and learning

The value we create for our clients and society through our services depends on the capabilities of our people. Consequentially, we provide our employees with continuous learning opportunities on all levels. On the one hand, our employees are offered possibilities in formalised education, resulting in credentials such as diplomas and certificates. Personal development and the softer skills on the other hand, are addressed through non-formal education such as on the job coaching. Here, knowledge and experiences are shared by subject matter experts from both within and outside the organisation.

We believe in multidisciplinary teams from different backgrounds to provide the best quality. As such, we realise it is important to make sure training is accessible for all employees, independent of job level, age or gender. Equally important for optimal results is that our people feel appreciated and treated fairly. When looking at the indicators provided for SDG-4, we see a good match with the KPI on the participation rate of our employees and partners in formal and non-formal education and training. More details regarding learning as well as the indicator can be found under the Ensure quality chapter, on page 74. For diversity related figures, please refer to pages 80-82.

Decent work and economic growth

Innovation and digitalisation facilitate a globalised and interconnected world. Digital solutions can cause radical changes to the current labour market. Herein lies our contribution to SDG-8, which is twofold; both due to and through our people. Both the employment that we offer and the change we facilitate in existing infrastructures with our support in innovation and automation, allow us to positively impact on decent work and economic growth.

Facilitated by investments in innovation, through innovative projects and our people we aspire to be the undisputed leader in professional services. These investments strongly impact all our material capitals. The value we add translates in the revenues generated with our service offerings which consequently allow us to reward and further develop our people.
To capture our contribution to decent work, we have adopted SRS 405-2 (ratio of basic salary of women to men) from the GRI Standards as a new indicator in this year's report. In our opinion this indicator reflects our aim to treat all our employees equally and fairly. Please refer to page 81 for more information.

Peace, justice and strong institutions

We observe increased complexity of supply chains and a demand for transparency. These topics play an important role in the services that we offer, creating an impact on SDG-16. By making better use of available data, we facilitate clients in more inclusive and responsive decision-making. Protection of such data is facilitated by our work on for example, cyber security and GDPR. Through our audit, assurance, legal and advisory work, we help support effective, accountable and transparent markets.

Our exact role and impact in facilitating 'Peace, justice and strong institutions' is difficult to formalise in an indicator. Yet, with many relying on the work we perform, we realise that it is important to meet expectations and set examples in this area. As such, we report on our efforts in reducing corruption and bribery in all its forms, for which we refer to page 99 for more information.

Deloitte's collaboration with UNLEASH

With the collaboration between UNLEASH and Deloitte, some 1,000 young talents from almost 130 countries came together to find solutions for the Sustainable Development Goals of the United Nations, and with our involvement in the 'Think Forward Initiative' we brought together experts from different angles to investigate how and why consumers make financial choices. Finally, for the seventh year running we organised the National Money exam to teach children from groups 7 and 8 to manage their money more consciously. Former Minister Dijsselbloem ended the Week of Money at our office in Rotterdam by handing out diplomas to the children, and appointing one of the children to the 'mini-minister of Finance 2018'. This year we reached no fewer than 20,000 primary school children.

Social Progress Index

In cooperation with the Social Progress Imperative, a US non-profit organisation, Deloitte has developed the Social Progress Index. This index measures growth by analysing the progress of a country's social aspects. This index is completely non-economic and is set to act alongside GDP as a complementary tool, a core benchmark to provide a whole and inclusive view of a country's progress. It is based on four key design principles:

1. Exclusively social and environmental indicators
2. Outcomes that matter to the lives of real people, not the inputs
3. A holistic index that is relevant to all countries (holistic measure of social progress that encompasses the many aspects of health of societies)
4. Actionable: an index as a practical tool to help implement policies and programmes that will faster drive social progress

In other words, by using 52 indicators, the SPI can more accurately measure how well a society is doing. It helps us to thoroughly understand the level of social progress being achieved in a given society across numerous dimensions/components, such as:

- Basic human needs;
- Foundations of wellbeing;
- Opportunity.

For the Social Progress Index results for 2017, please click here.

Impact on **Suppliers**

‘With 15 years of experience in working together with Deloitte, we grew from a supplier role to a full-fledged partner in mobility management. The ambition of Deloitte in “providing state of the art flexible mobility solutions to its employees“ is not only challenging us in the services we deliver to Deloitte, but is truly felt as a mutual responsibility’. – Mobility supplier

Impact on **Society**

“With the success rate of cancer treatment improving, we need to start thinking about life after cancer. Survivors want to return to normal: with a decent quality of life, access to normal insurance and a normal job. Deloitte Impact Foundation has joined us in pursuing this mission, and is helping us to find solutions and create social impact.” – *Isabelle Lebrocquy, Founder oPuce and Cancer-Survivor*

Impact on the **academic world**

“For the Free University of Amsterdam, cooperating with Deloitte is a way to take our research into the robotisation of care for the elderly to the next level and give it concrete shape. Deloitte is bridging the gap between our university and the market, with a fantastic team!” – *Elly Konijn, Professor of Media Psychology (Free University) and Johan Hoorn, Professor of Social Robotics (PolyU Hongkong and Free University) | Project Re-activating Alice*

The right strategy for making an impact

The launch of Deloitte's Plan 2020 in 2017/18 is an ambitious step-change in its strategy to fulfil its purpose and aspiration. Working as part of the new integrated NWE firm, Deloitte has made steady progress in each of its six pillars against its targets, thereby strengthening its client impact and accelerating innovation in its services and propositions.

"This is an immensely positive story," explains Deloitte Chairman of the Executive Board Peter Bommel. "We've moved forward in terms of reputation on the labor market and with our clients, auditing, accelerated growth, innovation and profitability. We do this so that we continue creating value for our clients, employees and society, and as we see the strategy is working well, we're already defining sprints for the year ahead."

To make an impact that matters, he says, Deloitte must not only grow the firm, but ensure it is winning projects around innovation and digital, such as supporting large organisations with their digital transformations. Deloitte aims to generate around 30% of its revenues from innovative products & services by 2020, which can be defined as solutions it did not offer in the previous three years. To do so, it will continue to sharpen its focus on these areas, including Artificial Intelligence (AI) and blockchain – where it wants to play a leading role.

"We have very mature programmes in place today, and our Centre for the Edge give our clients access to some of the most insightful minds in this area, which they appreciate greatly," says Bommel. "By the end of this year we'll have taken this a step further with the opening of the 'Digital Garage', a new digital studio concept for co-creation. This is very client-focused proposition because it's where we'll come together with clients to have an impact, and jointly launch new initiatives."

As Bommel looks ahead to 2020 and beyond, he envisions a Deloitte with a highly diverse pool of creative talent that is even more international than now. "We'll still be having an impact by solving the most critical problems our clients face, but we'll be doing so in more diverse ways than we could have ever imagined."
that."

Peter Bommel
Chairman of the Executive Board

Interview

Our Plan 2020

Ensure quality

The purpose of Deloitte is to make an impact that matters. Moreover, our ambition is to be the undisputed leader in professional services. To achieve these bold aspirations, we focus on delivering unwavering quality and excellence that goes above and beyond the expectations of our stakeholders. One of our important strategic initiatives is therefore Ensure quality.

Total client satisfaction	**Client quality**	**% regulatory reviews that are satisfactory**
FY17A 7.8	FY17A 7.7	FY17A 89%
FY18A **7.6**	FY18A 7.7	FY18A **100%**
T2020 **8.0**	T2020 **8.0**	T2020 **100%**

To make an impact that matters

The way our external stakeholders perceive our quality and the reputation we have in the market is continuously being challenged. If we want 'to make an impact that matters' we need to consistently deliver top quality driven by the intrinsic motivation of our people to embrace our quality ambition.

We have shaped our Quality Plan 2020 around four objectives:

1. To deliver a consistent high quality client experience;
2. To inspire our people to intrinsically embrace our quality ambition;
3. To set targets and measure quality in an efficient and effective way;
4. To create a safe but strict environment and fair processes when dealing with compliance.

Our strategic initiative Ensure quality was recently reviewed by the Executive Committee. For several strategic initiatives quality sprints are defined (for example around our flexible workforce). This further embeds quality in the overall Plan 2020.
In addition to the Dutch Ensure Quality Plan, recently an integrated Quality and Risk strategy at NWE level was developed. This NWE strategy drives consistency across the participating geographies with respect to our quality and risk activities.

Consistent high quality client experience and intrinsic motivation

We have implemented Business specific quality and risk plans in order to consistently execute high quality audits and deliver a consistently high quality client experience. The Executive Board and the Quality, Integrity & Risk Committee of the Supervisory Board review this Business specific quality plans.
In the Audit Quality Plan we stated that Audit Quality is foundational and our priority number one. Ensuring quality and instilling trust are the core mandates of audit. For us, quality isn't just about consistently conducting audits to the highest standards. It is also about questioning what gets audited and why. To conclude, undisputed leadership requires ensuring both Audit Quality and Operational Excellence alike. Acting in the public interest and adding value towards our people, clients and society.

In addition to our Audit Quality Plan, a centralised Client Experience and Business specific quality plans are implemented in order to ensure consistent high quality delivery of advisory services.

By continuously investing in our talent, we enhance the knowledge, skills and competencies that allow our people to develop into future leaders in their field of expertise. Table 02 gives details on the amount of training hours that were registered in SAP. We believe that in reality the amount of training hours exceeds the hours registered in SAP due to under-registration, especially in cases where employees participate in events and online learnings outside office hours.
From the table it is clear that the training intensity in Businesses that are subject to regulation (Audit & Assurance, Tax & Legal) is considerably higher than in the other Businesses and in our support organisation.

Table 02: Average training hours per employee*

	2017/2018*	2016/2017	2015/2016
Total	75.3	73.8	65.7
By gender	**2017/2018***	**2016/2017**	**2015/2016**
Male	80.0	78.2	67.3
Female	67.0	66.0	55.1
By category	**2017/2018***	**2016/2017**	**2015/2016**
Partners	50.8	42.8	37.6
Directors	44.8	43.3	30.3
Senior managers	36.7	35.9	32.3
Managers	44.1	39.1	34.6
Aspirant / Jr. Managers	59.5	61.0	62.1
Other Staff	116.2	108.1	90.6
Interns	134.2	153.6	92.4
Average training days per Business	**2017/2018***	**2016/2017**	**2015/2016**
Audit & Assurance	22.4	20.1	17.6
Consulting	5.0	2.1	1.8
Financial Advisory	10.9	5.9	5.7
Tax & Legal	11.6	11.2	10.0
Risk Advisory	14.5	10.3	10.9
Others	5.0	1.8	1.4

* The results for 2017/2018 are based on the registration of training hours in SAP and the registration of participants for additional learning events covering themes on innovation, culture, and NWE integration that took place during 2017/2018. In this process, the division according to gender, job grade and business has been made on the basis of weighted allocation of hours. For learning events where no registration has taken place, we have made a cautious estimate based on our experience of a percentage of the target audience that had registered (78%).

Significant efforts are put in training new hires. Additionally, to stimulate working in different teams, we offer rotation programmes for new hires. To enhance the tone at the top, last financial year we introduced a quality and risk onboarding session for new Partners. In the category 'Others', Group Support Center (GSC) is included. GSC has a higher female to male ratio and traditionally has a fewer training hours compared to the businesses and specific regulated continuing education.

Measure quality and create a safe but strict environment and fair processes

To measure and monitor the overall quality of our client service delivery, we implemented a set of key performance indicators (KPIs). On a periodic basis, we monitor client satisfaction, practice review results and the results of regulatory reviews. The last financial year we reported a small decline in certain KPIs while we do note that the client quality KPI falls short of our target. For 2018/2019 we will increase our focus on areas where we can further improve the quality we provide to our clients.

The set of KPIs mainly addresses the first objective of our Quality Plan 2020: to deliver a consistent high quality client experience and are further supported by a set of internal indicators on – for example - culture and behaviour, quality in performance management and strict but safe environments.

This financial year, also based on the Integrity Imperative and Member Firm Standard #4, for Partner remuneration purposes we implemented a Quality Performance Dashboard across all our Businesses. In these dashboards a range of quality indicators is listed against which we assessed all our Partners. These dashboards enabled us to reward good quality behaviour, but also enabled us to include inadequate quality behaviour in the Partner remuneration.

Quality is about behaviour and the creation of an open culture in which we encourage people to speak up. Results of the Culture Survey as well as the Ethics Survey indicated that a part of our people do not always experience an open speak up culture. Therefore, we have taken specific actions to address this shortcoming.

In addition to our core set of KPIs, we also created a KPI around our Member Firms Standards compliance. The Member Firm Standards programme, which consists of a set of ten standards, defines the fundamental responsibilities required of every Deloitte member firm to continuously protect and enhance our brand and reputation, both within their respective member firms as well as on a global level. The Member Firm Standards are reviewed annually and over 2017/2018 we saw an improvement compared to the previous results, indicating we are making good progress.

Privacy and data security

The prevention of data leakage is a top priority as this could harm our clients and our reputation as a trusted business partner, leading to significant monetary fines.

To ensure compliance with regulatory provisions, Deloitte has adopted and implemented a policy on privacy and appointed a dedicated Privacy Officer who is part of the Reputation & Risk Leadership Office. The National Privacy Officer is – amongst others – tasked with examining privacy aspects of processes and systems through our internal Privacy Impact Assessment (PIA). This tool looks at i) the data used; ii) the data processing procedure that the system is part of, or; iii) the system itself. As part of our Incident Response Process, we reassess systems when there is a suspected privacy breach or data loss. This way, we monitor privacy compliance of all our systems and processes with our policies and regulations. In addition, we train selected colleagues both within our business and in Group Support Centre on privacy and confidentiality aspects in relation to the processes and systems we employ.

The General Data Protection Act (GDPR) has a significant impact on Deloitte as a professional service provider. Therefore, Deloitte's central GDPR project team lead by the RRL has been fully committed to implementing all necessary requirements to be compliant and enabling us to provide the best possible privacy protection for our clients and individuals, while ensuring the quality of our services. In the reporting year, we did not specifically evaluate our privacy related policies and no incidents arose that caused us to revise our approach.

In 2017/2018, we received 111 complaints regarding breaches of client privacy or loss of customer data. In addition, we notified 3 personal data breaches to the supervisory authority that we were obliged to report under the 'Wet meldplicht datalekken'.

Quality as an element in (partner) remuneration

The remuneration received by an equity partner depends on the points group to which he or she is assigned and on Deloitte's profit for the year. After the end of each financial year, the Profit Points Value is determined. Deloitte distinguishes performance through its different points categories. Equity partners are assigned to one of the categories annually at the beginning of the year with a final classification based on performance for the year. Leadership, quality and compliance, among other competencies are taken into account as one of four criteria, the other three being market commitment, people commitment and society commitment.

Each year, the final equity partner classifications for current and for the upcoming financial year are decided in an initial and a final classification meeting. The classification meetings are meetings of the Executive Committee, including the Reputation and Risk Leader. A further assessment of the outcomes of this process is then made by the Supervisory Board.

An equity partner that does not agree with his or her classification in a particular points group can request management to reconsider that classification. If the equity partner disagrees with this second classification decision, he or she can submit an appeal to a committee of the Supervisory Board. The Supervisory Board then conducts a marginal check of whether the decision was made with due care and in a balanced manner, in accordance with the procedures established for that purpose, and whether management could reasonably have come to the relevant decision. Furthermore, effective 2017/2018, peering also takes place within NWE and, should equity partners not agree, there is also an escalation mechanism within NWE.

The remuneration received by partners and directors consists of a fixed element, a variable element (profit sharing) and in the event of exceptional performance, a personal excellence bonus. The amount of the profit share is determined by four factors: i) the number of profit points for the position, ii) the result of the performance review, iii) the classification, the assessment score and iv) the Profit Points Value. In the performance management approach for partners and directors, Leadership, quality and compliance play the same role as in equity partner remuneration.

Become the premier career destination

Over the past few years, Deloitte has experienced solid growth. To offer our clients the best quality, we need sufficient people delivering high quality services, every day. Our growth sometimes exceeds the pace at which we attract new leaders and employees. This can cause a high work-load for some of our current (equity) partners and employees. In general, we see that the Deloitte brand and performance allows us to hire the right people with the right qualifications. In 2017/2018, we were able to attract 18 new partners and hire 975 new employees, growing our workforce to 5,640 people. The onboarding of all these new Deloitters is a challenge and opportunity in itself.

 # employer of choice in relevant ranking

FY17A **#11**
FY18A **#9**
T2020 **#10**

Talent engagement score

FY17A **7.2**
FY18A **7.3**
T2020 **7.75**

The importance of our talent

In making an impact on our clients, the professions and society at large, our talent is of key importance. It is the quality, ingenuity and perseverance of our people that ultimately determine our value creation. Our ability to attract, develop and retain the right people is therefore a key success factor for our business and one of the pillars of our Plan 2020. We are fully aware that to provide superior quality, we need a diverse culture comprising people from different cultural backgrounds, education and experience. In this area of diversity and inclusion, further improvement and enhancement is needed in order for us to excel. This is being worked on with diverse programmes and projects including building on an environment for people of all types and beliefs to feel completely accepted and to have full opportunity to thrive with Deloitte.

Governance

The ways in which we aim to attract the right talent and build on their motivation and careers are described in our Talent Plan. This plan offers a coherent platform to improve the quality of new talent and enhance their motivation and engagement. Our talent strategy also relies heavily on the culture initiative launched by the Executive Board in 2015/2016, which provides a fertile environment for the execution of our Talent Plan.

Attraction of talent

We are active in the labour market to recruit talented future Deloitters through various media including our innovative recruitment website (www.werkenbijdeloitte.nl). Furthermore, we actively seek the support of our more than 5,600 employees when searching for new talent. Our promise to new employees is that we offer them a challenging job while ensuring continuous personal development. To attract new and inexperienced hires, our recruiters actively organise events on selected university campuses. Our campus ambassadors and recruiters aim to establish relationships with high potential students as early as in the second year of their studies. Our efforts are supported by activities that are relevant to the target audience. For example, we sponsor the Nuna-9 Solar project in Delft as well as the Dutch Chess Championship. In addition, we use our convening power when we organise the Deloitte Students Hockey Trophy.

We are convinced that our approach has contributed significantly to our 9th place in the Universum employer of choice ranking for business and commerce students from the universities that are in scope for our activities.

Retention of talent

We aim to provide a truly distinctive experience by offering career enhancing assignments, and broad development in a healthy work-life environment. We recognise that a career model must reflect the needs of a new generation that are more flexible, and with people leadership at the core of development efforts.

Our Talent Plan 2020 contains key retention initiatives focused on increasing the quality of our employee experience, updating our career models, performance management, rewards, and leadership development & learning.

Performance management

In 2017/2018, we launched our new Performance Experience. This approach that is applied across the Deloitte network, has been designed to deliver our talent experience to employees by focusing on feedback and quality conversations. This integrated approach allows for data driven talent reviews.

Our methodology is no longer centred around half-yearly formal assessment conversations, but on continuous dialogue with employees about their development. In addition, performance is regularly assessed on an assignment basis to ensure an objective view of the performance at the end of the financial year.

In practice this means that employees have regular check-Ins with their Team Leader to discuss priorities and receive feedback on the daily performance. The employees also have a Coach that supports them in their long term development, and helps them to recognise and build strengths and to realise their ambitions. Employees and coaches cover development and career perspectives at least every quarter. The Coach also liaises with Team Leaders to understand the performance of his or her coachees.

The ultimate performance of the employee is determined in the Talent Review, a meeting between Business Leaders, Talent Representatives and the Coaches of those Team Members being reviewed.

Tabel 03: % of employees receiving regular performance & career development reviews

	2017/2018	2016/2017	2015/2016
Total	77%	78%	77%
By gender	**2017/2018**	**2016/2017**	**2015/2016**
Male	78%	78%	76%
Female	74%	79%	78%
By category	**2017/2018**	**2016/2017**	**2015/2016**
Partners	47%	45%	42%
Directors	93%	94%	96%
Senior managers	94%	97%	95%
Managers	94%	96%	96%
Aspirant / Jr. Managers	90%	94%	93%
Other Staff	67%	67%	59%

Leadership development
In 2017/2018, we continued our approach to succession management that we introduced last year. In succession management we constantly look at the future staffing of the most senior positions within our firm on the basis of predefined leadership criteria. We completed the first wave of our new approach by improving our insights into the people that we believe can take on more senior roles (for example in Business MTs, Executive Committee or Executive Board). In future waves we will look deeper within the organisation to identify partners or employees ready for upcoming roles.

Building the next generation of Lead Client Service Partners is essential for Deloitte to continue making an impact on its most influential clients. LCSP Next Generation is a two-year development programme for high potential Directors with LCSP and Partner potential. It consists of different types of development initiatives to support the candidates, next to their daily activities as Partner or Director. With the programme we aim to help them prepare for a possible future role as Lead Client Service Partner.

Learning and development
Personal growth and development are crucial for Deloitte. Working in a collaborative environment on challenging assignments ensures personal growth as does working for different clients, in different teams delivering on different challenges. We offer our employees a personal development programme. This consists, for the greater part, of learning on the job. Next to this, we offer our employees training and development courses. For each area of expertise we have developed a dedicated learning programme around specific skills. In addition, every employee joins one of the development journeys for development of professional and personal skills and competencies. In 2017/2018, we increased our available learning & development budget by some 20 percent. In our learning programme we focus on the development of leadership skills in the broadest possible sense. Next to this focus, we expanded our professional and technical curriculum and have upped the budget for partner/director development with an emphasis on the development of LCSP training (see above). The Dutch learning organisation is seen as an example

in the way it is organised as well as the leader-led learning approach we use for learning development.

Diversity and inclusion

Strength from diversity is one of the core values of Deloitte. This value is rooted in the conviction that diversity drives quality and innovation and thus ultimately drives performance. In addition, diverse teams have better listening abilities leading to better solutions for our clients. Same time, when we look at the numbers, we see that we continue to be challenged with the concept of diversity. Despite all our efforts over the past few years, we are not yet where we had hoped and expected to be.

Our approach to Diversity and inclusion concentrates on gender, LGTB, and ethnic diversity. As for gender diversity, in 2017/2018 we have started a mentoring programme designed to develop more women to take up senior positions. In our programme we had 86 participants (female managers and senior managers) and 65 mentors in senior positions given importance. Participants receive support through a mentor, peer coaching and development modules that focus on career development through reflection on career, leadership, behaviour and current professional issues. Participants are stimulated to share experiences and insights in an informal setting and gaining insight in internal knowledge and cross-functional networks. One of the advantages of our cooperation within NWE is that we are able to learn from each other and adopt the best practices from other geographies. For example, some of our UK partners were named champions of women in business by external media.

With all our efforts we aim to create the culture that allows us to achieve the targets that we have set for 2020:

Audit	**60%**	**40%**
Consulting	**60%**	**40%**
Tax & Legal	**60%**	**40%**
Risk	**60%**	**40%**
FAS	**70%**	**30%**
SME	**60%**	**40%**
Support	**30%**	**70%**

Tabel 04: Gender diversity

Diversity figures female (%)	2017/2018	2016/2017	2015/2016
Partners	10%	10%	9%
Directors	16%	16%	14%
Senior managers	26%	24%	23%
Managers	29%	27%	27%
Aspirant / Jr. Managers	37%	36%	36%
Other Staff	52%	50%	51%

Table 06 on page 81 shows the ratio of basic salary of women to men per job category in 2017/2018. The data provided in this table can be explained as follows:

- Our partners do not enjoy a basic salary; their income consists of a share of our profits and varies from year to year.
- The average basic salary for female directors is generally lower than their male colleagues as a result of a larger number of male directors in the 50+ age group who have been in their position for a relatively long time.
- The other data differences are the result of variances between businesses and the number of years that employees are in their current job grade.

Table 05: Job category by age In 2017/2018

By category	< 30 years	> 30 and < 50	> 50 years
Partners	0%	63%	37%
Directors	0%	76%	24%
Senior managers	0%	86%	14%
Managers	11%	81%	8%
Aspirant / Jr. Managers	64%	35%	1%
Other Staff	62%	28%	10%

Table 06: Ratio of basic salary of women to men per job category in 2017/2018

By category	Men	Women
Partners	N/A	N/A
Directors	100	91.6
Senior managers	100	98.2
Managers	100	97.8
Aspirant / Jr. Managers	100	100.9
Other Staff	100	97.7

Table 07: Absenteeism

	2017/2018			2016/2017		
	Total	Male	Female	Total	Male	Female
Lost day rate	40,218	18,171	22,047	32,962	14,075	18,887
Sickness leave	2.7%	1.9%	4.2%	2.3%	1.5%	3.8%

For 2020, our target is to keep sickness leave below 2.5%.

Health and safety

We continue to have a strong focus on wellbeing and work-life balance as we see a stable high demand from the business with tight planning, ambitious deadlines and resulting high productivity requirements. Although judging on our absentee figures we are in reasonable shape, we fully realise that there are risks for individual employees who are not able to cope with the constant high pressure they are confronted with. As a result, we see too many employees with burnout or pre-burnout symptoms.

To enhance the vitality of our workforce, we have policies and tooling in place to support a healthy lifestyle while having a challenging job. Next to physical fitness, we increasingly have an eye for the mental health of our people. In the context of team resilience improvement, we offer vitality programmes developed in cooperation with our health insurer for our leadership and other employees. In addition, we promote flexible working hours to facilitate a healthier work-life balance.

We undertake several activities aimed at reducing sickness leave. Our health coaches offer line managers structured guidance from the first day of sick leave of their direct reports. We also use preventive measures to recognise and prevent downtime of employees. Furthermore, we maintain a robust operating model that involves company doctors, health coaches and managers working together on cases.

Table 08: Turnover by gender in reporting year

Employment category	Turnover male	Turnover % male	Turnover female	Turnover % female
Partners	11	4.7%	0	0%
Directors	29	10.8%	8	15.5%
Senior managers	82	18.2%	18	11.6%
Managers	109	19.9%	31	14.1%
Aspirant / Jr. Managers	187	17.8%	109	17.9%
Other Staff	118	14.5%	138	15.8%

Table 09: Ethnic diversity*

Employment category	% Foreign	% Native	% Unknown
Partners	3%	64%	33%
Directors	11%	79%	10%
Senior managers	14%	72%	14%
Managers	16%	72%	12%
Aspirant / Jr. Managers	23%	65%	12%
Other Staff	20%	68%	12%
Interns	23%	63%	13%

* In line with the GRI Reporting Guidelines, we report Ethnic diversity on the basis of ancestry. 'Native' refers to those whose parents are originally of Dutch descent. 'Foreign' refers to people with one or both parents that are not originally of Dutch descent. 'Unknown' refers to those from whom the place of birth or origin of one or both parents is not recorded due to the voluntary nature of the provision of this type of information.

Accelerate growth and innovation

As part of the implementation of our Plan 2020, in 2017/2018 we continued to build on our redefined Innovation Strategy. The cornerstone of this strategy is that we remain on track to become 'the most innovative professional services firm in the Netherlands', obtaining 30% of our revenues in 2020 from innovative products & services, which we define as revenues of selected innovative business units.

Revenue growth in Corporate Advisory

FY17A **109 €Mio**
FY18A **181 €Mio**
T2020 **200 €Mio**

Average client service contribution in growth areas

FY17A 46%
FY18A **47%**
T2020**45%**

% of revenues from innovative offerings

FY17A **23%**
FY18A **23%**
T2020 **30%**

See page 200 for all definitions applied for Strategic KPIs

An example of our innovative services, Deloitte's first 'Blockchain in Real Estate' pilot (2017) evolved into a full suite of blockchain solutions for Real Estate. The team is currently implementing several blockchain solutions at one of the leading banks in the Netherlands.

Finally, Deloitte's Artificial Intelligence Center of Expertise (AICE) grew to a community of more than 100 experts and launched Deloitte's first Artificial Intelligence (AI) co-worker called Aime. Aime joined Deloitte for two weeks and surprised our colleagues with her AI knowledge and skills. Almost 600 colleagues registered for Aime's 'AI for Dummies' training and became friends with Aime via social media. The video recap of Aime's adventures was viewed 43,000 times.

Besides developing innovative service offerings, Deloitte Center for the Edge partners with CEOs to make sense of and benefit from emerging opportunities on the edge of business and technology. In line with the Deloitte NWE innovation plan, the Center has built awareness in Europe and focused on deepening the relationship with CEOs of many of our clients. Furthermore, Center for the Edge has supported and delivered strategic assignments in Europe in close cooperation with our innovation ecosystem and Deloitte practice. A distinct initiative was Deloitte's 'Digital DNA' Summit, a large cross functional initiative for our clients on how to rewire their DNA; showing organisations how to become more digitally mature.

To foster relationships with our clients, a Client Relationship Development team was initiated, offering four major programmes for clients. Among the highlights were the Transition Labs from the 'Around the Boardroom' programme; helping companies draft their first 180 days plan; a 'Women on Boards' course from Deloitte Academy to help female clients formulate their ambitions; a new Corporate Sponsoring programme on sports and culture introducing partnerships with the Koninklijke Nederlandse Hockey Bond and the Nederlandse Bachvereniging; our partnership with Singularity University and several distinctive client Labs in our Greenhouse, which is a place for innovation and cultivation of ideas, where we help our clients tackle their complex problems.

