Deloitte.

Integrated Annual Report Coöperatief Deloitte U.A.

2020/2021

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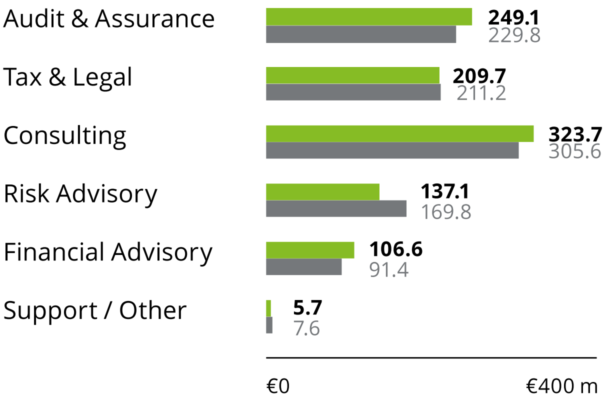
Key numbers of value creation

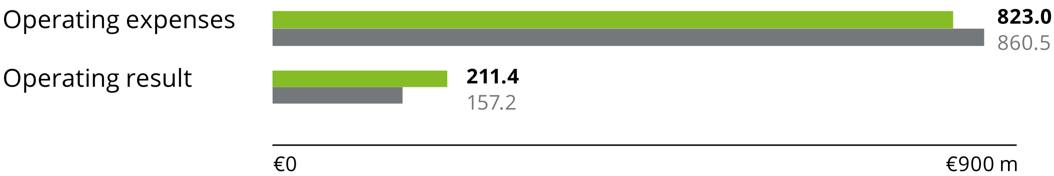
Key financial indicators

Revenue ■ **2020/2021** ■ 2019/2020

€1,032.0 m €1,015.5 m



Expenses/result



Total FTE's	**6.172**	6.146
Equity partners	**254**	261
Employees	**5.918**	5.885
Average headcount	**6.415**	6.455

Key non-financial indicators

Indicator	FY20A	FY21A	T2023
Client satisfaction (engagements)	FY20A N/A	**FY21A 8.3**	T2023 >8.0
Regulatory quality	FY20A 89%	**FY21A 100%**	T2023 >90%
Carbon emission reduction (Base FY19)	FY20A -24.2%	**FY21A -72.8%**	T2023 25%
NPS at C-level among strategic clients	FY20A N/A	**FY21A 68**	T2023 >40
Talent engagement score	FY20A 7.5	**FY21A 7.5**	T2023 >8
Employer of choice in relevant ranking	FY20A #7	**FY21A #6**	T2023 Top 10
Employer of choice among STEM students	FY20A #17	**FY21A #21**	T2023 Top 15
Female positions in leadership roles	FY20A 29%	**FY21A 29%**	T2023 >30%
Female partners as % of total partners	FY20A 14%	**FY21A 17%**	T2023 22%

About this Report

This is our sixth Integrated Annual Report (IAR or 'Report'). It contains information on our impact, value creation, strategy and related performance for the financial year that started on 1 June 2020 and ended on 31 May 2021. It builds on our previous IAR, published on 23 September 2020. For the first time, we are publishing our IAR as a fully interactive document alongside a (static) PDF. The text and numbers in the PDF have been subject to external assurance and the PDF therefore takes precedence in case of discrepancies. To make our reporting more accessible to a larger group of stakeholders, we are also publishing an online Annual Review that contains highlights from the IAR. In addition to this Report, Deloitte Accountants B.V. publishes an annual Transparency Report that contains information on our Audit & Assurance practice's structure, governance and system of quality controls. This Transparency Report will be available on our website as from end September 2021. Our 2020/2021 IAR also covers the main themes and topics included in the Transparency Report.

In this Report, we aim to take a holistic view of, and to reflect openly on, our business environment, dilemmas and opportunities. We believe in maintaining an open and transparent dialogue and relationship with our stakeholders. By sharing this Report, we want to improve the understanding of how we create value by fulfilling our purpose – to make an impact that matters. As always, we appreciate and welcome your feedback: it enables us to further improve our impact and related reporting in the years ahead. Please send your comments, questions or observations to NLBrandandCommunications@deloitte.nl .

This Report has been prepared in accordance with the Comprehensive option of the GRI Standards and the International <IR> Framework of the International Integrated Reporting Council (IIRC). We have applied the International Financial Reporting Standards for reporting our financial statements. Please refer to Annex 1 for the financial statements and to Annex 2 for additional non-financial disclosures. We have published the GRI Content Index as a separate document on our website [LINK]. This Content Index contains references to our digital reporting environment. This Report also serves as our Communication on Progress, as prescribed by the United Nations (UN) Global Compact, of which Deloitte Netherlands is a participant. In this context, we report our impact with a focus on the UN Sustainable Development Goals that we deem most relevant to 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. Due to its immaterial influence on the data reported, we exclude Deloitte Dutch Caribbean (DDC) from our non-financial data, unless otherwise indicated. Coöperatief Deloitte U.A. is the firm for the Dutch geography within Deloitte North and South Europe (NSE), the second-largest member firm of Deloitte Touche Tohmatsu Limited.

Materiality
In conformity with the GRI Standards and the IIRC's International <IR> Framework previously referred to, we have defined the material themes for this IAR using input provided by our stakeholders. We provide an overview of this input in the Stakeholder Engagement Report 2020/2021, that is included in the annexes.

Reporting boundaries
There is an overlap of topics and related opportunities noted by our internal and external stakeholders. Most of these topics relate to our internal organisation. For this reason, our reporting on these topics is limited to our performance within our direct sphere of influence, unless indicated otherwise (for example, where we discuss our value creation in a broader context).

Restatements
Compared to our previous report we have made the following restatements:

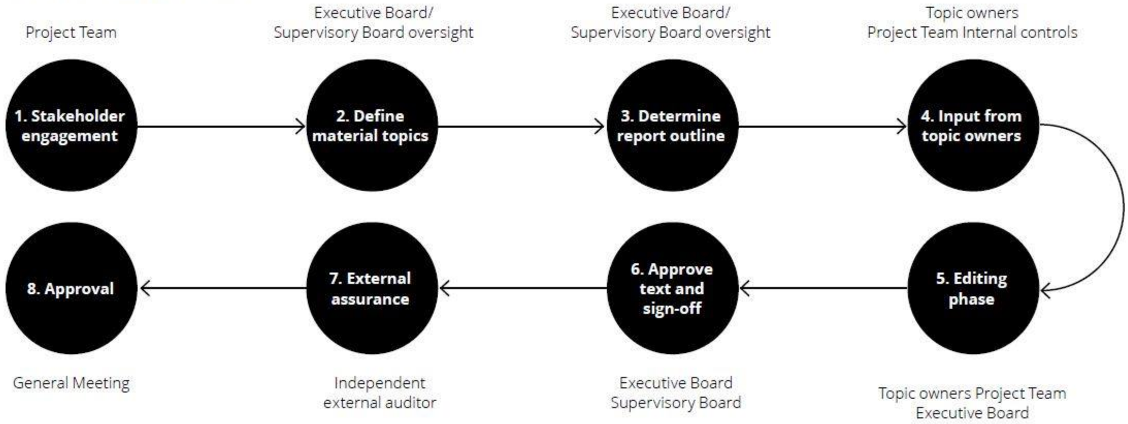
- We have changed the job classification applied in the tables of 'People' and 'Knowledge and Insights' based on new insights following our ERP update. At the same time, we renamed the job category 'other staff' to 'supporting staff'. We have recalculated and updated the data provided for 2019/2020 accordingly.
- For the KPI 'Employer of choice in relevant rankings', we evaluated and adjusted the universities and studies in scope. We have applied this new scope also to the data provided for 2019/2020.

- We have updated our categorisation of ethical incidents, aligning it with the criteria used by NSE for more uniform and transparent measurement throughout the region. As it is impossible to apply this new categorisation to the data presented in previous reports, we do not provide historic data for ethical incidents in this report.
- For our Energy and CO_2 reporting, we discovered a double counting error in our past energy usage calculations for heat and cold. We have corrected the data provided for 2019/2020 accordingly.

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 from suppliers and other sources. This is centrally recorded and thereafter reviewed by our Finance & Control department. We have engaged our independent external auditor, BDO Audit & Assurance B.V., to provide reasonable assurance on both the financial and the non-financial information on the PDF version of this report. The combined independent auditor's and assurance report of BDO Audit & Assurance B.V. can be found in Annex 4 of the PDF.

Reporting process
Central to our approach to reporting is the IAR Project team. This team is headed by our Chief Financial Officer and consists of representatives from Finance & Control and Finance & Accounting, combined with specialists from our Risk Advisory business's Sustainability Group and supported by Brand and Communication. Content planning and development takes place under the supervision of the Executive Board with internal oversight by the Supervisory Board. The Report is published after approval by the General Meeting.

Process for defining report content



Highlights from the Executive Board

Highlights from the Executive Board

It has been an exceptional year in every possible way. It was exceptional for our clients, who faced economic uncertainty and experienced challenges in their businesses. It was exceptional for society as a whole where restrictions became common practice and where humanity and togetherness sometimes seemed concepts from a distant past. Where it became even more apparent that we need to tackle society's biggest challenges, such as climate change and inequality, in a connected way. It was exceptional for our people and our partners who faced the fear of falling ill, had to cope with sickness (or worse) among their loved ones, were restricted in their personal movement and were cut off from personal contact with their family, friends, colleagues and clients. But it was also exceptional in the way in which Deloitte was able to thrive in this difficult time and exceed our expectations. Thank you to our people and our clients for their endurance, trust, creativity and resilience. Never before in our history has the physical distance between people been so big, yet the determination to connect, engage and deliver – and with that our impact - so high.

At the start of the year, our prime objective was to safeguard the continued employment and development of our people. For this reason – despite the anticipated economic slowdown – we decided to proceed with all planned promotions and hires. As our year progressed, we saw our business regaining momentum, and we needed every individual to deliver our services to our clients; we resumed recruiting in our growth areas.

Despite COVID-19, we focused on the execution of our Connect for Impact strategy, which has proven to be resilient, enabling continued long-term value creation for our stakeholders. In some areas the Crisis has accelerated the execution and led to more stretched targets, such as our ambition to be carbon neutral in 2025 and the digitisation of our services. In line with this strategy, we continue to focus on our purpose – to make an impact that matters – and we increasingly play a role in building a more responsible and more resilient Dutch society. We create societal value through our client work, our 'Future of' agenda and the valuable projects we carry out through the Deloitte Impact Foundation. More than ever, there is such an international strategic alignment between country organisations (geographies), regional member firms and the global Deloitte organisation with joint investments and collaboration across the board. This alignment, together with a relentless focus on strategy execution, has led to further investments in our Multi Disciplinary Growth platforms (MDMs) and our digital capabilities in all our businesses, and our involvement in numerous big, often tech-enabled, critical business transformations that were entrusted to us by many of our clients.

Throughout the year we had to face the many uncertainties of the COVID-19 crisis that required all our creativity and flexibility. We have been able to switch to fully digital delivery of our services in the most complex, global audits and business transformations. Being forced to work from home, we have tried to keep a keen eye on the well-being of our people and have taken decisions we felt would benefit their physical and mental health. Some of our actions have led to Deloitte being awarded third place as most family friendly employer by Intermediair, a Dutch work / life news platform for professionals with a higher education. COVID-19 has shown us the tremendous potential for hybrid forms of working going forward. Well-being will remain a top priority in the coming year so we can all find a new rhythm in our work and other activities.

The year was also marked by the international Black Lives Matter movement, which has reconfirmed the importance of our strategic initiatives on inclusion and diversity. It was a clear wake-up call to confront our own unconscious bias and stereotypes towards people from different cultural backgrounds. To achieve our strategic objectives, our Cultural Diversity Network has become more active than ever. Our overall mission is to build an inclusive environment for everyone. This translates into a programmatic approach, a.o. we're redesigning key processes to remove possible bias, for example from recruitment and promotion, invest in training and awareness, have female and reversed culture mentoring programmes and set targets for gender diversity on all levels.

In a society where the license to operate of companies and more specifically our role as auditor is challenged, we have intensified our interactions with stakeholders, and actively contribute to innovating the audit profession. The next step in our journey to improve audit quality has been concentrating on building a learning culture with more focus on collaboration.

Keeping quality at the forefront of everything we do, we want not only to contribute, but to lead the way. In our Audit & Assurance business, we innovate our profession by developing better and more meaningful audit quality indicators, and by increasing the effectiveness of fraud detection. We do so in close consultation with Young Audit. In our Advisory businesses, we want to help our clients make the step up by advising them on how to transition towards more digital, sustainable and responsible business models. This means working side by side with our clients and alliance partners, jointly finding answers to complex questions about bold, yet realistic, scenarios and the management of transition risks.

To fulfil our ambitions, we need highly trained, highly experienced talent. To secure the long-term availability of talent, in 2020/2021 we started the redesign of our employee value proposition (EVP), creating one single distinctive and international experience for all Deloitters and reflecting our commitment to providing an exceptional experience and a career that is personalised and meaningful. Our EVP is built around passion for purpose, true inclusion and continuous personal growth.

Contrary to our expectations a year ago, we were able to grow our revenue with a stable workforce while our expense levels declined due to less travel, learning and events. Our people have been awarded with a significantly higher variable pay combined with a 'thank you' payment for all staff. Part of our remaining distributable profit has not been paid out to the partners but has been spread over the next couple of years. This will enable us to have a stable development of partner earnings in the next years in combination with a major investment in the Employee Value Proposition of our talent.

With the wave of deployment of new technology and digitisation continuing for many years, we are optimistic about the future across all our businesses, albeit that macro-economic developments could influence our optimism. Top priorities remain investing in our broader sustainability capabilities and the development of our people, areas where we aim to make significant steps in our new financial year. Being a learning organisation, we will continue our own transformation journey in order to help our clients with theirs, making a positive impact on their businesses and society.

Rotterdam, July 14, 2021

Hans Honig
Chief Executive Officer and Chairman of the Executive Board

Liesbeth Mol
Chief Quality Officer

Oscar Snijders
Chief Operating Officer

Highlights from the Supervisory Board

Highlights from the Supervisory Board

The outbreak of the COVID-19 pandemic, now more than a year ago, involved many uncertainties - for society as a whole, but also for our clients and employees. Like many other organisations, Deloitte was confronted with unprecedented challenges. From working with colleagues on location for or with clients, we moved to working remotely from home. For some, that involved solitude or working with children at home – everyone had different private circumstances. The COVID-19 situation has put pressure on the organisation and in some cases has affected the wellbeing of Deloitte staff. The Supervisory Board would like to express its utmost appreciation and thanks for the way in which employees, management and partners have continued to dedicate themselves to serving clients and implementing the new 'Connect for Impact' strategy.

Contrary to our initial expectations, 2020/2021 turned out to be a strong year financially. This is because clients have continued to place their trust in Deloitte; in our capabilities to carry out audit and advisory assignments and to be allowed to lead large (including tech-enabled, often multi-year) business transformations. Deloitte's financial results make us humble in the knowledge that some companies and people are experiencing the negative effects (economic and beyond) of the crisis.

With our Connect for Impact strategy and focus on our purpose, Deloitte aims to drive long-term value creation for clients and make an active contribution to solving major social issues. Deloitte does so through and together with our clients, for example by helping organisations to prevent cyberattacks and become more secure, by adding trust in financial reporting through our audit work, and through the Deloitte Impact Foundation. This strategy was frequently discussed in the Supervisory Board meetings. The Supervisory Board makes its contribution by continuing to challenge and act as a sounding board for the Executive Board and supervise the execution of the strategy, putting the public interest first when performing audit and non-audit activities, and further developing Deloitte's own talent strategy.

This year, the Supervisory Board had to work mostly digitally, with shorter but more frequent meetings. The agenda topics were once again diverse. Due to the unexpected circumstances related to the COVID-19 situation, our focus at the beginning of this Financial Year was primarily on crisis management. Crisis management focused on (i) the internal organisation, in the form of supervising scenario planning, monitoring the liquidity of the firm and discussing the implementation of government measures, (ii) discussions about people, which focused on keeping as many talents on board in order to warrant their employment and the ability to kick-start our client work after the crisis and (iii) guaranteeing the continuity of services for clients. In this financial year, the Supervisory Board's role also included frequent discussion of important strategic themes, such as inclusion & diversity and succession management. In this broad agenda, Audit Quality remains a key theme, and the future of the accountancy profession and Deloitte's role therein is one of the important focus areas. The Supervisory Board will continue to encourage the daily policymakers of the Audit firm to play a pioneering role in this, and to continue the dialogue with all stakeholders. We also closely monitor the risk-reward balance of our advisory businesses, as these are increasingly awarded more complex and challenging engagements.

Although the outcome of the crisis is surrounded by uncertainty, the past year gives us confidence that Deloitte, with its strategy, has chosen the right direction, further expanding its strong market position and - together with employees, partners, clients and other stakeholders - continuing to hold its leadership position.