Our industries

Financial Services

In the Financial Services Industry, we continued our partnership with the Think Forward Initiative. Together with partners including ING, Dell EMC, Microsoft, Dimension Data and the Centre for Economic Policy Research (CEPR), we bring together a range of experts and research to better understand out how and why financial choices are made, using past experiences to design innovative solutions in the financial services industry. With our Future Bank campaign, we shared our latest insights and solutions about trends, innovations and initiatives that are impacting the Banking industry. In one of these articles we shared the business case of setting up a truly digital bank, in which Deloitte and ABN AMRO joined forces together with the European fintech ecosystem. In addition, for our Dutch Insurance Outlook, we investigated the possibilities insurers have to achieve sustainable growth.

Public Sector

In the Public Sector, we aim to achieve growth through innovation and by helping our clients with complex societal issues. To this end, via our GovLab innovation brand, we have published several inspirational public sector articles about the future of healthcare, smart cities, social innovation and the renewal of government, among other areas. Besides the published articles, we organised various GovLab innovation sessions and projects with clients. To increase our footprint we also conducted five 'State of the State studies' to underpin our data-driven approach to complex issues and generate new insights for clients and society.

Energy & Resources (E&R)

In the energy sector, Deloitte actively participated in a coalition of more than 50 Dutch organisations signing an agreement to support the energy transition from fossil fuels to renewables. Deloitte contributes to this transition by enabling collaboration between economic operators and nurturing an ecosystem that helps the industry look beyond product innovations to truly transform the business and realise higher returns. Rethinking how innovation is currently organised and developing specific strategies for transformational innovations is an important aspect of this initiative.

Technology, Media and Telecommunications
In technology, media and telecommunications we published our **TMT 2018 Predictions Report**, providing insights into disruptive trends and growth opportunities across the sector. Fast-growing technology companies and start-ups were also celebrated as part of the 18th edition of the **Fast50 client programme** in which we showcased the 50 fastest-growing technology companies in the Netherlands.

For the tenth year, the **Deloitte Best Managed Companies programme** continued to support the growth strategies of middle to large-sized companies, including family businesses. More than 50 companies with a minimal annual turnover of € 25 million were identified as a 'Best Managed Company'. The Global Best Managed Companies programme has subsequently been adopted by many other Deloitte member firms worldwide.

In order to better understand the dynamics within midmarket companies, Deloitte compiled and assessed the opinions of almost 1,900 leaders of these companies in more than 30 countries. The results were captured in the '**Global Perspectives for Private Companies**' report, which was discussed with many of our strategic clients in this segment.

Future of mobility
Deloitte is committed to innovation through its Future of Mobility initiative. The way in which we travel is rapidly changing, creating a new mobility ecosystem that will impact all the current and future industries. Deloitte's Future of Mobility focus creates insights in collaboration with industries, sectors to enabling and support our growth ambitions and become the undisputed leader in the Future of Mobility ecosystem.

Consumer & Industrial Products (CI&P)
We are supporting multiple clients in strategically innovative projects around topics such as Industry 4.0, the Internet of Things and data analytics to improve animal food nutrition.

We organised a **Growth & Innovation roundtable about Additive Manufacturing**. We believe that manufacturing is no longer about simply making physical products. Changes in consumer demand, the nature of products, the economics of supply chain and operations have led to a shift in the way companies do business. This requires manufacturers to innovate continuously, for instance, through the use of digital technologies. Additive manufacturing is seen as one of the key disruptive technologies for a digital future and is maturing from small prototypes to full-scale industrial use. During the roundtable, two local strategic accounts presented their case studies and discussed how new business models have helped their digital innovation projects succeed. A group of clients from C&IP and E&R attended the event.

Deloitte Private
Deloitte Private represents the midmarket and SME customers, accounting for 30% of the turnover worldwide and thus an important segment for Deloitte. Here are the gems of the future. The Deloitte Private sub-brand was launched in June 2017 to serve this segment in a cross-functional manner with the attention it deserves.
Deloitte Private is divided into four segments: Private Equity, Private Companies & Small Listed, Family Business & HNWI and Entrepreneurial, Fast Growing & SME. All our businesses are represented in the Deloitte Private Management Team to guarantee our multidisciplinary approach.

Improve our client portfolio

We aim to engage and build sustainable and rewarding client relationships premised on making a meaningful impact. To free up our limited resources to serve these clients and build on our engagement, value, and performance, we review the quality of our client portfolio. This in combination with our goal to provide the highest quality services at a reasonable price. This also implies that we seek to improve or terminate client engagement that do not meet our quality levels, considering among others, risk and reward.

In addition to performing client quality risk assessments, we also conduct detailed client profitability assessments. Based on these and to ensure the high-quality delivery of our services, we determine commercial thresholds for absolute yearly fees and gross margins. Clients that do not meet these thresholds are almost always either loss making or show recurring below average profitability.

In 2017/2018, we continued to build on our Improved Client Portfolio initiative. We believe this initiative improves our returns and allows us to better align our available capacity with the anticipated workload. By doing this in our Audit & Assurance business, we continue to free-up capacity and improve the quality of our audits. This has enabled us to further improve the quality of our services and the balance of the workload of our resources. This initiative will continue into 2018/2019 when we plan to implement higher thresholds to generate greater value and impact.

The engagement lifecycle, our business process to ensure quality

Our market focus is based on building relationships with existing and potential new high-quality clients. The start of our business lifecycle begins with the identification of a business opportunity with an existing or potential client. Deloitte has robust client and engagement acceptance processes to ensure we comply with all applicable laws (such as independence regulations). These also ensure we understand who we do business with, and that our clients and the type of services we provide are consistent with our values, and do not pose undue reputational risks. During the acceptance phase, we identify possible client and/or engagement risks and define mitigation measures. In combination with the formal acceptance of a client or engagement, we form a dedicated engagement team with independent members. This is a critical step to enable us to provide a high-quality service.

Client feedback is a dialogue between Deloitte partners and (external) representatives and key client contacts that takes the conversation beyond ‘what we are doing’ to ‘how we are doing’. It provides clients with an opportunity to express whether Deloitte is meeting their current needs, and what actions should be taken to make an impact that can exceed their expectations.

Establish lean operations

Our goal is to be the undisputed leader in professional services. In a world where resources are scarce, this means that we actively seek opportunities to enhance our efficiency, combined with optimal resource allocation. This enables us to make necessary investments in our quality, innovation and talent and make an impact that matters. In a nutshell, ensuring our operations are fit for growth.

Total overhead costs / fee earner FTE

FY17A **44.7 €K**
FY18A **45.3 €K**
T2020 **44.2 €K**

Relative position in international network

FY17A **3rd Quartile**
FY18A **2nd Quartile**
T2020 **1st Quartile**

In the last three years we have focused on optimising our internal processes and lower overhead costs per fee earner. Cost awareness has been created within both the businesses and the internal support services to make balanced decisions on spend. Nevertheless, we still want to improve in this area. In 2018/2019, further investments are planned in the area of IT systems, and using technology for more reliable processes and reporting.

Although improvements have been realised, the target for 2019-2020 has not yet been met. Continued focus on optimising process efficiency is therefore required. The integration into NWE as well as Deloitte's global investments in customer relation management and financial systems open up further opportunities to standardise our processes and improve our (global) quality and efficiency. Among these are economies of scale by using centres of expertise meanwhile enhancing quality levels. The investments in global systems are not a prerequisite for integration although this is a major opportunity to set up our processes in an innovative way using the latest technologies. Integration and implementation require major investments that will impact the last 2 years of the fit for growth programme, while savings might not be realised immediately. Despite these investments there is still a strong focus on realising the 2020 target although this might be harder to achieve given that the new investment programmes that will ultimately support the goal for furthering our lean operations goal.

We also continue to enhance our operational efficiency in our businesses by increasing the use of different business models, such as delivery centres in India and Romania, as well as local external contractors and the use of artificial intelligence and robotics in the service delivery.

Environmental management

To facilitate the reduction of our environmental footprint, in 2013 we adopted the Deloitte Environmental Policy Statement, which we submitted to a review in 2015/2016.

Our environmental management focusses on the reduction of CO2 emissions and a reduction of waste. With respect to CO2 emissions, we focus on housing (modern energy efficient office buildings such as The Edge in Amsterdam), buying green energy to heat and power our offices and green travel (promotion of the use of the NS Business Card, our green lease policy and conscious decisions regarding air travel). In the area of waste, we aim to improve on recycling to facilitate the transition to a more circular economy.

In 2017/2018, we started the review of our approach to environmental management including our approach to ISO certification. We expect to take a final decision on our approach in the context of our current broader internal discussion on Deloitte's future CSR agenda and policy in the course of 2018/2019.

Seek internationalisation

A key requirement to become the undisputed leader and make an impact that matters on our clients is that we are able to serve our clients seamlessly across borders. To this end, in 2017 the Deloitte firms in the North Western European region have created Deloitte NWE, a single Deloitte member firm that operates on the basis of Connected+ Autonomy, meaning that the constituents of Deloitte NWE remain responsible for their respective markets and NWE joins forces in areas such as clients & markets, talent, innovation, quality, and operations. From a financial viewpoint, financial integration is planned to be gradual.

Because of the creation of the NWE member firm, we believe we can:

- Serve our clients even better and support them to solve the toughest regional/global challenges;
- Offer international opportunities for our talent and enrich their experiences in working in and cooperating with other cultures;
- Make more substantial investments in innovation and in quality;
- Achieve synergies by setting up knowledge and competence centres.

Our first year

After our first year of operation within the NWE structure, we remain very positive about the step that we have taken with the merger into one single member firm. Previously, we extensively discussed international cooperation with our colleagues in North West Europe, now it is actually happening. Jointly achieving our goals releases not only new energy but more importantly creates new possibilities for our clients and our people. In addition, it allows us to make investments in scaling-up operations in sectors or geographies where such actions are required to make more impact.

We expect that through NWE we will be able to further accelerate our growth as we are now able to make targeted investments that are necessary in the various growth areas on a much bigger scale. In addition, we have created centres of excellence with cyber security now under one single flag with a strong participation from the Dutch firm. Another example of our cooperation is the bundling of our CRM activities under Belgian leadership. Finally, we have merged our involvement concerning Deloitte USI, our Indian service centre, with the Netherlands, Belgium and the UK jointly operating.

We also see that we need to step up our efforts in certain areas in order to fully grasp all the opportunities that NWE is providing. More specifically, we are concerned about the speed of integration and the risk of unnecessary complexity in the structure of NWE.

Speed of integration

We witness a lot of traction in some areas and are convinced that our new structure allows us to enrol top partners and directors. However, our service organisation must speed up to achieve more synergies. A good example of such synergies is the creation of a single testing facility for software applications rather than each form having its own facilities. A second example is the rationalisation of the IT application landscape. These processes should be given priority.

Risk of complexity

The international organisation that we have created is being mirrored on national levels causing complexity. In a matrix of geographies, businesses and industries, steering the organisation becomes a challenge. Budgets are set both on NWE and on geography levels and alignment is not always optimal. And although roles and responsibilities have been clearly defined, we experience that not all parts of the organisation are accustomed to the new reality.

Deloitte NWE

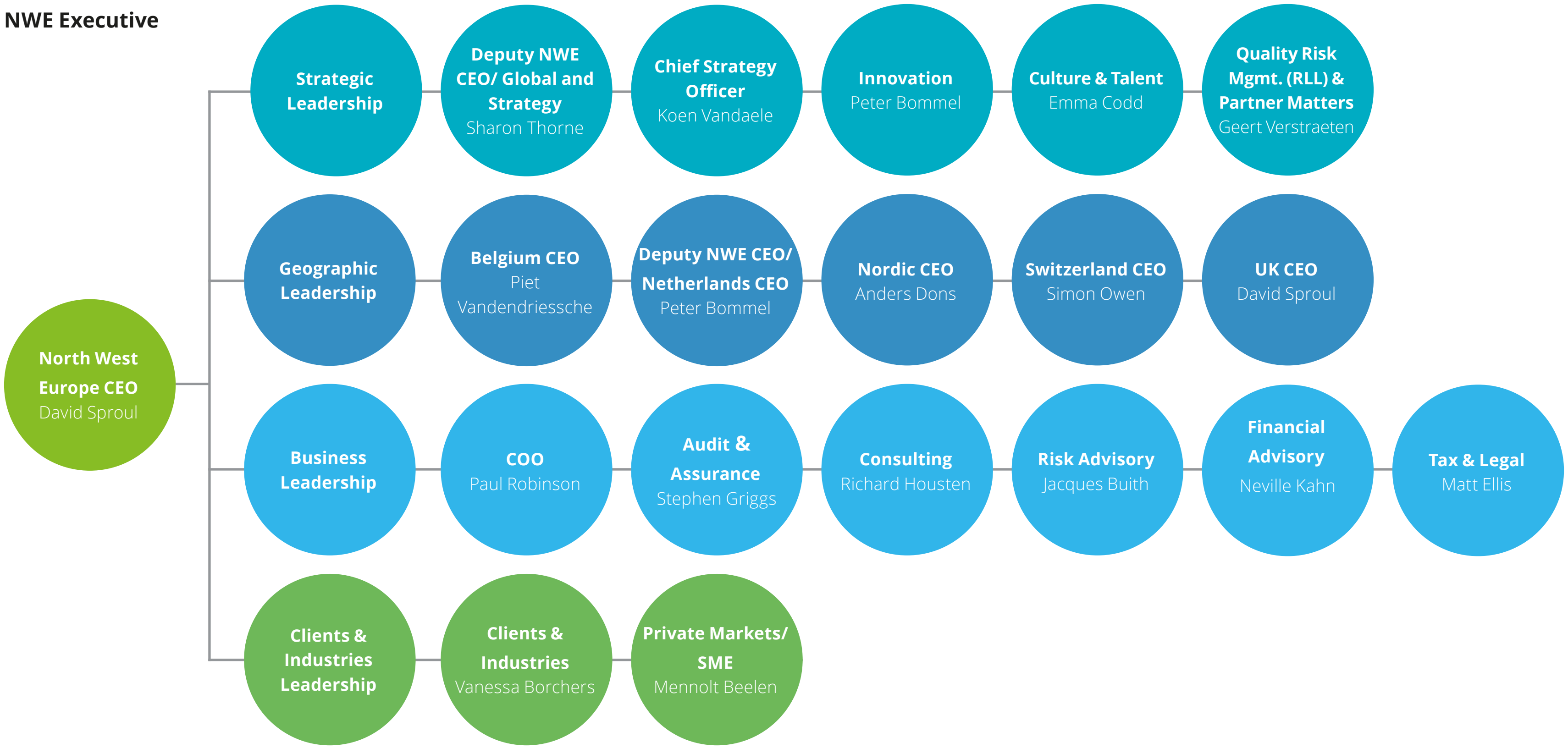
Deloitte NWE is the second largest in the international DTTL network in turnover, bringing together key geographies across nine markets (the Netherlands, the Nordics (Denmark, Finland, Iceland, Norway and Sweden), Belgium and UK & Switzerland) and over 30,000 professionals (including over 2,000 partners). As per June 1, 2018, Deloitte Ireland will join Deloitte NWE, making the firm even more internationally focused and aligned. The firm has a single NWE Strategy (please refer to the Report from the Executive Board to learn more about the NWE strategy), is led by a single NWE Executive (see chart below), and is governed by one NWE Board. Deloitte UK CEO David Sproul is the CEO of Deloitte NWE. Peter Bommel (CEO of Deloitte Netherlands) is deputy CEO of Deloitte NWE.

The Geographies (Belgium, Netherlands, the Nordics, UK & Switzerland) within the new NWE firm are led by Geography CEOs and leadership teams to drive local market leadership, in alignment with the overall strategic priorities of the NWE firm.

Other Dutch partners who are part of the NWE Executive are Jacques Buith (Managing Partner Risk Advisory) and Mennolt Beelen (Managing Partner Private Markets). The NWE Industry & Sector leadership comprises five Dutch partners: Vincent Rutgers (Industrial Products & Services), Eric Vennix (Energy & Resources), Jean Pierre Boelen (Banking & Securities), Mathieu van Bergen (Public Health & Social Services) and Daan Witteveen (Technology). The new firm started per June 1, 2017 achieving our initial target for this strategic pillar.

We remain strongly committed to collaborating with other member firms in Europe through initiatives like the EMEA Collaboration agreement (ECA) and within Deloitte University EMEA , EMEA Family Business and with other leading firms in other parts of the network such as the US, Canada and fast-growing markets, including China and India, through our relationship market programme.

NWE Executive



A culture that nurtures quality

Only a company that appreciates the profound link between culture, everyday behaviour and its overall business success can aspire to be a long-term leader. For Deloitte Chief Quality Officer, Engelhardt Robbe, culture and quality are two sides of the same coin, and should part of an ongoing process that never really ends.

"Building a culture isn't some box-ticking approach that you do once and then forget about," he explains. "Consider that in any given year 30% of our people at Deloitte have only recently joined, and so culture building is really the permanent task of developing and winning over hearts and minds."

In 2017/2018, Deloitte concluded the first year of its far-reaching cultural programme to strengthen its culture of quality in support of its long-term goals. Among the initiatives were 24-hour partner impact sessions in which almost 300 partners have been engaged on desired behaviour and cooperation in the areas of clients, people and society. In addition extensive dialogue sessions were organised at various office locations between the Executive Board and employees around our core purpose and our values. The business lines have also developed business specific culture programmes.

The key thing, explains Robbe, is that the sessions were based on deep and meaningful conversations on a human level. "People don't want values pushed down onto them from the top. They're just asking for the tools for the right conversations and discussions to happen -- that's why we truly care about their views. I find it tremendously inspiring to realise that the majority of us already want to make a meaningful impact on our clients, colleagues and society."

The intention is that dialogues around culture, purpose and values take place on a day to day basis in the normal working environment. Partners should take the lead in this and are doing so more and more with the teams they manage. Supported by follow up actions e.g. around the integrity imperative, diversity and inclusiveness, the new performance management system and various continuous learning activities like 24 hour sessions for all directors in the coming year. These will help to ensure Deloitte's values are measurably translating into concrete ways of working.

"It takes hard work to have the right cultural norms and behaviours in place, but it has been a hugely worthwhile experience so far," says Robbe. "At the end of the day, we can't pretend to have all the answers, but with the right culture in place we can help to solve our clients' most complicated problems and be their trusted advisors, we can make this a great place to work that attracts the best and most diverse talent, and we can be a force for good in our society."

Engelhardt Robbe
Chief Quality Officer

Interview

Our way of working

Ethics and integrity

At Deloitte, integrity is at the heart of the values we hold high. It is not confined to a specific business, industry, sector, member firm, or career path—we are all responsible and accountable. We commit to conducting business with honesty, distinctive quality, and the highest standards of professional conduct. Our business is built on trust, and each of us plays a role in protecting, preserving, and enhancing the Deloitte brand.

The Deloitte Global Principles of Business Conduct ("Global Code") outlines our ethical commitments as an organisation and the expectations for our people. In May 2017 DTTL (of Deloitte global) launched the integrity imperative to amplify our Global Code across the organisation, designed to achieve the following outcomes:

- Our leaders feel empowered to set a strong tone from the top;
- Our people speak up when they witness anything that runs counter to our Global Code;
- Our organisation acts quickly and appropriately in the face of misconduct.

Through the Integrity Imperative, the ethics team is able to develop a proactive ethics agenda and help ensure integrity is deeply embedded in the way Deloitte conducts business and leads our people.

In FY18 within NL and in close collaboration with the NWE ethics team we started the implementation of the integrity imperative. The launch and completion of the integrity imperative elearning by our professionals and staff was the first visible action.

Culture builds when we demonstrate the values and behaviours critical to our brand, our purpose, and to each other.

Our Global Code is the foundation

Governance

The ethics programme provides support for building ethical judgement and decision-making skills for all Deloitte. There is an appointed Ethics Leader who is also responsible for ethics within our North West European Firm, ethics training and channels for consulting on difficult issues and reporting suspected misconduct. The Ethics Leaders are supported by a Deputy Ethics Officer and a team consisting of three confidential counsellors (vertrouwenspersonen). We measure the effectiveness of the ethics programme by, among other methods, a yearly survey. On a periodic basis the Ethics Leader reports on ethics issues and the progress on the ethics programme to the Executive Board and Supervisory Board.
Acting in accordance with the Global Code is the responsibility of all people at Deloitte. Each of us is called upon to know, understand and comply with the Global Code. We also have a responsibility to raise our voice when we become aware of anything that is inconsistent with the Code.

Five key commitments

The Global Code holds five key commitments:

1. **Professional Behaviour:** we comply with applicable professional standards, laws, and regulations and seek to avoid actions that may discredit ourselves or our professions.
2. **Public Trust:** we are committed to earning and sustaining the public's trust and confidence in the work we do.
3. **Objectivity:** we do not allow bias, conflict of interest, or inappropriate influence of others to override our professional judgments and responsibilities.
4. **Respect and Fair Treatment:** we foster a culture and working environment where our people treat each other with respect, courtesy, and fairness, promoting equal opportunity for all.
5. **Anti-Corruption:** we are against corruption and neither make bribes nor accept them, nor induce or permit any other party to make or receive bribes on our behalf.

Ethics incidents

Table 10: Incidents, number of occurrence

Type	2017/2018	2016/2017	2015/2016
Sexual harassment	4	4	0
Intimidation	10	8	8
Stalking	1	0	1
Corruption	0	0	0
Other disrespectful treatment of colleagues (e.g. bullying, alcohol abuse)	71	47	43

Besides the incidents mentioned in table 10, in 14 instances the Ethics Officer was pro-actively consulted by the organization.

We notice an increase of ethics incidents reported to the ethics team in 2017/2018. We assume that the increased number of incidents is also a result of more attention for ethical behaviour, also in line with global trends and the launched integrity imperative e-learning which encourages our people to speak up.

Operational Plan/ requirements Integrity Imperative

Our Ethics Operational Plan FY18 was based on the number and nature of the ethics incidents and the ethics survey results (conducted in May 2017). The main priorities were:

1. Role model behaviour (speak up culture, tone at the top;
2. Further reducing fear of retaliation;
3. Building awareness for our Global Principles of Business Conduct, our processes, procedures and ethics team.

The operational plan describes the actions to be taken which are also aligned with the DTTL requirements of the Integrity Imperative. These requirements are implemented at NWE or geographical level in consultation and in close collaboration with the NWE Ethics team.
Key actions in order to address our main priorities are set out below.

Ethics Learning

In October 2017, we introduced the online Integrity Imperative training. All partners and employees who worked for Deloitte on October 1, 2017 were required to successfully complete this training before February 2018. Towards the end of May 2018, we invited all partners and employees who have joined Deloitte since October 1, 2017 to also complete the training. As a result, we can report the following completion status per May 31, 2018: percentage of partners and employees who have successfully completed the training: 77%; percentage of partners and employees who still had to start the training: 15%; percentage of partners and employees who have started the training; but have not yet submitted proof of their successful completion: 8%.

Through 24 hour sessions which are part of our culture programme, we have empowered our partners and business leaders to set a strong tone at the top by amplifying our Global Code of Business Principles and discussing the right impact on people, clients and society. In the coming period we will focus on further embedding ethics and integrity in our onboarding process, learning curriculum and performance management.

Launch of 3rd Party Helpline and campaign

As part of the integrity imperative a new speak up line will be implemented. Deloitte Speak up is a confidential ethics reporting channel, which provides an independent and supplemental channel to report ethics-related issues and concerns at Deloitte. It offers a web based intake site and local telephone numbers through which people can confidentially, or anonymously (as per local requirements), consult on issues or report misconduct related to Deloitte.

Non-retaliation policy

As a part of the Integrity Imperative we implement a Non-retaliation-policy in all member firms of Deloitte which sets a clear framework for a work environment that promotes ongoing and open communication about ethics, compliance or other related matters. It encourages consultation and reporting of actual or suspected misconduct without fear of retaliation.

Board’s role in ethics

Recognising the critical importance of tone at the top, DTTL has developed six core expectations for Member Firm boards to help fulfil their role in the governance and oversight of an ethical culture. This includes tone at the top communication, including ethics and integrity components when assessing candidates for Board and Executive Committee roles and ethics and integrity components in the annual performance evaluation.

All requirements will be measured through the (MFS4) assessment process in FY19.

Ethics Champions

In addition to the Imperative we appointed ethics champions (partners and directors) in every business of Deloitte NL to assist the ethics team in promoting and embedding the ethics policy (DMP2060), our Code of Conduct and to further implement the initiatives of the Global Integrity Imperative. Ethics champions act as local points of contact who are easily accessible and can assist in breaking down the barriers and stimulate our ‘speak-up’ culture.

NOCLAR

The International Ethics Standards Board for Accountants (“IESBA”) issued a new standard in July 2016, responding to Non-Compliance With Laws and Regulations (NOCLAR) that sets forth certain requirements for all partners and employees within Deloitte. Deloitte has issued policies to ensure those individuals required to comply with the IESBA NOCLAR pronouncement will follow a consistent process when they become aware of non-compliance or suspected non-compliance (i.e. fraud, corruption, data protection, environmental protection, public health and safety etc.). In the case of NOCLAR incidents, the existing ethics reporting channels can be used.

Anti-corruption

Anti-Corruption is one of our five Key Commitments. We stand firmly against bribery in order to contribute to good governance, economic development, and the improvement of social welfare wherever we do business.

As per June 1, 2017 we became part of Deloitte NWE, a UK entity. The provisions of the UK Bribery Act are now directly applicable to Deloitte in the Netherlands. As a consequence, we aligned related policies and procedures within the different NWE geographies. All relevant elements of our Anti-Corruption programme are also applicable to Deloitte Dutch Caribbean. Over financial year 2017/2018, no confirmed anti-corruption incidents were reported and none were brought to the attention of the RRL.

In March 2018, we introduced a mandatory online anti-corruption training. All our partners and employees are required to successfully complete this training before the end of August. Per year-end, a total of 81% of partners and employees has already successfully followed the training, another 12% still has to start. The remaining 7% has started the training; however, we are waiting for proof of their successful completion.
Appropriate action will be taken in case individual colleagues have not successfully completed the training before the end of August 2018.

Early in 2018/2019, we expect to set up an Anti-Corruption Committee. This Committee will be responsible for actively overseeing the AC programme including:

- Periodic reporting to this body on the status on the progress of items in the AC programme action plan and results from testing the effectiveness of the Anti-Corruption programme;

- Discussion with and approval of the Anti-Corruption programme strategy, objective and action plan, which are a result of our Anti-Corruption Risk Assessment. In the annual Risk Assessment, which covers our entire organisation, a number of medium (no significant) risk schemes were identified.

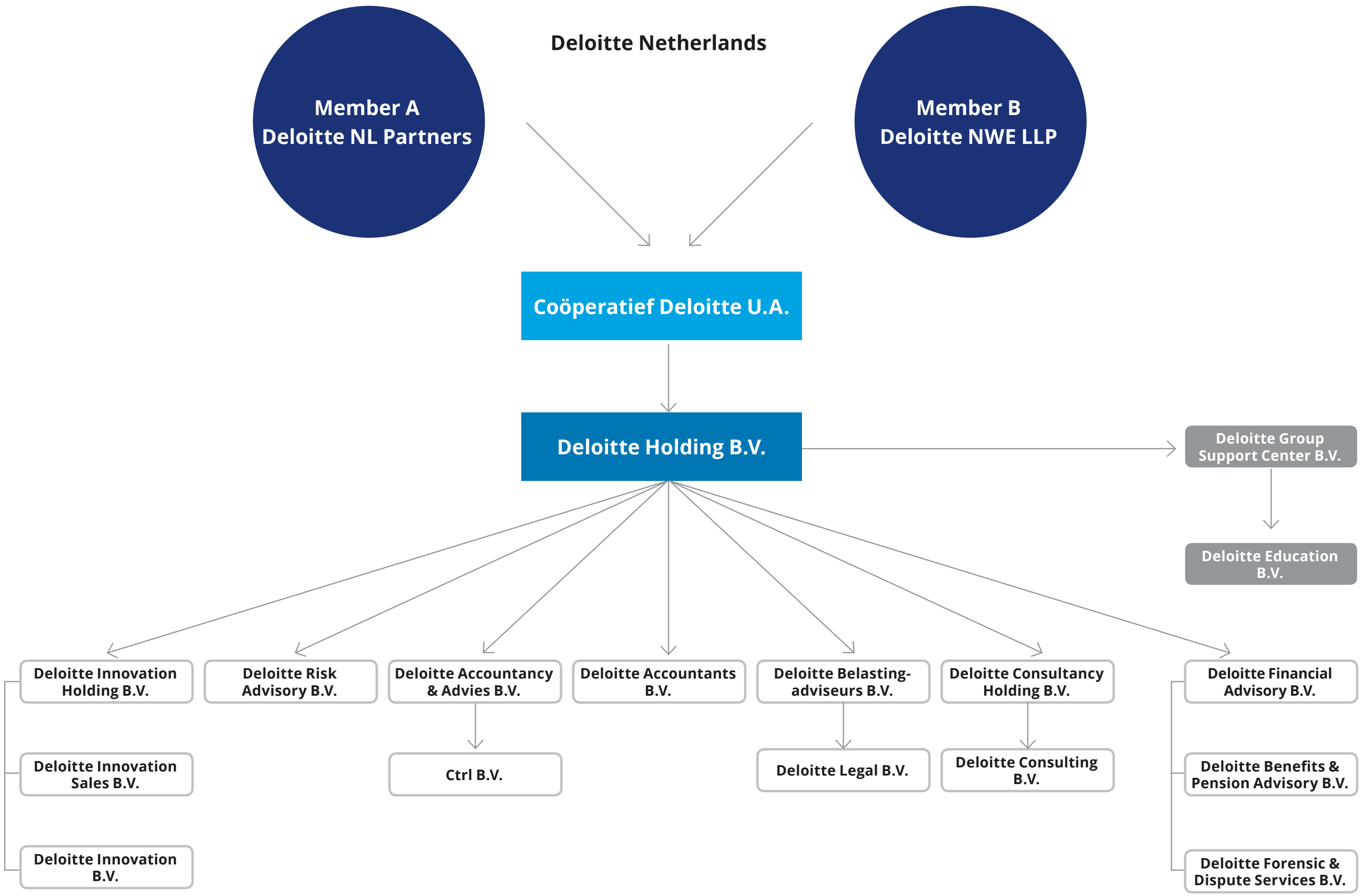
We implemented policies and guidelines for crucial processes like gifts & entertainment, hiring of referrals and the annual confirmation, in which our partners and employees declare that they have read, understood and acted according these anti-corruption policies and guidelines.

In a business wide approach, before entering into relationships with any third party, we assess the associated corruption risk and take appropriate steps designed to ensure that these relationships are responsibly evaluated and managed.

One of the corruption risks in our profession is providing employment to relatives or friends of clients, government and/or public officials in exchange for business projects, contracts, or other benefits. Providing such employment presents significant brand and reputational risks. This risk is very relevant for our profession, as referrals are a key recruitment source for hiring top talent. In response to this emerging risk, we implemented a robust referral integrity process supporting on an independent recruitment department ensuring ‘the best man/women on the job’.

Roles and responsibilities

Good corporate governance is a key element in improving economic efficiency, it helps companies to improve performance, and it is required to mitigate risks. Good corporate governance considers our relationship and responsibility with all stakeholders. It is about clear rules and regulations, quality of management, transparency, accountability and integrity. A clear set of rules and responsibilities will help us to achieve our global strategy of being the undisputed leader in professional services.


Deloitte Netherlands
Member A
Deloitte NL Partners
Member B
Deloitte NWE LLP
Coöperatief Deloitte U.A.
Deloitte Holding B.V.
Deloitte Group Support Center B.V.
Deloitte Education B.V.
Deloitte Innovation Holding B.V.
Deloitte Innovation Sales B.V.
Deloitte Innovation B.V.
Deloitte Risk Advisory B.V.
Deloitte Accountancy & Advies B.V.
Ctrl B.V.
Deloitte Accountants B.V.
Deloitte Belasting-adviseurs B.V.
Deloitte Legal B.V.
Deloitte Consultancy Holding B.V.
Deloitte Consulting B.V.
Deloitte Financial Advisory B.V.
Deloitte Benefits & Pension Advisory B.V.
Deloitte Forensic & Dispute Services B.V.

Structure
Deloitte NWE is a member firm of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee. The member firms of DTTL are all separate and independent legal entities, and through their affiliates provide services in certain geographic areas subject to applicable local laws and regulations. For a detailed description of the legal structure of DTTL and its member firms, we refer to www.deloitte.com/about. Deloitte NWE – with affiliates in nine Geographies across Europe – is registered with the Institute for Chartered Accountants in England and Wales (ICAEW), but is not engaged in professional practice itself. All trading continues through local country practices, including the practices of Deloitte Netherlands.

As of June 1, 2017 Deloitte Netherlands has become the Dutch Affiliate of Deloitte NWE. From that date, Deloitte NWE LLP became a member of the Cooperative (with a 2/3 majority of the voting rights in the general meeting). The existing national legal structure of Deloitte Netherlands has remained in place.
Deloitte Holding B.V. (Deloitte Holding) has continued to be the centre of the governance structure of Deloitte Netherlands. The shares in Deloitte Holding are held by Coöperatief Deloitte U.A. (the 'Cooperative'). The professional management companies of the partners of Deloitte Netherlands are members of the Cooperative. Deloitte's operational activities in the Netherlands have been structured based on professional practices or businesses, hereinafter referred to as Businesses. The activities of a Business are performed by, in the name of and at the expense and risk of one or more private companies: the Business BV's. The Executive Board – subject to the independent supervision of the Supervisory Board – remains responsible for the management and the general affairs of Deloitte Netherlands.

The Cooperative and all the (Dutch) Deloitte entities within the Group are committed to complying with all applicable laws and regulations. The Board of Deloitte NWE is primarily responsible for ensuring high-quality governance and stewardship of Deloitte NWE. The single elected NWE CEO leads an NWE Executive. The NWE CEO is accountable to the NWE Board to deliver on the agreed long-term strategy of Deloitte NWE. The Deloitte NWE ways of working are based on the principles of Connected+ Autonomy. Deloitte Netherlands, as well as the other national practices within NWE, maintain a significant degree of marketplace, talent and operating independence.

The Dutch Corporate Governance Code ("Code")
On December 8, 2016, the Monitoring Committee Corporate Governance Code published a new updated Code. The purpose of the Code is to facilitate a sound and transparent system of checks and balances for Dutch listed companies. Deloitte, as a non-listed company, is different to the companies for which the Code was intended. We nevertheless acknowledge that the Code contains principles and best practices that can also be important for non-listed companies as well.

Deloitte has therefore decided, on a voluntary basis and in addition to applicable Dutch Civil law, to continue to apply the principles of the Code to a large extent. After in depth analysis of the Code and with the purpose of continuing to act in the spirit thereof, the Supervisory Board has, for example, updated the Supervisory Board regulations and the Executive Board has, where necessary, adjusted the Executive Board regulations. As explained, some of the best practices mentioned in the Code can either not be applied in identical form within Deloitte or are not suited to be applied, such as protective measures against takeovers, the certification of shares, the publication of price-sensitive information and the information supplied to and discussions held with parties in the financial markets. Furthermore, neither the Executive Board nor the Supervisory Board members are granted share options.

NBA Report 'In the Public Interest'
Deloitte implemented the 53 recommendations contained in the NBA Report and has put substantial effort and investments in these and other audit quality measures. We recognise these and that the journey to rebuild trust in the audit profession is an ongoing process. We refer to our Transparency Report for a full description of the quality agenda, activities and initiatives of Deloitte.

Draft legislation 'Additional Measures for Audit Firms'
The Minister of Economic Affairs has submitted draft legislation concerning, inter alia, the structure and authorities of supervisory boards of audit firms. The

draft legislation is yet to be discussed and resolved in Parliament. As already reported in previous reports, Deloitte has implemented independent external supervision and is fully compliant with the proposed new legislation in this area.

As previously reported, Deloitte implemented a number of changes in anticipation of the aforementioned draft legislation and as follow-up to the governance proposals made by the NBA. We refer to our previous Integrated Reports for more information.

General Meeting

The General Meeting brings together the entire partner community and NWE as participating shareholder. It helps to maintain Deloitte's Governance 'checks and balances'. The company's annual results, the company's long-term policy and certain other matters referred to in the Articles of Association require the approval of the General Meeting.

Supervisory Board

Composition

The Supervisory Board is responsible for ensuring that it performs its duties as effectively and efficiently as possible. It has therefore drawn up guidelines for its size and composition, taking into account the nature of the company and the expertise and experience required of Supervisory Board members. With the appointment of Nienke Meijer, as of July 1, 2017, the Supervisory Board consists of two women and three men, all independent external members. Members are appointed for a period of no more than four years and they may serve for no more than 12 years.

Tasks and responsibilities

The Supervisory Board oversees and advises the Executive Board and supervises all general developments at Deloitte. The Supervisory Board is collectively responsible for the execution of its tasks and reports to the General Meeting. In fulfilling its duties, the Supervisory Board always acts in the company's best interests, taking account of the relevant interests of all stakeholders. The Supervisory Board is entrusted with the supervision of the policies and activities of the Executive Board, inter alia in relation to the following: (i) The realisation of the company's objectives; (ii) The strategies pursued by the company and the risks involved; (iii) The design and implementation of internal risk management, quality and control systems; (iv) Quality, independence, ethics and other public interest matters; (v) The company's financial reporting process; (vi) The company's compliance with laws and regulations.

Supervisory Board Committees

The Supervisory Board has formed five committees, each with its own rules of procedure, to perform its tasks in the most efficient manner; (i) Audit & Finance Committee; (ii) Quality, Integrity & Risk Committee; (iii) Remuneration Committee; (iv) Selection & Nomination Committee; (v) Committee Partner Affairs. The committees prepare the decision-making of and frequently report to the Supervisory Board. We refer to the report from the Supervisory Board for the highlights and reports of the committees.

Executive Board

Composition

The Executive Board is presently composed of three people: Peter Bommel (Chief Executive Officer and Chair), Mario van Vliet (Chief Operations Officer) and Engelhardt Robbe (Chief Quality Officer), all of them male.

The members of the Executive Board are appointed for a period of no more than four years, and are eligible for re-appointment for further period(s) of no more than four years. The Supervisory Board will continue to look for more balance in the area of diversity in the event of future re-appointments. In this respect it is important to note that diversity is one of the priorities of the Executive Board and Supervisory Board and that Deloitte pursues a number of management development programmes aimed at increasing the number of women in Deloitte leadership positions.

Tasks and responsibilities

Deloitte is managed by an Executive Board that is responsible, among other areas, for creating a strategic and policy framework and objectives, monitoring the implementation of policies and maintaining cohesion between the company's various businesses and service lines. The Executive Board reports to the Supervisory Board and to the General Meeting. The members of the Executive Board are collectively responsible for leading and managing the company. The Executive Board acts in the company's best interest at all times when fulfilling its duties, taking into account the relevant interests of all stakeholders. It is responsible for observing relevant laws and regulations, managing the risks involved in the company's activities and overseeing its financial affairs. The Executive Board reports on these matters to the Supervisory Board.

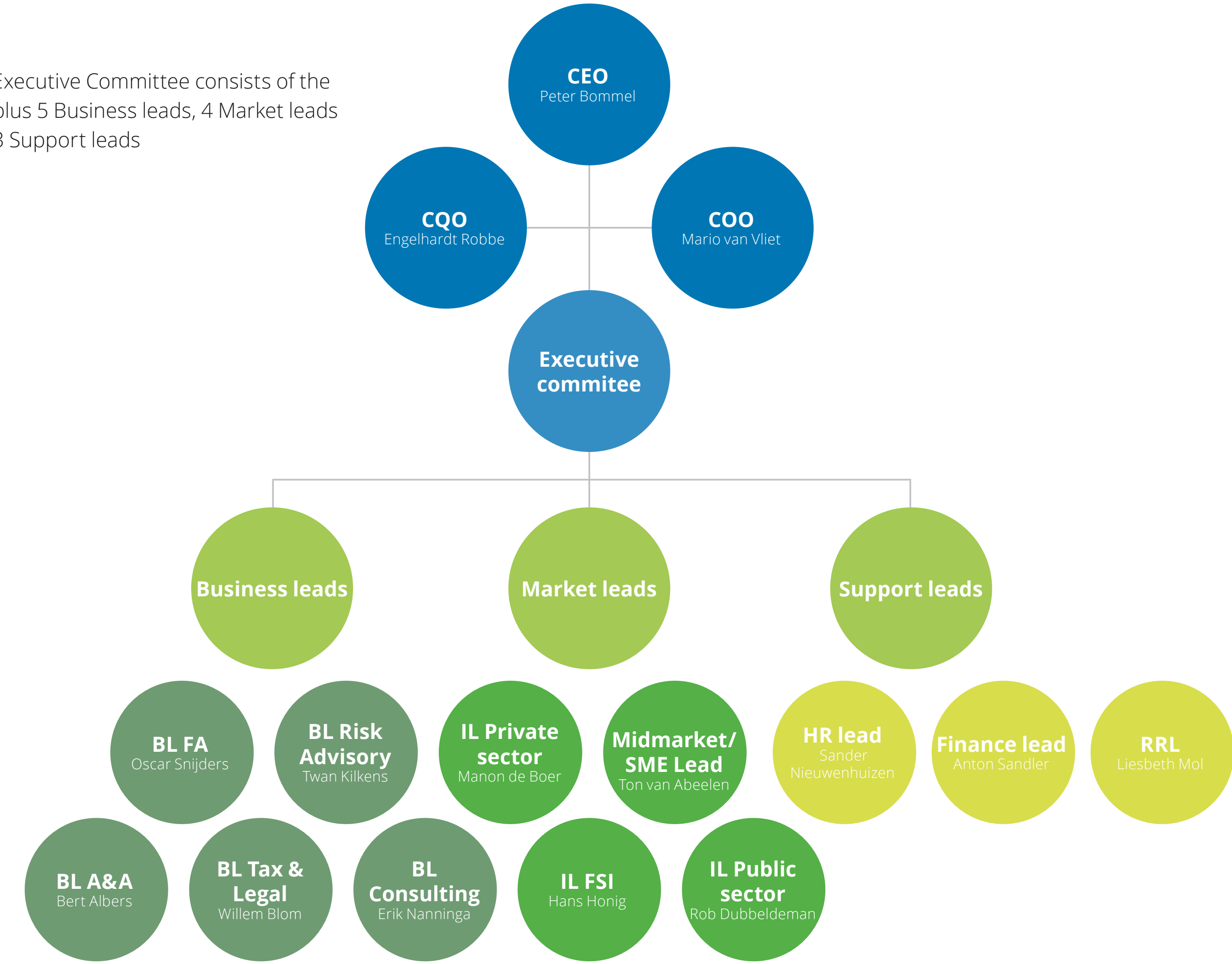
Avoiding conflicts of interest

No member of the Executive Board takes part in discussions or decision-making processes that may give rise to a conflict of interest between the Board member and Deloitte. In such cases, Deloitte is normally represented by another person, who is appointed specifically for this purpose by the Supervisory Board. To our knowledge, no transactions involving any potential or real conflict of interest, as defined by Code, took place in 2017/2018.

Remuneration

The remuneration of all members of the Executive Board is determined by the Supervisory Board, based on remuneration policies approved by the General Meeting on proposal of the Supervisory Board. In line with proposals made by the NBA, the remuneration of the Executive Board members is fixed, and not related to Deloitte's financial results , except for a limited portion (below 20%) which is dependent on certain mid-term goals linked to quality and other public interest objectives.

The Executive Committee consists of the RvB plus 5 Business leads, 4 Market leads and 3 Support leads



The performance of the Executive Committee is evaluated annually by the Executive Board. The Committee structure is flexible in order to meet the changing needs of the organisation.

The Executive Committee supports the Executive Board and has a role with regards to decisions that affect the group as a whole. The Executive Committee currently consists of 15 members, reflecting our present operating structure.

Partnership Council

The Executive Board, with the approval of the Supervisory Board, has appointed a Partnership Council that consists of six partners. The Partnership Council is charged with giving support and advice to the Supervisory Board.

Internal Audit Function

In 2017/2018, the Executive Board together with the Audit & Finance Committee undertook a process to build the Internal Audit Department into an Internal Audit Function (IAF) with a blueprint in place for the function in the spirit of the Dutch Corporate Goverance Code. Effective mid January 2018,,Willem van Loon was appointed as Chief Audit Executive. The IAF primarily conducts operational audits conform a risk based yearplan, which is approved by the Executive Board and the Supervisory Board of Deloitte. The mission of the IAF is to add value to Deloitte's strategy, values and reputation by providing additional assurance and advice to execute and improve its operations and governance. auditing and advising. The IAF is positioned directly under the CEO and has a separate reporting line to the chair of the Audit & Finance Committee. The authority and responsibilities of the IAF are laid down in the Audit Charter.

External auditor

The external auditor is appointed by the General Meeting, on the recommendation of the Supervisory Board, advised by the Executive Board and the Audit & Finance Committee. At least once every four years, the Executive Board and the Audit & Finance Committee evaluate the performance of the external auditor, paying particular attention to any other business relations the auditor maintains. The main conclusions of this evaluation are then submitted to the General Meeting as part of the procedure for the appointment or re-appointment of the external auditor. The external auditor in principle attends all meetings of the Audit & Finance Committee and at least that part of the Supervisory Board meeting in which the external auditor's report on the financial statements and the assurance on non-financial information is discussed and in which a decision is made on whether to approve the report. The external auditor also attends the General Meeting to answer questions regarding its audit report. PwC is currently the external auditor of Deloitte Netherlands.

Risk Management

Intelligent risk management creates opportunities and is key to sustaining our performance. Together with the highest standards for quality and integrity it is essential to our brand and reputation and to make a lasting impact that matters for our stakeholders. In our ever-changing market landscape we actively pursue new business opportunities, invest in innovation and manage risk and our reputation. The Supervisory Board, the Executive Board, and the Executive Committee proactively oversee these opportunities and related uncertainties, and seek to anticipate them through a structured risk management approach that is aligned with our Strategy 2020.

We embrace uncertainty but aim to prevent unrewarded risks from materializing where possible. Also to anticipate and respond appropriately when they do occur.

Context

The integration in the NWE member firm brings further alignment of our international risk management capabilities. Driven by the desire of the NWE Executive to obtain the highest maturity level of risk management, a NWE working group was established to enhance consistency in risk management methodologies, risk descriptions and risk reporting.

The risk management capabilities in our businesses are further enhanced with the introduction of Business specific risk paragraphs in our FY19 planning & control cycle and through the introduction of Business specific enterprise risk frameworks at DTTL and NWE level.

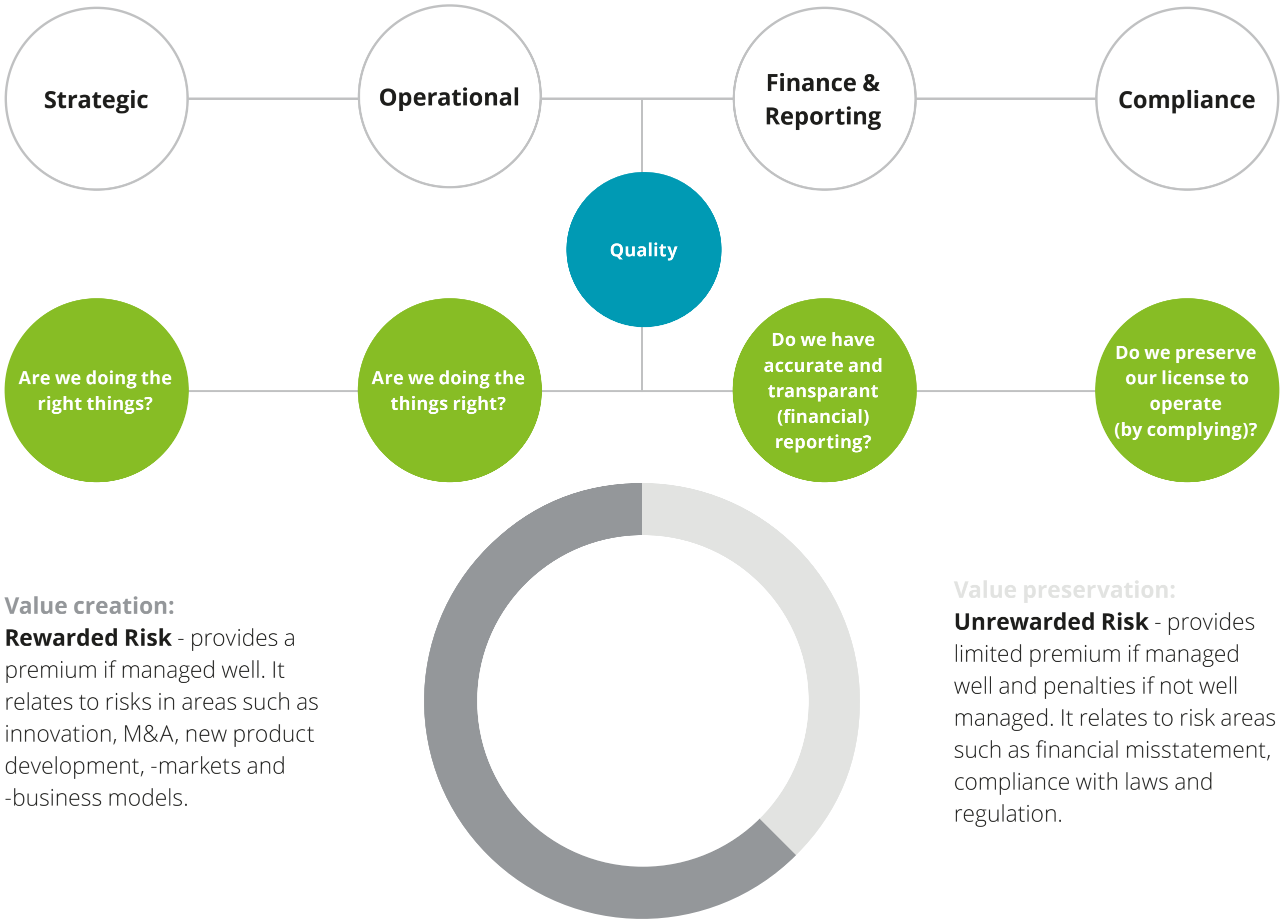
Risk governance: roles & responsibilities

Risk governance is embedded in our overall governance structure. The primary responsibility for identifying and managing risks, both internal and external, resides with line management, the Executive Committee and ultimately the Executive Board with oversight from our Supervisory Board. In an annual risk workshop our Executive Committee and Board refreshes our risk profile including the appointment of risk owners for our priority risks. Risk owners are subsequently asked to implement robust risk mitigating plans and present the progress of risk mitigating activities within the Quality, Integrity and Risk Committee of our Supervisory Board.

The Risk & Reputation Leader (RRL), who reports to the Chief Quality Officer, has day-to-day responsibility for the overall system of quality control for Risk Management and Reporting. As part of this responsibility the RRL oversees the Enterprise Risk Framework and corresponding risk and control system through, amongst other, periodic meeting with the individual risk owners.

On an annual basis, the Executive Board evaluates the performance of and acknowledges its overall accountability for the effectiveness of the risk and control system through an internal in-control statement. To substantiate the evaluation, the Board obtains input from both line management, the RRL as well as the internal auditor, who provides assurance on the key elements of the risk and control system. The Executive Board also gives consideration to the findings and reporting of the external auditor on the functioning of internal controls as part of their annual audit engagement.

Rewarded risk vs unrewarded risk



Value creation:
Rewarded Risk - provides a premium if managed well. It relates to risks in areas such as innovation, M&A, new product development, -markets and -business models.

Value preservation:
Unrewarded Risk - provides limited premium if managed well and penalties if not well managed. It relates to risk areas such as financial misstatement, compliance with laws and regulation.

Rewarded risk vs unrewarded risk. We strongly believe that risk management is an enabler for both value preservation and creation and we broadly distinguish between two categories of risk; unrewarded risks that provide limited premium but are critical to our brand and reputation, e.g. in compliance to rules and regulations and rewarded risks that provide a premium if managed well, e.g. through innovation of our services.

In control
Our Enterprise Risk Framework contributes to ensure we are in control, have the right information available, comply with applicable laws and regulations and meet our own high quality standards.

In order to further develop our risk management capabilities we anticipate to enhance the commitment of our risk owners by increasing the reporting cadence on our priority risks and conduct a bi-annual risk workshop with the Executive Board and the Executive Committee, with oversight from the Quality, Integrity & Risk Committee.

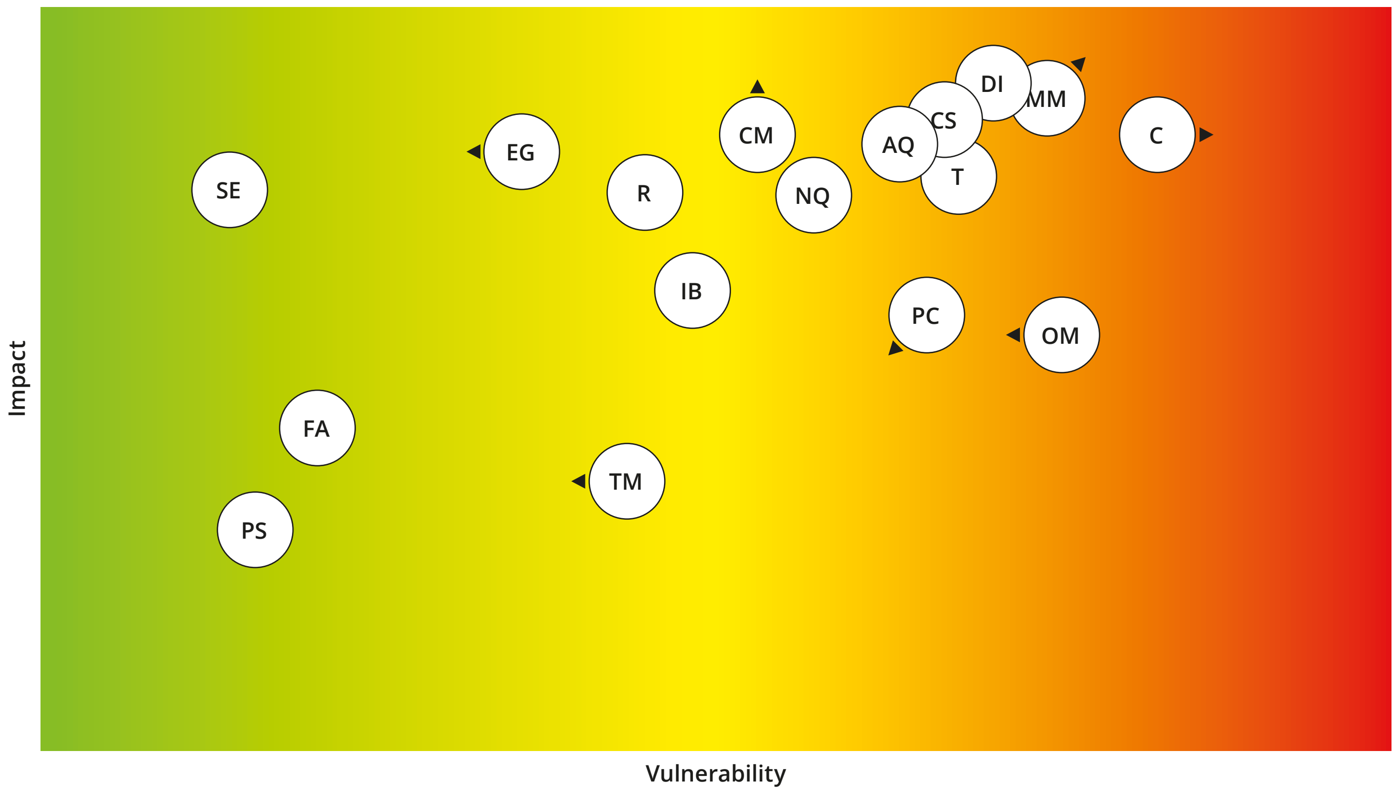
Day-to-day risk management activities reflect our risk appetite for specific domains, for example within client- and engagement acceptance decisions. In order to further elucidate our risk appetite a set of risk indicators, including tolerance levels, was discussed with the individual risk owners and validated by our Executive Board and Supervisory Board.
In the upcoming year we anticipate a fully NWE aligned implementation of risk appetite which enables us to maintain the right balance between risk and reward.

Based on the entire system of quality controls our Execuitive Board is able to state that:

1. the report provides sufficient insights into material failings in the effectiveness of the internal risk management and control systems;
2. the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
3. based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
4. the report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.

Priority risks
The risk universe of DTTL Global Risk and the material topics from our stakeholder dialogue represents the main risk areas of our risk universe and is input for the annual assessment of our risk profile, in context of our Plan 2020 and our risk appetite.

Resulting from the annual assessment with the Executive Board and members of the Executive Committee, we agreed on risks and opportunities related to our strategy (see the figure on page 110). Vulnerability is assessed on a scale of low to high taking into account both 'influence & readiness' and 'speed of onset'. Influence & readiness is a composite measure that also takes account of external influences, materialised risks as described in the 'Our year' section in the Report from the Executive Board, controls maturity, mitigating measures and likelihood.



Risk	Risk name
AQ	Audit Quality
C	Conduct
CM	Competitor Moves, Market Dynamics
CS	Confidentiality and Security
DI	Disruptive Innovation
EG	Economy/ Geopolitical
FA	Forced Acquisition
IB	Independence Breaches
MM	Multi-disciplinary model
NQ	Non-Audit Quality
OM	Operating Model
PC	Portfolio Management & Commercial Orientation
PS	Personal Safety
SE	Strategic Execution
R	Regulatory
T	Talent
TM	Technology & Methodology

Risk Profile of Deloitte The Netherlands as recently validated by the Executive Committee. Risk are assessed on both impact as vulnerability. The trend compared to previous FY is visualized in the risk profile.