Rotterdam, July 14, 2021

On behalf of the Supervisory Board,

Hans van der Noordaa, Chairman of the Supervisory Board

Our purpose and strategy

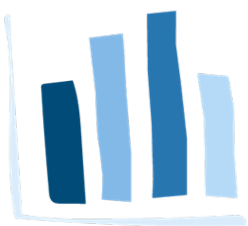
Connect for Impact

As Deloitte, our purpose is to make an impact that matters: on our clients, society and our people. We strive to be an adaptive organisation that continuously evolves to meet new challenges, solves our clients' problems and contributes positively to the society we live in. We want to be the first choice for clients and talent, to be the undisputed leader in professional services and to be known as a firm that embraces differences and encourages talent to reach their full potential. With a heritage that spans over 175 years, adding value to our clients, our people and society is at the core of who we are: without it, we simply wouldn't have survived.

We want our purpose to be part of how we take decisions and how we deliver projects to clients. But we also want to make it the centre of how we interact between colleagues, how we make our voice heard in society, and how we operate our own business in a responsible way. That is the ambition. We cannot get there alone, and we certainly don't have all the answers yet. We need to connect across Deloitte, engage with (business) partners in ecosystems, listen to what society tells us, and use those ideas to propel us further ahead on our purpose journey. Simply put: We need to 'Connect for Impact'.

We believe purpose and profit can go hand-in-hand. We can impact clients to become more resilient, successful and responsible, offer engaging work to people, contribute to society, and be profitable at the same time. Projects that help clients transition to more responsible business models are a great example of earning money and creating an impact. Doing this is not always easy. We have and will be facing tough dilemmas about the types of clients and engagements we want to have in light of our purpose. Whether we are doing enough for inclusion and diversity and at the right speed. Rather than pretending to be picture perfect, we want to be honest about our struggles and work together with our stakeholders in finding the right solutions. And we have to remain flexible: what matters tomorrow, might be something different than what matters today. How purpose translates into actions will evolve over time.

We aim to put our purpose into action by consciously embedding purpose throughout our business focusing on impact within four domains: Clients, Society, Talent, and Business Operations. Consequently, we have set clear goals supported by initiatives and results (proof points) for each of the four domains. We realise that we cannot have an equally big impact in everything we do, but even in our core expertise work, there is often a purpose mindset. Large parts of our Audit and Tax organisations, where client work contributes to a financial reporting system that people can trust, and thus results in more responsible businesses, are good examples of this.



1. Clients

Client impact is about ensuring that we connect across internal borders to work on our clients' most critical, complex challenges and that our work continues to be of consistent high quality, every single day. We want to be top of mind for helping clients become more resilient and responsible. They face large transformations, for example in the areas of technology, sustainability and reporting, where we can bring in capabilities from across our businesses and industries. It is also the reason why we have invested in new areas such as our multidisciplinary

Sustainability offering that brings together some 230 professionals from various service lines within our Dutch practice. When we connect, our impact is significant. This is illustrated in the client work for Erasmus MC where we joined forces to propel preventive health care forward through AI (predicting COVID-19 with 87% accuracy before it can be picked up by testing) and Transaction Monitoring Netherlands (TMNL) where we built a new interbank organisation to combat financial crime (see also pages 69-70 and 87-88 for these examples).

Making an impact for clients will result in stronger and satisfied clients, and a more responsible society, a win-win. We keep an eye on this by tracking and setting ambitious targets for client NPS (Net Promotor Score) at C-level and project satisfaction. We prefer clients, ecosystems, and projects that are aligned with our values and purpose. We have an ongoing, transparent internal and external dialogue on who we work for and the type of projects we do. Our Responsible Business Practice framework serves as a mechanism for flagging dilemmas and has been implemented in processes across our organisation.

We regularly decide not to proceed with certain client work. Most of the time this is not a black and white decision. It is not just a matter of refusing certain clients or projects in certain industries. We always look at opportunities to help move the industry forward and to support the client in becoming more responsible and resilient, contributing to society in a positive way.

2. Society

We want to play an active role in building a more responsible and resilient Dutch society. We will continue to make an impact through the Deloitte Impact Foundation and want to grow our impact on society through our client work by being even more selective in the types of clients we work for and the engagements we perform. We want to keep building trust in the financial reporting ecosystem. We do this by being at the forefront of developing and innovating Audit services, and by adding non-financial indicators to help resolve tension between short-term financial pressure and long-term sustainable goals. We are advocating integrated reporting linked to the United Nation's Sustainability Development Goals (SDGs), and aim to walk the talk ourselves through this Integrated Annual Report.

It is not only about audit and reporting. With all our businesses and clients united, we can have an even bigger impact on society. This report highlights a number of examples. That is why we made this a key part of our Connect for Impact strategy. One example is the 'Future of' initiative. Professionals throughout our organisation contribute to tackling societal challenges within Health, Mobility, Food, Security, Work, and Energy head on, for and with our clients.

The Deloitte Impact Foundation (DIF) is our vehicle to perform pro-bono services to societal partners. To amplify the impact of DIF, we concentrate our efforts on three key areas (that are fully aligned with our global strategy) and are working together with partners in ecosystems:

I. World*Class*, with initiatives to expand education and employment opportunities for those who need it most. Think of the National Money Exam (teaching kids how to consciously handle money), the Future Academy (giving refugees a valuable network), and the Maatschappelijke Alliantie (tackling inequality and teacher shortage in primary education in the metropolitan regions);
II. World*Climate*, Deloitte's new global strategy to drive responsible climate choices, also including initiatives to help protecting our natural world. Therefore we partner with the World Wildlife Fund (finetuning an early warning system to predict deforestation patterns) and The Ocean CleanUp (supporting their ideation and launch);
III. Inclusive society, with employee-led initiatives that address challenges including health, inclusion and diversity, loneliness, safety, and economic welfare. Examples are Alice the Social Robot (creating a robot to support elderly and their care takers) and NGO SchuldenLab (professionalising debt support).

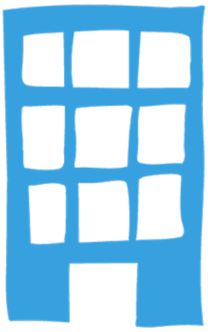
For more information on Deloitte Impact Foundation, please click here [LINK].

3. Talent
We continue to provide our talent with opportunities for personal growth and development. Our Employee Value Proposition provides a career that is personalised and meaningful. This serves not only our goals but enables them to excel and be happy in their profession, contribute to their communities, and become the next generation of leaders in and outside of Deloitte.

We will step up our approach to provide an inclusive workplace and leverage the diversity of our talent regardless of gender, age, sexual orientation, cultural background, ethnicity, faith or ability. Different people, different skills, and different perspectives combine to create value through diversity of thought. Not only is this the right thing to do. It is a business imperative. We have three key points of focus:

- Keep unconscious bias out of recruitment, promotion and development processes and drive a culture where differences are understood;
- Increase representation and retention by bringing and keeping more diverse talent into the workplace, especially women and people from different cultural backgrounds. Our aim is to create a diversity mix that reflects the available talent pool and the clients and markets we serve;
- Foster inclusive leadership. We have a programme in place to prepare leaders to be role models for inclusive behaviour and decision making. Results are measured through an inclusive leadership assessment.

We will continue the dialogue around cultural diversity. We have started with a reverse mentorship programme between culturally diverse mentors and senior leaders to help them become better stewards in creating an inclusive environment for everyone. Also, the panel promise has gone live in 2020/2021. This is a firm-wide commitment to not take part in non-diverse panels, while championing diverse panel and proposal teams.



4. Business operations
When we talk to clients about doing business in a more responsible way, this also raises the bar for our own business: we shall need to practice what we preach. The climate crisis is becoming increasingly urgent. To engrain sustainability in the DNA of Deloitte and empower our partners and people to become true sustainability ambassadors, we have created an approach that is aimed at reducing our negative operational impacts and maximising the positive ones. Our Internal Sustainability Team is tasked with the execution of this approach and to further strengthen our performance. They are challenged and supported by the Sustainability Taskforce and the Sustainable Operations Team.

One of our key programmes evolves around the reduction of our carbon footprint with the aim of achieving net-zero emissions by 2025 (for mobility and housing), five years ahead of the targets set by Deloitte on a global level in the World*Climate* programme. The work to make this happen is already underway: we will travel less internationally, move to a fully electric or hydrogen powered fleet, and our offices will become even more sustainable. For details of our climate approach, please see pages 73-74 of this report.

Strategy

In 2019/2020, we launched our new corporate strategy, Connect for Impact – a purpose-driven strategy founded on strong values that gives direction in a rapidly changing world and rooted in our global and NSE approach. By 2023, our aspiration is to be the leader in professional services in the Netherlands: both in terms of market position and quality and, most importantly, in the minds of our clients, stakeholders and talent. To reach that goal, by 2023, we need to have our purpose fully embedded in our daily business; through our client work, we will have a tangible impact on the big societal challenges in the Netherlands.

Connect: Proactively connecting our clients, partners, suppliers, people and ecosystems; supporting our clients' transitions to becoming more responsible businesses.

Impact: Driving tangible, measurable improvements to amplify our impact on our clients, our people and society; focusing on long-term sustainability in the Netherlands, with a focus on several key societal challenges: work, health, safety, energy transition, mobility and food.

To become the Deloitte we want to be in the future, we have built our strategy on five strategic imperatives where we will make purposeful step changes.

1. Embrace quality and responsible business
We live up to our values, creating impact for our clients, our talent and the society around us in areas where we can make a difference and lead on quality. We therefore want to embed our purpose in the core of our business and in everything we do, prioritising key societal challenges. We keep on strengthening our robust quality programmes both in Audit, and in our Advisory businesses.

2. Step up to market leadership
Market leadership is not (only) about size, but about the impact we make. Apart from leading in market position in our chosen markets, we want to be the leader in the minds of our clients, stakeholders and talent. That is why we aim to strengthen our C-level network and profile in the public domain. In Advisory, our target is to secure our leading position; in Audit, we will lead on quality and innovation and establish a fair market share in the upcoming mandatory auditor rotations.

3. Invest in profitable growth
We look to continue our profitable growth in the coming years to enable us to further invest in our talent and innovation. To realise profitable growth throughout our client portfolio, we will leverage our multi-disciplinary growth platforms in NSE, such as Sustainability, Cyber, Cloud and SAP S/4HANA®, to grow our core, export our unique capabilities and leverage our assets. Our objective is to achieve a balanced portfolio, which means growth across all client segments.

4. Accelerate innovation
Leveraging our international cooperation within NSE, we want to disrupt our business model through the development of innovative software assets, shifting from a time-based to a model where software assets play a key role in our delivery. We have prioritised our assets and are gearing up for further roll-out. In addition, we are digitising our own infrastructure by implementing cutting-edge ERM and CRM platforms – supporting our global Deloitte collaboration - as well as business specific digital platforms that we deploy for the execution of our engagements, automated controls, and communication and collaboration with our clients.

5. Strengthen engagement and inclusiveness

As indicated in the 'Connect for Impact' section, our talent defines the impact we have on clients and society. We believe in the power of diversity and recognise that this starts with an inclusive culture that allows every individual to grow in line with their personal needs and capabilities. We will therefore open up different career paths and embed inclusive leadership as the driving force of an inclusive culture. This will also be the foundation for significant improvements in diversity. We will redesign our employee value proposition and implement terms of employment that are up-to-date and offer the flexibility to cater them to the needs of the individual employee. In addition, we will stimulate entrepreneurship related to our markets by involving all our partners and Young Deloitte in shaping the future of our firm.

Putting our strategy to play

We have designed our strategy execution to create full strategic alignment across our firm. We have defined an integrated set of KPIs across our five strategic pillars and set targets and defined initiatives on the basis of our strategic plan. These targets and initiatives are cascaded down to our businesses and industries that include them in their own strategies and planning cycle. Progress is measured (for most KPIs) on a monthly basis. On a quarterly basis, the strategic KPIs are discussed in the performance meetings between business and industry leadership and the Executive Board, as well as between Executive Board and Supervisory Board. Our Chief Strategy Officer, who is a member of the ExCo, supports our Board in keeping oversight on strategy execution and – when opportune – adjustment.

Our progress

By 2023, we want our purpose to be fully embedded into our daily business. Our goal is to make a tangible impact on society through our client work. Where do we stand in realising our ambition? Emeric van Waes, Chief Strategy Officer at Deloitte Netherlands, provides an update.

The new corporate strategy is built on five strategic imperatives. What are the step changes in the first key area 'Embrace quality and responsible business'?
We have our ongoing activities in the area of audit quality and are currently implementing ISQM1, an internationally acclaimed standard for quality, throughout our firm, strengthening our quality controls. Our goal is to help our clients become responsible businesses, as well as being a responsible business ourselves. In sustainability, for instance, we want to become carbon neutral or even positive by 2025 for mobility and housing. In the past year, we have taken significant steps that will allow us to fulfil this ambition in the post-pandemic era that is dawning. Responsible business is a topic we feel should be included in every engagement we perform: what is ultimately the social impact of our advice, our solution, our audit. These are the conversations we want to have with our people and our clients.

And in the second key area, 'Step up to market leadership'?
We are pleased with our current position: we are the number one in advisory and we are growing in our Audit business. But more importantly, we also see an increasing recognition from our clients, stakeholders and talent. For instance, we are consistently in the top 10 in The Netherlands as most attractive employer for university graduates and our global brand is recognised as the most valuable brand in professional services. It is encouraging to see that throughout the year our NPS score amongst the C-level of our most important clients has been rising.

Where do we stand in the third key area, 'Invest in profitable growth'?
We are proud of our cross business multi-disciplinary approach to business transformation, which is a key differentiator for Deloitte in the market. As a result, despite the COVID-19 pandemic, we have been successful in achieving strong profitable growth – in fact, we saw higher growth than we anticipated in 2020/2021. This is partly due to increasing digitalisation, because we, and our clients, have continued investing in new capabilities and offerings.

And in the fourth key area, 'Accelerate innovation'?
Bringing innovative solutions to market and the digitisation of our own delivery continue to be top priorities. We have made good progress, and we can still improve further. We are developing successful software assets – in close collaboration with our global organisation, such as Open DATAplatform® , a cloud based secure data platform, TrackonTrade® for effective global trade automation, and Process X-Ray®, a tool that uses advanced analytics software for process efficiency. We also expect to further strengthen our position as a leading technological innovator in our field in the coming year.

How are we doing in the fifth key area, 'Strengthen engagement and inclusiveness'?
Over the past year, we have made a leap forward in inclusiveness with new activities such as the panel promise and our reverse mentoring programme. But there is still a lot of work to be done. Deloitte is a very diverse organisation: 40% of our employees are women and we have over 70 different nationalities represented. Inclusiveness is essential if we are to bring out the added value of diversity, so it is one of our top priorities. Our new employee value proposition will further strengthen engagement of our people.

What are the two biggest challenges when it comes to embedding the strategy into our daily business?
First, people engagement. Our people are our most important asset, but during the pandemic, keeping them engaged – not to mention mentally and physically healthy – has been extremely challenging. People are working from home and are missing the energy, the atmosphere and on-the-job coaching generated by meeting and collaborating with colleagues in the office. Our second key challenge is realising innovation. Our innovation requires us to operate on the cutting-edge of technology. Finding, keeping and developing the right talent for this cutting-edge innovation is a major challenge in a market where such talent is in high demand.

And what are we doing to tackle those challenges?
We have taken a lot of precautions during the pandemic in order to keep our people healthy and safe, and we've implemented a number of initiatives including childcare help, paid leave, a budget for home working improvements, fitness opportunities and even meeting colleagues safely in the neighbourhood. Now, we are working hard on a post-pandemic plan, in which we will combine the benefits of homeworking with the advantages of being together in the office. To tackle the innovation challenge, we are focusing on the attraction, retention and development of talent with a STEM profile, offering them terms of employment that are catered to their own specific needs.

What are the two biggest opportunities for us?
The first opportunity is that the market for sustainable business models is growing fast. Our focus on embracing responsible business aligns perfectly with that. The second key opportunity is digitalisation. Deloitte is very well equipped to support big digital transformations: our organisation is built upon multidisciplinary teams, working around client demands and bringing together different parties in an ecosystem. We are good at connecting people, organisations and industries, so we can come up with better solutions together. Our strength lies in partnering with clients and making connections.

Can you give an example of where our strategy is delivering good results?
We supported the Nederlandse Vereniging van Banken (the Dutch Banking Association) and five Dutch banks to tackle financial and economic crime. An estimated €16 billion is laundered in the Netherlands every year, which, of course, is a big problem and disruptive for our society. Together, we set up Transaction Monitoring Netherlands, meaning banks can now jointly look for warning signs of money laundering or terrorist financing. The Deloitte team included experts in Financial Crime Advisory, Strategy, Privacy, IT and Legal, so this is the perfect example of not only connecting clients, but also of working in a multidisciplinary way.

Can you give us a preview of our focus areas for the next fiscal year?
We are quite optimistic about the next fiscal year: we expect to see growth across all our industries and services. As a strong growth area, responsible business attracts the most attention, followed by everything relating to digitalisation. Inclusiveness will be a top priority, as will people engagement. Finally, of course, as we emerge from the pandemic, we aim to settle on new ways of working that combine the benefits of office- and home-based working and help reinvigorate our people and our teams.