In the following table, the eight priority risks with high impact and to which we have a high vulnerability are displayed. The risks associated with the employment of financial instruments are described in note 23.2 of the Financial statements. Our position regarding the use of derivatives is included on page 135 of this report

Risk	Risk description	Risk Area*	Risk Appetite**	Mitigating measures
Audit Quality	Ability to deliver Global consistency in executing high quality audits, and prevent significant and/or multiple failures in audit service delivery, and consistently unsatisfactory regulatory inspection results.	Strategic	Low; Deloitte is committed to executing high quality audits in order to address concerns expressed by key stakeholders.	Pages 28 - 30, 72 - 75
Conduct	Ability to motivate and sustain ethical behaviour (aligned with professional standards, regulations, or Deloitte policies/ Global Code of Conduct).	Operational	Low; Deloitte is committed to our shared values and strives to limit ethical breaches.	Pages 96 - 99,
Confidentiality & Security	Ability to maintain adequate security of pertinent information to comply with confidentiality, security and privacy requirements and prevent unauthorized access to confidential member firm employees/client information and intellectual property.	Operational	Low; Deloitte is committed to prevent, be prepared and respond to breaches and data loss in a timely fashion.	Page 75
Disruptive Innovation	Ability to anticipate, rapidly identify, develop and deploy disruptive and relevant innovation into those service offerings and business models ripe for disruptive innovation, including the ability to adequately respond to the pace of technological change, disruption by new market entrants and the impact of other external influences.	Strategic	High; Deloitte is committed to develop and deploy disruptive innovation within reasonable costs and to foresee disruptive innovation by competitors.	Pages 83 - 85

Risk	Risk description	Risk Area*	Risk Appetite**	Mitigating measures
Multi-disciplinary Model	Ability to proactively identify, prepare for, and respond to events that could increase the costs (disynergies) of having related and complementary services in one firm, i.e., Audit and advisory.	Operational	Medium; Deloitte is committed to proactively address the discussion on the mandatory split of audit and advisory and to react adequately.	Pages 28 - 30
Operating Model	Ability to appropriately invest and deliver on Deloitte 2020 with an agile and Global operating model, including Global delivery platforms.	Operational	Medium; Deloitte is committed to sufficient funding and conformity (NWE) for adopting an agile operating model.	Pages 50 - 52
Portfolio Management & Commercial Orientation	Ability to maintain and enhance the quality of the client and products portfolio combined with the right commercial capabilities to ensure sustainable revenue streams.	Strategic	Medium; Deloitte is committed to invest in commercial effectiveness and the quality of our client/product combination to sustain future revenue streams.	Pages 86 - 87
Talent	Ability to attract, develop and retain high performing, diverse practitioners, and world-class leaders. Inability to provide agile talent models that are responsive to client needs and changing working patterns.	Operational	Low; Deloitte is committed to top class personnel through agile talent models.	Pages 77 - 82

* The risks in the table above can be categorised in more than one of the four risk categories that we identify. For the purpose of simplicity, we have placed them in the category that we deem to be most appropriate.

** Risk appetite is operationally translated in key risk indicators in order to monitor exposure and act if needed.

Annexes

Annex 1: Financial statements

Consolidated financial statements

Consolidated statement of profit or loss and other comprehensive income for the year ended May 31, 2018

in € thousands	Note		**2017/2018**		2016/2017
Revenue	5	**896,750**		814,033	
Other operating income	5	**3,997**		1,777	
Total operating income			**900,747**		815,810
Costs of subcontracted work and other external costs		**150,935**		123,772	
Salaries and social security charges	6	**381,959**		349,630	
Amortisation of intangible assets and depreciation of property, plant and equipment	7	**13,969**		14,482	
Impairments of intangible assets and depreciation of property, plant and equipment	7	**155**		5,723	
Other operating expenses	8	**172,697**		165,590	
Total operating expenses			**719,715**		659,197
Operating result			**181,032**		156,613
Financial income	9		**2,236**		1,130
Financial expenses	9		**(15,571)**		(10,006)
Share of result from participating interests			**39**		41
Result before taxation and management fee			**167,736**		147,778
Management fee and compensation members of Coöperatief Deloitte U.A.	10		**(154,180)**		(131,879)
Result before taxation and after management fee			**13,556**		15,899
Taxation on result of activities	11		**(7,771)**		(8,386)
Profit for the year			**5,785**		7,513
Item that may be reclassified subsequently to profit or loss					
Reclassification adjustment cash flow hedge reserve		**5,514**		2,031	
Net income tax related to adjustment cash flow hedge reserve		**(1,378)**		(508)	
Total other comprehensive income, net of income tax			**4,136**		1,523
Total comprehensive income for the year			**9,921**		9,036

Consolidated statement of financial position at May 31, 2018

(before result appropriation)

Assets (in € thousands)	Note	**May 31, 2018**	May 31, 2017	June 1, 2016
Fixed assets				
Property, plant and equipment	12	**51,111**	54,747	66,107
Intangible assets	13	**7,660**	7,533	14,104
Financial assets	11, 14	**19,678**	25,125	28,501
Total non-current assets		**78,449**	87,405	108,712
Current assets				
Unbilled services	15	**109,715**	89,284	84,925
Trade and other receivables	16	**198,933**	175,867	156,863
Cash and cash equivalents	17	**47,587**	81,549	66,602
Total current assets		**356,235**	346,700	308,390
Total assets		**434,684**	434,105	417,102

Equity and liabilities (in € thousands)	Note	**May 31, 2018**	May 31, 2017	June 1, 2016
Equity		**(42,425)**	(52,449)	(61,596)
Non-current liabilities				
Membership capital	18	**6,525**	6,250	6,225
Interest bearing loans and borrowings	19	**152,217**	179,744	184,600
Provisions	20	**5,086**	4,771	4,598
Interest rate swap	19	**3,840**	9,934	12,322
Deferred income and accrued cost	21	**26,698**	29,521	35,912
Deferred tax liabilities	11	**799**	817	375
		195,165	231,037	244,032
Current liabilities				
Trade and other payables	22	**250,726**	234,895	222,124
Interest bearing loans and borrowings	19	**6,564**	12,238	9,500
Provisions	20	**24,654**	8,384	3,042
Total current liabilities		**281,944**	255,517	234,666
Total liabilities		**477,109**	486,554	478,698
Total Equity and liabilities		**434,684**	434,105	417,102

Consolidated statement of changes in equity for the year ended May 31, 2018

in € thousands	Note	Legal reserves	Other reserves	Cash flow hedge reserve	Result for the year	**Total**
Balance at June 1, 2016		**5,614**	**(58,687)**	**(8,523)**	**-**	**(61,596)**
Profit for the year		**-**	**-**	**-**	7,513	**7,513**
Movement other comprehesive income		**-**	-	1,523	-	**1,523**
Total comprehensive income for the year		**-**	-	1,523	7,513	**9,036**
Profit distribution prior financial year		-	29	-	**-**	**29**
Movement capitalised costs	**13**	(5,614)	5,614	-	**-**	**-**
Payments received regarding former Stichting InterNos		**-**	82	-	**-**	**82**
Balance at May 31, 2017		**-**	**(52,962)**	**(7,000)**	**7,513**	**(52,449)**
Profit for the year		**-**	-	-	5,785	**5,785**
Movement other comprehesive income		**-**	-	4,136	-	**4,136**
Total comprehensive income for the year		**-**	-	4,136	5,785	**9,921**
Profit distribution prior financial year		**-**	7,583	-	(7,513)	**70**
Payments received regarding former Stichting InterNos		**-**	33	-	-	**33**
Balance at May 31, 2018		**-**	**(45,346)**	**(2,864)**	**5,785**	**(42,425)**

Consolidated statement of cash flow for the year ended May 31, 2018

(Prepared using the indirect method)

in € thousands	Note		**2017/2018**		2016/2017
Profit for the year			**5,785**		7,513
Adjustments for:					
- Taxation on result of activities			**7,771**		8,386
- Share of result from participating interest			**(39)**		(41)
- Financial income			**(2,236)**		(1,130)
- Financial expenses			**15,571**		10,006
- Amortisation of intangible assets and depreciation of proeperty, plant and equipment	7		**13,969**		14,482
- Impairment of intangible assets	7		**-**		5,554
- Impairment of property, plant and equipment	7		**486**		-
- Bookresults on disposal of property, plant and equipment	7		**(331)**		169
- Bookresults on disposal of a business	24		**(2,225)**		-
Cash flows before movements in working capital and provisions			**38,751**		**44,939**
Change in management fee/compensation members of Coöperatief Deloitte U.A.	10		**(474)**		23,951
Change in unbilled services and advance billings	15, 22		**(22,970)**		(9,882)
Change in trade receivables			**(2,694)**		(20,547)
Change in trade payables			**17,347**		3,047
Change in provision	19		**(1,200)**		(1,232)
Change in deferred income and accrued cost			**(2,822)**		(6,392)
Cash flow generated from operating activities			**25,938**		33,884
Interest received		**129**		701	
Interest expenses paid		**(13,201)**		(9,175)	
Net foreign exchange (loss)/gain		**(408)**		596	
Dividend received		**39**		41	
Corporate income tax paid		**(5,747)**		(1,656)	
			(19,188)		(9,493)
Net cash from operating activities			**6,750**		**24,391**

Consolidated statement of cash flow for the year ended May 31, 2018

(Prepared using the indirect method)

in € thousands	Note		2017/2018		2016/2017
Net cash from operating activities			**6,750**		**24,391**
Investments in property, plant and equipment	12	**(9,932)**		(7,021)	
Disposals of property, plant and equipment	12	**665**		1,796	
Disposal of a business	24	**2,156**		-	
Investments in subsidiaries	24	**(515)**		(642)	
Investments in other financial assets	14	**(42)**		(72)	
Repayment of other financial assets	14	**111**		-	
Cash flow used in investment activities			**(7,557)**		**(5,939)**
Stichting Financiering Deloitte/Members:					
- Increase in subordinated loans	19	**13,300**		11,875	
- Decrease in subordinated loans	19	**(9,626)**		(8,020)	
- Changes in current account	22	**(237)**		(1,494)	
Net cash outflow to members		**3,437**		2,361	
Net changes in equity		**33**		82	
Receipts from non-current liabilities	18	**700**		600	
Payments to non-current liabilities	18	**(525)**		(425)	
Decrease in other (interest-bearing) loans	19	**(36,800)**		(6,123)	
Cash flow used in financing activities			**(33,155)**		(3,505)
Net cash flow			**(33,962)**		14,947
Cash and cash equivalents at start of financial year			**81,549**		66,602
Movements in cash and cash equivalents			**(33,962)**		14,947
Cash and cash equivalents at end of financial year			**47,587**		**81,549**

Notes to the consolidated financial statements for the year ended May 31, 2018

1. General information

1.1 Activities

Coöperatief Deloitte U.A. ("the Company") is a cooperative which has its registered office and its principal place of business in Rotterdam, Wilhelminakade 1, The Netherlands and is registered with the Chamber of Commerce with number 63086174. Coöperatief Deloitte U.A. is the direct parent of Deloitte Holding B.V. and its subsidiaries. After joining Deloitte North West Europe on June 1, 2017, the ultimate parent of the Company is Deloitte NWE LLP, a limited liability partnership registered in England and Wales. The activities of Coöperatief Deloitte U.A. and the companies in its group ("The Group") consist mainly of Audit & Assurance, Tax & Legal, Risk Advisory, Financial Advisory and Consulting, as well as other forms of professional financial services. These activities are conducted by and for the account of the respective group companies of Coöperatief Deloitte U.A. and Deloitte Holding B.V. which acts as holding companies and does not themself conduct any activities in the field of professional financial services as referred to in the previous sentence.

1.2 International relationships

On June 1, 2017 Coöperatief Deloitte U.A. became a member of Deloitte North West Europe, Deloitte NWE LLP, a new member firm of Deloitte Touche Tohmatsu Limited (DTTL) with five Geographies: Belgium, the Netherlands, the Nordics (Denmark, Finland, Iceland, Norway and Sweden), Switzerland, and the United Kingdom. Deloitte NWE LLP is a member of Coöperatief Deloitte U.A. and holds 2/3 of the votes in the general meeting of Coöperatief Deloitte U.A. since June 1, 2017. From June 1, 2018 our member firm in Ireland has also joined NWE.

Deloitte New LLP is a member firm of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee. Each member firm provides services in a particular geographic area and is subject to the laws and professional regulations of the particular country or countries in which it operates. DTTL does not itself provide services to clients. DTTL and each DTTL member firm are separate and distinct legal entities, which cannot obligate each other. DTTL and each DTTL member firm are liable only for their own acts or omissions and not those of each other. Each DTTL member firm is structured differently in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its territory through subsidiaries, affiliates, and/or other entities.

1.3 Group relationships

As a result of obtaining all the shares of Deloitte Holding B.V., as of June 1, 2015 Coöperatief Deloitte U.A. is the direct parent of Deloitte Holding B.V. and its subsidiaries. After this transaction the consolidated financial statements of Coöperatief Deloitte U.A. are a continuation of the existing group of Deloitte Holding B.V. As a result of this, The Group Deloitte publishes two consolidated financial statements at the level of Coöperatief Deloitte U.A. and at the level of Deloitte Holding B.V. In these consolidated financial statements Deloitte refers to Coöperatief Deloitte U.A. and its subsidiaries. For a list of subsidiaries required by article 2:379 of the Netherlands Civil Code reference is made to the notes to the company balance sheet.

[1] Effective for annual periods beginning on or after January1, 2018, with earlier application permitted

[2] Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs in issue but not yet effective

The Group has not applied the following for the Group relevant new and revised IFRSs that have been issued but are not yet effective:

IFRS 9
Financial Instruments [1]

IFRS 15
Revenue from Contracts with Customers (and the related Clarifications) [1]

IFRS 16
Leases [2]

Amendments to IFRSs
Annual Improvements to IFRS Standards 2014 – 2016 Cycle [2]

IFRIC 22
Foreign Currency Transactions and Advance Consideration[1]

IFRIC 23
Uncertainty over income tax treatments[2]

2.1.1 IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Based on an analysis of the Group's financial assets and financial liabilities as at May 31, 2018 on the basis of the facts and circumstances that exist at that date, the Executive Board of the Company has assessed that the impact of IFRS 9 to the Group's consolidated financial statements is not material, except for the possible effect on the financial fixed assets which needs further assessment.

The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables, loans, and amounts due from customer as required or permitted by IFRS 9. In general, the Executive Board anticipates that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for the respective items and can increase the amount of loss allowance recognised for these items.

2.1.2 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. For contract with a variable consideration amount revenue will only be recognised when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. This wil apply to contracts with a success fee. This will not differ significant from the current practise.

Revenue from contracts with customers that should be recognized over time, as opposed to a particular point in time (when the performance obligation is satisfied) will have a similar revenue recognition pattern as revenue recognized based on the currently applied 'percentage of completion' method. Contracts for which revenue has to be recognized when performance obligations are satisfied, generally lead to a delay in revenue recognition compared to the currently applied 'percentage of completion' method of accounting for projects.

IFRS 15 offers a range of transition options. The potential impact of IFRS 15 is currently assessed based on a review of customer contracts currently in place. It is not practicable to provide a reasonable estimate of the financial effect until the Group completes the review. We will retain prior period figures as reported under the previous standards, and will recognise the cumulative effect of applying IFRS 15 as an adjustment to the opening balance of equity as at the date of initial application.

2.1.3 IFRS 16 Leases
IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by IFRS 16.

As at May 31, 2018, the Group has non-cancellable operating lease commitments of €283 million. IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 26.1.2. A preliminary assessments indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in The Group's consolidated financial statements and the Group is currently assessing its potential impact. We will retain prior period figures as reported under the previous standards, and will recognise the cumulative effect of applying IFRS 16 as an adjustment to the opening balance of equity as at the date of initial application. It is not practicable to provide a reasonable estimate of the financial effect until the review is completed.

2.1.4 Annual Improvements to IFRSs 2014 – 2016 Cycle
The Annual Improvements include amendments to IFRS 1 and IAS 28 which are not yet mandatorily effective for the Group. The package also includes amendments to IFRS 12 which is mandatorily effective for the Group in the current year.

Both the amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018. The Executive Board does not anticipate that the application of the amendments in the future will have any impact on the Group's consolidated financial statements as the Group is neither a first-time adopter of IFRS in the period the amendments become effective, nor a venture capital organisation. Furthermore, the Group does not have any associate or joint venture that is an investment entity.

2.1.5 IFRIC 22 Foreign Currency Transactions and Advance Consideration
IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The Executive Board does not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements. This is because the Group already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

2.1.6 IFRIC 23 Uncertainty over income tax treatments
IFRIC 23 addresses tax treatment for which there is uncertainty over whether the relevant tax authority will accept the tax treatment under tax law. Currently the Group doesn't have uncertain tax positions.

3. Significant accounting policies

Going concern

Acquiring control in May 2016 and subsequent legal merger of Stichting InterNos had a negative impact of approximately €53 million on equity of Coöperatief Deloitte U.A. As of financial year 2016/2017 the members have agreed to retain yearly €5.3 of future annual Coöperatief Deloitte U.A.'s earnings until such time that the equity reduction caused by the restructuring is recovered. Including subordinated loans and membership capital, the positive capital base of the group amounts to €89,334 (May 31, 2017 €72,869).
The subordinated loans are directly linked to the number of partners and will continue for the duration of their partnership. As a consequence of the increasing number of partners, the company does not expect a situation of net repayment of such loans in the coming years.

The restructuring is a non cash event and does not impact the liquidity of the group. Deloitte Holding B.V. continues to have positive equity as a basis to distribute its earnings annually to Coöperatief Deloitte U.A. Furthermore in financial year 2017/2018 and financial year 2016/2017 Coöperatief Deloitte U.A. generated €161 million and €132 million respectively in net cash from operating activities before management fee/compensation with approximately between €6 million and €10 million in annual investments. For financial year 2018/2019 and the period to follow the same level of net cash inflow is expected.

The cash generating ability of the group based on past performance and future planned performance continues to show growth in cash generation and is expected to form a solid basis for distributing funds annually from Deloitte Holding B.V. to Coöperatief Deloitte U.A. and from Coöperatief Deloitte U.A. to its members.

The Executive Board is confident about the future outlook for the Deloitte Netherlands Group. The financial statements are prepared applying the going concern assumption.

3.1 Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the EU and the requirements of Title 9, Book 2 of the Netherlands Civil Code. For all periods up to and including the year ended May 31, 2017, the Group prepared its financial statements in accordance with generally accepted accounting principles as issued by the Dutch Accounting Standards board and the requirements of Title 9, Book 2 of the Netherlands Civil Code (NL GAAP). These financial statements for the year ended May 31, 2018 are the first the Group has prepared in accordance with IFRS. Refer to note 4 for information on how the Group adopted IFRS.

3.2 Basis of preparation
The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3.3 Use of estimates
The preparation of the Consolidated financial statements in conformity with IFRS requires the Executive Board to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates inherently contain a degree of uncertainty. Actual results may differ from these estimates under different assumptions or conditions.

In the process of applying the accounting policies, the Group has made estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the reported amounts of assets and liabilities within the next financial year, as well as to the disclosure of contingent liabilities at the date of the Consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The Group evaluates these estimates and judgments on an ongoing basis and bases the estimates on historical experience, current and expected future outcomes, third-party evaluations and various other assumptions that the Executive board believes are reasonable under the circumstances. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. The Group revises material estimates if changes occur in the circumstances or there is new information or experience on which an estimate was or can be based.

Key estimates comprise the valuation of unbilled services and advance billings to customers (revenue recognition) and the professional liability provision. Revenue recognition requires the Group to estimate the expected results of current engagements based on an estimate of time and costs to be incurred, the estimate of expected additional billing on fixed fee projects and the assessment of and the collectability of unbilled amounts. For larger engagement this process is inherently complex. The professional liability provision is based on assumptions of, the existence of a present obligation and measurement of the expected amount to settle the claim. Furthermore an assessment is made if the estimated provision falls inside the scope of insurance policies or if the amount exceeds the maximum coverage of the insurance policies.

Other areas with judgments and estimates, but not key estimates, are goodwill (see note 3.6), impairments (see note 3.15), financial instruments (see note 3.17), useful lives of (in)tangible assets (see note 3.14.1) and provisions for onerous leases (see note 3.16.1) and dismantling cost (see note 3.16.5).

For further discussion on these judgments and estimates, reference is made to the respective notes within these consolidated financial statements that relate to the above topics.

3.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.
- The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.
The company financial statements of Cooperatief Deloitte U.A. are included in the financial statements. Accordingly, in accordance with article 2:402 of the Netherlands Civil Code, the company financial statements only contain an abridged profit and loss account.

3.4.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate.

3.5 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.
When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition

date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3.6 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 3.5 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit an then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described at note 3.7 below.

3.7 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the financial statements of the Group investments in associates are shown at cost less provision for impairment.

3.8 Revenue recognition

Revenue is recognised in the period in which services are rendered by reference to the stage of completion of the contract determined by the value of the services provided at the balance sheet date as a proportion of the total value of the engagement. Revenue is only recognised where the Group has a contractual right to receive consideration for work undertaken and the amount can be reliably measured and it is probable that future economic benefits will flow.

Generally no revenue is recognised on contingent engagements until the contingent event crystallises. Provision is made against unbilled amounts on those engagements where the right to receive payment is contingent on factors outside the control of the Group.

Unbilled revenue on individual client assignments is included as amounts unbilled services. Where individual on-account billings exceed revenue on client assignments, the excess is classified as advance billings to customers.

3.9 Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.9.1 The Group as lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.9.2 The Group as lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.10 Foreign currencies
The functional currency of all entities within the Group is the euro. In preparing the financial statements of each individual group entity, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non- monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.11 Employee benefits

3.11.1 Retirement benefit costs and termination benefits
The Group has a defined contribution plan for all active employees. Contributions payable to the pension plan administrator are recognised as an expense in the profit and loss account. Contributions payable or prepaid contributions as at year-end are recognised under current liabilities and accruals, and receivables and prepayments, respectively.

A provision is formed for liabilities other than the contributions payable to the pension plan administrator if, as at the balance sheet date, the group has a legal or constructive obligation towards the pension plan administrator, if it is probable that settlement of these liabilities will lead to an outflow of resources and if a reliable estimate can be made of the amount of the liabilities.

The provision for additional liabilities to the pension plan administrator was based on a best estimate of the amounts required to settle these liabilities at the balance sheet date, applying established actuarial methods and assumptions. For back service liabilities for a closed group former employees faced with total or partial disability status ("Arbeidsongeschiktheid") a provision was maintained. The provision was carried at present value with the discount rate before taxation reflecting the current market rate. The provision was settled in July 2017, there are no future obligations with regard to these liabilities.

3.11.2 Short term and other long term employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

3.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The Company forms part of the fiscal unity with Coöperatief Deloitte U.A. and therefore jointly and severally liable for the tax liabilities of the fiscal unity as a whole. The corporate income tax is calculated as if the company was separately liable for tax and is offset against the current account of the parent company.

3.12.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.12.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.12.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.13 Property, plant and equipment
Property, plant and equipment is valued at acquisition cost or production cost, less accumulated depreciation and, where applicable, impairment losses. Depreciation is based on the estimated useful life of the asset and calculated using the straight-line method based on the cost, taking account of any residual value. The asset starts to depreciate from the date that it is taken into use. Fixed assets under construction are valued at production cost. Production cost comprises licensing costs, direct labour costs, expenditure on services from third parties and the attributable share of other operating costs. The present value of estimated future dismantling cost related to the contractual obligation to restore leased office buildings is recorded as an asset in property, plant and equipment and depreciated in a straight line over the term of the lease, with recognition of the liability as a provision.

3.14 Intangible assets acquired separately
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3.14.1 Internally-generated intangible assets – research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred.
An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.14.2 Intangible assets acquired in a business combination
Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.14.3 Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.15 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease (see note 3.13 above).

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase (see note 3.13 above).

3.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

If the expected outflow of the obligation is within one year the provision will be recognised as current liability.

3.16.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3.16.2 Professional liability

The provision for professional liability relates to the liabilities from claims. Claims have been submitted against the legal entities that belong to the Group for alleged poor performance of activities. A strong defence will be mounted against these claims. The Group has professional indemnity insurance for claim coverage. If a present obligation exists for which it is likely (probable) there will be a transfer of benefits, and a reliable estimate can be made of the amount of the obligation, then a provision is recognized. Reimbursements from the professional indemnity insurance are also recognised when, and only when, it is virtually certain that reimbursement will be received when settling the obligation.

3.16.3 Restructuring
A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

3.16.4 Occupational liability
The provision occupational disability relates to liabilities existing as at balance sheet date regarding own risk for continued payment of the salaries (including employer's contribution) of personnel that as at balance sheet date is expected stay totally or partial disabled regarding the Return to Work (Partially Disabled) Regulation ("WGA") of which the Group is covering her own-risk and regarding to own-risk for the Health Law, former personnel who left disabled or got disabled within 28 days after leaving the company. A provision has been formed for the amount expected to be due in the future, the provisions include an estimated future annual increase of the disability entitlements by 2.0% (prior year 2.0%). A discount rate is set at 0.64% (prior year 0.5%). Amounts paid concerning disabled personnel are deducted from this provision.

3.16.5 Dismantling cost
The present value of estimated future costs related to the contractual obligation to restore leased office buildings is recorded as an asset in property, plant and equipment and depreciated in a straight line over the term of the lease, with recognition of the liability as a provision. Each reporting period the present value is reassessed, and changes resulting from the unwinding of the discount are recognised in financial income and expense.

3.17 Financial instruments
Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.17.1 Financial assets
Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

As at the balance sheet date and all comparative periods, all financial assets held by the Group qualify as 'loans and receivables'. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date bases. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulations or convention in the marketplace.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets
Financial assets (other than those at FVTPL) are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected:

- significant financial difficulty of the issuer or counterparty; or

- breach of contract, such as a default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

- the disappearance of an active market for that financial asset because of financial difficulties.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3.16.2 Financial liabilities and equity instruments
Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences

a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. As at the balance sheet date and all comparative periods, the Group only holds 'other financial liabilities'. Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Membership capital
Upon termination of the membership of an equity partner, the Cooperative must redeem the balance of the membership capital within one month. The membership capital does not meet the conditions of IAS 32 paragraphs 16A and B. There is a contractual obligation of the Cooperative to redeem the balance of the membership capital. The membership capital includes a contractual obligation to deliver cash (management fee) to the members. And the membership capital cannot be considered the most subordinate class of issued financial instruments of the Group. Hence these membership capitals are puttable financial instruments which meet the definition of a financial liability.

3.17.3 Derivative financial instruments
The Group enters into derivative financial instruments to manage its exposure to interest rate risks, such as interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives
Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL. As at the balance sheet date (and comparative periods), the Group did not have any embedded derivatives.

3.17.4 Cash flow statement
The cash flow statement is prepared using the indirect method. Changes in balance sheet items that have not resulted in cash flows such as translation differences, fair value changes and other non-cash items have been eliminated for the purpose of preparing this statement. Assets and liabilities acquired as part of a business combination are included in investing activities (net of cash acquired). Dividends received are classified as operating activities. Interest paid is also included in operating activities.

4. First-time adoption of IFRS

These financial statements, for the year ended May 31, 2018, are the first the Group has prepared in accordance with IFRS as adopted by the EU. For periods up to and including the year ended May 31, 2017, the Group prepared its financial statements in accordance with NL GAAP. Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at May 31, 2018, together with the comparative period data for the year ended May 31, 2017, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 June 2016, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its NL GAAP financial statements, including the statement of financial position as at 1 June 2016 and the financial statements for the year ended May 31, 2017.

4.1 Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

IFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 June 2016. Use of this exemption means that the NL GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements.

IFRS 1 also requires that the Local GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. No goodwill impairment was deemed necessary at 1 June 2016.

4.2 Estimates

The other estimates at 1 June 2016 and at May 31, 2017 are consistent with those made for the same dates in accordance with NL GAAP.