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Emeric van Waes, Chief Strategy Officer

‘Future of’ themes

As part of our Connect for Impact strategy, we want to practice what we preach: being a purpose-led organisation. We will focus our voice in the market through six societal challenges: our **‘Future of’ themes**. These six challenges are characterised by having cross-business and cross-industry impact. By setting-up and collaborating in ecosystems, we respond to our call-to-action: **Connect for Impact**.

Our selection of the ‘Future of’ themes is a strategic, yet dynamic one: the selection may change as societal challenges emerge or submerge. What they have in common is that with our ‘Future of’ themes, we create ecosystems to accelerate the transformations necessary to adapt to new realities and help solve the challenges that society faces around the topics that we have selected. Deloitte unleashes its expertise, cross-industry experience and thought power to make these ecosystems as efficient and effective as possible.

Future of Health
With the Healthcare sector facing many challenges, such as escalating care costs due to an aging population and pressure on budgets and workforce, a new mindset is needed. We need to move from healthcare to health: with more focus on prevention, and an improved health consumer journey, where new health players will and have to enter the ecosystem.

Future of Work
Due to COVID-19 and digitisation, a couple of questions arise on what work we will do, who will do this work and where this work will be done. It is important to redefine work and look at, for instance, a virtual office, a good human-machine mix and employee value propositions.

Future of Security
Our society is vulnerable as a financial, digital and trading hub. It is important to keep these flows secure. Business and citizens expect the government to be a security provider, but in a world of rapid technological change, globalisation and complexity, how should we organise our security? Key topics are around financial crime, cybersecurity, future of defence and justice, and citizen- and corporate engagement in government issues.

Future of Mobility
As the way we travel is changing, we need to keep the Netherlands moving and enable seamless travel for people and goods in a sustainable way by using technology and ‘as-a-service’ solutions.

Future of Energy

Energy will change drastically; it is going to be more sustainable, with renewable sources and less or zero carbon emissions to meet the climate agreement goals. Connecting the ecosystem with traditional parties, but also with start-ups and public institutions is key.

Future of Food

Because of sustainability and planetary boundaries and shifting nutritional needs, the food ecosystem will change, creating space for new players. For instance, personalised nutrition and responsible production and waste are important in this new world.

Our firm

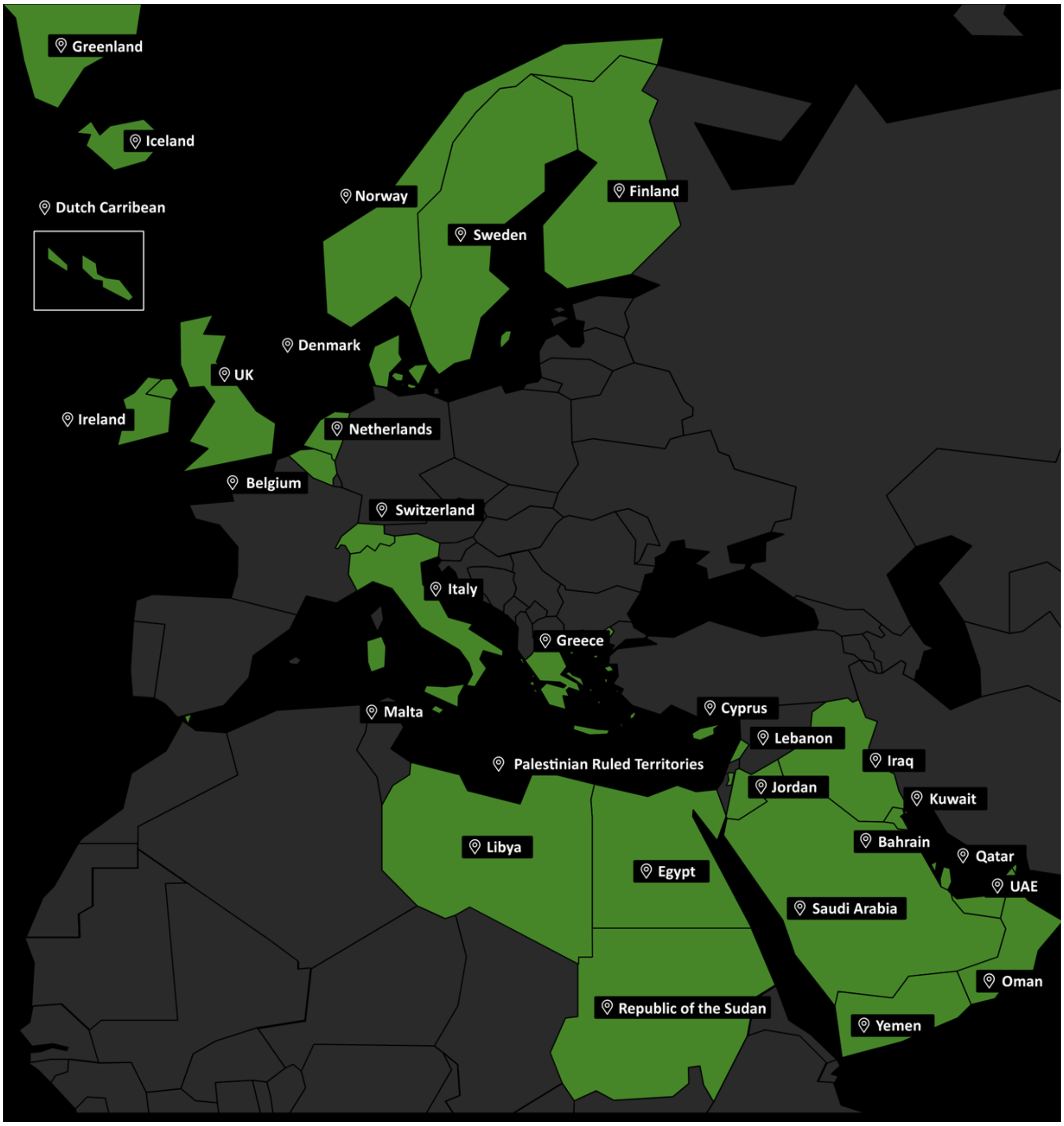
About Deloitte

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and legal and related services. We have been providing professional services to clients, developing our talent and engaging with society for over 175 years. Our global organisation has grown in scale and diversity and now comprises approximately 330,000 people in more than 150 countries and territories, serving 80% of Fortune Global 500® companies and almost all the Amsterdam Exchange Index companies, providing assurance services or, to non-audit clients, advisory services.

Deloitte Netherlands is the Dutch firm of Deloitte North and South Europe (NSE) and as such is a separate and independent legal entity. Deloitte Netherlands operates in the Netherlands and in the Dutch Caribbean. For a full list of subsidiaries, please see our financial statements.

In the Netherlands, we employ around 6,500 people (excluding contractors) in 16 different offices around the country. This makes us one of the leading Dutch professional services providers in the areas of audit, tax and legal advisory, consultancy, risk advisory and financial advisory. Our practitioners work in multidisciplinary teams that add value to how we serve our clients, applying a broad vision and in-depth approach to resolve their challenges and realise their opportunities.

There were no significant organisational changes in Deloitte Netherlands in 2020/2021. Within Deloitte NSE, a legal change was implemented following Brexit. This change is explained in the chapter 'Roles and responsibilities'. Deloitte NSE comprises the following countries: the Netherlands (incl. Deloitte Dutch Caribbean), the UK & Switzerland, Ireland, Belgium, Finland, Denmark, Sweden, Norway, Iceland, Italy, Greece, Malta, Libya, Palestinian ruled territories, Cyprus, Lebanon, Jordan, Iraq, Egypt, Saudi Arabia, Kuwait, Bahrain, Qatar, the Republic of the Sudan, the United Arab Emirates, Oman and Yemen. Deloitte NSE brings together around 50,000 professionals, which helps us make an even greater impact in each of our markets. By working as one unified firm, we can achieve more – for our clients, our people and the communities we work in – than we would be able to on our own.



Material topics

On the basis of our stakeholder dialogue, we determine topics that are important to our stakeholders and to us. We actively manage these topics and report on our related activities and performance. Please see pages 154-158 for a summary of our stakeholder dialogue in 2020/2021.

Compared to our previous IAR and in line with both our Connect for Impact strategy and our materiality analysis, we have changed 'Internationalisation' to 'International cooperation' and relabeled 'Cost reduction' as 'Cost effectiveness'. Furthermore, we have merged 'Corporate citizenship' into our 'Social impact' topic, and expanded the scope of 'Climate and CO_2' so it becomes the broader topic of 'Environmental sustainability'.

	Area	Topic
1.	Quality	Quality of services
		Client satisfaction / NPS
		Credibility / Trust
		Privacy
		Data security
		Reviews by supervisory authorities
2.	Ethics & integrity	Ethical standards
		Integrity
		Anti-corruption
3.	Talent	Inclusion & diversity
		Training & education
		Career development
		Vitality
4.	Economic performance	Profitable growth
		International cooperation
		Cost effectiveness
5.	Innovation	Technology enabled solutions
6.	Impact on society	Social impact
		Sustainable Development Goals
		Environmental sustainability
		Contributions to societal challenges

Our engagement approach

To consistently deliver high-quality services to our clients, we maintain a standardised engagement approach.

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 assemble 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.

Our leadership in 2020/2021 (per 31 May, 2021)*

Supervisory board

Frans Eelkman Rooda	Jacqueline Rijsdijk	Hans van der Noordaa	Nienke Meijer	Vincent Moolenaar
Member	Member	Chairman	Member	Member

Executive board

Oscar Snijders	Hans Honig	Liesbeth Mol
COO	CEO	CQO

Executive committee

Business Leads	Industry Leads	Functional Leads
Erik Nanninga Business Lead Consulting	**Dominique van Seggelen** Consumer	**Petra Tito** CHRO
Willem Blom Business Lead Tax & Legal	**Eric Vennix** Energy, Resources & Industrials	**Rianne Jans** Finance
Dagmar Enklaar Business Lead Financial Advisory	**Pieter Hofman** Financial Services	**Carlo Renne** Reputation & Risk Leadership
Rob Bergmans Business Lead Audit & Assurance	**Rob Dubbeldeman** Government & Public Sector	**Emeric van Waes** Corporate Strategy Officer
Harvey Christophers Business Lead Risk Advisory	**Michel Vreedeveld** Technology, Media & Telecommunications	
	Ton van Abeelen Deloitte Private	
	Bianca den Elsen* Clients & Industries	

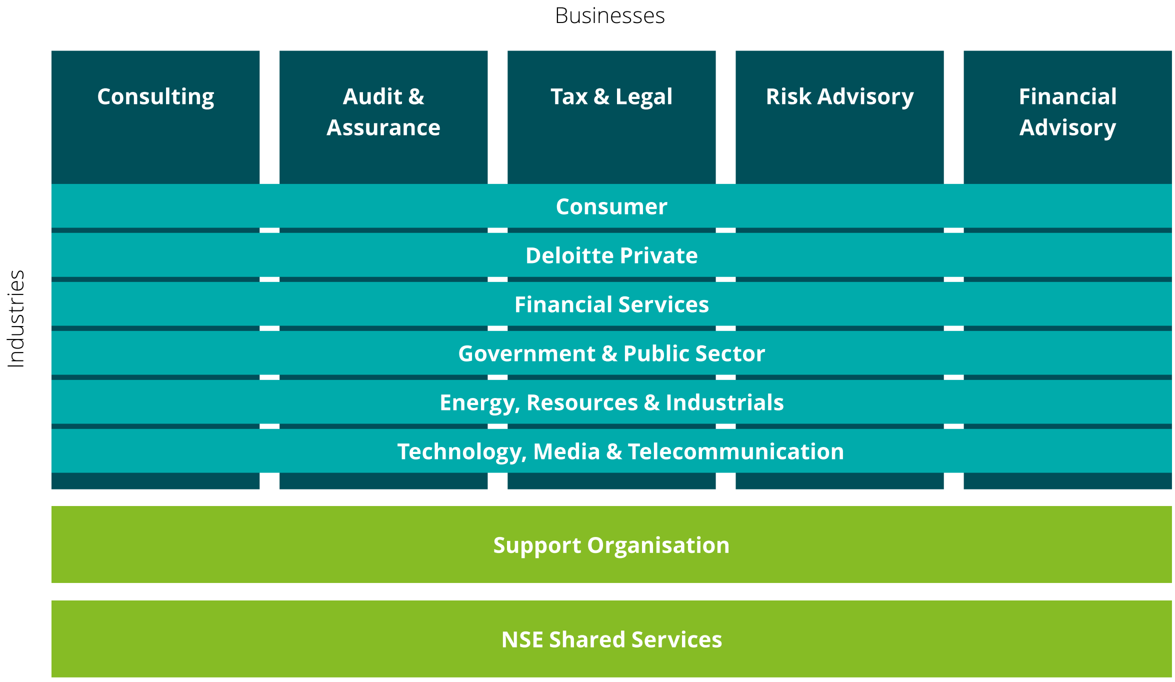
* Due to a sabbatical, Pieter Hofman will temporarily replace Bianca den Elsen as C&I lead effective 1 June 2021. Pieter Hofman will combine this role with his role as Financial Services lead.

Our businesses and industries

Deloitte is organised around five businesses: Audit & Assurance, Consulting, Tax & Legal, Risk Advisory and Financial Advisory. These businesses all work across various economic sectors that we consider as six industry groups: consumer; energy, resources and industrials; financial services; government and the public sector; technology, media and telecommunications; and the private sector. Our Support Organisation serves both the businesses and the industries. Working with a matrix of businesses and industries that is identical in every geography where we operate, allows us to meet the needs of our clients by combining expertise with experience.

In this section, we provide the 2020/2021 financial results and market developments of our five businesses and our Support Organisation, and explore their key challenges and opportunities. In addition, we discuss the main developments and activities within our industries.

Our strategic objectives are trickled down to our businesses, who have plans in place to put our strategy into action by adding context and content to our five strategic pillars. The results of their activities feed back into our strategic dashboard.



Audit & Assurance

Turnover in € million		Employees (FTE)		Partners	
249.1	+8.4%	1,589	+0.7%	55	0.0%

The purpose of our Audit & Assurance business is to protect the public's trust and confidence in the capital markets. Our core objective is to carry out consistently high-quality audits and provide assurance services. We connect with the finance professionals and audit committees of the entities we audit, as well as with our people and with society. In doing so, we aim to deliver a superior quality experience that serves the public interest and inspires our people.

Against the backdrop of COVID-19, we are proud of our efforts and of the results we delivered. Our financial results in 2020/2021 exceeded our expectations. Compared to last year, our revenues grew (+8.4%) to €249.1 million, which enabled us to invest in quality, our people and our transformation and innovation programmes.

Launching Strategy 2023
2020/2021 was the first reporting year on the road to realising our firm's 2023 ambitions, and marked the launch of the Audit & Assurance business Strategy 2023. We made sure all our professionals and partners were actively involved in a wide range of initiatives, including a series of internal dialogue and engagement sessions that spanned the full breadth and depth of our practice.

Underpinning the roll-out of our Strategy 2023 are our culture programme and culture compass. These will be invaluable tools as we strive to become more inclusive, adaptive and focused on team efforts – both strengthening and celebrating our teamwork. We made considerable progress in these areas in 2020/2021 and they will remain important points of focus for the years ahead.

Five foundation pillars
Our Audit & Assurance business's Strategy 2023 centres upon five strategic pillars. Each pillar covers several focal themes, to guide us and help us realise our aspirations.

1. *Superior quality experience:* (1) culture of excellence and learning, (2) consistent execution of high-quality audits, (3) continuous risk monitoring and risk sensing, and (4) being in control on quality;
2. *Unrivalled talent experience:* (1) broad roll-out of our culture programme, (2) enhanced focus on well-being and learning, and (3) execution of talent transformation programmes;
3. *Balanced growth:* (1) focused targeting opportunities (2) enhancing our growth capability, and (3) optimising our growth processes;
4. *Transform & Technology enabled:* (1) shift to a more agile, adaptable and 'future-aware' mindset, (2) accelerated embedment of our transformed audit approach, and (3) further development of our automated data-driven audit;
5. *Future of Audit:* (1) developing meaningful and relevant responses to evolving stakeholder needs, and (2) taking the lead in the public debate on the future of auditing, actively engaging with a broad range of stakeholders on relevant themes.

Themes like financial viability, fraud, sustainability and cyber security are becoming ever more prominent in audit practices, accompanied by an increased pace of change – especially technological change – and a greater need for adaptability. Responding to these and other non-financial themes will expand our impact and improve what we are able to do to help our clients and other stakeholders. We also aspire to leverage our leading market position and our high audit quality, so we can sustainably grow and transform our business in preparation for the next round of mandatory auditor rotations.

People
In line with our purpose, we foster a culture of learning and inclusiveness, invest in our leadership capabilities and provide opportunities, growth and purpose for our people. This year, we have become more diverse, with, for example, 9.7% non-Dutch and 34% female professionals among our 1,644 (+0.7%) partners and employees.

Society
Beyond our own people, it is important for us to connect with external stakeholders. This is a key part of our Future of Audit efforts, that focus on enhancing audit quality. This quality agenda is especially relevant as we prepare for the next round of mandatory audit rotations in 2023/2024 as to us audit quality is a key differentiator. In 2020/2021, we actively contributed to various sectoral initiatives, such as by leading the taskforce focused on improving fraud detection.

Future of Audit
We find ourselves at a pivotal moment in time, with increased interest from a wide range of stakeholders for our role in the financial ecosystem. Expectations are high, and we strongly believe we are up to the task of delivering on those expectations. We believe to be leading in audit quality, and we have built a strong foundation as we continue to transform the way we perform our audits in the upcoming years and develop the audit product of the future. We aspire to have a leading role in the 'Future of Audit' developments, as we focus on (i) transparency through Audit Quality Indicators, (ii) moving the needle on how auditors address fraud risks and going concern, and (iii) further ramping up our efforts to strengthen our culture of learning and inclusiveness. We are taking an active role to lead the public debate on the future of the profession. We have a responsibility to do the right thing in the public interest. Always. While keeping pace with the ever-changing world.

Clients
We have a positive impact on numerous organisations thanks to our first-class audit and assurance expertise. Beyond our central audit and assurance services, this reporting year we were called upon to provide support to various COVID-19 state aid programmes ('NOW') for the entities we audit.

Key challenges
The first main challenge we face is to ensure we keep up with the changes in our industry. We believe the best way to do this is in fact to stay ahead of these changes where possible: we aim to drive transformation and innovation, leading the way for our profession. Our clients require a range of highly relevant, high-quality services, and our task is to anticipate – and deliver on – their needs, with solutions that are fit for the Future of Audit.

A second key challenge is to improve inclusion and diversity in our business. We know that by fostering an environment where people from all backgrounds feel valued and included, we can add value and thereby improve the impact we have not just on our employees, but also on our other stakeholders. Our ambition is to be a 'learning organisation' by making sure we are transparent, reflective and open to change.

We are proud of our efforts and the results we delivered during this challenging year! We are committed to the role we play in protecting the public's trust and confidence in the capital markets and we aim to deliver a superior quality experience that serves the public interest and inspires our people.

Rob Bergmans, Business Lead Audit & Assurance

Consulting

Turnover in € million	Employees (FTE)	Partners
323.7 +5.9%	1,517 +5.9%	70 +1.4%

Our purpose is to help solve our clients' most complex issues. We deliver strategy and implementation, from a business and technology view, to help clients lead in the markets where they compete. Deloitte Netherlands' Consulting business is built on four pillars: Purpose, Clients, Talent and Capabilities.

Living our purpose

We worked on appealing and high-impact assignments in 2020/2021, both for the government and in the private sector. Our services in the field of analytics enabled us to contribute to the Future of Health. For example, we are helping a consortium of the Dutch Ministry of Health, Welfare and Sport, the Netherlands National Institute of Public Health and the Environment (RIVM), the Municipal Health Services (GGD), hospitals and community doctors to deliver the strategy to scale up vaccinations.

Helping clients transform their business

The demand for our services continued to increase this year, thanks in part to our broad digitalisation agenda. We saw a further acceleration of large transformational engagements for corporate and public clients. The emergence of cloud services has brought closer connections between business and information technology for our clients. This dovetails well with the types of service we provide, which combine business advisory with technology and human capital services. In this way, we help our clients transform digitally, along all parts of the value chain, and demand in this area is still on the rise.

Engaging our talent

Our people worked hard in 2020/2021, due to the growing demand for our services. With employees mostly working from home, we faced a continuous challenge regarding health and well-being, but we managed to maintain social connections on a team level. An example of our social connection initiatives is the launch of Beat Radio, the radio for Deloitte Consulting, produced by a professional DJ with several consultants from the various teams also taking part. After its successful launch by Consulting, Beat Radio was adopted by Deloitte as a whole during the year. We launched several other initiatives including walks with colleagues, digital check-ins and digital coffees. We also organised two completely virtual Consulting Community Events with more than 1,000 consultants participating.

Leveraging our capabilities

Through our integrated delivery model, we work closely with our near- and offshore centres in Romania and India, amongst others. Last year, we saw an increase in clients asking us to support their digital transformations, which leverages many existing and new cloud technologies. Increasingly, we build our teams with people from our own offices and from our near- and offshore centres, and this trend is set to continue.

Scaling up our specialist team

Our continued growth gives us real 'scale' – and scale gives us the opportunity to specialise and differentiate, from industry and competencies perspectives. Our partners, directors and managers have both a competence specialisation and an industry focus, so that we can cover all kinds of competencies across all industries. We have the processes in place to keep knowledge and insights up to date.

Enabling transformation through collaboration

In line with our strategy, both our Consulting business and Deloitte as a whole foster a strong culture of collaboration. To properly supervise our clients' transformations, we need people with expertise in different areas, such as strategy development, change management and technology. Good collaboration between businesses gets the best results for the client. We therefore prioritise collaboration with Risk Advisory, Financial Advisory, and Tax. Strategically, we distinguish ourselves by offering a broad range of linked capabilities to support our clients' transformations. Indeed, we are increasingly a one-stop shop for facilitating broad digital transformations.

Meeting challenges head on
Recruitment and social engagement were our biggest challenge in 2020/2021, and will remain so in the coming months, even given our new model of working, which prioritises virtual communication. We communicated with our colleagues more frequently than usual this year, in order to be open about all our challenges and share ways of dealing with them. We all learned to work virtually during the year. Our clients confirmed that the quality of our service remains very good and has not suffered from becoming largely remote. The virtual model is highly efficient and made it easier to organise client meetings with experts from all over the world – as well as having a positive impact on our carbon footprint. Our challenge now is to continue our work on increasing our range of virtual learning options, as we believe it is crucial to make this a permanent fixture. This is especially the case because the future working model in Consulting will be an efficient combination of office-, client- and home-based working. Demand for our services continues to increase.

To be able to further grow our Consulting business, we must also grow the number of staff across all levels. Therefore, the successful recruitment and retention of graduate and experienced consultants is a key success factor for future growth.

Embracing technological opportunities
We saw more excellent growth opportunities in digital transformation this year, mainly supported by cloud technologies such as SAP S/4HANA®, Oracle and Salesforce, next to AWS and Google. In addition, we experienced an increase in demand for emerging technologies such as ServiceNow, MuleSoft and Anaplan.

We distinguish between advise, implement and operate. We advise on strategy and implement the right processes and technology for our clients, after which we can run these remotely. Operate is becoming an increasingly important component, and as such we have the opportunity to offer clients integrated transformations, and partner with them from strategy to execution and help running the business.

I'm very proud of what we achieved with our Consulting colleagues for our clients in these challenging times. Not only did we manage to help our clients transform their business or did we help with opening up society in a responsible way post-pandemic, but we also explored new possibilities to keep our talent engaged.

Erik Nanninga, Business Lead Consulting

Tax & Legal

Turnover in € million		Employees (FTE)		Partners	
209.7	-0.7%	826	-7.1%	58	-3.3%

Our aim is to be the transformation partner for our clients in the Tax & Legal domain. 2020/2021 was clearly the year that confirmed this strategy. Our clients' transformations, prompted by the digitalisation of business models, have taken flight as a result of accelerated developments in society. This is reflected in the type of assignments we received this year and in all the energy and resourcefulness they elicited from our people.

Leveraging cooperation to add value

An important part of our overall strategy is cooperation with other specialised services at Deloitte. We believe this provides our clients with significant added value. Within Tax, we worked with our other businesses, especially Consulting, Financial Advisory and Risk Advisory. Within Legal, we cooperated with Risk Advisory in the area of Regulatory, and with Financial Advisory in the area of mergers and acquisitions. Increasingly, the assignments and feedback we receive from clients confirm that this is how we really distinguish ourselves from our competitors.

Cooperation within North and South Europe was further strengthened this past year with the addition of the Middle East. This makes us part of one of the largest member firms within Deloitte Global, and we are gradually developing into a coordinated global tax practice in an increasingly large number of areas. We also significantly invested in the global tax technology platform Intella.

Paving the way for growth in Legal

The arrival of Frederieke Leeflang as managing partner of Legal in February 2020 laid the foundation for our work in Legal this year and in the years to come. We finalised our strategic plan, hired the first new partners and built new teams. We also regularly voiced our opinions about both our Legal strategy and wider developments in the legal profession in the media.

Clients are increasingly demanding integrated legal services. This affects both the growth we want to achieve with our Legal service and the fact that we have a different strategy from established law firms. Growth in 2021/2022 was modest, influenced by our focus on establishing a solid foundation for our expected growth in the near future.

A leading voice on the future of Tax & Legal

As part of our corporate social responsibility, we are increasingly presenting our point of view on the Future of Tax & Legal. As a result, we were more vocal in the media in 2020/2021 on the subject of responsible taxation, and we continued to participate actively in the social debate initiated by the Dutch Ministries of Finance and Justice on the regulation of our professions. This is related to the responsible tax debate that is also taking place internationally; for example, the Organisation for Economic Cooperation and Development (OECD) is promoting a more equitable tax system worldwide. While we support initiatives to come to a more equitable, global tax environment, our concern regarding the number of emerging global initiatives is that it is becoming increasingly complicated for our clients to comply with all these obligations. We are in favour of easily enforceable legislation and in 2020/2021 we published several points of view on this topic.

Making our voice heard in this area is also important regarding the perception of quality under the umbrella of the Future of Tax & Legal, which is linked to Deloitte's other 'Future of' issues, such as Energy, Food, Health, Mobility and Work. All these topics naturally have tax and legal aspects that will help shape our collective future, and we therefore foresee an important role for Tax & Legal.

Winning the war for talent

The 'war for talent' remains a continuous challenge, partly driven by the evolving labour market and the changes to the way people view the dynamics of the employer–employee relationship. Moreover, COVID-19 has fundamentally changed our employees' connection with our company. This was something we kept a close eye on throughout the last financial year, and we will continue to pay attention to our social connections and well-being. Furthermore, our focus for 2021/2022 and beyond remains on inclusiveness and diversity, and sustainability is increasingly becoming a self-evident and key part of all our activities.

Key opportunities in a changing world

The volume of major transformations taking place in our business environment means that many opportunities lie in front of us. Therefore, as our clients' transformation partner, it is important that we continue to invest in three pillars: first, the quality and depth of our tax and legal knowledge; second, our capabilities in the field of technology; and third, our emerging alliances within both Tax and Legal. In that respect, too, we made great strides in 2020/2021, as our experience with major transformation projects grew. In addition, we have an opportunity to capitalise on the growth of our Legal practice, which will remain an important spearhead for our business in the coming years.

[INCLUDE LINK TO https://www2.deloitte.com/nl/nl/pages/tax/topics/base-erosion-profit-shifting.html?icid=nav2_base-erosion-profit-shifting]

Our strategy is to be the transformation partner for our clients in the Tax & Legal domain. The volume of major transformations that are taking place right now in our business demands energy and resourcefulness from our people. I'm very proud of how we managed to stay on top of things during this challenging time.

Willem Blom, Business Lead Tax & Legal

Risk Advisory

Turnover in € million	Employees (FTE)	Partners
137.1 -19.3%	693 +0.7%	31 -8.8%

Our Risk Advisory identity centres on helping clients become more responsible businesses and through that supporting them to grow in a sustainable way balancing the needs of all stakeholders. We pride ourselves on playing our part to advance the overall purpose of our organisation and make an impact that matters. Responsible business is at the heart of our Strategy 2023, and we are disciplined and determined when it comes to executing on that strategy. Our key investment choices in key responsible business topics – around cyber, sustainability, government and life sciences, for example – are all aimed at making the biggest possible impact on our clients, our people and on society.

Boosting our impact with clients

We are proud to work with numerous major organisations, in a range of global industries. This year, we boosted our impact in key regulatory responsible business topics in life sciences by investing in a bigger team and through acquiring Iperion Life Sciences. We also increased our presence in the area of central government work in areas of responsible digital transformation. We invested in helping the growing start-up community to develop their businesses responsibly: our new brand Devence helps start-ups and scale-ups build responsibility into their business from the very beginning. We continue to focus on responsible financial reporting working with Audit, responsible financial modelling, responsible Cloud, regulatory compliance and responsible management of risks as well as crisis and reputational risk management.

Making an impact every day

This year we made significant investments in our sustainability services, helping clients become more accountable for the sustainability transformations they are going through and helping them be accountable to stakeholder groups for this. We were closely involved in a number of responsible digital transformations, and we attended more discussions about data privacy and digital ethics with our clients, advising on how to enhance their responsibility credentials and improve their impact on their stakeholders. We were also involved in several regulatory remediation programmes with banks and insurers, working on anti-money laundering and even launching schemes to help customers affected by this issue. In our everyday work, therefore, we have an increasingly positive impact on society – and alongside this, a number of our people are also involved in Deloitte Impact Foundation projects, ensuring we look beyond our clients and use our expertise to improve our wider society.

Taking care of our people

Like the rest of Deloitte, throughout the COVID-19 pandemic, we managed to remain focused on the market and avoid drastic personnel actions protecting the livelihood of our people.

We made good progress on realising our inclusion and diversity objectives. The proportion of women partners in our team rose to 23% this year, leading to a better gender balance within our business. We also took important first steps to boost cultural diversity within our team. In addition, we brought in new talent and appointed four new partners and eight new directors from our ranks: in a year that posed threats to our business, therefore, we still managed to provide good opportunities for career advancement and to attract new colleagues.

Staying on top of key market developments

Responsible business is now a familiar and important topic on many boardroom agendas, and this creates a lot of opportunities for us. One of the key market trends related to our business is cybercrime: the multiplication of threats, attacks and malware shows no signs of slowing down. As a result, we continued to invest in our capabilities in that space, including bringing a new partner and new talent on board, and we continued supporting our people with professional development designed to keep their skills and knowledge up to date. We aim to use our global expertise to help our clients the best we can.

Sustainability, and in particular the non-financial reporting and accountability around sustainability, is the second major issue where there is growing demand. This year, we brought in people with extensive experience and world-class expertise to help clients become more sustainable – and more accountable. With many organisations making big promises to the market in terms of their green ambitions, investors need transparency and accountability so they can be confident their money will be spent in a sustainable way.

A third key opportunity is digitalisation. In an ever more digital business world, we invested in our cloud capabilities in 2020/2021 to help clients take the bold step into the cloud – in a responsible way. This year, we saw SAP S/4HANA® become a major part of the digitalisation landscape, and we are working together with our Consulting colleagues to help clients configure controls and security into their SAP S/4HANA®. Conversations around digital and data ethics are growing louder, and it is important that we help clients respond, for example by using machine learning and artificial intelligence (AI) responsibly. We engaged with experts from the world of academia, expanding our internal understanding of these topics and establishing valuable partnerships.

Tackling business challenges

One of the challenges we face in Risk Advisory is to find, attract and retain the right talent. The work we do is highly relevant for today's businesses and will remain critical to organisations in the future, and we also work in an extremely competitive space – we are up against niche competitors and global organisations as well as the traditional 'big four' firms. Our strong team ethic and the social aspect of our business, usually key value propositions, were disrupted this year by COVID-19. However, although in-person contact was minimal, we were still able to provide a dynamic development experience for our people.

> Because we help our clients become responsible businesses, we are under the spotlight when it comes to being a responsible business as well. Inclusion and diversity and our carbon footprint are incredibly important topics for us, and we are proud to have played a leading role in the firm's overall objective to reach carbon neutrality by 2025.
>
> **Harvey Christophers, Business Lead Risk Advisory**

Financial Advisory

Turnover in € million		Employees (FTE)		Partners	
106.6	+16.6%	408	+3.0%	32	-3.0%

We aim to be the undisputed leader by acquiring deals and projects that matter within our priority ecosystems, through delivering premium high-quality services.

The impact of COVID-19 continued from the end of the previous financial year into 2020/2021. The effect of the pandemic on Financial Advisory's Mergers and Acquisitions (M&A) Service Lines was particularly strong, but we saw a recovery beginning to take effect from the second quarter of this year onwards. This set in motion a substantial catching-up process. There is still economic growth in the market as well as a considerable amount of money, especially among private equity funds, and many clients are now aiming to look beyond the crisis, targeting growth to improve their position. This can be done independently or through acquisition and our expertise lies in assisting clients with both pathways. Acquisition, which is especially popular among our M&A services, is doing particularly well as we begin the new financial year.

Despite challenging circumstances, we have seen solid growth over the past year and we expect this growth to continue into the new year. Quality and the acceleration of innovation are important factors in this respect, and these are themes to which we are continuously committed.

Progress in our key service areas
Our M&A services are in high demand from the market. All our teams – Transaction Services, Debt Advisory, Corporate Finance and Valuations and Modelling – are benefiting from this, in particular our Transaction Services and our services in the field of (Mega) carve-outs. Developments in the entire M&A market continued to advance rapidly in 2020/2021 and we are keeping pace with them. Our focus areas within M&A are the entire lifecycle of M&A in close cooperation with other Deloitte businesses, from M&A strategy to Commercial Due Diligence, Acquisition Financing and Post-Merger Integration.