4.3 Reconciliation between the IFRS and Dutch GAAP financial statements presented

4.3.1 Group reconciliation of financial position as at 1 June 2016 (date of transition to IFRS)

Assets (in € thousands)	Note	**NL GAAP**	**Adjustments**	**IFRS**
Non-current assets				
Property, plant and equipment	C	65,184	923	66,107
Intangible assets	A	14,104	-	14,104
Financial assets	E	25,395	3,106	28,501
Total non-current assets		**104,683**	**4,029**	**108,712**
Current assets				
Unbilled services	D	49,589	35,336	84,925
Trade and other receivables		156,863	-	156,863
Cash and cash equivalents		66,602	-	66,602
Total current assets		**273,054**	**35,336**	**308,390**
Total assets		**377,737**	**39,365**	**417,102**

Equity and liabilities (in € thousands)	Note	**NL GAAP**	**Adjustments**	**IFRS**
Equity	B,C,F,G	**(35,149)**	**(26,447)**	**(61,596)**
Non-current liabilities				
Membership capital	G	-	6,225	6,225
Financial liabilities		184,600	-	184,600
Provisions	C	8,115	(3,517)	4,598
Interest rate swap	B	-	12,322	12,322
Deferred income and accrued cost		35,912	-	35,912
Deferred tax liabilities	E	-	375	375
Total non-current liabilities		**228,627**	**15,405**	**244,032**
Current liabilities				
Trade and other payables	D,F	174,934	47,190	222,124
Interest bearing loans and borrowings	G	9,325	175	9,500
Provisions	C	-	3,042	3,042
Total current liabilities		**184,259**	**50,407**	**234,666**
Total liabilities		**412,886**	**65,812**	**478,698**
Total equity and liabilities		**377,737**	**39,365**	**417,102**

4.3.2 Group reconciliation of financial position as at May 31, 2017

Assets (in € thousands)	Note	**NL GAAP**	**Adjustments**	**IFRS**
Non-current assets				
Property, plant and equipment	C	53,971	776	54,747
Intangible assets	A	4,858	2,675	7,533
Financial assets	E	22,808	2,317	25,125
Total non-current assets		**81,637**	**5,768**	**87,405**
Current assets				
Unbilled services	D	59,471	29,813	89,284
Trade and other receivables	C,D	169,146	6,721	175.867
Cash and cash equivalents		81,549	-	81,549
Total current assets		**310,166**	**36,534**	**346,700**
Total assets		**391,803**	**42,302**	**434,105**

Equity and liabilities (in € thousands)	Note	**NL GAAP**	**Adjustments**	**IFRS**
Equity	B,C,F,G	**(25,761)**	**(26,688)**	**(52,449)**
Non-current liabilities				
Membership capital	G	-	6,250	6,250
Financial liabilities		179,744	-	179,744
Provisions	C	6,106	(1,335)	4,771
Interest rate swap	B	-	9,934	9,934
Deferred income and accrued cost		29,521	-	29,521
Deferred tax liabilities	E	-	817	817
Total non-current liabilities		**215,371**	**15,666**	**231,037**
Current liabilities				
Trade and other payables	D,F	190,280	44,615	234,895
Interest bearing loans and borrowings	G	11,913	325	12,238
Provisions	C	-	8,384	8,384
Total current liabilities		**202,193**	**53,324**	**255,517**
Total liabilities		**417,564**	**68,990**	**486,554**
Total equity and liabilities		**391,803**	**42,302**	**434,105**

4.3.3 Group reconciliation of profit or loss for the year ended May 31, 2017

In € thousands	Note	NL GAAP	Adjustments	IFRS
Revenue		**814,033**	**-**	**814,033**
Other operating income		1,777	-	1,777
Total operating income		**815,810**	**-**	**815,810**
Costs of subcontracted work and other external costs		123,772	-	123,772
Salaries and social security charges		349,630	-	349,630
Amortisation of intangible assets and depreciation of property, plant and equipment	A,C	16,972	(2,490)	14,482
Impairments of intangible assets and property, plant and equipment		5,723	-	5,723
Other operating expenses	C	164,812	778	165,590
Total operating expenses		**660,909**	**(1,712)**	**659,197**
Operating result		**154,901**	**1,712**	**156,613**
Financial income and expenses	B	(10,061)	1,185	(8,876)
Share of result from participating interests		41	-	41
Result before taxation and management fee		**144,881**	**2,897**	147,778
Taxation on result of activities	E	(7,662)	(724)	(8,386)
Result after taxation and before management fee		**137,219**	**2,173**	139,392
Management fee and compensation members of Coöperatief Deloitte U.A.	F	(116,264)	(15,615)	(131,879)
Profit for the year		**20,955**	**(13,442)**	**7,513**
Item that may be reclassified subsequently to profit or loss				
Reclassification adjustment cash flow hedge reserve		-	2.031	2.031
Net income tax related to adjustment cash flow hedge reserve		-	(508)	(508)
Total other comprehensive income, net of income tax		**-**	**1.523**	**1.523**
Total comprehensive income for the year		**20,955**	**(11,919)**	**9.036**

4.3.4 Notes to the reconciliation of equity as at June 1, 2016 and May 31, 2017 and profit or loss for the year ended May 31, 2017

A Goodwill
In accordance with NL GAAP, goodwill is amortized over the period where related economic benefits are expected to be realised taking into account assumption of the business cases the investment was made on. Subsequently the goodwill is reviewed for impairment indicators. At the transition date (June 1, 2016), the book value of goodwill under NL GAAP amounted to €5,085. Under IFRS this amount is carried forward and tested annually for impairment. (see note 13.1)

The amortisation of €2,675 booked in the NL GAAP financial statements for the year ended May 31, 2017 is reversed in the IFRS comparative numbers.

B Interest rate swap
The interest rate swap entered into by the Group was designated in an effective hedge relationship with the bank loans and was therefore not recognised (cash flow hedge accounting) on the balance sheet in the NL GAAP financial statements. In the IFRS financial statements, for the year 2016/2017 hedge accounting was also applied, subsequently a cash flow hedge reserve (€8,523) was recognised. As of June 1, 2017 the interest swaps are reported as a 'fair value through profit and loss' financial instrument. From that date amounts that are recognised in the cash flow hedge reserve shall be reclassified from equity to profit or loss as a reclassification adjustment in the same periods during which the hedged forecast cash flows affect profit or loss. The total negative fair value of the cash flow swap as of June 1, 2016 amounts €12,322 and May 31, 2017 €9,934 is separately shown under the non-current financial liabilities.

C Provisions
In accordance with NL GAAP, a provision for dismantling cost related to leased office properties is formed annually until maturity of the contract. As of May 31, 2017 the provision for dismantling costs in the NL GAAP financial statements amounted to €841 (2016: €715). In accordance with IFRS the discounted value of the estimated dismantling costs to be paid at the end of the lease is capitalized in property, plant and equipment and subsequently depreciated in a straight line over the period till maturity of the lease contract.

The dismantling cost provision at the opening balance is determined at €1,806, the book value of the asset capitalized in property, plant and equipment at €923. In the year ended May 31, 2017, the capitalized asset is depreciated for an amount of €186 (compared to the expense in accordance with the accounting policies under NL GAAP for accruing the dismantling cost provision of €129). Under IFRS the market value discount of the provision of € 15 is recognised in financial income and expense.

The net position for claims was recognised under provisions, taking into account the reimbursed amount by the insurer. The professional liability provision at the opening balance is determined at €650. In the year ended May 31, 2017, the adjustment of the provision resulted in €907 expense under other operating expenses and a closing balance of €8,900. Future reimbursements by the insurer of €6,721 are accounted as current receivables.

D Unbilled services and advance billiings to customers
In the NL GAAP financial statements, the amounts due from and due to customers were netted in 'unbilled amounts for client work'. The gross-up of this balance amounted to €29,813 as of May 31, 2017 (2016: €35,336).

E Deferred tax
The various transitional adjustments lead to different temporary differences. According to the accounting policy in Note 3.12, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

F Profit distribution
In the NL GAAP financial statements, part of the profit distribution paid to the partners of the Group is accounted for as distribution rather than an expense in profit or loss. In accordance with IFRS, all management fees and compensation paid to the partners of the Group is reported as an expense in profit or loss. The adjustment in the year ended May 31, 2017 amounted to €15,615 (2016: €11,854).

G Membership capital
In the NL GAAP financial statements, the membership rights were classified as puttable instruments. In accordance with RJ 290.808 these rights are classified as equity. In accordance with IFRS membership capital is recognised as a non-current liability and membership capital to be repaid within the next financial year is recognised as a current liability.

Statement of cash flows
The transition from NL GAAP to IFRS has not had a material impact on the statement of cash flows.

5. Total operating income

5.1 Revenue

The following is an analysis of the Group's revenue for the year from continuing operations.

in € thousands	**2017/2018**	2016/2017
Audit & Assurance	**231,272**	223,944
Tax & Legal	**197,387**	190,802
Consulting	**238,871**	211,126
Risk Advisory	**152,817**	128,100
Financial Advisory	**75,863**	58,510
Support/Other	**540**	1,551
	896,750	814,033

Revenue is mainly realised in the Netherlands.

5.2 Other operating income

The other operating income relates to ICT hosting revenues for external parties € 1,772 (2016/2017: € 1,777) and to the disposal of Entis B.V. € 2,225 (2016/2017: nil) (see note 24).

6. Salaries and social security charges

in € thousands	**2017/2018**	2016/2017
Salaries *) **)	**317,561**	290,520
Social security charges	**41,843**	38,064
Pension costs	**22,555**	21,046
	381,959	349,630

*) Salaries contains €606 costs of reduction in personnel headcount (2016/2017 €921).

**) Salaries contains €3,436 (2016/2017 €2,572) fixed compensation of the Board.

6.1.1 Workforce

The average number of equity partners and employees working in the group, in FTE, and broken down by activity:

				2017/2018				2016/2017
	Equity partners	Fee earners	Support Staff	Total	Equity partners	Fee earners	Support Staff	Total
Audit & Assurance	**74**	**1,527**	**29**	**1,630**	78	1,498	27	1,603
Tax & Legal	**66**	**749**	**17**	**832**	65	732	17	814
Consulting	**54**	**1,084**	**11**	**1,149**	51	972	8	1,031
Risk Advisory	**29**	**609**	**8**	**646**	27	610	8	645
Financial Advisory	**22**	**284**	**1**	**307**	21	230	1	252
Support/Other	**15**	**17**	**689**	**721**	16	20	666	702
	260	**4,270**	**755**	**5,285**	258	4,062	727	5,047

Virtually all employees are based in the Netherlands,

7. Amortisation/depreciation and impairments

7.1 Amortisation of intangible assets and depreciation of property, plant and equipment

in € thousands	**2017/2018**	2016/2017
Intangible assets:		
Amortisation	**958**	1,017
Property, plant and equipment:		
Depreciation	**13,011**	13,465
	13,969	14,482

7.2 Impairment of intangible assets and property, plant and equipment

in € thousands	**2017/2018**	2016/2017
Intangible assets:		
Impairment *)	**-**	5,554
Property, plant and equipment:		
Impairment **)	**486**	-
Results on disposed assets:		
Property, plant and equipment	**(331)**	169
	155	5,723

*) see note 13.2.

**) Mainly relates to leasehold improvements and office equipment of an unoccupied office

8. Other operating expenses
Other operating expenses are specified as follows:

in € thousands	**2017/2018**	2016/2017
Staff cars	**39,109**	40,229
Employee benefits	**35,067**	27,867
Accommodation costs	**30,465**	30,158
International member firm fees	**19,428**	16,473
Office costs	**10,053**	8,050
Other costs	**38,575**	42,813
	172,697	165,590

The breakdown of the lease and sublease payments recognized in the profit and loss account are as follows:

in € thousands	**2017/2018**	2016/2017
Minimum lease payments	**45,685**	46,436
Sublease payments office space	**(3,615)**	(3,680)
	42,070	42,756

The independent auditor's fee included in the office costs can be specified as follows:

in € thousands	**2017/2018**	2016/2017
Audit of the financial statements *)	**392**	318
Other audits *)	**181**	111
Tax advisory services	**-**	-
Other non-audit services	**-**	-
	573	429

The independent auditor's fee is based on the agreed upon fees for the audit and other engagements for the year under review and any additional fees for out of scope work regarding the prior year.

*) In 2016/2017 Audit of financial statements contains €107 fees and Other audits contains €6 fees of our former independent auditor.

9. Financial income and expense

in € thousands	2017/2018	2016/2017
Interest income and similar income	**293**	176
Change in fair value interest rate swaps	**1,920**	358
Market value discount provisions	**23**	-
Exchange differences	**-**	596
Finance income	**2,236**	1,130
Interest paid and similar costs	**(14,317)**	(9,871)
Changes in value of receivables forming part of the financial fixed assets *)	**(751)**	(117)
Market value discount provisions	**-**	(18)
Exchange differences	**(503)**	-
	(15,571)	(10,006)
	(13,335)	(8,876)

*) see note 14 for reference

10. Management fee and compensation members of Coöperatief Deloitte U.A.

The profit distribution is based on the Associate Agreement Deloitte as of June 1, 2017. The Cooperative will pay the members of the Cooperative a management fee and a final compensation excluding, an amount of EUR 5.3 million that is not distributed in order to supplement the negative equity of the Cooperative. The Group has a financial obligation to compensate partners pursuant to their Associate Agreement with the Group during the fiscal year and such amounts are recognised as an expense and not as an appropriation of profit.

During the year a management fee is paid with targeted range of 70%-80% of the total partner remuneration. A liability will be recognised, after deducting any amount already paid as management fee for the partner remuneration. If the amount already paid exceeds the amount to be paid, an asset is be recognised to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

The members distribution can be specified as follows:

in € thousands	**2017/2018**	2016/2017
Result before management fee and taxation	**167,736**	147,778
Management fee and compensation members of Coöperatief Deloitte U.A.	**(154,180)**	(131,879)
Result before taxation	**13,556**	15,889
Corporate income tax	**(7,771)**	(8,386)
Net result after taxation	**5,785**	7,513
Compensation members of Coöperatief Deloitte U.A. (included in Management and compensation)	**17,949**	15,615
Deduction of profits for compensation of negative equity	**(5,340)**	(5,340)
IFRS Adjustments not payable to members*)	**(445)**	(2,173)
Compensation to members	**17,949**	15,615
Management fee distributed to members	**136,231**	116,264
Compensation to members	**17,949**	15,615
Total management fee and compensation to members	**154,180**	131,879
Average number of members in fte **)	**257**	255
Average management fee and compensation before tax per member (x €1.000)	**653**	580

*) IFRS Adjustments mainly relates to goodwill amortisation and interest rate swap hedged under NL GAAP, these differences will not be paid as compensation to members.

**) Members of the Executive Board who received a fixed compensation are not included.

For the management fee and transactions with related parties reference is also made to the accounting principles for determination of the result. The Group has transactions with the members for which the nature and scope are disclosed in the notes to the consolidated financial statements. Management fee and compensation paid in the financial year € 154,654 (2016/2017 € 107,928).

11. Income taxes

11.1.1 Income tax recognized in profit or loss

in € thousands	**2017/2018**	2016/2017
Current tax		
In respect of the current year	**5,667**	5,794
In respect of prior year	**-**	(507)
	5,667	5,287
Deferred tax		
In respect of current year	**3,482**	3,607
Net income tax related to adjustment cash flow hedge reserve	**(1,378)**	(508)
	2,104	3,099
Total income tax expense recognised in the current year	**7,771**	8,386

The income tax expense for the year can be reconciled to the accounting profit as follows:

in € thousands	**2017/2018**	2016/2017
Result before taxation	**13,556**	15,899
Income tax expense calculated at 25% (2016/2017: 25%)	**3,390**	3,974
Effect of income that is exempt from taxation	**(10)**	(10)
Effect of expenses that are not deductible in determining taxable profit*	**4,401**	4,432
Application local, nominal rates (higher/lower rates)	**(10)**	(10)
Income tax expense recognised in profit or loss	**7,771**	8,386

*) The management fee will be taxed at the member level and compensation is taxed at Group level. The Group has an agreement with the tax authorities regarding a minimum taxable amount of 7% of the membership capital of the members of Coöperatief Deloitte U.A.

Coöperatief Deloitte U.A. and its wholly-owned subsidiaries in the Netherlands form one tax group for company tax purposes. There are no losses available for setoff against tax liabilities.

11.1.2 Current tax assets and liabilities

The current tax assets and liabilities consist of current income tax payable as of May 31, 2018 €213 (2017: €305). The Group has no current income tax receivables as of May 31, 2018 (2017: nil).

11.1.3 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

in € thousands	**May 31, 2018**	May 31, 2017	June 1, 2016
Deferred tax assets	**15,528**	19,039	22,231
Deferred tax liabilities	**(799)**	(817)	(375)
	14,729	18,222	21,856

Movement deferred tax in the year ended May 31, 2018

in € thousands	Opening balance	Recognised in profit or loss	Recognised directly in equity	Closing balance
Deferred tax assets/(liabilities) in relation to:				
Goodwill and intangibles *)	15,327	(1,907)	(11)	**13,409**
Property, plant and equipment	431	(71)	-	**360**
Provisions	(20)	20	-	**-**
Doubtful debts	-	-	-	**-**
Interest rate swap	2,484	(1,524)	-	**960**
	18,222	**(3,482)**	**(11)**	**14,729**

*) Goodwill and intangibles relates to goodwill which is amortised for tax but not under IFRS.

Movement deferred tax in the year ended May 31, 2017

in € thousands	Opening balance	Recognised in profit or loss	Recognised directly in equity	Closing balance
Deferred tax assets/(liabilities) in relation to:				
Goodwill and intangibles	17,801	(2,447)	(27)	**15,327**
Property, plant and equipment	609	(178)	-	**431**
Provisions	(220)	200	-	**(20)**
Doubtful debts	585	(585)	-	**-**
Interest rate swap	3,081	(597)	-	**2,484**
	21,856	**(3,607)**	**(27)**	**18,222**

12. Property, plant and equipment

The movements in property, plant and equipment are as follows:

in € thousands	Leasehold, improvements, fixtures and fittings	Office equipment	Other fixed assets	Fixed assets under construction	Total
Acquisition cost as of June 1, 2017	67,359	24,232	46,760	39	**138,390**
Accumulated depreciation and impairments as of June 1, 2017	(34,860)	(13,916)	(34,867)	-	**(83,643)**
Book value as of June 1, 2017	32,499	10,316	11,893	39	**54,747**
Additions *)	1,749	1,749	5,366	1,331	**10,195**
Disposals **)	(2,770)	(71)	(3,686)	-	**(6,527)**
Accumulated depreciation on disposals	2,618	71	3,504	-	**6,193**
Depreciation	(5,019)	(1,908)	(6,084)	-	**(13,011)**
Impairment	(415)	(71)	-	-	**(486)**
Book value as of May 31, 2018	**28,662**	**10,086**	**10,993**	**1,370**	**51,111**
Acquisition cost as of May 31, 2018	66,338	25,910	48,440	1,370	**142,058**
Accumulated depreciation and impairments as of May 31, 2018	(37,676)	(15,824)	(37,447)	-	**(90,947)**
Book value as of May 31, 2018	**28,662**	**10,086**	**10,993**	**1,370**	**51,111**
Depreciation percentages	6 2/3%-20%	6 2/3%-20%	12 1/2%-50%	0%	

in € thousands	Leasehold, improvements, fixtures and fittings	Office equipment	Other fixed assets	Fixed assets under construction	Total
Acquisition cost as of June 1, 2016	69,522	24,271	46,201	6,115	**146,109**
Accumulated depreciation and impairments as of June 1, 2016	(32,978)	(13,101)	(33,923)	0	**(80,002)**
Book value as of June 1, 2016	36,544	11,170	12,278	6,115	**66,107**
Additions *)	1,499	944	7,706	(6,076)	**4,073**
Disposals **)	(3,662)	(983)	(7,147)	-	**(11,792)**
Accumulated depreciation on disposals	3,060	953	5,811	-	**9,824**
Depreciation	(4,942)	(1,768)	(6,755)	-	**(13,465)**
Book value as of May 31, 2017	**32,499**	**10,316**	**11,893**	**39**	**54,747**
Accumulated depreciation and impairments as of June 1, 2017					
Acquisition cost as of May 31, 2017	67,359	24,232	46,760	39	**138,390**
Accumulated depreciation and impairments as of May 31, 2017	(34,860)	(13,916)	(34,867)	-	**(83,643)**
Book value as of May 31, 2017	**32,499**	**10,316**	**11,893**	**39**	**54,747**
Depreciation percentages	6 2/3%-20%	6 2/3%-20%	12 1/2%-50%	0%	

*) Of the additions € 192 (2016/2017: nil) relates to the acquisition of Tytho Holding B.V. and € 71 (2016/2017: € 2,948) is related to the movement in investments property, plant and equipment not paid.
**) The book value of the disposals together with the book results (see note 7) forms the gain of the disposals mentioned in the cash flow statement.
The group has beneficial ownership of the leasehold improvements, fixtures and fittings but not legal ownership, Other fixed assets mainly relate to hardware and software,

13. Intangible assets

The movements in intangible assets are as follows:

in € thousands	Goodwill	Development costs	Other intangible assets	**Total**
Acquisition cost as of June 1, 2017	5,085	-	6,500	**11,585**
Accumulated amortisation and impairments as of June 1, 2017	-	-	(4,052)	**(4,052)**
Book value as of June 1, 2017	5,085	-	2,448	**7,533**
Additions*)	1,085	-	-	**1,085**
Amortisation	-	-	(958)	**(958)**
Book value as of May 31, 2018	**6,170**	**-**	**1,490**	**7,660**
Acquisition cost as of May 31, 2018	6,170	-	6,500	**12,670**
Accumulated amortisation and impairments as of May 31, 2018	-	-	(5,010)	**(5,010)**
Book value as of May 31, 2018	**6,170**	**-**	**1,490**	**7,660**
Amortisation percentages	0%	20%	14% - 20%	

*) See note 24

in € thousands	Goodwill	Development costs	Other intangible assets	**Total**
Acquisition cost as of June 1, 2016	5,085	8,697	6,500	**20,282**
Accumulated amortisation and impairments as of June 1, 2016	-	(3,083)	(3,095)	**(6,178)**
Book value as of June 1, 2016	5,085	5,614	3,405	**14,104**
Amortisation	-	(60)	(957)	**(1,017)**
Impairment *)	-	(5,554)	-	**(5,554)**
Book value as of May 31, 2017	**5,085**	**-**	**2,448**	**7,533**
Acquisition cost as of May 31, 2017	5,085	-	6,500	**11,585**
Accumulated amortisation and impairments as of May 31, 2017	-	-	(4,052)	**(4,052)**
Book value as of May 31, 2017	**5,085**	**-**	**2,448**	**7,533**
Amortisation percentages	0%	20%	14% - 20%	

*) As the assets is not further in use, the acquisition cost and accumulated amortisation cost as per May are reduced to zero. See note 13.2

13.1 Goodwill

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

in € thousands	**May 31, 2018**	May 31, 2017	June 1, 2016
Audit & Assurance - Core audit	**939**	939	939
Tax & Legal - Business tax	**1,322**	937	937
Consulting - Customer solutions	**1,300**	600	600
Consulting - Human capital	**2,609**	2,609	2,609
	6,170	5,085	5,085

The recoverable amounts of these cash-generating units are determined based on value in use calculations which use the most recent historical cash flows and weighed average cost of capital of the Group as a basis. The cash generating units are relative large compared to the allocated goodwill. The indefinite growth rate applied is -10.0%. We estimated the recoverable amounts by applying a discount rate of 20%. We have also performed a sensitivity analysis. The Executive Board assessed that no reasonably possible change in any of the above basis assumptions would cause the carrying values of the units would exceed their recoverable amounts. As a result of analysis, the Executive Board did not identify any impairment as of 1 June 2016, May 31, 2017 or May 31, 2018.

13.2 Development costs

In financial year 2016/2017, it was determined based on the outcome of the annual impairment review that certain investments in software development costs did not provide sufficient future cash flow and as a result an impairment charge of € 5,554 for development costs has been recorded.

13.3 Other intangible assets

Other intangible assets are amortised over the period where related economic benefits are expected to be realised on the bases of the business case the investment was decided on and results in amortisation periods ranging between 14% and 20%.

14. Financial assets

The composition of the financial assets is as follows:

In € thousands	**May 31, 2018**	May 31, 2017	June 1, 2016
Participating interests	**849**	806	734
Deferred tax	**15,528**	19,039	22,231
Non-current receivables, prepayments and accrued income	**3,301**	5,280	5,536
	19,678	25,125	28,501

The movement of the financial assets is as follows:

in € thousands	Other participating interests	Deferred tax	Other receivables	Total
Cost price	806	19,039	5,717	25,562
Accumulated depreciation and impairments	-	-	(437)	(437)
Book value as of June 1, 2017	**806**	**19,039**	**5,280**	**25,125**
Movements:				
Additions	43	-	-	43
Interest accrual	-	-	189	189
Issued loans	-	-	66	66
Impairment	-	-	(751)	(751)
Exchange rate differences	-	-	(83)	(83)
Repayments	-	(3,511)	(1,400)	(4,911)
Book value as of May 31, 2018	**849**	**15,528**	**3,301**	**19,678**
Cost price	849	15,528	4,489	20,866
Accumulated depreciation and impairments	-	-	(1,188)	(1,188)
Book value as of May 31, 2018	849	15,528	3,301	19,678

in € thousands	Other participating interests	Deferred tax	Other receivables	Total
Cost price	734	22,231	5,865	28,830
Accumulated depreciation and impairments	-		(329)	(329)
Book value as of June 1, 2016	**734**	**22,231**	**5,536**	**28,501**
Movements:				
Additions	72	-	-	72
Interest accrual	-	-	158	158
Impairment	-	-	(108)	(108)
Exchange rate differences	-	-	(27)	(27)
Repayments	-	(3,192)	(279)	(3,471)
Book value as of May 31, 2017	**806**	**19,039**	**5,280**	**25,125**
Cost price	806	19,039	5,717	25,562
Accumulated depreciation and impairments	-	-	(437)	(437)
Book value as of May 31, 2017	806	19,039	5,280	25,125

14.1.1 Participating interests
The composition of the participating assets is as follows:

In € thousands	May 31, 2018	May 31, 2017	June 1, 2016
Nautilus Indemnity Holdings Ltd, Bermuda (12.0%)	729	729	729
Deloitte University EMEA BVBA, Belgium (0.3%)	-	-	-
Deloitte CIS Limited (11.8%)*	5	5	5
Deloitte GES ERDC Ltd, England (5%)	111	72	-
EMEA Holdings S.a.r.l., Luxembourg (6,67%)	4	-	-
	849	**806**	**734**

*) Via a 29.41% participating interest in IHC Interposed Holding Company 1 SAS, established in France

All minority interests are valued at cost or lower realisable value.

14.1.2 Deferred tax
Reference is made to note 11.

14.1.3 Non-current receivables, prepayments and accrued income
Other receivables mainly relates to accrued income relating to incentives granted in the connection with entering into sub-rental agreements for office buildings. The incentives are related to the sub-rental agreements and are therefore amortised over the term of the sub-rental agreement of which €1,288 is recognised in the result of 2017/2018. Also other receivables relates to receivables from IHC Interposed Holding Company 1 S.A.S., a shareholder of Deloitte CIS Limited for which there is no collateral. The initial repayment term is 20 years as of 2010, the original amount of the loan is $4,120 (€3,529), impairment $2,788 (€2,389), repayment $137 (€112), net value $1,195 (€1,024).

15. Unbilled services and advance billings to customers

Unbilled services and advance billings to customers are specified as follows:

In € thousands	May 31, 2018	May 31, 2017	June 1, 2016
Unbilled services	**109,715**	89,284	84,925
Advance billings to customers	**(27,556)**	(29,813)	(35,336)
Net unbilled services and advance billings to customers	**82,159**	59,471	49,589

Amounts are not yet billed and measured at expected realisable value and therefore are neither past due nor impaired. Billing in excess of project revenue earned is included in trade and other payables.

16. Trade and other receivables

Trade and other receivables are specified as follows:

In € thousands	May 31, 2018	May 31, 2017	June 1, 2016
Accounts receivable	**158,640**	156,950	144,508
Corporate income tax	**25**	-	3,301
Other receivables, prepayments and accrued income	**40,268**	18,917	9,054
	198,933	175,867	156,863

16.1 Accounts receivable

Accounts receivable are generally payable between 14 and 90 days. The balance is shown net of allowance for doubtful debts:

In € thousands	May 31, 2018	May 31, 2017	June 1, 2016
Accounts receivable – gross	**160,877**	159,207	147,667
Allowance for doubtful debts	**(2,237)**	(2,257)	(3,159)
	158,640	156,950	144,508

The movement in the allowance for doubtful debts during the reporting period is as follows:

In € thousands	2017/2018	2016/2017
Balance at the beginning of the year	**2,257**	**3,159**
Impairment losses recognised on receivables	**632**	**-**
Amounts written-off during the year as uncollectible	**(705)**	**(739)**
Amounts recovered during the year	**53**	**23**
Impairment losses reversed	**-**	**(186)**
	2,237	**2,257**

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The age of receivables that are past due but not impaired as of the reporting date is as follows:

In € thousands	May 31, 2018	May 31, 2017	June 1, 2016
Neither past due nor impaired	**124,026**	109,893	92,850
< 30 days, past due, before impairment	**24,652**	28,481	36,726
30-90 days, past due, before impairment	**7,992**	15,891	10,808
90-180 days, past due, before impairment	**1,922**	3,649	3,497
180-365 days, past due, before impairment	**974**	87	2,022
> 365 days, past due, before impairment	**1,311**	1,206	1,764
Impairment provision	**(2,237)**	(2,257)	(3,159)
	158,640	156,950	144,508

See note 23.2 on how the Group manages its credit risks.

15.2 Unbilled receivables
Amounts are not yet billed and measured at expected realisable value and therefore are neither past due nor impaired. Billing in excess of project revenue earned is included in trade and other payables.