Forensic experienced strong growth (+35%) in 2020/2021. The issues we investigate are becoming increasingly complex and covering more areas. In the past, it mainly targeted the financial sector, now it is also spreading into the corporate sector. We are investing heavily in technological developments; not only out of necessity but also to keep our high-quality services affordable for our clients. We expect these developments to enable us to take on double the volume of work in our Forensic services by 2023.

Our Real Estate services were also in high demand given, among others, the booming residential market in the Netherlands and overall high interest in Real Estate by companies, investors and government alike. We also coordinated the sale of Axiom (a data sharing platform for real estate owners) and developed initiatives for the Deloitte Impact Foundation, including a programme to help the homeless. A new important segment that has grown in size for us is Family Offices which fits perfectly within our strategy.

This year, we invested more in the technology and digitalisation of our Benefits and Pension Advisory services to help our clients prepare for the consequences of the Pension Agreement in the Netherlands, which has been definitively adopted by Dutch cabinet and its social partners. As we expect substantial growth in this area, we have appointed a new partner specialised in Pensions and Benefits to expand our services.

Like Deloitte, our clients operate internationally and are always on the lookout for opportunities to grow further. Intensive cooperation between the various specialised services in and beyond Financial Advisory support this, and we are constantly creating new partnerships to bring our joint expertise to the client and maximise the value of our impact.

Challenges
In the past financial year, we invested in a more inclusive culture and a diverse workforce. While these developments are making progress, it needs to happen faster and we recognise this as a challenge for our business. The well-being of our staff is another challenge, especially in light of near-universal homeworking in 2020/2021. We need to support people so they perform consistently and at a high level, but we also need to maintain a sense of belonging and a collegiate atmosphere, despite the distances imposed by the pandemic.

The current labour market is a further challenge, but we continued to succeed in attracting talent from different backgrounds this year. We are committed to improving the balance between male and female talent in the coming years. More female partners have joined M&A and the overall influx of new employees into the organisation is positive. We aim to give both attracting and retaining talent our full attention.

Opportunities
We see significant opportunities for Financial Advisory where we will continue to make additional investments, namely our services in multidisciplinary M&A, forensic, mega carve-outs, infrastructure and the financial services industry. In addition, sustainability is a key focus area in all our Service Lines form sustainable finance, to sustainability due diligence and preventing 'greencrime'.

To realise our growth, we will work to attract diverse talent in the coming years. We see that the overall inflow of new employees into the organisation is very positive. We strive for more diverse leadership. Both attracting and retaining talent have our full attention.

Dagmar Enklaar, Business Lead Financial Advisory

Our Industries

Our businesses work with clients in several economic sectors. In 2020/2021, we helped these clients navigate old and new challenges in their industries and capitalise on opportunities.

A central role in our industry approach is played by our Client & Industry (C&I) organisation that is connected to our global and NSE C&I networks in order to actively build and share our industry knowledge. Important priorities are:

- Improve cross business collaboration with a focus on our top-50 clients;
- Obtain meaningful feedback on engagement level and on C-level to further improve client satisfaction and Net Promotor Score;
- Develop distinctive C-level and board room events and labs to build executive relations;
- Further invest in our digital marketing capabilities;
- Support our Industry Leaders and Account teams with their go-to-market;
- Implement our new global CRM system.

The consumer industry

COVID-19 had a major impact on our clients in the consumer industry, most commonly because of demand plummeting during global lockdowns. The grocery sector, however, was overwhelmed by steep increases in demand and by disruptions to global supply chains and logistics infrastructure. This impact accelerated transformation in several of our clients' business processes, such as those relating to the management of supply chains, moving from offline to online commerce, digitalisation of back-end-to-front-end processes, sustainability, cyber security and healthy nutrition.

Since shop floors were largely empty of customers during the year, the direct-to-consumer trend became even more prominent. Data collection – and the management, privacy, quality and structure thereof – consequently became a central focus for most Consumer Packaged Goods (CPG) clients. Customers' e-shopping behaviours showed a sharp decline in return shipments, and alongside this development came a boost in momentum for technology and platform businesses and the transport sector, with an unprecedented rise in package deliveries and logistic movements.

In the new financial year, we expect to see the focus on these topics not only continue but even grow further, with digitalisation and data being the common denominators in all transformations.

Energy, resources and industrials

The energy transition is rapidly changing the industry, resulting in a world of opportunities for our clients: new ecosystems are forming, increased electrification poses unique challenges and sustainability, formerly a peripheral concern, is now a subject at the heart of the industry. Even during a global health crisis, the general public continued to call for urgent political and corporate action on climate and air pollution in 2020/2021. Investors and shareholders are demanding that our clients respond; in turn, clients are uncertain as to what the future of energy will look like, and as a result, what the best strategic decisions are for their business. Deloitte provides a clear perspective on the possible energy landscape of the future, using our transformation architecture and scenario modelling capabilities. We increasingly play a role in enabling our clients to keep up with and stay ahead of the major transformations we are seeing in the energy industry.

There are other challenges and opportunities, however, besides the energy transition. Competition in the chemicals sector has led to major industry consolidation, for example. In the field of technology, more and smarter innovation brings many opportunities, from digitisation to artificial intelligence and circular disruptors with new business models. The trend of smart factories and smart products in manufacturing and construction continued to rise last year; meanwhile, power companies are collecting ever more client data and oil and gas companies are increasing their investments in advanced technologies for their lengthy and complex value chains. All of this makes robust cyber security more important than ever. Digital disruption also spurs on large, technology-enabled transformations, and these drive a significant portion of our MDMs. Thanks to our expertise and broad reach, we are very well placed to help clients navigate a path through these issues. Our businesses enable our clients in this sector to achieve profitable growth, whether this is through mergers and acquisitions, investments in future energies or industrial innovation.

Financial services

In contrast to the financial crisis of 2008, the COVID-19 pandemic saw many financial institutions taking on an active role in supporting their clients and thereby protecting the economy of the Netherlands from severe damage. We are proud that, in 2020/2021, we were able to be a valuable partner to many of our clients in this way.

Meanwhile, the crisis accelerated trends that were already emerging in recent years, such as incumbents being challenged by new entrants (including FinTechs, BigTechs and large international players), increased pressure from regulators and society on compliance topics (such as Know-Your-Customer procedures), ecosystems blurring the boundaries in financial services, standardising and digitalising products and services in order to increase customer engagement and reduce costs, while leveraging data and data analytics as a key differentiator.

In this dynamic landscape, we focus on our key accounts, building relationships and serving our financial services clients at the core of their business. We make sure we work both at the strategic level and within clients' supporting functions, so we truly understand their organisation. Our key objectives are to partner with our clients on innovation and digitisation, to support new entrants in scaling their businesses and to comply with all relevant regulations. The main challenge we face is the attraction and retention of talented professionals. The skill sets we need in order to deliver on our goals are relatively new and scarce, but they are also in high demand among all our clients and competitors in the financial services sector.

Government and public sector
As a result of the transformation of the government and public sector (G&PS) practice, our Advisory business is now better able to support our clients through innovative and transformative projects, serving them from a cross-business perspective and leveraging our best-in-class knowledge and experience from Deloitte North and South Europe and Global.

The COVID-19 pandemic had a significant impact on this sector, especially within the national healthcare market. We helped clients in this industry with the resulting challenges in a number of ways, including, for example, by creating a platform for entrepreneurs to request financial stimuli packages, and by working with health clients on COVID-19 projects and research. We also strengthened our market positioning regarding the Future of Health, Safety and Mobility, publishing several Points of View and facilitating client discussions with relevant organisations. In addition to this, we made a step up in our G&PS Audit practice, resulting in a more sustainable business and market position. In the future, we expect to see many clients looking to accelerate their digital transformation.

Technology, media and telecommunications
The COVID-19 pandemic has been a catalyst for speeding up many clients' digital transformations. Technology, media and telecommunications (TMT) companies had to develop increasingly advanced customer and market solutions to meet the challenges of the crisis. Beyond the pandemic, the growing adoption of flexible consumption models, the Internet of Things, cloud technologies, robotics, AI and machine learning and 5G is triggering a new wave of business transformations. There is a continued industry convergence of content and developing services around disruptive M&A, operating model of the future, and cloud-based transformation.

In response, we continued to focus on the growing necessity for robust, digital, back-office processes and on strengthening our clients' traditional business services, such as finance, human resources, information technology (including cyber security), data analytics and tech delivery platforms. Despite the pandemic, we managed to grow our TMT practice significantly in 2020/2021, and we plan to continue this pace of growth over the coming years, driven by a focus on high-tech, digital platforms and scale-up companies. Technology alliance partnerships also are becoming increasingly important as we strive to realise the TMT industry's aspirations. As such, we will build further on the relationships we have established, guided by our Technology Strategy, which aims to generate 'sell-with' revenue with our alliance partners.

Every year, we leverage our market knowledge and offer our TMT Predictions about the challenges in this industry, providing insights into disruptive trends and growth opportunities across the sector. We also carry out and share the results of our Global Mobile Consumer Survey on consumer digital and mobile trends. The 21st edition of our Fast-50 client programme continued to celebrate fast-growing technology companies and disruptive start-ups in the Netherlands. In addition, our thought leadership – which in 2020/2021 was positioned around 5G and how the TMT industry can contribute to a sustainable future – remained a valuable part of the service we deliver to our stakeholders.

Deloitte Private
Deloitte Private serves non-listed private companies, family owned companies and affluent individuals. The companies served by Deloitte Private are experiencing increased competition from disruptive business models and are also facing changing regulatory requirements worldwide. The key challenges for these companies are therefore to develop innovative ways to grow their customer base and hence their business, as well as to navigate the risks and regulations that come with international and digital expansion. Clients are looking for new ways to collaborate: solutions include creating business ecosystems and investing in innovative propositions.

Companies confronted by these industry trends and challenges require a trusted advisor for guidance and support. We aim to nurture and grow the many long-term relationships we have with our clients and ensure we have a deep understanding of their business and of the private sector. This enables us to identify and understand all the possible cross-business and cross-industry collaborations that can be created – and, moreover, to customise them for each client and segment, including family enterprises, emerging growth (which covers start-ups, scale-ups and small and medium enterprises), private equity (including portfolio companies) and privately owned companies. Our internal response to developments in digitalisation and globalisation is to embed an approach based on a multidisciplinary delivery model towards the market with our Lead Client Service Partners and dedicated account management.

Leveraging the 'Future of' themes to help shape the future of private companies. By building the Deloitte Private community, we aim to optimise our understanding of and impact on the private segment and to establish valuable ecosystems within the Netherlands.

Support Organisation

Turnover in € million	Employees (FTE)	Partners
5.7 -25.0%	885 -1.9%	8 -20%

The objective of our Support Organisation is taking care of supporting processes in an efficient and effective way so that our practitioners can fully focus on their client work. It provides the tools for our Talent journey, ensures that we maintain financial oversight, organises and maintains an effective and safe ICT-infrastructure, avoids liabilities and safeguards legal compliance, communicates effectively to and with internal and external stakeholders, provides insights on industry level, builds and protects our brand and reputation, rents and furnishes our offices, procures the goods and services that we need to run our business, reviews our internal reporting and processes, and much more. In short, our Support Organisation provides almost everything our businesses need to deliver high quality services to their clients.

The Support Organisation has a high added value for our strategy execution though a number of core activities by:

1. **Providing (cost)effective solutions**
   The year 2020/2021 saw the implementation of SWIFT, our new global finance and engagement management system (based on SAP S/4HANA®). Consequently, on 1 April 2021, we have transitioned our financial processes to the Global Finance Service (GFS) organisation. SWIFT and GFS are important global initiatives that modernise our practice, finance, and engagement systems and processes. We worked hard to keep all Deloitters connected throughout the COVID-19 pandemic by providing secure data access and online collaboration tooling allowing our people to thrive from their chosen location. To further increase the quality of our internal services, we have transitioned first-line IT support to the Global Contact Centre (GCC). With the introduction of SWIFT and GCC, we have adopted central service tooling that has been developed by DTTL (ServiceNow). Finally, our Data management team has become part of CoRe Data Management Services and is now a global team, operating from the Netherlands. The purpose of this team is to safeguard data quality between our prime engagement and ERM systems (Jupiter, Compas and SWIFT). By creating more unity in our international tooling and support, we not only reduce cost and increase effectiveness, we also enable international mobility which is a benefit for our people.
2. **Safeguarding a culture of quality**
   We drive programmes aimed at further improving our quality culture in which we value quality over earnings. As a firm that combines audit and advisory services, we maintain high standards of quality and robust procedures regarding acceptance, independence, ethics and compliance. Over the years, our acceptance practice has shifted from a focus on compliance and ethics, to a process in which we determine whether we want to build a relationship with a specific client in light of our purpose and strategic priorities.
3. **Keeping engagement high**
   Our Support Organisation – under responsibility of the Executive Board – has led the COVID-19 response from Deloitte. Many of our support departments have cooperated in creating a safe working environment for all our partners and employees, from lending out ergonomic office furniture to designing a response to various possible economic scenarios, from making sure there was a reliable VPN connection to secure sensitive client data to immediate care for vulnerable colleagues. The connection between our people, between our people and our firm and between the firm and our clients has been of paramount importance. After it became clear that working from home would continue for a longer time, the focus has shifted from enabling working from home to working from home responsibly, mindful of topics such as work-life balance, loneliness and combining parenthood with working from home. We developed programmes such as 'Wellbeing Wednesday' and supported our people with nanny day care when kindergartens were closed as a result of the pandemic. We also introduced a fixed monthly financial compensation based on calculations made by Nibud (National Institute for Family Finance Information) as well as a one-off allowance for our people to be able to purchase ergonomic furniture and/or equipment to furnish their home offices. Through open communication, including online town halls, we have endeavoured to keep our people engaged and informed throughout the pandemic.

4. **Addressing CO_2 emissions**
   Deloitte's ambition to become carbon neutral is part and parcel of the 'Purpose and quality' pillar of our Connect for Impact strategy. A multi-disciplinary team under direct responsibility of our COO leads initiatives to reduce our CO_2 emissions and compensate remaining ones in a meaningful way. Employees from Talent, Workplace Services, IT, Procurement, Finance, and Communication have joined together and have developed a plan and timelines towards net zero operations. In the slipstream of this ambition, also other environmental topics are addressed. Examples of such topics include waste, water and biodiversity.

Roles and Responsibilities

Deloitte NSE LLP (Deloitte NSE) is a member firm of Deloitte Touche Tohmatsu Limited (DTTL), a United Kingdom (UK) private company limited by guarantee. Deloitte NSE, with affiliates in 28 countries across Europe and the Middle East, is not engaged in professional practice itself. All trading continues through local country practices, including the practices of Deloitte Netherlands.

Deloitte Netherlands is the Dutch Affiliate of Deloitte NSE and Deloitte NSE No2 CLG, a legal entity according to Irish law. Both are members of Coöperatief Deloitte U.A. ('the Cooperative'), Deloitte NSE No2 CLG having a two-thirds majority of the voting rights in the General Meeting. Deloitte Holding B.V. (Deloitte Holding), a 100% subsidiary of the Cooperative, is the centre of the governance structure of Deloitte Netherlands.

The Board of Deloitte NSE is primarily responsible for ensuring high-quality governance and stewardship of Deloitte NSE. The single elected NSE Chief Executive Officer (CEO) leads the NSE Executive. The NSE CEO is accountable to the NSE Board to deliver on the agreed long-term strategy of Deloitte NSE. The Deloitte NSE ways of working are based on the principles of connected+ autonomy: Deloitte Netherlands, as well as the other national practices within NSE, maintain a significant degree of marketplace, talent and operating independence. Importantly, our Strategy 2023 is also fully aligned with the overall NSE Strategy 2023.

The Dutch Corporate Governance Code and Audit legislation
Deloitte, as a non-listed company, is different from the companies for which the Dutch Corporate Governance Code ('the Code') is intended. However, on a voluntary basis and in addition to applicable Dutch civil law, Deloitte applies the principles of the Code to a large extent and acts in the spirit of the Code. Some of the best practices mentioned in the Code either may not be applied in identical form within Deloitte, or are not suited to being 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.

Deloitte's Articles of Association and rules and regulations contain the best practices of the Code to a large extent and are fully in line with the applicable Audit legislation, such as the Wta and Bta.

General Meeting
The General Meeting brings together the entire partner community, Deloitte NSE and Deloitte NSE No2 CLG as participating shareholders. The company's annual results, 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 composed of five members: Hans van der Noordaa (Chairman), Frans Eelkman Rooda (Vice-Chairman), Jacqueline Rijsdijk, Vincent Moolenaar and Nienke Meijer. All members are independent.
The Supervisory Board has drawn up guidelines for its size and composition, considering the nature of the company and the expertise and experience required of Supervisory Board members.

Hans van der Noordaa, Chairman of the Supervisory Board of Deloitte Netherlands is a (non-voting) independent Non-Executive member of the NSE Board. The Independent Non-Executive members of the NSE Supervisory Board are remunerated for their role by Deloitte NSE.

Supervisory Board tasks and responsibilities
The Supervisory Board oversees and advises the daily policymakers of the Cooperative and Deloitte Accountants B.V., 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 focuses on, among other things, the interests of the Audit firm and the public interest in ensuring the quality of statutory audits. 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 and the daily policymakers of the Audit firm, inter alia in relation to the following: (i) Realisation of the company's objectives; (ii) Strategies pursued by the company and the risks involved; (iii) Design and implementation of internal risk management, quality and control systems; (iv) Quality, independence, integrity, ethics and other matters of public interest; (v) Deloitte's financial reporting process; and (vi) Deloitte's compliance with laws and regulations.

Supervisory Board committees
The Supervisory Board has formed four committees, each with its own rules of procedure: (i) Audit & Finance Committee; (ii) Quality, Integrity & Risk Committee; (iii) Remuneration Committee; and (iv) Selection & Nomination Committee. The committees prepare the decision-making of, and frequently report to, the Supervisory Board.

Executive Board composition
The Executive Board is composed of three members: Hans Honig (CEO and Chair), Oscar Snijders (Chief Operating Officer) and Liesbeth Mol (Chief Quality Officer). Executive Board members are appointed for a period of four years and are eligible for re-appointment for a further period(s) of no more than four years.

Executive Board tasks and responsibilities
The Executive Board is responsible for, among other things, 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. Executive Board members 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, considering 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.

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 the Code, took place in 2020/2021.

Executive Committee
The Executive Committee (ExCo) supports the Executive Board and has a role in the preparation and implementation of decisions taken by the Executive Board. The Committee structure is flexible in order to meet the changing needs of the organisation. On 31 May 2021, the Executive Committee consisted of 19 members (5 women, 14 men), 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 five partners. The Partnership Council is charged with giving support and advice to the Supervisory Board in the broadest sense of the word. The Partnership Council can give solicited and unsolicited advice in support of the Supervisory Board. The chairman of the Supervisory Board can decide to invite (a delegation of) the Partnership Council to (partially) attend meetings and other discussions of the Supervisory Board.

Report of the Supervisory Board

Composition of the Supervisory Board
The Supervisory Board of Deloitte NL is comprised of five external members. All members of the Supervisory Board are also independent within the meaning of paragraph 2.1.8 of the Corporate Governance Code and article 22a.4 of the Wta, and in the opinion of the Supervisory Board, all independence requirements of paragraphs 2.1.8 till 2.1.10 of the Code and the Wta/Bta were met during 2020/2021.

Name	State of first term	End of present term
Hans van der Noordaa (Chairman)	April 2020	April 2024
Frans E. Eelkman Rooda (Vice-Chairman)	September 2013	September 2021
Jacqueline P. Rijsdijk	September 2013	September 2021
Vincent G. Moolenaar	November 2016	November 2024
Nienke E.C. Meijer	July 2017	July 2021/2025

Supervisory Board meetings | Financial Year 2020/2021 key figures

- 1 strategy meeting
- 1 education meeting
- 1 meeting with the AFM
- 1 meeting with quartermasters
- 2 General meetings chaired
- 10 Meetings
- 20 Committee meetings
- Attendance rate 98.4%

The Supervisory Board meetings are joined by the Executive Board and a representation of the Partnership Council, on invitation by the Supervisory Board Chairman. Based on the agenda, the Chairman has invited additional invitees, for example ExCo members and members of their teams, responsible for key initiatives and/or engagements. All Supervisory Board meetings are prepared in advance by the Chairman, CEO, the Executive Board's Chief of Staff and the Company Secretary.

In addition to regular (Committee) meetings, the Supervisory Board and its members have had regular contacts with the Executive Board, the Executive Committee, the Partnership Council, individual partners and professionals and the Works Council, and have had several meetings with Young Audit Professionals. The Chairman and CEO meet frequently face-to face. Similar interaction takes place between the chairpersons of Committees and relevant members of the Executive Board and/or Executive Committee.

Most important Supervisory Board resolutions and discussions in 2020/2021
Strategy 2023 | During 2020/2021, the Supervisory Board monitored the execution of strategy 2020/2023 in various ways: (i) by discussing the strategy impact assessment in the months after the COVID-19 outbreak, (ii) by monitoring the progress based on the strategic KPI dashboard, (iii) by discussing dilemmas and key themes, like inclusion and diversity and purpose, and (iv) by having the annual 'zoom in' on the strategy performance and 'zoom out' session on the strategy. The SB also frequently interacted with Business Leads to monitor the execution of business strategies.

Audit Quality and the Future of Audit | The Supervisory Board has continued to consistently and frequently interact with the Audit Business about, for example, initiatives to further enhance quality, the System of Quality Control, the company culture and interaction with external regulators and stakeholders. Some other highlights:

- Conversations with (i) the AFM and (ii) the quartermasters (kwartiermakers toekomst accountancysector) focused on the future of audit and other developments;
- In line with Deloitte Audit's ambition to be a learning organisation, the SB has approved the proposed changes of the malus policy;
- The Supervisory Board was briefed several times on the implementation of ISQM1, with one deep dive during the Education meeting;
- The Supervisory Board monitors progress on selected Future of Audit priorities, like the development of Audit Quality Indicators, the acceleration of culture initiatives and efforts related to fraud and business discontinuity.

Succession management | Discussing the structured identification and development of senior management (potential).

Inclusion and diversity | One of the priorities of the Supervisory Board is to further enhance inclusion and diversity at Deloitte. Last year we reported that efforts and initiatives in previous years were beginning to gain traction. During Financial Year 2020/2021, Deloitte has again made good steps, with welcoming more female partners in the team and a first step in improving cultural diversity (see pages 59-60 of this Integrated Annual report for the achievements). Inclusion and diversity will remain a top priority in the upcoming financial years.

Employee value proposition | As Deloitte personnel is the most important 'asset' of the firm, the Supervisory Board and Executive Board have discussed several times the intention of the EB to further improve the employee value proposition.

Internationalisation | The Executive Board frequently updates the Supervisory Board on international developments and developments regarding the NSE operating model. In addition, a deep dive on the NSE integration was on the agenda of the strategy meeting in December 2020, partly in presence of the NSE CEO. The Supervisory Board Chair is also a non-voting independent non-executive member of the NSE Board. This enables him to participate in discussions and to express and share the Dutch firm's point view.

Annual self-evaluation of the Supervisory Board
After the onboarding of the new Supervisory Board Chairman, the Supervisory Board made an internal evaluation of its performance, and the performance of its committees and members. This year's evaluation was performed with internal support of a Human Capital expert and resulted, among other things, in a different set-up of meetings. In addition, the SB has evaluated its contribution to the mission, vision and strategy of the Audit firm and, as a consequence, invited the quartermasters to find out first-hand how their work is progressing and proactively offer support.

Supervisory Board Succession | In November 2020, Vincent Moolenaar was re-appointed for four years as Supervisory Board member, following a binding nomination of the Supervisory Board. The Selection & Nomination Committee (SNC) has also started the search for two new Supervisory Board members, as the term for both Jacqueline Rijsdijk and Frans Eelkman Rooda will end in September 2021. The SB has evaluated and updated its profile. For the purposes of these succession files, the SNC is comprised of Nienke Meijer, Hans van der Noordaa and Vincent Moolenaar.

Annual performance evaluation Executive Board and Audit management
In accordance with relevant legislation, the Supervisory Board has also evaluated the performance of the Executive Board and the daily policymakers of Deloitte Accountants B.V. in 2020/2021. The Remuneration Committee of the Supervisory Board has held two sessions (i.e. mid-term and year-end) with each member of the Executive Board regarding their individual performance and long term and short-term objectives. The Supervisory Board has also provided input for the performance evaluation of the Business Lead Audit & Assurance and NPPD Audit and has received feedback with regards to their evaluation as basis for determination by the Supervisory Board of their remuneration.

Other important agenda items of the Supervisory Board | Besides recurring corporate topics like the approval of Deloitte's Financial Plan and the Plan for Deloitte Accountants B.V., the Integrated Annual Report and financial/business and industry updates, other important agenda items for the Supervisory Board include: (i) embedding purpose, (ii) Ethics, (iv) the transparency report of Deloitte Accountants, (v) high profile/risk engagements, including the Steinhoff matter.

Committees
The Supervisory Board has assigned, under its responsibility, a number of its specific tasks to four subcommittees (Committees), that are comprised of the following Supervisory Board members:

Audit & Finance Committee	Selection & Nomination Committee	Remuneration Committee	Quality, Integrity & Risk Committee
Frans Eelkman Rooda (C)	Jacqueline Rijsdijk (C)	Nienke Meijer (C)	Vincent Moolenaar (C)
Vincent Moolenaar	Vincent Moolenaar	Hans van der Noordaa	Hans van der Noordaa
Jacqueline Rijsdijk	Nienke Meijer	Frans Eelkman Rooda	Nienke Meijer

The findings and recommendations of Committee meetings were reported to the Supervisory Board during the regular meetings of the Board.

Highlights of the work of the Audit & Finance Committee during 2020/2021
The Audit & Finance Committee (A&FC) assists the Supervisory Board in fulfilling its oversight responsibilities regarding the quality of internal and external reporting, financial risk management, the control framework, internal audit, engagement with the external auditor, financing and tax. In doing so, it considers the outcome of internal audits, the audit report of the external auditor and assessments of compliance with applicable laws and regulations.

The A&FC held five regular meetings during 2020/2021, additional informal and preparatory meetings with the COO and CFO and the A&FC also met in a private setting with (i) the Chief Audit Executive and (ii) the external auditor to discuss the auditor's report.

In addition to the above, work of the A&FC was focused on, among other things, liquidity management and an increase of the credit facility, structure of the control framework of the group including tax controls, implementation of the new financial management and reporting system (SWIFT), a review of the Internal Audit Function and Deloitte's profit distribution policy.

Highlights of the work of the Quality, Integrity & Risk Committee during 2020/2021
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. It does so, based on reports of, among others, the Risk and Reputation Lead, the Compliance Officer Wta, the Director of Independence, the Ethics officer and General Counsel. During 2020/2021, the QIRC held five regular meetings and one extra meeting. Key highlights include:

- Audit Quality |Besides a regular update on Audit initiatives and progress on the Audit Quality Plan, the QIRC thoroughly discussed, among others, the Audit firm's response to COVID-19, the portfolio risk review, the annual audit of the System of Quality Control, Audit Policy amendments, the Future of Audit selected priorities and culture programme;
- The QIRC prepared the ratification process of the Supervisory Board regarding the Executive Board's appointment of Audit partners and directors as external auditor;
- Several businesses provided in-depth quality, integrity and risk management updates;
- The Committee discussed litigation and risk management cases;
- The QIRC discussed the process and shift in risk profile and monitored developments regarding Deloitte's Enterprise Risk Framework. Increasing attention is and will be paid to large (often tech-enabled) business transformation and associated risks.

Highlights of the work of the Remuneration Committee during 2020/2021
The Remuneration Committee (RC) supports the Supervisory Board in decisions regarding the remuneration of the Executive Board members, including an assessment of their individual performance. Based on Audit legislation, decisions of the Executive Board regarding the remuneration of daily policymakers of the Audit firm are subject to approval of the Supervisory Board as well. In addition to the three Executive Board members, who are also daily policymaker of Deloitte Accountants B.V., this also concerns the two other statutory board members of Deloitte Accountants B.V.: the BL Audit & Assurance and the NPPD Audit.

The RC has held four meetings during 2020/2021. The RC's work focused on, among other things, preparation of the performance evaluation of all daily policymakers of Deloitte Accountants, preparation of the decision-making for determination of short and long-term objectives (KPIs) of the Executive Board and validation of the goalsetting of the BL Audit & Assurance and NPPD Audit.

Highlights of the work of the Selection & Nomination Committee during 2020/2021
The Selection & Nomination Committee (SNC) is responsible for preparing the selection and nomination by the Supervisory Board of new members of the Executive Board, daily policymakers of Deloitte Accountants B.V. and the Supervisory Board.

The SNC has held five regular meetings and many ad hoc meetings and calls in relation to the succession files mentioned below. Key highlights include:

- Supervisory Board and Executive Board succession planning;
- Update of the Supervisory Board profile, the preparation of the reappointment of Vincent Moolenaar and Nienke Meijer, and the search for two new Supervisory Board members;
- The annual and marginal review/test of the partner mapping process;
- The SNC regularly discussed succession management of the firm, partner performance evaluation process and leadership development.

Profile of the members of the Supervisory Board

Hans van der Noordaa (1961)

Member since 2020

Hans van der Noordaa has many years of (national and international) experience as a banker and insurer. He was CEO of Delta Lloyd (2015-2017) and was previously a member of the Executive Board of ING Bank and a member of the Executive Board of ING Group.

External positions and activities:

- Chairman of the Supervisory Board of War Child;
- Member of the Advisory Board of Change Group OÜ;
- Chairman of the Supervisory Board of the Johan Cruijff Arena;
- Member of the Supervisory Board of Health [e] Foundation.

Frans E. Eelkman Rooda (1952)

Member since 2013

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;
- Chairman of the Supervisory Board of Netherlands Translational Research Center B.V..

Jacqueline P. Rijsdijk (1956)

Member since 2013

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

- Chair of the Supervisory Board of Fair Share Fund Triodos Bank;
- Chair of the Supervisory Board of the Green Fund Triodos Bank ;
- Member of the Supervisory Board of Van der Hoeven Beheer II B.V.;
- Chair of the Board of Stichting Beheer Hotelschool Den Haag;
- Partner at Partner in Toezicht;
- Member of the Supervisory Board of Royal Cosun (Coöperatie Koninklijke Cosun U.A.);
- Member of the Advisory Board of The Waste Transformers;
- Chair of the Supervisory Board of Triodos Impact Strategies II N.V.;
- Member of the Supervisory Board of AAP Implantate AG.

Vincent G. Moolenaar (1963)

Member since 2016

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, including the position of Vice President Internal Audit for five years. In addition, he worked at Ahold as Chief Audit Executive from 2010 to late 2015 and from 2015 to late 2018 as Global Integration Program Leader of the merger of Ahold and Delhaize.

External positions and activities

- Chairman Supervisory Board Indentiteitsvoorzieningen & Digitalisering Notariaat Holding B.V.;
- Member Supervisory Board of Stichting Slachtofferhulp Nederland;
- Member Supervisory Board Stichting Museum Slot Loevestein;
- Member Supervisory Board of Stichting ProDemos;
- Council ('Raad') of the Corporate Chamber ('Ondernemingskamer') of the Amsterdam Court;
- Member of the Advisory Board of the European Leadership Platform;
- Member national selection committee for judges (LSR);
- Chairman Advisory Board Institute of Internal Auditors Netherlands;
- Board member alumni association Nyenrode New Board Program;
- Board member Stichting Reward Value;
- Chairman of the Program Board of the Executive Master Internal Audit at the University of Amsterdam;
- Auditor at the NVZD.

Nienke Meijer (1965)

Member since 2017

Since July 1, 2017, Nienke Meijer has been a member of the Supervisory Board of Deloitte Netherlands. Nienke Meijer has extensive (management) experience in the areas of strategy development, innovation/digitalisation, human capital and media. She has worked at (a.o.) Wegener, 'Eindhovens Dagblad' and 'Dagblad de Limburger' in several senior management positions. In December 2019, Nienke Meijer has stepped down as Chair of the Executive Board of Fontys University.

External positions and activities:

- Member of the Supervisory Board of Leiden University Medical Centre (LUMC);
- Member of the Supervisory Board of PostNL;
- Owner of BlueLake Strategies B.V.;
- Member of the Advisory Board of the AWTI (Adviesraad voor Wetenschap, Technologie en Innovatie);
- Member of the Board of Stichting Buitenboordmotor;
- Member of the Board of Stichting de Volkskrant.

Risk management

Like the rest of the world, we were impacted this financial year by the severity and magnitude of the COVID-19 virus outbreak. Thankfully, our Business Continuity Management capabilities enabled us to respond in a quick and effective manner. In these responses we applied strict guiding principles to safeguard the safety of our people and enable our business to operate as normal as possible. Events like the COVID-19 pandemic prove that intelligent risk management creates opportunities, enables us to respond in case of unforeseen events and is key to sustaining performance.

Context
During the creation of the 2023 Strategy, risks have been assessed and mapped to our Ambition. Our Enterprise Risk Framework (ERF) is fully aligned with NSE and supports us in the delivery of our Ambition. We identify, assess, prioritise, manage and monitor Enterprise-Wide Business Risks on an ongoing basis.

Early 2021, interviews with our Executive Board and members of our Executive Committee were conducted in order to collect their perspective and key concerns with respect to the 2023 choices and ambitions. Based in the input received, we were able to update all the risks in our ERF. During the discussions with our leadership, three risks were top of mind (Talent, Advisory delivery & risk management, and Our role and future public interest impact). These three 'top of mind' risks were discussed in detail during the ExCo Risk Workshop in March 2021 ensuring a shared understanding and vision, and alignment on current and required mitigation.

Governance
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 the annual risk workshop, our Executive Committee and Board refresh our risk profile and appoint risk owners for our priority risks. Risk owners are subsequently asked to implement robust risk mitigating plans and periodically report on the progress of risk mitigating activities. 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, among other measures, periodic meetings with the individual risk owners to discuss and review mitigations.

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 line management, the RRL and the internal auditor, who assesses the key elements of the risk and control system. The Executive Board also considers the findings and reporting of the external auditor on the functioning of internal controls as part of their annual audit engagement.