17. Cash and cash equivalents
For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks. The Group did not have bank overdrafts as per May 31, 2018 (May 31, 2017: none) The availability of cash balances amounting to € 63 is limited. This amount is blocked for bank guarantees.

18. Membership capital

Members who enter into an Associate Agreement with the Group are required to deposit a membership fee of € 25 per member. The membership fee will be repaid after ending the membership of the company.

A summary of the movements in membership capital is presented below:

in € thousands	Total number of members	Total members capital
Balance as of June 1, 2017		6,250
Repayments falling due within one year		325
Membership capital as of June 1, 2017	263	6,575
New memberships during the financial year	28	700
Retired memberships during the financial year	(21)	(525)
Membership capital as of May 31, 2018	270	6,750
Repayments falling due within one year		(225)
Balance as of May 31, 2018		**6,525**

19. Interest bearing loans and borrowings

Non-current financial liabilities are specified as follows:

In € thousands	May 31, 2018	May 31, 2017	June 1, 2016
Subordinated loan Stichting Financiering Deloitte	**125,315**	119,067	117,800
Bank loans	**26,902**	60,677	66,800
	152,217	179,744	184,600

Repayment obligations falling due within one year are included in trade and other payables:

In € thousands	May 31, 2018	May 31, 2017	June 1, 2016
Subordinated loan Stichting Financiering Deloitte.	**3,339**	5,913	3,325
Bank loans	**3,000**	6,000	6,000
	6,339	11,913	9,325

The movements during the year of liabilities arising from finance activities are as follows:

In € thousands	Subordinated loan Stichting Financiering Deloitte	Bank loans	Total
Balance June 1, 2018	**119,067**	**60,677**	**179,744**
Additional borrowings	**13,300**	**-**	**13,300**
Repayments	**(3,713)**	**(30,800)**	**(34,513)**
Repayments in the following year	**(3,339)**	**(3,000)**	**(6,339)**
Other non-cash changes	**-**	**25**	**25**
Balance May 31, 2018	**125,315**	**26,902**	**152,217**

19.1 Subordinated loan Stichting Financiering Deloitte

Members who enter into an Associate Agreement with the Group are obliged to provide a subordinated loan of €475 per member to Stichting Financiering Deloitte. In turn this foundation provides a subordinated loan for the same amount and under the same conditions to Coöperatief Deloitte U.A. On its turn Coöperatief Deloitte U.A. provides a subordinated loan for the same amount less share premium of €60 million and under the same conditions to Deloitte Holding B.V. The subordination relates to all third party creditors and banks. The loans are subordinated to all existing and future liabilities of the Group and, together with the group equity, make up the capital base of the Group.

The interest paid is equal to a 3-month Euribor plus 4% with a minimum of 4% and a maximum of 8%. The loans are repaid at the termination of the Associate Agreement. The maturity date of these loans depends on joining and leaving of members and therefore cannot be expressed in years.

19.2 Bank loans

Deloitte Holding B.V. has bank loans provided by ING Bank and Rabobank, each participating for 50%. On May 24, 2018 a renewal of the term and revolving facilities agreement of May 24, 2017 took place. The main adjustments were:

- The voluntary prepayment and cancelation of €30,800 of the Term and will proportionally reduce repayments on the Term facility from €6,000 to €3,000 per annum, as of June 1, 2018.
- Adjust the Tangible Net Worth covenant due to the change in Accounting Principles to IFRS-EU.

After repayments to date, the loans amount to €30,000 as at May 31, 2018. On a yearly basis €3,000 will be repaid until May 31, 2023 at which time the remaining €15,000 is due for redemption. The repayment of €3,000 due May 31, 2019 is included in the current liabilities. An arrangement fee paid in May 2017 of €123 has been deducted from the bank loans and will be amortised over five years.

The interest on the loans is equal to 6 months Euribor-rate increased by a surcharge between 1.25% and 1.75%. An interest rate swap was entered into resulting in an effective interest rate on the loans of 3.03% (excluding surcharge). The interest rate swap is based on the bank loans amount of €30,000 as of May 31, 2018 and will reduce with €3,000 annually until at May 30, 2025 the remaining €12,000 will mature. The interest rate swap is designated as fair value through profit and loss. The fair value as at May 31, 2018 amounts to €3,840 (2017: €9,934 and 2016: €12,322) and is separately shown under non-current liabilities.

Deloitte Holding B.V. also has a credit agreement with ING Bank and Rabobank, the maximum credit facility according to this agreement is a revolving loan facility of €75,000, including current account facilities. The credit facility is partly used to provide guarantees, the remaining €71,000 is not used as of May 31, 2018.

As a security for the amounts owed to credit institutions, the current account facility and the bank loans various covenants have been agreed regarding the balance sheet and the result ratios as well as certain security covenants, including a negative pledge covenant and granting of securities in the event of default under the credit agreement. The securities agreed consist of the joint and several liability of Deloitte Accountants B.V., Deloitte Belastingadviseurs B.V., Deloitte Consultancy Holding B.V., Deloitte Consulting B.V., Deloitte Financial Advisory B.V., Deloitte Group Support Center B.V., Ctrl B.V., Deloitte Forensic & Dispute Services B.V., Deloitte Risk Advisory B.V., Deloitte Benefits & Pension Advisory B.V., Deloitte Legal B.V. and Deloitte Accountancy & Advies B.V.

Based on the agreement as of May 24, 2018 the Group will ensure that the following financial ratios are met:

- The tangible Net Worth*) shall exceed €10,000 in the first three Quarters of each Financial Year and shall exceed €25,000 in the last Quarter of each of Financial Year.
- The Quarterly measured leverage basis of Total Net Debt on each Quarter Date and rolling 12 Months EBITDA shall be lower than 2 to 1 at all times.

As of May 31, 2018 the Group is in compliance with the covenants in the credit agreements.

*) "Tangible Net Worth" means the sum of all paid-up capital, free reserves and Subordinated Debt of the Group, less all intangible assets.

20. Provisions

in € thousands	Professional liability**)	Unoccupied premises*)	Dismantling cost*)	Restructuring	Pensions	Occupational disability	**Total**
Balance as of June 1, 2017	8,900	805	1,825	-	330	1,295	**13,155**
Additions	17,750	1,407	15	-	25	765	**19,962**
Charged	-	(533)	(7)	-	(325)	(141)	**(1,006)**
Released	(1,650)	-	(195)	-	(30)	(473)	**(2,348)**
Unwinding of discount and effect of changes in the discount rate	-	-	7	-	-	(30)	**(23)**
Balance as of May 31, 2018	**25,000**	**1,679**	**1,645**	**-**	**-**	**1,416**	**29,740**

in € thousands	Professional liability**)	Unoccupied premises*)	Dismantling cost*)	Restructuring	Pensions	Occupational disability	Total
Balance as of June 1, 2016	650	1,190	1,806	2,374	374	1,247	7,641
Additions	10,500	11	48	112	-	786	11,457
Charged	(2,250)	(396)	(8)	(2,425)	-	(55)	(5,134)
Released	-	-	(6)	(61)	(44)	(715)	(826)
Unwinding of discount and effect of changes in the discount rate	-	-	(15)	-	-	32	17
Balance as of May 31, 2017	8,900	805	1,825	-	330	1,295	13,155

The breakdown of provision in current and non-current is as follows:

	31 May 2018			31 May 2017		
in € thousands	Current	Non-current	Total	Current	Non-current	Total
Professional liability	23.500	1.500	25.000	7.400	1.500	8.900
Unoccupied premises	900	779	1.679	367	438	805
Dismantling costs	55	1.590	1.645	201	1.624	1.825
Reorganisation	-	-	-	-	-	-
Pensions	-	-	-	330	-	330
Occupational disability	199	1.217	1.416	86	1.209	1.295
Balance as of 31 May	**24.654**	**5.086**	**29.740**	**8.384**	**4.771**	**13.155**

See note 3.16 for accounting policy for these provisions.
*) The provision for unoccupied premises and dismantling cost is related to the reduction of the office network and future dismantling cost.
**) The difference between provision and own risk will be recognised as receivables from insurers.

The Group is involved in a number of disputes in the ordinary course of business which may give rise to claims. A provision representing concluding claims is made for all claims where costs are likely to be incurred and can be measured reliably. The Group carries professional indemnity insurance and no separate disclosure is made of the detail of claims covered by insurance as to do so could seriously prejudice the position of the Group. During the reporting year 2016/2017, the following developments were made public related to two significant cases:

- In 2017/2018 Deloitte has reached a settlement with the VEB, for compensation of the shareholders of Innoconcepts.

- In 2017/2018, Deloitte has reached a settlement with the VEB regarding termination of pending litigation before the Amsterdam District Court and a compensation arrangement for VEB members regarding the Ahold proceedings.

Management assesses provisions for claims and litigation on an ongoing basis. The proceedings are long-term in nature and estimates may be revised by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. The outcome of claims and litigation cannot always be predicted with certainty and based on available informationit is not expected that they will have a significant net impact on the financial position of the Group given that the Group is deemed to carry sufficient professional indemnity insurance.

21. Deferred income and accrued cost
Deferred income and accrued cost relates to incentives received (in cash or rent-free periods) in the connection with entering into rental agreements for new office buildings and operational lease contract for cars and copying/printing machines.

The incentives are related to the rental agreements and the operational lease contract and are therefore amortised over the term of the rental agreement and the operational lease contract.

22. Trade and other payables
The specification of the trade and other payables is as follows:

In € thousands	May 31, 2018	May 31, 2017	June 1, 2016
Salaries and other personnel costs	**65,289**	53,544	59,450
Management fees payable to members	**49,729**	50,273	26,352
Taxes and social security contributions	**42,787**	39,056	40,482
Trade payables	**40,001**	40,896	35,509
Advance billings to customers	**27,556**	29,813	35,336
Deferred income and accrued cost	**5,372**	4,943	4,730
Pension liabilities	**9**	-	374
Stichting Financiering Deloitte	**-**	238	1,731
Other liabilities and accruals	**19,983**	16,132	18,160
	250,726	234,895	222,124

23. Financial instruments

23.1 Capital management
The Group is not subject to any externally imposed capital requirements. The shareholder's and financing structure and the role of Stichting Financiering Deloitte is explained in the following paragraphs.

23.1.1 Shareholder's structure
The shares of Deloitte Holding B.V. are held by Coöperatief Deloitte U.A. The members of Coöperatief Deloitte U.A. are private companies owned by holding companies of each individual partner. Under the Associate Agreement each member of Coöperatief Deloitte U.A. has placed (the workforce of) each partner at the disposal of Deloitte Holding B.V. and its group companies in which the relevant professional activities for that partner are performed.

Based on the revised Associate Agreement as of June 1, 2015 a management fee, which approximates 80% of the expected consolidated net amount of operational and financial income and expenses of Deloitte Holding B.V., is paid to the members of Coöperatief Deloitte U.A. through Stichting Financiering Deloitte (as further explained in the following paragraph).

In accordance with the associate agreement, the Executive Board determines the level of the management fee, based on 70%-80% of the expected results, at the beginning of the financial year. The level of the management fee can be adjusted by the Executive Board if results deviate from the expected results.

23.1.2 Financing structure and Stichting Financiering Deloitte
In addition to the members' capital, members of Coöperatief Deloitte U.A. (and the previous shareholders of Deloitte Holding B.V.) provided subordinated loans to Stichting Financiering Deloitte. Loans subject to the Claw-Back Clause can be continued after the end of the Associate Agreement for the maximum of 6 years. Payments of management fees by virtue of the Associate Agreement and other payments (with exception of distribution of profits) to members take place through Stichting Financiering Deloitte.

Stichting Financiering Deloitte provides a subordinated loan to Coöperatief Deloitte U.A. The profile of this subordinated loan is ultimately equal to that of the subordinated loans provided by the individual members of Coöperatief Deloitte U.A. to Stichting Financiering Deloitte. This loan is subordinated to all creditors and lender banks. Coöperatief Deloitte U.A. as shareholder of Deloitte Holding B.V. contributed €60 million into Deloitte Holding B.V. via an additional capital contribution, and a subordinated loan.

These transactions between above entities are all non-cash transactions and settled in current account.

Stichting Financiering Deloitte was established by the (former-) Deloitte partners, members of Coöperatief Deloitte U.A. as an entity to protect the interests of the members collectively from a financing perspective should a calamity arise that could affect the members. The control over Stichting Financiering Deloitte lies with the members who have the right at all times to elect and dismiss its board members. Consequently, Stichting Financiering Deloitte is not controlled by Deloitte Holding B.V. group and therefore is not included in these consolidated financial statements.

23.2 Risk management
The financial instruments shown on the balance sheet mainly regard financial fixed assets, receivables, cash, subordinated long-term and current liabilities and amounts owed to suppliers and trade credits. The Group entered into two interest rate swaps designated at Fair Value Through Profit or Loss (FVTPL). The fair value of these swaps is separately shown under the non-current liabilities. These financial instruments give rise to credit, liquidity, interest rate and foreign currency risks.

23.2.1 Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risks arises primarily from trade and unbilled receivables and other financial assets such as cash and deposits with banks and financial institutions and the loans provided to IHC Interposed Holding Company 1 S.A.S included in non-current financial assets (refer to note 14). The Group's maximum exposure to credit risk is the carrying value presented in the statement of financial position.

The risk of non-collectability is mainly restricted by the multitude and diversity of parties owing to the group. The ageing of trade receivables and provisions for

impairment are included in note 15. Impairment risks of trade receivables are assessed on an individual basis and provisions are set-up accordingly.
Unbilled receivables are typically billed within a month after arising and invoices are generally payable between 14 and 90 days after presentation.
The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

23.2.2 Liquidity risk
Liquidity risk is the risk that Deloitte Holding B.V. will be unable to meet its financial liabilities as they fall due. Liquidity risks arises from the ongoing financial obligations of the Group, including settlement of financial liabilities such as trade and other payables, as well as bank loans and subordinated loans of members. The Group's liquidity management policy is to ensure as far as possible that there are sufficient liquid funds available to be able to meet its liabilities when due without incurring unacceptable losses or damaging its reputation.
The aim of the Group's treasury policy is to ensure that there are sufficient funds available to finance day-to-day activities. Deloitte Holding B.V. has a credit agreement with ING Bank and Rabobank, since May 2017 the maximum credit facility is a revolving loan facility of €75 million, including current account facilities. The credit facility is partly used to provide guarantees, the remaining €71 million is not used as of May 31, 2018.

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

in € thousands	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
May 31, 2018					
Non-interest bearing	198,285	-	-	-	**198,285**
Variable interest rate instruments *)	19,521	19,044	69,266	85,037	**192,868**
	217,806	19,044	69,266	85,037	**391,153**
Interest rate swaps **)	909	818	1,908	1,363	**4,998**
Total	**218,715**	**19,862**	**71,174**	**86,400**	**396,151**

in € thousands	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
May 31, 2017					
Non-interest bearing	182,739	-	-	-	**182,739**
Variable interest rate instruments *)	11,759	22,244	94,442	80,334	**208,779**
	194,498	22,244	94,442	80,334	**391,518**
Interest rate swaps	1,975	1,780	4,173	1,807	**9,735**
Total	**196,473**	**24,024**	**98,615**	**82,141**	**401,253**

*) It is assumed that there is a repayment of subordinated loans of €11 million per annum.

**) On June 13, 2018 an interest floor of 0% is entered. As of June 1, 2018 any negative interest on the interest rate swap (IRS) can be offset against the interest income from that floor. In estimating the cash flows from the IRS this floor contract has been taken into account to match the expected cashflows.

23.2.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risks mainly relate to:

- Short-term debit and credit facilities carrying variable Euribor based interest with a surcharge;
- Subordinated loans, carrying variable Euribor-based interest with a surcharge capped at a minimum of 4% and a maximum of 8% for the compulsory subordinated loans;
- Long-term loans to IHC Interposed Holding Company 1 S.A.S.;
- Long-term bank loans with ING Bank and Rabobank; with variable interest rate, these interest rate risks are hedged using an interest rate swap.

A reasonable change in the interest rate would have an immaterial impact on pre-tax profits and equity of the Group.

23.2.4 Foreign currency risk

Foreign currency risks, mainly dollar risks, arising from future operational cash flows and financing activities in foreign currencies may be hedged by means of forward exchange contracts if considered necessary. No hedging activities took place in the year under review.

A reasonable change in the exchange rates would have an immaterial impact on pre-tax profits and equity of the Group.

23.2.5 Fair value measurements

The Group has participating interest designated as "Available for Sale" and interest rate swaps. Participating interests are measured at cost as a reliable fair value cannot be determined (refer to note 14). Interest rate swaps are measured at their fair value based on a valuation technique based on discounted cash flows where future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties (level 2 in the fair value hierarchy).

24. Acquisitions and disposals

Disposals

On January 31, 2018 the Group sold the shares of, their on November 20, 2017 founded subsidiary, Entis B.V. to Entis Holding B.V. for a cash consideration of €2.2 million. The sold assets and liabilities contains personnel liabilities of €69 and an own developed data analytics tool for the provision of asset management analytic services.

Acquisitions

On March 1, 2018 the Group acquired certain assets of Aegroup B.V. and Aepex Business Consultants B.V., there was no cash consideration this financial year. The acquisition of Aepex was accounted for as a business combination, with the recognised assets and liabilities acquired consisting of, solely, liabilities of €0,7 million. At May 31, 2018, a provisional amount of €0.7 million has been recognised as goodwill.

On April 1, 2018 the Group entered into an agreement for the sale and purchase of 100% of the shares relating to Tytho Holding B.V. and its subsidiaries for a cash consideration of €0.2 million. Goodwill arising on acquisition of €0.4 million represents the value net of assets and liabilities and value attributable to the experience and expertise of the staff in Tytho. As part of the acquisition, the Group also agreed to a deferred compensation up to a maximum of €0.8 million to the former shareholders of Tytho based on the retaining of certain employees. This compensation is recognised as employee cost and not part of the consideration.

25. Related party transactions

25.1 Trading transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Please refer to notes 10, 18, 19 and 22 for details on transactions of the Group and the Group's shareholder. We also refer to note 1 regarding international relationships of Deloitte Holding B.V.

	Provision of services to and income from related parties		Purchase of services from related parties		Amounts due from related parties		Amounts due to related parties	
in € thousands	**2017/2018**	2016/2017	**2017/2018**	2016/2017	**May 31, 2018**	May 31, 2017	**May 31, 2018**	May 31, 2017
Deloitte Belgium	**4,298**	5,082	**13,588**	10,782	**792**	1,368	**2,440**	1,743
Deloitte Denmark	**2,282**	2,101	**1,557**	507	**393**	239	**690**	147
Deloitte Finland	**1,007**	446	**277**	324	**250**	231	**102**	90
Deloitte Iceland	**5**	5	**(1)**	73	**-**	18	**1**	23
Deloitte Norway	**7,212**	7,528	**548**	534	**1,351**	1,768	**219**	121
Deloitte Sweden	**2,503**	1,369	**538**	740	**319**	412	**322**	148
Deloitte Switzerland	**3,127**	2,575	**1,736**	1,206	**887**	292	**438**	360
Deloitte United Kingdom	**20,907**	24,260	**28,696**	16,755	**4,245**	7,951	**11,461**	2,440
Total	**41,341**	43,366	**46,939**	30,921	**8,237**	12,279	**15,673**	5,072

25.2 Key management remuneration

The remuneration of members of the Executive Board comprises a fixed compensation plus a fixed expense allowance, and a long term bonus. As of June 1, 2017 the members of the Executive Board receive a fixed annual compensation, chair €1,200 and members €900, plus fixed expense allowance. For the NWE business all Executive Board members have been involved and contributed in their respective capacity to various management work streams for NWE . Specifically, the CEO also filled a key management role in NWE in the capacity of Deputy CEO with approximately 25% of his activity and time spent related to this role. At formation the combined NWE firms had approximately € 5 billion in revenue with 28,000 employees joining NWE effective June 1, 2017.

Total remuneration of the individual members of the Executive Board in the year under review was as follows:

in € thousands	Short-term benefits	Other long-term benefits	**2017/2018**	Short-term benefits	Other long-term benefits	2016/2017
P.J. Bommel	1,226	37	**1,263**	841	37	878
E.M. Robbe	929	37	**966**	767	37	804
M. van Vliet	925	37	**962**	692	37	729
Total	**3,080**	**111**	**3,191**	**2,300**	**111**	**2,411**
Number of members of the Executive Board in FTE's			3			3

The members of the Supervisory Board were remunerated only short-term benefits as follows:

in € thousands	**2017/2018**	2016/2017
F.G.H. Deckers	**89**	82
J.P. Rijsdijk	**63**	54
F. Eelkman Rooda	**60**	54
V.G. Moolenaar (as of November 1, 2016)	**60**	34
E.C. Meijer (as of July 1, 2017)	**51**	-
A.F. van der Touw (until September 30, 2016)	**-**	14
Total	**323**	238
Number of members of the Supervisory Board per 31 May	**5**	4

26. Commitments and guarantees

26.1.1 Fiscal unity

The legal entity is part of a fiscal unity for corporate income tax and VAT purposes and for that reason it is jointly and severally liable for the tax liabilities of the fiscal unity as a whole.

26.1.2 Lease and rental obligations

The group has entered into long-term rental agreements for offices, operational lease contracts for cars and copying/printing machines and facility services. The Group does not have an option to purchase the leased assets at the expiry of the lease periods. Some contracts have renewal options, which were not included in the determination of the obligations.

Non-cancellable operating lease commitment

in € thousands	May 31, 2018	May 31, 2017
Not later than 1 year	**45,337**	**47,340**
Between 1 and 5 years	**140,146**	**114,516**
Later than 5 years	**96,031**	**77,280**
	281,514	**239,136**

Payments recognised as an expense

in € thousands	Year ended May 31, 2018	Year ended May 31, 2017
Minimum lease payments	**45,685**	**46,436**
Sub-lease payments received	**(3,615)**	**(3,680)**
	42,070	**42,756**

Liabilities recognised in respect of non-cancellable operating leases

in € thousands	May 31, 2018	May 31, 2017
Onerous leases	**1,679**	**805**
Lease incentives	**-**	**-**
	1,679	**805**

26.1.3 Other obligations

Other obligations are related to ICT, facility services and marketing contracts.

in € thousands	**May 31, 2018**	May 31, 2017
Not later than 1 year	**12,410**	17,978
Between 1 and 5 years	**2,686**	5,257
Later than 5 years	**16**	24
	15,112	23,259

26.1.4 Facility services

As of December 1, 2006 the Group outsourced facility services to a third party. Related staff was transferred to the new service provider. The contract will be yearly renewed for 12 months. The Group has undertaken to re-employ the former employees (approx 39) or to employ them with a succeeding facility supplier if the contract is not renewed.

26.1.5 Membership

The Group is a member of Deloitte Touche Tohmatsu Limited and Deloitte EMEA Co-operation Limited. The Group is obliged to pay annual subscription and services fees.

26.1.6 Guarantees

Stichting Financiering Deloitte
Members who enter into an Associate Agreement with the Group are obliged to provide a subordinated loan to Stichting Financiering Deloitte. In turn this foundation provides a subordinated loan for the same amount and under the same conditions to Coöperatief Deloitte U.A. The subordination relates to all third party creditors and banks. The loans amount to €125,315 as per May 31, 2018 (May 31, 2017: €119,067) and are subordinated to all existing and future liabilities of the Group and, together with the membership capital and equity, make up the capital base of the Group.
Coöperatief Deloitte U.A. and its subsidiaries are jointly and severally liable to members for what is owed to them by Stichting Financiering Deloitte with regard to the financial resources borrowed from the members by Stichting Financiering Deloitte and re-issued to Coöperatief Deloitte U.A. The Group has agreed certain security covenants with Stichting Financiering Deloitte, including a negative pledge covenant as well as the granting of securities at the first request of Stichting Financiering Deloitte. With respect to the ranking of these securities rights, covenants have been agreed between the Group, Stichting Financiering Deloitte, ING Bank and Rabobank (as lenders under Deloitte's credit facility). This entails that the rights of Stichting Financiering Deloitte are subordinated to those of third party creditors and the lender banks.

The Supervisory Board
The Group has indemnified the members of the Supervisory Board from the financial consequences of claims from third parties (including defense costs) resulting from or related to the supervisory task of the members of the Supervisory Board and to the extent the insurance of the Group does not cover matters concerned.

Bank guarantees

Bank guarantees amounting to approximately €4,111 (May 31, 2017 €3,983) have been issued to third parties.

Other guarantees
Following past acquisitions guarantees have been agreed for the maximum amount of €10,779 (May 31, 2017: €10,779) on balance sheet date.

Nationale Borg issued guarantees on behalf of the material subsidiaries of Deloitte Holding B.V. to Tax-authorities covering the own-risk of the Return to Work (Partially Disabled) Regulation ("WGA") related to the calender years 2014, 2015 and 2016. As security for these guarantees the material subsidiaries of Deloitte Holding B.V. issued a joint and several liability undertaking.

26.1.7 Claims
The group also has other contingencies, for which, in the opinion of management, the risk of loss is possible but not probable. Contingencies involve inherent uncertainties including, but not limited to, court rulings and negotiations between affected parties.

27. Financial information per business

The businesses of the Group comprises of Audit & Assurance, Tax & Legal, Consulting, Risk Advisory and Financial Advisory which engages business activities for external clients and Support/Other which mainly provides internal services. All operating business' operating results are reviewed regularly by the Executive Board to assess their performance for which there is discrete financial information available.

Business results that are reported to the Executive Board include items directly attributable to a business. Corporate costs, such as cost of fixed assets, accommodation-, office-, IT- and innovation expenses are the responsibility of the Support/Other business and are allocated on a reasonable basis to the five businesses.

As the Group mainly operates in the Netherlands, there is only one geographic business.

The pricing of transactions between the different businesses is determined in accordance with objective and commercial principles.

There are no differences between the principles for the valuation of assets and liabilities in the financial statements and the business information.

The Group does not apply IFRS 8.

Financial information per business

	Audit & Assurance		Tax & Legal		Consulting		Risk Advisory	
in € thousands	**2017/2018**	2016/2017	**2017/2018**	2016/2017	**2017/2018**	2016/2017	**2017/2018**	2016/2017
Third party revenue	231,272	223,943	197,387	190,802	238,871	211,126	152,817	128,100
Intercompany revenue	18,148	19,382	4,807	4,914	11,236	10,921	13,053	12,723
Total revenue	249,420	243,325	202,194	195,716	250,107	222,047	165,870	140,823
Other income	-	-	-	-	-	-	-	-
Operating result	**33,721**	28,957	**42,395**	44,870	**56,123**	50,557	**25,494**	17,971
Share in result if non-consolidated associated comp.								
Financial income and expenses								
Management fee and compensation members Coöperatief Deloitte U.A.								
Corporate income tax								
Net result after taxation								
Current assets	87,599	64,842	71,292	79,256	72,763	62,212	41,635	32,118
Non-current assets	940	1,011	1,522	1,175	5,266	5,423	-	-
Investments in associates	-	-	110	72	-	-	-	-
Total assets	**88,539**	65,853	**72,924**	80,503	**78,029**	67,635	**41,635**	32,118
Current Liabilities	40,924	44,240	40,552	46,652	35,406	30,943	22,910	17,966
Non-current liabilities	25,038	9,165	860	1,109	455	257	10	4
Total equity / subordinated loans	22,577	12,448	31,512	32,742	42,168	36,435	18,715	14,148
Total liabilities and equity	**88,539**	65,853	**72,924**	80,503	**78,029**	67,635	**41,635**	32,118

Financial information per business

	Financial Advisory		Support & Other / Eliminations		Consolidated	
in € thousands	**2017/2018**	2016/2017	**2017/2018**	2016/2017	**2017/2018**	2016/2017
Third party revenue	75,863	58,510	540	1,552	896,750	814,033
Intercompany revenue	3,609	1,659	(50,853)	(49,599)	-	-
Total revenue	79,472	60,169	(50,313)	(48,047)	896,750	814,033
Other income	**-**	-	3,997	1,777	3,997	1,777
Operating result	**27,656**	20,377	**(4,357)**	(6,119)	**181,032**	156,613
Share in result if non-consolidated associated comp.					39	41
Financial income and expenses					(13,335)	(8,876)
Management fee and compensation members Coöperatief Deloitte U.A.					(154,180)	(131,879)
Corporate income tax					(7,771)	(8,386)
Net result after taxation					**5,785**	7,513
Current assets	33,082	24,173	49,864	84,099	356,235	346,700
Non-current assets	-	-	69,872	78,990	77,600	86,599
Investments in associates	-	-	739	734	849	806
Total assets	**33,082**	24,173	**120,475**	163,823	**434,684**	434,105
Current Liabilities	11,378	7,283	130,774	108,434	281,944	255,518
Non-current liabilities	100	147	43,387	101,286	69,850	111,968
Total equity / subordinated loans	21,604	16,743	(53,686)	(45,897)	82,890	66,619
Total liabilities and equity	**33,082**	24,173	**120,475**	163,823	**434,684**	434,105

Company financial statements

Company statement of profit or loss and other comprehensive income for the year ended May 31, 2018

in € thousands	Note	2017/2018	2016/2017
Share of result from participating interests		**5,785**	7,513
Other income and expenses after taxation	6.1	**17,949**	15,615
Result after taxation and before compensation		**23,734**	23,128
Compensation members of Coöperatief Deloitte U.A.		**(17,949)**	(15,615)
Profit for the year		**5,785**	7,513
Item that may be reclassified subsequently to profit or loss			
Other comprehensive income, net of income tax		**4,136**	1,523
Total comprehensive income for the year		**9,921**	9,036

Company statement of financial position at May 31, 2018

(before appropriation of result)

Assets (in € thousands)	Note	**May 31, 2018**	**May 31, 2017**	**June 1, 2016**
Fixed assets				
Financial assets	6.2	89,315	72,838	62,428
Total non-current assets		89,315	72,838	62,428
Current assets				
Trade and other receivables	6.3	23,337	23,986	18,686
Total current assets		**23,337**	**23,986**	**18,686**
Total assets		**112,652**	**96,824**	**81,114**

Equity and liabilities (in € thousands)	Note	May 31, 2018	May 31, 2017	June 1, 2016
Equity	6.4	(42,425)	(52,449)	(61,597)
Non-current liabilities				
Membership capital	6.5	6,525	6,250	6,225
Interest bearing loans and borrowings	6.5	125,315	119,067	117,800
		131,840	125,317	124,025
Current liabilities				
Trade and other payables	6.6	19,673	17,718	15,186
Interest bearing loans and borrowings	6.5	3,564	6,238	3,500
Total current liabilities		23,237	23,956	18,686
Total liabilities		**155,077**	**149,273**	**142,711**
Total Equity and liabilities		**112,652**	**96,824**	**81,114**

Notes to the company financial statements

1. Statutory financial statements

The sections Group financial statements and Company financial statements contain the statutory financial statements of Coöperatief Deloitte U.A. A description of the Company's activities and group structure is included in the Consolidated financial statements.