In control
Our ERF helps us to maintain control, have the right information available, comply with applicable laws and regulations, and meet our own high-quality standards. Based on the entire system of quality controls, our Executive Board is able to state that:

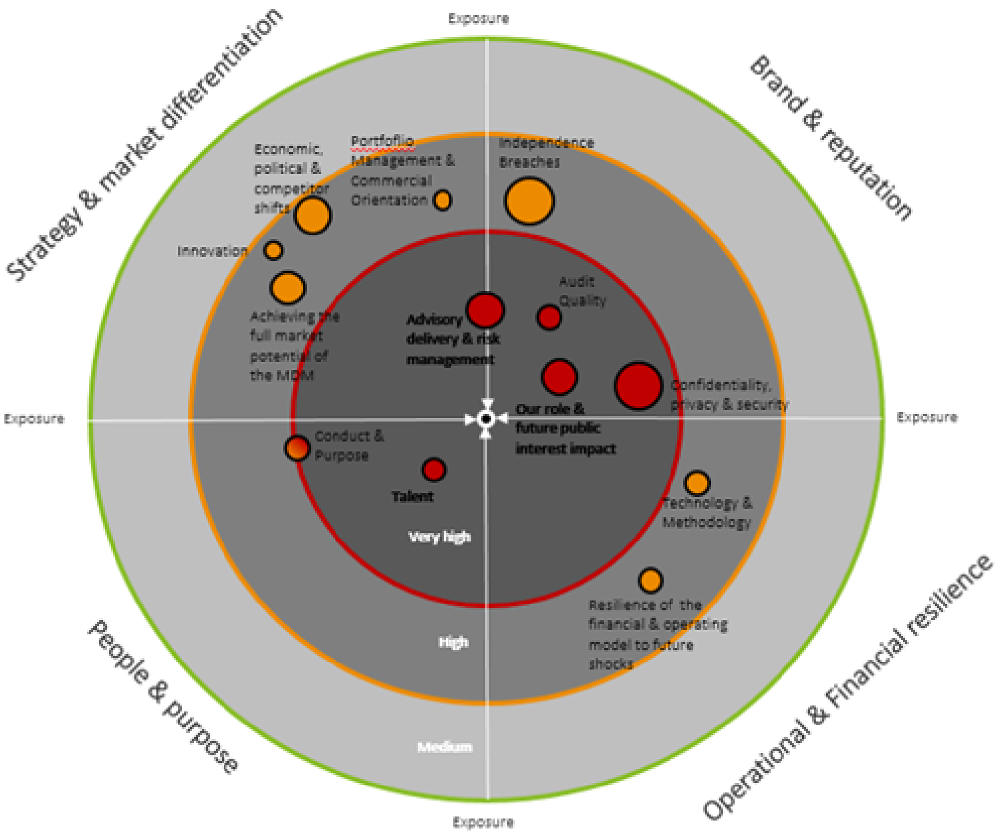
1. The report provides sufficient insights into material failings in the effectiveness of the internal risk management and control systems;
2. The aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
3. Based on the current state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

After implementing the Deloitte global CRM Salesforce system last year, we this year successfully implemented the Deloitte global finance system, SAP S/4HANA®. We were able to mitigate the risks that always come with a financial system migration. Day-to-day risk management activities reflect our risk appetite for specific domains, for example, when making client and engagement acceptance decisions. Currently a set of key risk indicators (KRIs), including tolerance levels, is being mapped to our strategic KPI dashboard and will be discussed with the risk owners. These KRIs will enable us to monitor our risk appetite and maintain the right balance between risk and reward.

Priority risks

The risk universe of DTTL Global Risk and the topics from dialogues with our Leadership represent the main risks of our risk universe. They are also the input for the annual re-assessment of our risk profile, in the context of strategy 2023 and our risk appetite. Resulting from the annual re-assessment, we have agreed on risks and opportunities related to our strategy (see the risk radar below). The current exposure (or residual risk) is the likelihood of a risk crystallising and its impact given current ability to mitigate that risk. It is assessed on a scale of 'low' (green) to 'high' (red) taking account both residual impact and residual likelihood.

The three 'top of mind' risks (Talent, Advisory delivery & risk management, and Our role and future public interest impact - **bold** in the risk radar) have the highest exposure.



'Top of mind' risks in detail discussed during the annual Risk Workshop presented in **bold**

In the following table, the six risks assessed with a very high exposure are displayed. The risks associated with the employment of financial instruments are described in note 5 of the Financial statements. Our position regarding the use of derivatives is included on page 130 of this report.

Risk	Risk description	Risk area*	Risk appetite**	Mitigating measures
Audit quality	Failure to prevent systemic or major failure of *audit* quality.	Strategic, Laws & regulations, Financial	Low: Deloitte is committed to high quality execution	Page 29-30
Advisory quality & risk management	Failure to prevent systemic or major failure of *advisory* quality.	Strategic, Operational	Low: Deloitte is committed to execute high quality.	Pages 78-79
Conduct & purpose	Failure to establish, embed and sustain an inclusive and ethical culture.	Impacts all categories	Low: Deloitte is committed to our shared values and strives to limit ethical breaches	Pages 59-60
Confidentiality, privacy & security	Failure to manage data security and privacy.	Operational, Laws & regulations	Low: Deloitte is committed to preventing, being prepared for and responding to breaches and data loss in a timely fashion.	Pages 79-82
Our role & future public-interest impact	Failure to anticipate, adapt to and respond to external scrutiny, criticism and regulation.	Impacts all categories	Low: Deloitte is committed to making an impact that matters on	Pages 14, 79
Talent	Failure to attract, develop and retain high-performing and diverse professionals and world-class leaders; failure to deliver the resource models of the future.	Operational, Financial	Low: Deloitte is committed to employing top class personnel through agile talent models.	Pages 57-59

* The risks in the table above can be categorised in more than one of the four impact areas that we identify (see the risk radar on page 52)). For the sake of simplicity, we have placed them in the category that we deem to be most appropriate

** Risk appetite is operationally translated in KRIs to monitor exposure and act if needed.

How we create value

Value creation

In line with our purpose and strategy, we are an active player in many markets, including the professional services market, the labour market and the broader social and regulatory environment. Through our proactiveness, we want to enhance our understanding of the factors that drive our performance and success.

Central in our value creation is our business model, which has been developed to help define, design and implement impactful solutions to the many transitional challenges our clients face. The combined professional and industry knowledge and experience of our talent are essential in this respect. Our business model is powered by our purpose and aspirations, and supported by our strategy and processes. Our daily business operations use tangible and intangible capitals to fulfil our purpose, and through these operations, we have a direct and indirect impact on the people, companies and societies we interact with. This is how we create value for all our stakeholder groups. We have schematically described our value creation model, detailing our main inputs and impacts. These elements are further elaborated in this section of our Report.

We value our multi-disciplinary service model (MDM) that combines the capabilities across our businesses in the areas of audit, tax, risk, cyber, HR and corporate finance. We believe the MDM enhances client quality:

- It allows us to better meet our clients' needs and expectations, given the nature of our clients and the nature of the issues they face;
- It allows us to better train our people by enhancing their understanding of complex issues;
- It ensures our appeal in a competitive labour market, as our people can switch between our businesses, thereby broadening their horizons and developing their careers and performance;
- Together, all our businesses contribute to a better understanding of the economic sectors (and industries) we deal with, and provide insights and technology that enhance the overall quality and economic relevance of our service provision; and
- It reduces our exposure to cyclical fluctuations that affect certain businesses or industries, as proven by the way we have been able, so far, to weather the COVID-19 crisis.

INPUT

People
We challenge our people with meaningful work, allowing them to have a purpose, to develop themselves to their full potential at their own pace, safeguarding a healthy work-life balance.

Knowledge & insights
We bring in knowledge and experience by recruiting top graduates and experienced hires, aim to keep our talent's skills and knowledge up to speed through our formal learning curriculum and actively share our insights to elevate public knowledge and understanding of the complex challenges.

Economic value
We believe that our work with clients makes them more impactful, more responsible, more successful and increasingly resilient.

Goods & services
To reduce the negative impact from our business on global warming, we aim to achieve carbon neutrality for all direct and indirect CO2 emissions by Deloitte worldwide by 2030.

Trusted brand
We need our stakeholders's trust to earn our 'license to operate' and be successful. To earn and strengthen that trust, we maintain a strict agenda on topics such as quality, compliance, ethics and integrity, and anti-corruption.

STRATEGY

OUTPUT & OUTCOMES

People
- Career development
- Reward & recognition
- Inclusion & diversity
- Vitality

Knowledge & insights
- Formal learning
- Sharing knowledge

Economic value
- Business results
- Solvency & liquidity
- Taxation

Goods & services
- Housing & travel
- Ethical Sourcing

Trusted brand
- Enhancing Quality
- Public Policy
- Privacy & Data security
- Ethics & Integrity
- Anti-Corruption
- Contributing to societal challenges

IMPACTS

People
Our people struggled with a disturbed work-life balance because of the Covid pandemic. We have engaged with our professionals in maintaining a healthy work life balance and staying motivated. We created a strong sense of belonging by our efforts to strengthen inclusion and diversity.

Knowledge & insights
By teaching our experienced professionals and new generations and keeping their skills and competences up-to-date, we contribute to understanding complex challenges and by sharing this knowledge with our stakeholders.

Economic value
We invest in profitable growth and innovation to ensure business continuity and adding economic value to our clients. Improving the efficiency and effectiveness of our clients' organisations may result in the replacement of existing jobs or functions, which can have a negative influence on employment.

Goods & services
By 'purchasing green', using energy-efficient technology and working together with our suppliers on making a positive impact through our Supplier Code of Conduct, we aim to minimise our negative impacts on society and the environment. To end our contribution to global warming, we have adopted a net-zero target.

Trusted brand
We help build the trust that is necessary to facilitate informed decisions on financial transactions. We aim to serve our clients with integrity and by being a responsible business. Together with our partners we want to find solutions to social challenges around work, food, energy, mobility and security, through our strategy and Deloitte Impact Foundation.

People

We look back on a very special and challenging year from a Talent perspective. Also, a year to be proud of. Considering the fact working from home was the default, a lot of attention was paid to purpose, wellbeing and connection, from a central Talent perspective, as well as from a business perspective.

Despite COVID-19, we welcomed 15 new partners and 857 new employees, growing our workforce to 6,103 FTE. Typically, professional services providers have a fairly high turnover rate as employees are valued by other employers for their training, work ethic and cross organisational experience. Consequently, we said goodbye to 847 people. We are making good progress towards enabling a more diverse and inclusive culture where people with different cultural backgrounds, education and experiences feel at home and thrive, to provide superior quality. We also need to create the right circumstances to challenge our talent with meaningful work, allowing them to have a purpose, to develop themselves to their full potential at their own pace, safeguarding a healthy work-life balance.

As part of our purpose, we are looking for ways to reduce our footprint by integrating sustainability into various talent aspects beyond travel and mobility.

Career development

Attraction of talent

We recruit talented future Deloitters through various media channels, including our innovative recruitment website (www. werkenbijdeloitte.nl). Furthermore, we actively seek the support of our people when searching for new talent through our referral programme. Our promise to new employees is that we offer them a challenging job in an environment where they can be themselves while ensuring purpose (meaningful and challenging work) and continuous personal development. To attract new and inexperienced hires, our recruiters organise events on selected university campuses aiming to establish relationships with high potential students early in their studies. Our efforts are supported by activities that are relevant to our target audience. For example, we seek to sponsor specific projects that resonate strongly with these audiences. In addition, we use our convening power when we organise the Deloitte Students Hockey Trophy. Our combined efforts have delivered us sixth place in the 2021 Universum ‘Employer of choice’ ranking for business and commerce students at the universities that are in scope for our activities. In the STEM category, we came 21st in the same ranking.

This year, we significantly improved the technological landscape for permanent hiring by implementing a new Applicant Tracking System (ATS), resulting in a substantial reduction of administration and manual errors and improvements in candidate experience, hiring manager experience and compliancy. To the same ends we are currently in the middle of implementing the Fieldglass Vendor Management System (VMS) to manage our contingent workforce.

Although there is still room for improvement, good progress has been made in hiring for gender diversity by increasing the proportion of female hires. This, along with hiring for diversity in the broader sense, remains a top priority for the upcoming financial year. Furthermore, as the labour market shows strong signs of recovery, challenges lie ahead attracting scarce talent (e.g. Technology, Cyber, Legal, M&A).

Retention of talent

With our Employee Value Proposition (EVP), we create one single distinctive and truly international experience for all Deloitters. In this EVP, passion for purpose, true inclusion and continuous personal growth are the drivers. Through the moments that matter most to our people and their everyday interactions, we are committed to providing an exceptional human experience and a career that is personalised and meaningful. This is made tangible through seven ambitions; ‘my impact is recognised and rewarded’, ‘my health and wellbeing is a priority’, ‘my leadership is trusted and transparent’, ‘my performance is supported’, 'my work is meaningful and challenging', 'my development and growth opportunities are wide ranging', and ‘my work environment is positive’.

A Talent Insights survey has provided us with insights into employee priorities highlighting areas we need to address. Based on this, we are working on a new reward programme to be implemented as of October 2021. The programme contains changes in different reward elements such as base salary, short-term incentives, benefits and allowances, and emotional reward. A package where flexibility (choices), fairness, equality, inclusiveness and trust, clear expectations, and open communication are the key principles. In addition, as mentioned previously, there is a lot of attention for wellbeing / connection in the broadest sense.

Table 01: Turnover by gender in reporting year

Employment category	Turnover male	Turnover % male	Turnover female	Turnover % female
Partners	18	6%	5	8%
Directors	27	10%	7	11%
Senior managers	70	14%	27	13%
Managers	121	20%	38	13%
Aspirant / jr. managers	290	14%	195	13%
Supporting staff	15	40%	34	11%

People development

Learning and development

Personal and professional 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 that consists, to a large extent, of learning on the job. Next to this, we have an extensive learning curriculum with learning opportunities focused on technical, professional and leadership skills (also see the section Our knowledge and insights). This curriculum includes both in-person and virtual learning, digital learning and coaching, and is closely linked to the skills our professionals need in their daily business. In 2020/2021, we have transformed our learning curriculum into a futureproof blended curriculum to better support our professionals in their personal development journey. We believe our investments in learning are key to supporting our people in their growth and abilities to make a positive impact.

Leadership development

We want to step up to undisputed leadership by strengthening our current leaders, investing in our future leaders and fostering a leadership culture. To strengthen our current leaders, we developed a partner lifecycle journey for all partners with targeted career stage and role / succession development, as well as tailored elements. To invest in our future leaders, we introduced an updated development journey with customised development for each phase from manager to partner. Within this journey, for all managers and up we introduced a growth portfolio with focus on the sense of belonging (contribution) and personalised learning. We transitioned the promotion process for directors and partners to an inclusive, more efficient, and development-focused process in which potential directors and partners feel supported, for example by the Development Board. To foster a leadership culture, we continue to focus on sharing stories and leader examples, and provide opportunities to learn and inspire others to learn. We do this internally, such as by being or having an internal coach, providing or receiving feedback or participating in our Deloitte Mentoring Programme in which 200 Managers and Senior Managers participated this year. Furthermore, we are stimulating the further development of leadership capabilities with external opportunities, such as contributing to a Deloitte Impact Foundation initiative or cross-company mentoring programme. Being a successful leader does not come down to one thing, one catch-all statement. It's a combination of what uniquely binds us together, the behaviours we all sign up to, what personally shapes us, and what we can learn and develop to be the best we can be. As such, to support our leaders and future leaders, we launched the new Deloitte Future Leader Framework and are embedding it in our development- and performance-related initiatives.

Reward & recognition

Performance management

Performance Experience is all about personal development by receiving qualitative and frequent feedback on performance. By doing so, we want to grow our business, drive employee engagement and deliver qualitative support for their personal development. Our methodology is centred around continuous strength-based conversations with employees about their development through check-ins with team leaders to provide real-time feedback on assignments and career coaching conversations with a coach who supports them in their long-term development. To support our people development, a new feedback tool was implemented to provide our people with the opportunity to give and receive real-time feedback, as well as capture the output from regular feedback conversations, following check-ins. Feedback is shared not only between the team leader and team member, but also amongst peers and more senior colleagues. 'My Feedback' also supports our specific focus on people leadership, by providing our people leaders at all levels with the regular feedback they need to improve and to help others reach their full potential.

Table 02: % of employees receiving regular performance & career development reviews*

	2020/2021	2019/2020
Total	79%	81%
By gender	**2020/2021**	**2019/2020**
Male	78%	78%
Female	82%	85%
By category	**2020/2021**	**2019/2020**
Partners	N/A	N/A
Directors	57%	57%
Senior managers	86%	86%
Managers	92%	92%
Aspirant / jr. managers	92%	96%
Supporting staff	85%	92%

* For the 2020/2021 and 2019/2020 results, we have changed to a new (more accurate) data source. As a result, the figures for 2020/2021 and 2019/2020 are not fully comparable with the figures for 2018/2019. As the partner population is not part of this specific data source, we do not provide data the performance reviews of partners.