2. Change in accounting policies

For these financial statements, for the year ended May 31, 2018, a change in accounting policies have been applied. For periods up to and including the year ended May 31, 2017, the entity prepared its company financial statements in accordance with NL GAAP. The financial statements 2017/2018 are prepared in accordance with Title 9 Book 2 of the Netherlands Civil Code with application of the option to apply the accounting principles which the company used for preparing the consolidated financial statements (IFRS-EU).

This change in accounting policies enables keeping the equity according to the company financial statements equal to the equity according to the consolidated financial statements. Subsidiaries of the company are accounted using the net asset value method. For presentation and disclosure the requirements of Title 9 Book 2 of the Netherlands Civil Code are followed. For the impact on result and equity reference is made to note 4 in de consolidated financial statements of the group.

3. Accounting policies applied

The company financial statements of Coöperatief Deloitte U.A. have been prepared in accordance with the requirements in Title 9 Book 2 of the Dutch Civil Code. Coöperatief Deloitte U.A. prepares its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS). Coöperatief Deloitte U.A. applies the exemption as included in section 2:362 paragraph 8. Participating interests in group companies are valued at net asset value determined on the basis of Title 9 Book 2 of the Dutch Civil Code. The share in the results of participating interests in group companies is reported in accordance with the principles of valuation and profit determination that apply to the consolidated financial statements. Reference is made to the accounting policies section in the consolidated financial statements and the respective notes.

This is the first year the consolidated financial statements have been prepared in accordance with EU IFRS. For periods up to and including the year ended May 31, 2017. The comparative numbers have been restated to reflect the effects of application of IFRS. Reference is made to note 4 of the consolidated financial for details on the conversion to IFRS.

4. Other income and expenses

The other income and expenses includes the annual fees received from the various group companies for providing the partners work force for the company.

5. Taxation

The company and its wholly-owned subsidiaries make up a fiscal unity and therefore jointly and severally liable for the tax liabilities of the fiscal unity as a whole. The corporate income tax is calculated as if the company and its subsidiaries were individually separately liable for tax and is offset against the current account of the parent company, Coöperatief Deloitte U.A. Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets (if applicable) are only valued insofar as their realisation is likely. Deferred tax assets are recognised on the balance sheet of the company until they are realised.

6. Notes to the specific items of the balance sheet

6.1 Other income and expenses after taxation

Other income and expenses after taxation are specified as follows:

in € thousands	**2017/2018**	2016/2017
Intercompany charges	**19,761**	17,740
Net of financiale income and expenses	**(2,415)**	(2,834)
Taxation	**603**	709
	17,949	15,615

6.2 Financial assets

The movement of the financial assets is as follows:

in € thousands	Interests in Group companies	Receivables from group companies	**Total**
Gross value	13,671	59,167	**72,838**
Accumulated depreciation and impairments	-	-	**-**
Book value as of June 1, 2017	13,671	59,167	**72,838**
Movements:			
Additions	33	-	**33**
Issued loans	-	14,000	**14,000**
Share in result of participating interests	5,785	-	**5,785**
Movement cash flow hedge reserve	4,136	-	**4,136**
Dividend received	-	-	**-**
Repayments	-	(7,477)	**(7,477)**
Book value as of May 31,2018	**23,625**	**65,690**	**89,315**
Gross value	23,625	65,690	**89,315**
Accumulated depreciation and impairments	-	-	**-**
Book value as of May 31, 2018	**23,625**	**65,690**	**89,315**

in € thousands	Interests in Group companies	Receivables from Group companies	Total
Gross value	14,553	47,875	62,428
Accumulated depreciation and impairments	-	-	-
Book value as of June 1, 2016	14,553	47,875	62,428
Movements:			
Additions	82	-	82
Issued loans	-	12,475	12,475
Share in result of participating interests	7,513	-	7,513
Movement cash flow hedge reserve	1,523	-	**1,523**
Repayments	(10,000)	(1,183)	(11,183)
Book value as of May 31,2017	**13,671**	**59,167**	**72,838**
Gross value	13,671	59,167	72,838
Accumulated depreciation and impairments	-	-	-
Book value as of May 31, 2017	**13,671**	**59,167**	**72,838**

6.2.1 Receivables from Group companies

Amounts owed by group companies are unsecured subordinated loans.

6.2.2 Consolidated Group companies

The following subsidiaries are included in the consolidated financial statements and recognised as interest in group companies for the company financial statements:

Name	Registered office	Share in the issued capital May 31, 2018	Share in the issued capital May 31, 2017
Deloitte Holding B.V.	Rotterdam	100%	100%
Deloitte Accountants B.V.	Rotterdam	100%	100%
Deloitte Belastingadviseurs B.V.	Rotterdam	100%	100%
- Deloitte Belastingadviseurs New York B.V.	Rotterdam	100%	100%
- Deloitte Belastingadviseurs Hong Kong B.V.	Rotterdam	100%	100%
- Deloitte Legal B.V.	Rotterdam	100%	100%
- DL Liaison Ltd.	England	100%	100%
- Tytho Holding B.V.	Rotterdam	100%	0%
- Tytho B.V.	Rotterdam	100%	0%
- Tytho UK Ltd	England	100%	0%
- Tytho Inc	USA	100%	0%
Deloitte Consultancy Holding B.V.	Rotterdam	100%	100%
- Deloitte & Touche Acquisition B.V.	Rotterdam	100%	100%
- Deloitte Consulting B.V.	Amsterdam	100%	100%
Deloitte Innovation Holding B.V.	Rotterdam	100%	100%
- Deloitte Innovation B.V.	Rotterdam	100%	100%
- PXR B.V.	Rotterdam	100%	100%
- Deloitte Innovation Sales B.V.	Rotterdam	100%	100%
Deloitte Financial Advisory Services B.V.	Rotterdam	100%	100%
- Deloitte Benefits & Pension Advisory B.V.	Rotterdam	100%	100%
Deloitte Group Support Center B.V.	Rotterdam	100%	100%
- Deloitte Education B.V.	Rotterdam	100%	100%
- Deloitte Group Support Center Overseas Services B.V.	Rotterdam	100%	100%
Deloitte Risk Advisory B.V.	Rotterdam	100%	100%
- Deloitte Forensic & Dispute Services B.V.	Amsterdam	100%	100%
Deloitte Accountancy & Advies B.V.	Rotterdam	100%	100%
- Ctrl B.V.	Amsterdam	100%	100%
Deloitte Overseas Projects I B.V.	Rotterdam	100%	100%
Deloitte Overseas Projects II B.V.	Rotterdam	100%	100%
Deloitte Overseas Projects III B.V.	Rotterdam	100%	100%
Stichting Deloitte Impact Foundation	Rotterdam		

6.3 Trade and other receivables

Trade and other receivables are specified as follows:

in € thousands	**May 31, 2018**	May 31, 2017	June 1, 2016
Corporate income tax	**-**	-	3,301
Other receivables, prepayments and accrued income	**23,337**	23,986	15,385
	23,337	23,986	18,686

Annual interest is charged on the current accounts owed by group companies at approximately 1.1% (prior year 1.1%). There are no receivables or prepayments with an original term longer than 1 year. Other receivables mainly relates to receivables from Deloitte Holding B.V.

6.4 Equity

For breakdown reference is made to the consolidated statement of changes in equity.

6.4.1 Other reserves

Deloitte Holding B.V. assumed the assets and liabilities of Stichting InterNos with approximately €53,403 (net of deferred tax) being written-off to equity. This former goodwill of Stichting InterNos is considered a prepayment to members regarding their capital (goodwill) repayments to former partners and is therefore stated as prepayment of equity resulting in a negative equity.

In 2017/2018 €33 (2016/2017 €82), after deduction of corporate income tax, is received from former partners regarding former Stichting InterNos repayments.

6.4.2 Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cahs flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or include as a basis adjustment to the non-financial hedged item, consistent with the Group's accounting policy.

6.5 Non-current liabilities

Non-current interest bearing loans and borrowings are specified as follows:

in € thousands	**May 31, 2018**	May 31, 2017	June 1, 2017
Subordinated loans Stichting Financiering Deloitte	**125,315**	119,067	117,800

Repayment obligations falling due within one year are included in trade and other payables:

in € thousands	**May 31, 2018**	May 31, 2017	June 1, 2017
Membership Capital	**225**	325	175
Subordinated loans Stichting Financiering Deloitte	**3,339**	5,913	3,325
	3,564	6,238	3,500

The movements during the year of liabilities arising from finance activities are as follows:

in € thousands	Subordinated loans Stichting Financiering Deloitte
Balance June 1, 2017	119,067
Additional borrowings	13,300
Repayments	(3,713)
Repayments in the following year	(3,339)
Balance May 31, 2018	**125,315**

6.5.1 Subordinated loans Stichting Financiering Deloitte

Members who enter into an Associate Agreement with the Group are obliged to provide a subordinated loan to Stichting Financiering Deloitte. In turn this foundation provides a subordinated loan for the same amount and under the same conditions to Coöperatief Deloitte U.A. On its turn Coöperatief Deloitte U.A. provides a subordinated loan for the same amount less share premium of €60 million and under the same conditions to Deloitte Holding B.V. The subordination relates to all third party creditors and banks. The loans amount to €125,315 as per May 31, 2018 (May 31, 2017: €119,067) and are subordinated to all existing and future liabilities of the Group and, together with the membership capital and equity, make up the capital base of the Group.

The interest paid is equal to a 3-month Euribor plus 4% with a minimum of 4% and a maximum of 8%. The loans are repaid at the termination of the Associate Agreement. The maturity date of these loans depends on joining and leaving of members and therefore cannot be expressed in years.

6.5.2. Membership capital

See note 18 of the consolidated financial statements.

6.6 Trade and other payables

in € thousands	**May 31, 2018**	May 31, 2017	June 1, 2016
Current accounts owed to group companies	**140**	145	3,288
Current account Stichting Financiering Deloitte	**-**	238	-
Management fees to be paid to members Coöperatief Deloitte U.A.	**17,949**	15,615	11,854
Tax	**213**	305	-
Other liabilities and accruals	**1,371**	1,415	44
	19,673	17,718	15,186

6.7 Off-balance sheet commitments

6.7.1 Fiscal unity

The legal entity and its wholly-owned subsidiaries make up a fiscal unity for corporation tax and V.A.T. purposes and for that reason are jointly and severally liable for the tax payable by the fiscal unity as a whole.

6.7.2 Stichting Financiering Deloitte

Members who enter into an Associate Agreement with the Group are obliged to provide a subordinated loan to Stichting Financiering Deloitte. In turn this foundation provides a subordinated loan for the same amount and under the same conditions to Coöperatief Deloitte U.A. On its turn Coöperatief Deloitte U.A. provides a subordinated loan for the same amount less share premium of €60 million and under the same conditions to Deloitte Holding B.V. The subordination relates to all third party creditors and banks. The loans amount to €125,315 as per May 31, 2018 (May 31, 2017: €119,067) and are subordinated to all existing and future liabilities of the Group and, together with the group equity, make up the capital base of the Group. Coöperatief Deloitte U.A. and its subsidiaries are jointly and severally liable to members for what is owed to them by Stichting Financiering Deloitte with regard to the financial resources borrowed from the members by Stichting Financiering Deloitte and re-issued to Coöperatief Deloitte U.A. The Group has agreed certain security covenants with Stichting Financiering Deloitte, including a negative pledge covenant as well as the granting of securities at the first request of Stichting Financiering Deloitte. With respect to the ranking of these securities rights, covenants have been agreed between the Group, Stichting Financiering Deloitte, ING Bank and Rabobank (as lenders under Deloitte's credit facility). This entails that the rights of Stichting Financiering Deloitte are subordinated to those of third party creditors and the lender banks.

6.7.3 The Supervisory Board

The company has indemnified the members of the Supervisory Board from the financial consequences of claims from third parties (including defence costs) resulting from or related to the supervisory task of the members of the Supervisory Board and to the extent the insurance of the company does not cover matters concerned.

7. Other notes to the financial statements

7.1 Average number of employees

During 2017/2018, 0 employees were employed on a full-time basis (2016/2017: 0).

7.2 Remuneration of members of the Executive Board and the Supervisory Board

For the remuneration of members of the Executive Board and the Supervisory Board reference is made to note 25.2 in the consolidated financial statements.

7.3 Appropriation of result for the financial year June 1, 2016 until May 31, 2017
The annual report 2016/2017 was adopted in the general meeting held on September 9, 2017. The general meeting has determined the appropriation of result in accordance with the proposal being made to that end.

7.4 Proposed appropriation of result for the financial year June 1, 2017 until May 31, 2018
The Executive Board proposes, with the approval of the Supervisory Board, that the result for the financial year 2017/2018 amounting to €5,785 will be added to the other reserves. The financial statements do not yet reflect this proposal.

7.5 Subsequent events
There are no subsequent events.

Rotterdam, July 20, 2018

Executive Board	**Supervisory Board**
P.J. Bommel (Chair)	F.G.H. Deckers (Chair)
E.M. Robbe	F.E. Eelkman Rooda
M. van Vliet	E.C. Meijer
	V.G. Moolenaar
	J.P. Rijsdijk

Annex 2

GRI Content Index

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Explanation
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	**Organisational profile**		
	102-1 Name of the organisation	Front cover	
	102-2 Activities, brands, products, and services	Pages 27-45	
	102-3 Location of headquarters	Page 121	
	102-4 Location of operations	Page 202	
	102-5 Ownership and legal form	Page 121	
	102-6 Markets served	Pages 84-85	
	102-7 Scale of the organisation	Pages 116-120, 141	
	102-8 Information on employees and other workers	Page 190	
	102-9 Supply chain	Page 192	
	102-10 Significant changes to the organisation and its supply chain	Pages 21 and 192	
	102-11 Precautionary Principle or approach	Page 192	
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	102-13 Membership of associations	Pages 192-193	
	Strategy		
	102-14 Statement from senior decision-maker	Pages 20-24	
	102-15 Key impacts, risks, and opportunities	Pages 59-65 and 106-112	
	Ethics and integrity		
	102-16 Values, principles, standards, and norms of behaviour	https://www2.deloitte.com/nl/nl/legal/onze-bedrijfscode.html	

The external members of the Supervisory Board were remunerated as follows:

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Explanation
	102-17 Mechanisms for advice and concerns about ethics	https://www2.deloitte.com/nl/nl/legal/onze-bedrijfscode.html	
	Governance		
	102-18 Governance structure	Pages 12-14, 100-105	
	102-19 Delegating authority	Pages 100-105	
	102-20 Executive-level responsibility for economic, environmental, and social topics	Page 193	
	102-21 Consulting stakeholders on economic, environmental, and social topics	Pages 49 and 193	
	102-22 Composition of the highest governance body and its committees	Pages 12-14, 100-105	
	102-23 Chair of the highest governance body	Pages 13, 16 and 103,	
	102-24 Nominating and selecting the highest governance body	Pages 15, 100-105	
	102-25 Conflicts of interest	Page 104	
	102-26 Role of highest governance body in setting purpose, values, and strategy	Pages 103-104	
	102-27 Collective knowledge of highest governance body	Page 12	
	102-28 Evaluating the highest governance body's performance	Pages 12 and 13	
	102-29 Identifying and managing economic, environmental, and social impacts	Pages 103-104	
	102-30 Effectiveness of risk management processes	Page 103-104, 106-107	
	102-31 Review of economic, environmental, and social topics	Pages 193	
	102-32 Highest governance body's role in sustainability reporting	Page 9	
	102-33 Communicating critical concerns	Page 193	
	102-34 Nature and total number of critical concerns	Page 193	
	102-35 Remuneration policies	Page 104	
	102-36 Process for determining remuneration	Pages 15, 22, 104, 167 and 181	
	102-37 Stakeholders involvement in remuneration	Page 104	

The external members of the Supervisory Board were remunerated as follows:

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Explanation
	102-38 Annual total compensation ratio	Page 193	
	102-39 Percentage increase in annual total compensation ratio	Page 193	
	Stakeholder engagement		
	102-40 List of stakeholder groups	Page 47	
	102-41 Collective bargaining agreements	Page 193	
	102-42 Identifying and selecting stakeholders	Pages 47-48	
	102-43 Approach to stakeholder engagement	Page 49	
	102-44 Key topics and concerns raised	Pages 195-198	
	Reporting practice		
	102-45 Entities included in the consolidated financial statements	Page 177	
	102-46 Defining report content and topic Boundaries	Pages 7-9	
	102-47 List of material topics	Page 52	
	102-48 Restatements of information	Page 8	
	102-49 Changes in reporting	Page 50	
	102-50 Reporting period	Page 7	
	102-51 Date of most recent report	Page 7	
	102-52 Reporting cycle	Page 7	
	102-53 Contact point for questions regarding the report	Page 20	

The external members of the Supervisory Board were remunerated as follows:

GRI Standard	**Disclosure**	Page number(s) and/or URL(s)	Explanation
	102-54 Claims of reporting in accordance with the GRI Standards	Page 7	
	102-55 GRI content index	Pages 184-189	
	102-56 External assurance	Pages 205-211	
Material Topics			
GRI 200 Economic Standard Series			
Anti-corruption			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 99	
	103-2 The management approach and its components	Page 99	
	103-3 Evaluation of the management approach	Page 99	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Page 99	
	205-2 Communication and training about anti-corruption policies and procedures	Page 99	
	205-3 Confirmed incidents of corruption and actions taken	Page 97 and 99	
GRI 400 Social Standards Series			
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 81	
	103-2 The management approach and its components	Page 81	
	103-3 Evaluation of the management approach	Page 81	
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	Not applicable	There are no Health and Safety committees within Deloitte.
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 81	Partly omitted due to unavailability of information: we do not keep track of occupational diseases due to low prevalence and legal boundaries.

The external members of the Supervisory Board were remunerated as follows:

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Explanation
	403-3 Workers with high incidence or high risk of diseases related to their occupation	Not applicable	There are no workers with high incidence or high risk of disease related to their occupation.
	403-4 Health and safety topics covered in formal agreements with trade unions	Not applicable	There is no trade union involvement with Deloitte.
Training and Education			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 78-80	
	103-2 The management approach and its components	Pages 78-80	
	103-3 Evaluation of the management approach	Page 78-80	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 74	
	404-2 Programs for upgrading employee skills and transition assistance programs	Pages 79-80	We manage career endings on a case-by-case basis
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 79	
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 23	
	103-2 The management approach and its components	Page 80	
	103-3 Evaluation of the management approach	Page 78	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 80-81, 103, 194	
	405-2 Ratio of basic salary and remuneration of women to men	Page 81	
Customer Privacy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 75	
	103-2 The management approach and its components	Page 75	
	103-3 Evaluation of the management approach	Page 75	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 75	

The external members of the Supervisory Board were remunerated as follows:

GRI Standard	**Disclosure**	Page number(s) and/or URL(s)	Explanation
Quality			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 28-30, 72-76	
	103-2 The management approach and its components	Pages 28-30, 72-76	
	103-3 Evaluation of the management approach	Pages 28-30, 72-76	
	Total client satisfaction Client quality % regulatory reviews that are satisfactory	Pages 72 Pages 72 Pages 72	
Economic performance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 83-93	The scope of the topics under Economic Performance as mentioned on page 52 differs substantially from 'Economic Performance' as defined by SRS 201. Therefore, we do not report according to this GRI Standard.
	103-2 The management approach and its components	Pages 83-93	
	103-3 Evaluation of the management approach	Pages 83-93	
	Revenu growth in corporate advisory Average profitability in growth areas Total overhead costs/fee earner FTE Relative position in international network	Page 83 Page 88 Page 88 Page 83	
Career development			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 79-80	
	103-2 The management approach and its components	Pages 79-80	
	103-3 Evaluation of the management approach	Pages 79-80	
Innovation			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 83-85	
	103-2 The management approach and its components	Pages 83-85	
	103-3 Evaluation of the management approach	Pages 83-85	
	% of revenues from innovative offerings	Page 83	
Impact on society			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 44-45, 62	
	103-2 The management approach and its components	Pages 44-45, 62	
	103-3 Evaluation of the management approach	Pages 44-45, 62	
	Hours spend on societal projects	Page 5	

Additional information

SRS 102-8: Information on employees and other workers

Employment and turnover

	2017/2018	2016/2017	2015/2016
Average FTE's	5.285	5.047	4.808
Average headcount	5.640	5.409	5.182
Total experienced hires (incl. partners)	407	333	347
• < 30 years old	156	131	132
• 30 - 40 years old	174	141	167
• 40 - 50 years old	61	48	44
• > 50 years old	16	13	4
Total partner hires	18	9	12
Total graduate hires	568	546	583
• < 30 years old	533	520	555
• 30 - 40 years old	26	17	22
• 40 - 50 years old	6	6	4
• > 50 years old	3	3	2
Total internship (Stagiairs)	638	549	583
Total exits	840	796	742
• < 30 years old	353	325	287
• 30 - 40 years old	332	299	313
• 40 - 50 years old	105	120	87
• > 50 years old	50	52	55
Total divestments	0	0	0

Part-time / Full time population (%)

	Part-time 2017/2018	Full-time 2017/2018	Part-time 2016/2017	Full-time 2016/2017
Population of Fee-earners	16%	84%	17%	83%
Population of Support	42%	58%	46%	54%
Population of Deloitte	20%	80%	21%	79%

SRS 102-9 and 102-10: Supply chain

Our suppliers deliver goods and services that are critical to our organisation. This is further secured by our internal procurement department. To safeguard independence towards our clients, our Risk & Reputation Leadership Office is always involved in major procurement processes. We aim to have a positive impact through our procurement and prevent negative (in-)direct side effects. To this end, all our major suppliers are invited to sign our Supplier Code of Conduct. Compliance with the provisions of our Supplier Code is embedded in our General Purchasing Agreement. There were no significant changes in our supply chain in financial year 2017/2018.

SRS 102-11: Precautionary principle

Our potential environmental impact is addressed by monitoring and managing our greenhouse gas emissions with focus on reduction in CO2 emissions caused by mobility. See also our Integrated Annual Report, page 64.

SRS 102-12 and 102-13: Memberships and charters

Deloitte Netherlands fully supports the commitments made by the global DTTL organisation to the UN Global Compact (UNGC), the World Economic Forum's Partnering Against Corruption Initiative (PACI) Principles, the Global Corporate Citizenship Initiative (GCCI), and the Global Reporting Initiative (GRI). Wherever possible, we translate these initiatives into local activities and initiatives and share our knowledge and experience with other member firms and our clients.

Our support for these commitments enables us to:

- Have an understanding of sustainability initiatives undertaken by other member firms and identify opportunities to leverage and learn from these activities
- Translate the commitments made by DTTL to the UNGC, World Economic Forum's PACI Principles and Global Corporate Citizenship Initiative and the GRI, into activities for Deloitte Netherlands
- Set targets for Deloitte Netherlands.

UN Global Compact (UNGC)

The UNGC is a voluntary international network of corporations, UN agencies, trade unions and non-governmental organisations that supports ten universal principles. Deloitte has made a public pledge to promote corporate responsibility in the areas of human rights, labour, the environment and anti-corruption.

The Netherlands Network of the UNGC is an initiative of Dutch business leaders that aims to further the contribution of private business – within its sphere of influence – to sustainable development. We actively participated in the Steering Committee of the Netherlands Network. This Integrated Annual Report also serves as the annual communication on progress regarding the UNGC.

GRI

We are an organisational stakeholder of the Global Reporting Initiative (GRI) and have published external sustainability reports based on the GRI Reporting Guidelines for a number of years. Due to our continued support, we were awarded inclusion in the

GRI Gold community.

In 2012, Deloitte Netherlands launched the GRI Taxonomy which allows sustainability reporters to report on sustainability in an XBRL format. This gives users of the report the chance to compare and analyse data electronically. Additionally, the electronic format can assist the reporting organisation in the data collection phase, as XBRL can be linked with existing data information systems that the reporting organisation may use.

MVO Nederland

We are an active member of the network of Sustainably Responsible Organisations (MVO) in the Netherlands.

World Economic Forum

Deloitte supports the World Economic Forum and its initiatives. In 2015, Deloitte continued to focus on the role of business in society; a theme that was originally introduced in 2012 and has consistently been built on since then. This year we specifically focused on the role that business can play in solving big issues in collaboration with other stakeholders.

International Integrated Reporting Council (IIRC)
Deloitte has joined the IIRC, an international body that aims to develop standards for integrated reporting. Integrated Reporting is a new approach to corporate reporting that demonstrates the linkages between an organization's strategy, governance and financial performance and the social, environmental and economic context within which it operates. By reinforcing these connections, Integrated Reporting can help business to take more sustainable decisions and enable investors and other stakeholders to understand how an organisation is really performing. On an international level, Deloitte is part of both the Council and the Working Group.

Nederlandse Klimaat Coalitie
In 2015/2016, Deloitte joined the Dutch Climate Coalition, a group of organisations that have vowed to work towards zero emissions. Our CEO Peter Bommel joined a group of influential politicians, scientists and business leaders on the Train to Paris for the final negotiations during the climate summit.

Energy transition coalition
The Energy transition coalition is a collective of around 60 Dutch companies that want to accelerate the transition of fossil based fuels to more sustainable sources and call upon the Dutch government to give priority to and facilitate the energy transition and implementation of the Paris Agreement.

SRS 102-20: Executive-level responsibility for sustainability
Sustainability falls under the responsibilities of our Chief Operations Officer who is a member of the Executive Board.

SRS 102-21: Consulting stakeholders
Stakeholder consultation takes place throughout the firm and the results are reported back to the Executive Board both in forma manners (strategic dashboard) and informal manners.
SRS 102-27: Collective knowledge of highest governance body.
There are no specific programmes in this area.

SRS 102-31: Review of economic, environmental, and social topics
The Executive Board meets in principle every week to discuss all issues relevant to Deloitte. Meetings of the Supervisory Board have taken place 9 times in the reporting year (also see Integrated Annual Report, page 12).

SRS 102-33: Communicating critical concerns
We maintain formal and informal ways of raising critical concerns. Formal ways include the General Meeting of Members of Coöperatief Deloitte U.A., functional meetings and the Works Council meetings. Our culture is characterised by low thresholds.
This is illustrated by open communication channels between the Board and employees. During special focus meetings and in internal media such as townhall meetings and other channels, employees are invited to give their constructive feedback on policies and organisational performance.

SRS 102-38 Annual total compensation ratio
The ratio within Deloitte is 12.2.

SRS 102-39 Annual total compensation ratio
The income of the highest paid individual increased with 45,8% in 2017/2018. At the same time the increase of the average income for partners and employees amounted to 3.7%. See page 167 for an explanation the increase in income of the highest paid individual.

SRS 102-41 Collective bargaining agreements
There are no collective bargaining agreements applicable to Deloitte.

Headcount male / female (excl. internships)

Employment category	2016/2017	Male	Female	2015/2016	Male	Female
Partners	260	235	25	253	231	22
Directors	287	240	47	258	221	37
Senior managers	589	446	143	590	452	138
Managers	758	556	202	727	529	198
Aspirant / Jr. Managers	1.478	947	531	1.402	895	507
Other Staff	1.718	852	866	1.637	804	833
Interns	320	204	116	315	198	117

Total number of employees by employment type, by gender in 2017/2018

		Full-time	Part-time
2016/2017	Male	3,035	445
	Female	1,220	709
2017/2018	Male	3,150	434
	Female	1,372	684

SRS 102-44 Key topics and concerns raised

Our stakeholders voice their views and expectations. In the table below, we list the main expectations and issues per stakeholder group. We also provide our response to these expectations and issues and indicate how we address them in our strategy.
In our Strategy 2020, we have identified six business priorities. The numbers in the table below refer to the number of the business priority:

1. Ensure quality

2. Become the number one career destination

3. Accelerate growth and innovation

4. Improve client portfolio

5. Establish lean operations

6. Seek internationalisation

Stakeholder	Issues / expectations	Deloitte response	Links to business priorities
Our clients and their shareholders	- Trustworthy partner - High value products and services - Fair price - Quality, integrity and independence - Undisputed reputation	- Investment in long-term relationships - Quality and teaming - Cost optimisation programmes - Internationalisation allowing cross border service delivery	1, 3, 4, 5, 6
Our partners	- Return on investment - Lead teams that make an impact that matters on the client - Business synergies, being able to find required additional expertise within the firm - Being part of a network that provides, develops, challenges, teaches and coaches	- Cooperative model for decision-making - Global network of resources, enabling each partner to be successful in his or her professional domain - Strong partnership culture, both in business and as colleagues for life	1, 2, 3, 4, 5, 6
Our professionals	- Challenging projects - Personal, professional and leadership development - Rewarding working environment - Healthy work-life balance - To have a collective impact with personal strengths	- Working in diverse and multidisciplinary teams - Continuous learning - A diverse client portfolio - Deloitte FIT programme	1, 2, 3, 6
Graduates	- Learning and coaching - Professional and leadership development - Recognition and reward - High moral standards	- Working in diverse and multidisciplinary teams - Continuous learning and on-the- job coaching - Competitive reward package - Investments in ethics and sustainability	1, 2, 3, 6
Deloitte network	Serve global and local clients in accordance with global policies and procedures Contribute to global revenues Build knowledge and experience that can be applied globally	- We are a top ten member firm in terms of revenues - We contribute to the local network in areas like innovation, knowledge sharing, international management positions and client service collaboration - We maintain strict procedures to comply with all relevant global policies	1, 3, 4, 6

Stakeholder	Issues / expectations	Deloitte response	Links to business priorities
Regulators	- Improve audit quality - Reduce risks of auditing failures - Enhance public trust in the audit profession - Stimulate diversity, inclusion and gender eqality - Responsible tax	- Investments in a culture of the highest quality and compliance, with high levels of awareness and the right tone at the top - Full cooperation in case of investigations - Open and transparent communication - Active policy on diversity and inclusion - Active participation in the public tax debate	1, 4
Society	- Deliver high quality services in both audit and advisory - Uphold high norms regarding ethics, integrity and independence	- Quality as number one priority across the business - Significant investments in culture, processes and procedures that strengthen ethics, integrity and independence - Showing leadership by proactive participation in public debates, a.o. on ethical taxing and the future of audit - Open and transparent communication and dialogue	1, 4
Media, Opinion leaders and NGOs	- Open, transparent and relevant communication	- Issue and stakeholder focused reporting (Integrated Annual Report, Transparency Report) - Sharing insights through sector and industry reports	1, 2, 3, 6
Financial institutions	- Secure partnership with Deloitte when providing loans or insuring our business risks - Trust in audit opinions regarding organisations in their portfolio	- Long-term contracts within the regulatory boundaries related to issues such as independence - Open and transparent communication and dialogue	1, 3, 4, 5
Suppliers	- A fair chance to do business with Deloitte - Long-term partnership that is mutually beneficial	- Long-term open relationships with suppliers that support our vision, and are able to provide an optimal mix in quality, service, continuity and price - Strict maintenance of regulatory requirements regarding independence	1, 3, 5

Stakeholder	Issues / expectations	Deloitte response	Links to business priorities
Competitors	- Level playing field - Ethical market behaviour - Maintaining a quality system that prevents events that affect the reputation of the industry as a whole	- Significant investments in a culture of compliance, with high levels of awareness and the right tone at the top - We welcome a level playing field and differentiate through a culture of innovation and unique combinations of skills and competencies - We analyse the market in which we operate and assess to what extent activities of our competitors reflect on us and our reputation.	1, 2, 3, 4, 5, 6

CO2 footprint

Mobility related emissions

	2017/2018	2016/2017	2015/2016	Related emissions 2018
Total kilometres driven by lease cars	100,939,877 km	92,464,532 km	97,312,625 km	
Number of lease cars - electric cars (incl plug-in hybrids)	3,423 478	3,340 387	3,259 213	
Kilometres/lease car	29,489 km	27,684 km	29,860 km	
Total petrol consumption	4,665,944 l	3,343,928 l	3,170,625 l	12.971 tonnes
Total diesel consumption	1,857,986 l	2,299,725 l	2,527,930 l	5,825 tonnes
Total LPG consumption	230 l	0 l	0 l	0 tonnes
Total kilometres travelled by air	50,480,279 km	42,407,780 km	37,781,182 km	6,157 tonnes
Kilometres by air per FTE	9,552 km	8,403 km	7,858 km	
Total kilometres travelled by train	9,832,012 km	8,608,149 km	6,559,840 km	98 tonnes
Train kilometres/FTE	1,860 km	1,705 km	1,364 km	
CO2 emissions intensity	155 g CO2/km	153 g CO2/km	154 g CO2/km	
Totals				
Total CO2 emissions	25,051 tonnes	21,935 tonnes	21,752 tonnes	

Basis of reporting

The information presented in this report is collected from various online and offline, internal and external resources. In many cases, interviews with partners and employees took place in order to write the text. For the data, a variety of systems were used, including but not limited to our SAP systems and specific project data.

Strategic KPIs
In calculating the value of our strategic KPIs, we have applied the following data definitions:

The amount disclosed for expenses on Innovation on page 4 relates to the operating expenses of our innovation related cost centers, mainly focussed on IT. Total client satisfaction: the average registered response of clients to rate overall client satisfaction in CSAs, or in cases where no response to this questions has been registered, to rate the overall relationship. CSAs are performed among the largest clients per industry selected by Deloitte and are performed by present or retired partners.

Total client quality: the average registered response of clients to rate overall quality of services in CSAs, or in cases where no response to this questions has been registered, the average registered score of selected questions on quality. CSAs are performed among the largest clients per industry selected by Deloitte and are performed by present or retired partners. DTTL Member Firm Standards #1 compliance assessment. findings of Member Firm Standards #1 compliance assessment per function that were communicated to Deloitte NL by DTTL in the reporting year. On the basis of the assessment a score of A, B or C is awarded by DTTL.

% regulatory reviews that are satisfactory: % of regulatory reviews (reviews issued by PCAOB, AFM, NBA, ADR, and Inspectie OCW), of which the results were communicated in the reporting year that are satisfactory as a percentage of all regulatory reviews issued in the reporting year.

employer of choice in relevant ranking: ranking in the benchmark study performed by Universum for the category Business/Commercial in the Netherlands for the universities: University of Amsterdam, VU University Amsterdam, University of Groningen, Erasmus University Rotterdam, Technische University Eindhoven, Delft University of Technology

Talent engagement score: average weighted score for talent engagement as measured by the Deloitte Talent Survey that is performed throughout the year.

Revenue growth in corporate advisory: growth in all functions excluding Audit & Assurance as compared to the performance in 2014/2015.Per 2017/2018, the basis for this KPI has changed due to the creation of Deloitte Private. The impact of this change on the value of this KPI has been examined and was concluded not material.

Average client service contribution in growth areas: relative client service contribution percentage of Corporate Advisory (all functions excluding Audit & Assurance).

% of revenues from innovative offerings: Percentage of revenues of selected innovative business units in total internal revenues. In line with the vision from DTTL, we apply a factor 2 multiplier to calculate the effect from innovative service offerings on regular services. Offerings in scope of this indicator are identified at the start of the reporting year, comparatives are not adjusted since the determination of what is innovative is set on a yearly basis.

Total overhead costs / fee earner FTE: total overhead costs including central support and Function costs as defined by our Fit for Growth programme divided by the total number of fee earners in expressed in FTE.

Relative position in international network with regard to operational metrics: earnings as % of net revenues for the DTTL member firms in scope of the international benchmark on the basis of the June-April figures (11 months).

Integration into a North Western European firm on the basis of connected autonomy: Deloitte NWE established Y/N.

Talent data
Lost days is the total of absent planned work days in one year. Sickness leave is calculated by dividing the number of lost days by the total planned work days in one year.

Ecological footprint
The data included in the ecological footprint table of this Annex is gathered through a number of means:

- Total kilometres driven by lease cars as well as the number of lease cars in use are obtained from our supplier.

- Total litres of petrol, diesel and LPG are obtained from our supplier. For conversion of petrol to CO2 emissions we used the most recent conversions as published by SKAO. For the current report these conversions are published in the Handboek CO2 Prestatieladder 2.2 (www.skao.nl):

- Petrol: 1 litre equals 2.78 kilogrammes CO2

- Diesel: 1 litre equals 3.135 kilogrammes CO2

- LPG: 1 litre equals 1.86 kilogrammes CO2

- As we do not separately monitor business trips, commuting and privat use of lease cars, our data includes all these elements.

- For the conversion of fuel consumption to MJ, we used the following conversions as mentioned in the GRI G3.1 protocol for EN3, except in the case of LPG where we have opted for a locally accepted conversion value:

- Natural gas: caloric value per m3 is 39,01 MJ

- Petrol: caloric value per litre is 32.256 MJ

- Diesel: caloric vale per litre is 35.964 MJ

- LPG: caloric value per litre is 24 MJ

- Total kilometres travelled by plane are obtained from our travel agents. It is standing policy that we use the most recent conversion factors. Hence, for the calculation of the related CO2 emissions, we have used the 2013 conversion factors as provided by DEFRA (www.defra.gov.uk) using a classification that distinguishes economy, premium economy, business class and first class and categorises air travel in domestic, short-haul international and long-haul international flights. For the various subgroups, the following CO2 conversions are used:

- Domestic average: 0.1583 kg CO2/kilometre per passenger

- Short-haul international average: 0.0933 kg CO2/kilometre per passenger

- Short-haul international economy class: 0.0889 kg CO2/kilometre per passenger

- Short-haul international business class: 0.1334 kg CO2/kilometre per passenger

- Long-haul international average: 0.1098 kg CO2/kilometre per passenger

- Long-haul international economy class: 0.0802 kg CO2/kilometre per passenger

- Long-haul international premium economy class: 0.1283 kg CO2/kilometre per passenger

- Long-haul international business class: 0.2325 kg CO2/kilometre per passenger

- Long-haul-international first class: 0.3207 kg CO2/kilometre per passenger

- The total kilometres travelled by train are obtained from our supplier Nederlandse Spoorwegen. For the calculation of related CO2 emissions, we used a conversion factor of 0.010 kg CO2/kilometre per passenger as published by Nederlandse Spoorwegen.

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Annex 3: Other information

Appropriation of result according to articles of association

In Article 18 of the Cooperative's articles of association the following has been presented concerning the appropriation of result:

1. The profit is fully distributed to the Members.
2. The General Meeting decides on appropriation of the profit based on a proposal by the Executive Board approved by the Supervisory Board. Profit will be distributed after adoption of the financial statements evidencing that this is permissible.
3. Based on a proposal by the Executive Board approved by the Supervisory Board, the General Meeting may decide to distribute to the Members profit of the current fiscal year.
4. If the Cooperative sustains a loss in any fiscal year, the Executive Board will submit to the General Meeting a proposal approved by the Supervisory Board regarding treatment of the loss. The General Meeting will take a decision with respect to treatment of the loss following the proposal submitted by the Executive Board as referred to in the first sentence of this paragraph. If losses have been charged to the capital accounts, no profit will be distributed until such losses have been made up.

Independent auditor's report

To: the general meeting and supervisory board of Coöperatief Deloitte U.A.

Report on the financial statements 2017/2018

Our opinion

In our opinion, Coöperatief Deloitte U.A.'s financial statements give a true and fair view of the financial position of the Company and the Group as at May 31, 2018, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2017/2018 of Coöperatief Deloitte U.A., Rotterdam ('the Company'). The financial statements include the consolidated financial statements of Coöperatief Deloitte U.A. and its subsidiaries (together: 'the Group') and the company financial statements.

The financial statements comprise:

- the consolidated and company statement of profit or loss and other comprehensive income for the year ended May 31, 2018;
- the consolidated and company statement of financial position at May 31, 2018;
- the consolidated statements of changes in equity and of cash flows for the year ended May 31, 2018;
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Coöperatief Deloitte U.A. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Our audit approach

Overview and context

Coöperatief Deloitte U.A. is the head of a group of companies that provides audit & assurance, consulting, tax, legal, risk advisory and financial advisory services, as well as other forms of professional services. The group comprises of several components and therefore we considered our group audit scope and approach as set out in 'The scope of our group audit' section. We paid specific attention to the areas of focus driven by the operations of the company, as set out below.

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where management made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In the estimates paragraph within the financial statements the company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty.

Given the significance and the estimation uncertainty in the valuation of unbilled services, we considered this a key audit matter as set out in the 'Key audit matters' section of this report. In addition, given the complexity of the professional liability, claims and litigation, we also considered the provision for professional liabilities a key audit matter. Furthermore, in 2017/2018 the company adopted EU-IFRS for the first time, which has a significant impact on the financial statements, and is therefore considered a key audit matter. In view of the high level of automation of the Company's financial processes, the effectiveness of the IT general controls is important as a basis for our audit. As these controls consist of a combination of automated controls and manual controls including data-analysis, judgment by management is necessary to evaluate their overall effectiveness. Due to the importance of these controls on our audit approach, and the management judgments involved, we consider this a key audit matter. Besides the key audit matters, other areas of focus were the valuation of the accounts receivable balances, the coverage and financing of the negative equity and the related disclosures.

As in all of our audits, we also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a professional services company. Where possible and considered relevant for our audit, we tested the operating effectiveness of IT general controls ('ITGCs') and application controls. We therefore included specialists in the area of IT in our team. For the first time adoption of EU-IFRS we obtained assistance from our IFRS specialists.

Materiality
- Overall materiality: € 8,500,000.

Audit scope
- We have audited seven components, all located in
- The Netherlands, using a full scope audit approach.
- The group audit team performed all audit work.
- Audit coverage: 98% of consolidated revenue, 92% of consolidated total assets and 96% of consolidated result before taxation and management fee.

Key audit matters
- Valuation of unbilled services and advance billings to customers
- Professional liability provision
- First time adoption of International Financial Reporting Standards
- Audit of IT general controls

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section ‘Our responsibilities for the audit of the financial statements’.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€8,500,000 (2016/2017: €7,280,000).
Basis for determining materiality	We used our professional judgment to determine overall materiality. As a basis for our judgment we used 5% of the sum of result before taxation and management fee of Coöperatief Deloitte U.A.
Rationale for benchmark applied	We have applied this benchmark based on our analysis of the common information needs of users of the financial statements. On this basis, we believe that the result before taxation and management fee is an important metric for the financial performance of the company. The determination of materiality is unchanged compared to prior period.
Component materiality	To each component in our audit scope, we, based on our judgment, applied a materiality level per component that was less than our overall group materiality. The range of materiality allocated across components varies between €1,299,000 and €4,670,000.

We also take misstatements and/or possible misstatements into account that, in our judgment, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €425,000 (2016/2017: €360,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit
Coöperatief Deloitte U.A. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Coöperatief Deloitte U.A.
We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at the group- and component level.
The group audit primarily focussed on the significant components:

- Deloitte Accountants B.V.
- Deloitte Belastingadviseurs B.V.
- Deloitte Consulting B.V.
- Deloitte Financial Advisory B.V.
- Deloitte Risk Advisory B.V.
- Deloitte Holding B.V.

These six components were subjected to audits of their complete financial information, as the components are individually significant to the group. Additionally, two components were selected for audit procedures to achieve appropriate coverage on financial line items in the consolidated financial statements.
In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	98%
Total assets	92%
Result before taxation and management fee	96%

For the remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.
By performing the procedures above we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.
The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comments or observations we make on the results of our procedures should be read in this context.

Key audit matter	How our audit addressed the matter
Valuation of unbilled services and advance billings to customers *Refer to note 15 of the financial statements*	
The valuation of unbilled services and advance billings to customers was important to our audit since it requires management estimates that are complex and inherently subjective in nature. The management estimates include, among others, the estimate of expected results of current engagements based on an estimate of time and costs to be incurred, the estimate of expected additional billing on fixed fee projects and the assessment of and the collectability of unbilled amounts. The valuation of unbilled services and advance billings to customers also has an impact on revenue recognition since changes in valuation affect the revenue. The unbilled services at 31 May 2018 amount to €102.2 million and the advance billings to customers at 31 May 2018 amount to €27.6 million. Management has internal controls in place such as first and second line project monitoring controls and multiple IT dependent controls on billing, time writing and fee adjustments.	We evaluated the process and the design of internal controls within Deloitte relating to the valuation of the unbilled services and advance billings to customers. We tested the operational effectiveness of the internal controls that were considered relevant for our audit, such as the first and second line monitoring controls on project valuation and the automated controls that ensure reliable recording of hours and hourly rates. The second line monitoring control includes an independent review of the project valuation performed by the finance department on the largest projects and a statistical sample was drawn for the remaining balance. We determined that we could rely on these internal controls for the purpose of our audit. We also performed substantive audit procedures regarding the valuation of unbilled services and advance billings to customers for client work. For a sample of projects, we tested the estimate of expected results, amongst others by means of look back procedures and obtaining supporting evidence. Furthermore, we checked the recorded fees including overruns and scope changes with supporting documentation (such as contracts). Where effective and appropriate, we combined testing on the operational effectiveness of internal controls and our substantive audit procedures. Our audit findings were in line with the conclusions by the finance department, which were reflected in the valuation appropriately. Furthermore, we validated the yearly confirmation of the responsible assignment partner(s) for the valuation of his or her projects. We also tested a sample of manual entries recorded on the general ledger accounts related to unbilled services and advance billings to customers and we tested controls relating to transfer(s) between projects.

Key audit matter	How our audit addressed the matter
Professional liability provision *Refer to note 20 and 26.1.7 of the financial statements*	
The completeness and accuracy of the provision recognised and contingent liabilities disclosed for professional liability is a key audit matter in our audit because these are based on assumptions of, amongst others the existence of a present obligation and the expected amount to settle the claim, that requires estimates that are complex and inherently subjective in nature. Given the magnitude of potential claims, an individual case could have a significant effect on the result and financial position. If Coöperatief Deloitte U.A. or one of its group companies receives claims for compensation related to alleged damages, these are generally covered by professional liability policies (insurance policies). The legal defence expenses are also covered by the insurance policies. The impact of legal claims from third parties on operating result is generally limited when claims are covered by the insurance policies. The impact can increase significantly in case of claims which fall outside the scope of insurance policies or if the amount involved exceeds the maximum coverage of the insurance policies.	We have performed, amongst others, the following procedures: • Understanding of the Company's regulatory and contractual obligations with respect to professional liability. • Obtained and read the Company's insurance arrangements related to professional liability. • Attended meetings of the audit committee of Deloitte where the professional liability matters were discussed, including claims received, as well as on the results of internal and external (regulatory) investigations. • Assessed the completeness of registered claims by discussing the claims with the internal legal counsel, validating that registered claims are consistent with the partner confirmations, a review of legal expenses, internet research, reading the minutes of meetings of the Company's executive board and supervisory board and reading the correspondence with regulators and the insurer. • We assessed the collectability of receivables towards the insurer, amongst others by means of validating that claims fall within scope of the insurance agreements. • Understanding and assessing the facts and circumstances and decisions made by the Group upon reacting to specific matters noted. • We challenged management on the existence of a present obligation by evaluating management's position papers, correspondence with external lawyers, by obtaining legal letters and by having calls with external lawyers. • We also assessed the disclosures relating to professional liability.

Key audit matter	How our audit addressed the matter
First time adoption of International Financial Reporting Standards *Refer to note 4 of the financial statements*	
In 2017/2018 Coöperatief Deloitte U.A. moved from Dutch GAAP to International Financial Reporting Standards (IFRS). As a result the company needs to apply the requirements of IFRS 1, which includes amongst others a full retrospective application of all IFRSs effective at the reporting date taking into account the optional and mandatory exemptions. The transition to IFRS was a key audit matter since it required a detailed review by management of all classes, transactions and disclosures in the financial statements. In this process, management prepared position papers and applied significant estimates and judgments. The first time adoption had, amongst others, an impact on the presentation of unbilled services and advance billings to customers, the presentation of members' capital, the valuation of goodwill, the presentation of management fees and the accounting of the interest rate swap.	We obtained an understanding of the areas potentially subject to accounting changes by critically reviewing the financial statements. We obtained the position papers prepared by management regarding the identified areas. We tested management conclusions against IFRS 1 and other standards as appropriate. In addition, we tested the proposed adjustments due to the application of IFRS by means of reconciliation to, amongst others, contracts, agreements and prior year audit work. We also evaluated the accounting policies and the required IFRS disclosures as included in the notes to the financial statements and verified that these comply with IFRS.

Key audit matter	How our audit addressed the matter
Audit of IT general controls	
Deloitte operates various IT systems, processes and procedures that are important for the continuity of its business operations and for the reliability of its financial reporting. The Company therefore relies on an effective design and operation of its IT general controls including access control and segregation of duties. As these controls consist of a combination of automated controls and manual controls including data-analysis, management judgment is necessary to evaluate, on an overall basis, their effectiveness. Due to the importance of these controls on our audit approach, and the management judgments involved, we consider this to be a key audit matter.	Our audit approach was designed in such a way that internal controls regarding the general IT environment would be effective. We evaluated Deloitte's IT environment in which time recording, billing and accounting is performed, including the change management and restricted access procedures in place. We also evaluated the design and tested operational effectiveness of the IT general controls and key reports of the Company's financial systems which were considered relevant for our audit. Where situations were identified where controls needed improvement Deloitte has set up mitigation- and remediation procedures. We have evaluated these procedures and performed (additional) testing as appropriate with satisfactory results.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of the chapters our year at a glance, about this report, report from the supervisory board, report from the executive board, market developments, our interactions with stakeholders, making an impact that matters, our plan 2020, our way of working and the annexes which include the GRI table and related sustainability information, the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Coöperatief Deloitte U.A. on 17 September 2016 by the supervisory board following the passing of a resolution by the general meeting of members held on 17 September 2016 and the appointment has been renewed by the members representing a total period of uninterrupted engagement appointment of 2 years.

Responsibilities for the financial statements and the audit

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.
A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, July 20, 2018
PricewaterhouseCoopers Accountants N.V.

Fernand Izeboud RA

Appendix to our auditor’s report on the financial statements 2017/2018 of Coöperatief Deloitte U.A.

In addition to what is included in our auditor’s report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor’s responsibilities for the audit of the financial statements

We have exercised professional judgment and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the
- intentional override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management’s use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Assurance report of the independent auditor

To: the general meeting and supervisory board of Coöperatief Deloitte U.A.

Assurance report on the sustainability information in the Integrated Annual Report 2017/2018

Our opinion

In our opinion, the sustainability information in the Integrated Annual Report 2017/2018 of Coöperatief Deloitte U.A. presents, in all material respects, a reliable and adequate view of:
- the policy and business operations with regard to sustainability; and
- the events and achievements related thereto for the year ended 31 May 2018;

in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the internally applied reporting criteria.

What we have audited

The sustainability information in the Integrated Annual Report contains a representation of the policy and business operations of Coöperatief Deloitte U.A., Rotterdam (hereafter: "Deloitte") regarding sustainability and the events and achievements related thereto for 2017/2018.

We have audited the sustainability information for the period 1 June 2017 until 31 May 2018 as included in the following sections in the Integrated Annual Report of Deloitte:

- Our year at glance;
- About this report;
- Report from the executive board, excluding the paragraph In control statement;
- Interactions with our stakeholders;
- Making an impact that matters;
- Our Plan 2020;
- Our way of working, excluding the paragraphs Roles and responsibilities and Risk management.

The links to external sources or websites in the sustainability information are not part of the sustainability information itself, audited by us. We do not provide assurance over information outside of this sustainability information.

The basis for our opinion

We conducted our audit in accordance with Dutch law, which includes the Dutch Standard 3810N 'Assurance engagements on corporate social responsibility reports' ('Assurance-opdrachten inzake maatschappelijke verslagen'). This audit is aimed to obtain reasonable assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the audit of the sustainability information' of this assurance report.

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and quality control

We are independent of Deloitte in accordance with the 'Code of Ethics for Professional Accountants, a regulation with respect to independence' ('Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' - ViO) and other for the engagement relevant independence requirements in the Netherlands. Furthermore we have complied with the 'Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct' ('Verordening gedrags- en beroepsregels accountants' - VGBA).

We apply the 'detailed rules for quality systems' ('Nadere voorschriften kwaliteitssystemen') and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

Reporting criteria

Deloitte developed its reporting criteria on the basis of the Sustainability Reporting Standards of GRI, as disclosed in sections 'About this report' and 'Basis of reporting' of the Integrated Annual Report. The information in the scope of this assurance engagement needs to be read and understood in conjunction with these reporting criteria. The executive board is responsible for selecting and applying these reporting criteria. The absence of a significant body of established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Inherent limitations

The sustainability information includes prospective information such as expectations on ambitions, strategy, plans and estimates based on assumptions. Inherently, the actual results are likely to differ from these expectations, due to changes in assumptions. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

Responsibilities for the sustainability information and the assurance-engagement

Responsibilities of the executive board and the supervisory board

The executive board of Deloitte is responsible for the preparation of the sustainability information in accordance with the Sustainability Reporting Standards of GRI and the internally applied reporting criteria as disclosed in sections 'About this report' and 'Basis of reporting' of the Integrated Annual Report, including the identification of stakeholders and the definition of material subjects. The choices made by the executive board regarding the scope of the sustainability information in the Integrated Annual Report and the reporting policy are summarized in the sections 'About this report' and 'Basis of reporting'. The executive board is responsible for determining that the applicable reporting criteria are acceptable in the circumstances.

The executive board is also responsible for such internal control as it determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or errors.

The supervisory board is responsible for overseeing the company's reporting process on the Integrated Annual Report.

Our responsibilities for the audit of the sustainability information

Our responsibility is to plan and perform the audit engagement to obtain sufficient and appropriate assurance information to provide a basis for our opinion.

Our audit has been performed with a high, but not absolute level of assurance. This means we may not have detected all material misstatements.

Misstatements may arise due to irregularities, including fraud or error and are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the sustainability information. The materiality affects the nature, timing and extent of our audit and the evaluation of the effect of identified misstatements on our opinion.

Procedures performed
We have exercised professional judgement and have maintained professional scepticism throughout the assurance engagement, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our main procedures include:

- Performing an external environment analysis and obtaining insight into relevant social themes and issues, relevant laws and regulations and the characteristics of the organization.
- Identifying and assessing the risks of material misstatement of the sustainability information, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of the reporting criteria used and its consistent application, including the evaluation of the results of the stakeholders' dialogue, and the reasonableness of estimates made by the executive board and related disclosures in the sustainability information;
- Evaluating the overall presentation, structure and content of the Integrated Annual Report, including the disclosures;
- Evaluating whether the sustainability information represents the underlying transactions and events free from material misstatement.
- Interviewing the executive board (or relevant staff) at corporate level responsible for the strategy, policy and performance of sustainability operations.
- Interviewing relevant staff at corporate level, responsible for providing the information in the Integrated Annual Report, carrying out internal control procedures on the data and consolidating the data in the sustainability information.
- Evaluating relevant internal and external documentation, on a test basis, to determine the reliability of the information in the sustainability information;
- Assessing the consistency of the sustainability information and the information in the Integrated Annual Report not in scope for this assurance report;
- Assessing whether the sustainability information has been prepared 'in accordance' with GRI.

Amsterdam, July 20, 2018
PricewaterhouseCoopers Accountants N.V.

Fernand Izeboud RA

Annex 4

Regulators

>4

Formal meetings with AFM

Society

1,870

Legally required audit performed

19,089

Hours spent on Deloitte Impact Foundation Projects

281.3m

Taxes paid by Deloitte

Clients and their stakeholders

14,386

Number of clients

Media, opinion leaders & NGOs

34

Press releases in 2015/2016

94

Publications available

2

Reports explaining Deloitte's strategy & performance

Supliers*

172m

Total supplier spend

88%

Spend in accordance

For access to our press releases and (business) reports, please visit www.deloitte.nl

Our people

5,640

Average headcount

535.2

Compensation & benefits in euros

260

Partners (Average headcount)

89m

Capital provided by partners May, 2018

18

Newly appointed partners in 2017/2018

Financial institutions

896.7

Turnover in millions of euros

181.0

Operating result in millions of euros

$38.8 bn

Turnover of our global network in 2016/2017

Graduates

975

New hires (Excl. interns)

58

Graduate new hires as % of total hires

Competitors

Relative position in turnover (base 2016/2017)

1. Deloitte
2. EY
3. PwC
4. KPMG

Relative position in FTE (base 2016/2017)

1. Deloitte
2. PwC
3. EY
4. KPMG