As indicated in the footnote above, our partners are not part of the regular performance cycle. For our partners we maintain a performance management system that is also used to determine their annual profit share and that takes into account such aspects as quality, integrity, inclusive leadership, commercial performance and relationship management.

Inclusion & diversity (I&D)

We stand firm on our 2023 inclusion mission to create an inclusive workplace in which every individual can be their true self, is respected, and can fulfil their potential.

Over the past year, our approach to diversity has evolved to focus not just on the four G's (gender, geography (cultural background), GLOBE (LGBTIQ+) and generation) but also neurodiversity, with the launch of a new employee resource group to support neurodiverse colleagues. We have also turned the spotlight on cultural diversity, with the launch of a 1:1 Reverse Mentoring Programme between senior leaders and culturally diverse "mentors" and 'Hanging Out With…' sessions to provide us with a greater understanding of the experience of colleagues who have a non-Dutch background. An I&D Measurement Survey has provided further visibility of the composition of our workforce from a cultural, LGBTIQ+, neurodiversity and disability perspective, and how we as a firm can step up our efforts in making those identified in under-represented groups feel more at home.

Table 03: Gender diversity

Diversity figures female (%)	2020/2021	2019/2020
Partners	17%	14%
Directors	19%	19%
Senior managers	30%	28%
Managers	33%	32%
Aspirant / jr. managers	42%	40%
Supporting Staff	90%	85%

Together with understanding the diversity of our workforce, we have also committed to championing our diversity with the introduction of an employee-led initiative: the 'Panel and Proposal Promise', a firm-wide commitment to 40% male; 40% female; 20% culturally diverse people on all panels and proposal teams.

Table 04: Job category by age In 2020/2021

By category	< 30 years	30-50 years	> 50 years
Partners	0%	63%	37%
Directors	0%	77%	23%
Senior managers	0%	87%	13%
Managers	11%	82%	7%
Aspirant / jr. managers	69%	28%	3%
Supporting Staff	31%	42%	27%

Throughout 2020/2021, we have continued to embed I&D in all aspects of the talent experience with the introduction of Flexible Public Holiday scheme, allowing employees to swap up to three national holidays for holidays relevant to their religious or cultural background. We have extended our 'Proud Mom' package to all new parents and provided emergency childcare support to all parents during the COVID-19 lockdown. For our leaders, a 'Learn, Listen, Act' framework was introduced to help embed inclusive behaviours in daily practice and support them in their roles as guardians and ambassadors of our I&D strategy.

In addition, we have also extended our commitment to inclusion and diversity to our clients by asking for their feedback on inclusion and diversity in Client Service Assessment questionnaires, as well as the introduction of an anti-discrimination policy in all Statements of Work.

Diversity Measurement Survey

This year we also conducted a Diversity Measurement Survey, which sought to collect insights into employee sentiments towards inclusion and belonging as well as the composition of our workforce in terms of cultural background, gender identity, sexual orientation, neurodiversity, disability and long-term health conditions. All partners and employees were invited to complete the survey of which 21% responded. Given this was a pioneering activity that touched on a sensitive topic, this response rate is in line with our expectations. The survey is the start of collecting this type of diversity data. Further embedment and expansion is done by integration in onboarding process and (yearly) opportunity for all employees to participate. The results of the survey will now be used to adjust and / or introduce policies, programmes and initiatives that will help us to ensure we continue to foster a culture of inclusion that recognises and respects diversity in all its forms.

Table 05: Ratio of basic salary of women to men per job category 2020/2021

	2020/2021		2019/2020	
By category	Men	Women	Men	Women
Partners	N/A	N/A	N/A	N/A
Directors	100%	95%	100%	92%
Senior managers	100%	98%	100%	99%
Managers	100%	99%	100%	98%
Aspirant / jr. managers	100%	99%	100%	99%
Supporting Staff	100%	110%	100%	116%

Gender Pay Equity Analysis

As part of our zero tolerance approach to gender pay equity, we conducted a gender pay equity analysis using a multi-variant regression model to identify statistically significant gender pay and bonus differentials between employees doing very similar or the same work. The analysis identified two salary cohorts with statistically significant differences for gender pay equity, representing approximately 1% of the population and four bonus cohorts with statistically significant differences for gender pay equity, representing approximately 5% of population. These cohorts have been investigated further to understand the contributing factors to these pay and bonus differentials and corrections made were necessary. Insights from this exercise will be leveraged in the 2020/2021 reward cycle.

Vitality

Wellbeing is one of our top priorities, especially given the challenges related to COVID-19. We have taken important steps to focus on the wellbeing of our employees and to allow our people to embrace a sense of belonging.

Examples of Deloitte Fit's various initiatives include the Recharge programme, the weekly (digital) classes for physical and mental wellbeing, the weekly wellbeing newsletter from the Board, which features tips and tricks, storytelling, and information about the different programmes we offer. We have also provided compensation for all our employees to create a safe and high-quality workplace. Furthermore, we introduced the Deloitte Fit app, It's My Life, aimed at supporting the wellbeing of our employees. With this app, we raise awareness and encourage our people to exercise every day. Specifically, the app offers the opportunity to earn points (called 'Fitcoins') by undertaking healthy activities. They can be exchanged for Deloitte Fit-related gifts and items. The app also enables users to start challenges with colleagues and/or teams.

In addition, we strive for a more hybrid workplace model. Our people are offered the flexibility to work from home, the client site or the office depending on the nature of the required work.

Table 06: Vitality*

	2020/2021			2019/2020		
	Total	**Male**	**Female**	**Total**	**Male**	**Female**
Lost day rate	53,692	22,673	31,019	48,553	21,776	26,757
Sickness leave	3.4%	2.3%	5.0%	3.0%	2.1%	4.5%

* Risk appetite is operationally translated in KRIs to monitor exposure and act if needed.

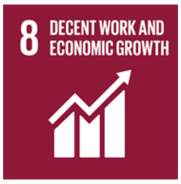
Impacts

Through employment, we contribute to the livelihood, training and development of our more than 6,400 partners and employees, and their families. Our ability to provide services and add value to our clients largely depends on the skills, abilities and experiences of our people. In addition, each year we team up with many independent external specialists on project basis.

For many of our employees, Deloitte is the starting point of their careers. On an annual basis, some 1,100 students and young graduates are given the opportunity to join our firm. Through learning on the job, teaming, and continuous training and education (see section Our knowledge and insights), we facilitate both personal and professional growth. Our talent work on a wide variety of assignments with both emerging and leading Dutch and international companies. This results in rewarding engagements from both emotional and financial perspectives.

During their careers at Deloitte, our people are offered a growth path that can eventually lead them to be invited to become a partner in the firm. At the same time, many of our recruits find their ways to successful and rewarding positions outside Deloitte. The insights and experiences gained over the years can be leveraged in their new job environment, creating a positive impact on their employer's organisation and business environment. Through our active alumni, we aim to further learn and keep adding value both in and outside Deloitte.

Unfortunately, our high-performance culture can also negatively impact our colleagues, for example through excess workload, stress and pressure to perform. Based on third-party research, we estimate that 20% of both our lost days and of our employee turnover are caused by problems relating to work-life balance. This results in a related negative estimated impact of €19.8 million.



Our contribution to SDG8 (Decent work and economic growth) is two-fold: both for and through our people. To capture our contribution to creating decent forms of employment, we have adopted a basic salary ratio for women and men based on the GRI Standards. We believe this indicator best reflects our aim to treat all our employees equally and fairly. For more information, please see the Inclusion and Diversity section.

Panel & Proposal Promise
everyone can experience the power of diversity now

A "new" norm that men, women and underrepresented groups can identify with at all times. That is the purpose of Deloitte's Panel & Proposal Promise, which went live in February 2021. Hilary Richters, Lead Digital Ethics at Deloitte Risk Advisory, is the driving force behind the Promise. 'It's an instrument. We're not there yet, but this is a great start.'

'The Promise means that we use the 40/40/20 rule for every proposal and in each panel that Deloitte is asked to join. We strive to build teams that consist of 40% men, 40% women, and 20% of an underrepresented group – colleagues who identify with the LGBT+ community, who have a non-Western ethnic background or a (visible) disability. Both within and outside Deloitte we want to show a balanced representation of society and of our organisation. The Promise offers hope, dreams and opportunities to the current and next generations. You make them feel that there is a place for them, too. Moreover, a diverse organisation is more powerful, more innovative and more interesting to work for.'

The butterfly effect, a very small action can make a huge and lasting impact

‘We are not there yet, but we have taken the step towards a future with hope, dreams and opportunities for everyone.’

For over 13 years Hilary has been working at Deloitte. She is responsible for Deloitte’s ethical and responsible approach to data and technology-driven solutions. ‘My work connects cold technology with the warm, human aspect. We think about how to make data and technology work for the good for people, without excluding any groups, for instance because of their ethnicity, education, or social class. Inclusion is a pivotal part of my job. However, it wasn’t the motive for the Panel & Proposal Promise’, Hilary admits. ‘The moment everything changed for me, my so-called butterfly effect, was something I experienced in 2019.’

Showing diversity

At the end of 2019 there was a large international event for the banking world. One of the topics was digital ethics. ‘A prominent female professor in the ethics of technology had been asked as a moderator. But when she found out that the panel consisted of five older white men, she declined. To her, a non-diverse panel was unacceptable. As the lead for Digital Ethics I took over her role as a moderator. We made the panel more diverse, based on gender, ethnicity, age, and professional background, and made the professor part of the panel. At the end of the day we received a lot of positive feedback. During other sessions on the same day the participants noticed that there were only men discussing the importance of diversity on stage. We showed what diversity looks like and didn’t need to discuss it. This experience opened my eyes.’

Making a difference

Diversity positively impacts Deloitte and its employees. However, it’s still a bit unusual. That is why I was determined to make a difference. I have always been proud of working at Deloitte. But if we don’t express diversity, I can’t fully identify with the organisation. I discussed the topic with co-workers and many of them understood exactly what I meant and supported my idea of a Panel & Proposal Promise. Subsequently I sent an email to the members of the Deloitte Board and Executive Committee, telling them my story and making them a proposition. They agreed that diversity and inclusion is a vital issue. And currently the Panel & Proposal Promise is live, since 1 February! Now everyone can experience the power of diversity as I have experienced.’

Creating a new norm

Of course, the Panel & Proposal Promise is only an instrument. It is aimed at raising awareness about the vital importance of diversity and inclusion. Everyone can experience the balanced representation of men, women, and underrepresented groups. We should all be able to identify with the Deloitte brand and feel that we are part of it. If we are successful, we will create a “new” norm. We just started to shape the Promise and we are not there yet. But the intention is very much alive. We have all taken the step towards a future with hope, dreams and opportunities for everyone!’

The Reversed Mentorship Program:
How to better understand each other

Our 2023 Inclusion mission is to create an inclusive workplace in which every individual can be their true self, is respected, and can fulfil their potential. We want to create an inclusive culture that attracts and retains diverse talent and is representative of our society. While continuing to move the needle on I&D, we have an urgency to increase cultural inclusion & diversity at our firm.

One of the initiatives is the 'reversed cultural mentoring', where Deloitte leaders will be mentored by a colleague with a (multi-)cultural background. The goal is to improve knowledge and sensitivity of our leaders to these challenges. Reverse mentorship allows senior leaders to better understand the personal and business case for cultural inclusion & diversity, and empathize with underrepresented employees via personal storytelling and dilemma sharing. The executive board started the Reverse Mentorship Program. Jobun Polimé (Consultant) interviewed Emre Cicek (Junior Manager) and Alexander Olgers (Partner) about their experiences as participants of the program.

How have you experienced the Cultural Reversed mentoring program so far?
Emre Cicek: My experience with the program is very positive. Alexander and I have a call once a month. We delve deeper into topics such as our cultural background or my religion. I myself am Turkish of origin and also Muslim. I like to tell personal stories about my cultural background and religion, which makes the program even more fun. Alexander has given me feedback various times that he learns a lot from my personal stories, which means a lot to me. A good example of this is my personal experience of Ramadan that I shared with Alexander during this holy Islamic month. I have explained my experience with not being allowed to eat or drink anything from sunset to sunset for a month. As a result of sharing this personal experience, Alexander mentioned that he is paying more and more attention to Ramadan in his daily life. The great thing about this example is you see that the personal experiences that Alexander and I share with each other, also have an actual impact on our daily lives.

This program is also very educational for me. Alexander tells a lot about his life, how he thinks and views social themes such as religion, diversity and how we deal with this within our organisation. As a result I have a very positive view of Alexander and Deloitte as an organisation.

Alexander Olgers: I completely agree with Emre. The program broadens both of our horizons. For me personally, the program is very rich and valuable. Questions that are raised during our conversations vary from – can you really be yourself within Deloitte? – to: do you feel at home within the organization? It is very important that you feel appreciated and respected. In our dialogues, we exchange in an accessible way how these practices are translated into our daily work. For example, in the collaboration with colleagues and the assignments we are working on. Diversity, in its broadest sense, will always remain important within Deloitte. If we as an organization want to be future-proof at the core, then we have to be a reflection of the Dutch society. We are all part of that and in fact; have a social responsibility as a firm.

How can Deloitte further strengthen itself as an organization in this area?
Emre Cicek: Programs such as Cultural Reversed Mentoring contribute to this. Mutual understanding also plays an important role. When you understand someone better – in this case people who have a cultural background that differs from your own – then I think you are automatically have a more open mindset. As a result, we stimulate mutual understanding and at the same time more diversity in the workplace.

Alexander Olgers: I agree with Emre. I think it's also about awareness. Within Financial Advisory we recently agreed that partners should include a Diversity & Inclusion (D&I) KPI in their scorecard. A great milestone which also offers Partners the opportunity to translate such an initiative to the Directors they guide. However, I am not going to impose it on them, but let them think about it for themselves. They can determine what kind of D&I KPI they want to include on their scorecard, which is of course SMART formulated.

In addition, I explicitly try to focus on diversity and gender within my practice. A program like this contributes to this focus. A personal note I want to make: It's also just really nice to help Emre with my knowledge and experience. In doing so, I can guide him with his ambitions within Deloitte and offer support in what he aspires.

How can we offer our D&I strategy within Deloitte an extra boost?
Alexander Olgers: It is good to have Partners participate in such a program. A D&I KPI – which I already touched upon briefly – also offers an extra incentive. Leaders can determine how they deal with this within their own practice, so that you create support in a natural way. I think that support already exists for the vast majority within Deloitte. It should go without saying that people with different interests, backgrounds, cultures, norms and values are part of our community. Whether you come from Groningen, Suriname or Turkey.

In addition, we must continuously discuss how our norms, values and culture as an organisation are expressed at a behavioral level in the workplace and how we deal with sensitive situations from that perspective. Of course this is easier for some people than others. I think behavior is an expression of the norms and values that you partly receive from home. We behave differently in the work environment than at home. At the same time, you strive for behavior to remain as authentic as possible, otherwise it might become forced and unsustainable. For example, it is of no use for anyone if I only talk about myself at work. For Emre, religion is an important part of his life. He deals with this in a different way at home than at work. That's totally fine. In every situation you should be able to feel comfortable with that. We also talk about that a lot.

Emre Cicek: I completely agree with Alexander's statements. We have very personal conversations. I come up with very specific situations and Alexander responds to that. It can be about religion, my cultural background or what I look like. That gives me a very good idea of how I can deal with certain situations. It also creates more understanding for both Alexander and me. We really 'zoom' in on the details and name specific situations. That's what makes the program so much fun. It really helped me to create more mutual understanding.

Alexander Olgers: What I notice is that we talk with each other in complete equality. Reversed mentoring doesn't quite cover how we approach our conversations. It is a 'two-way street' and 'equality' is 'key' in this.

What have you learned from each other so far when it comes to actual behavioral change in certain situations?
Emre Cicek: Before I took part in this program and ended up in a situation at work where I wanted to practice my religion, I was very concerned with how my colleagues thought about it. What are they thinking and should I ask? What can or can't I do or say? The conversations with Alexander taught me to think about this in a nuanced way and to communicate about certain situations with the right people, so that I also feel at home at Deloitte. This really helped me and made an impact on my career at Deloitte. It will benefit me in the long term, because I feel, and perhaps more so, at home at Deloitte.

Alexander Olgers: The conversations have helped me to delve deeper when it comes to better understanding colleagues with cultural backgrounds that differ from mine. How do we do something with D&I as a theme and how do we define it as a whole? Perhaps we should take a broader approach. In my experience we are already very diverse. At Deloitte Netherlands we work together with 70 different nationalities.

What lessons learned would you like to share?
Emre Cicek: There are a lot. We talk about so many different topics. The most important thing is that you create mutual understanding, as said before. This ultimately promotes diversity. The more mutual understanding, the more open you are to each other.

Alexander Olgers: For me this question is the whole reason behind joining the Reversed Mentoring program. In addition, I have also learned from this that colleagues who come from other regions, hold different positions/functions or are in a different phase of their career, benefit greatly from mentoring from the leadership team. Emre indicates that the conversations we have with each other help him in his 'well-being' and the perspective he sees for himself within Deloitte. I think that is partly separate from D&I and is based much more on the dialogue we have with each other.

How can we make Deloitte more inclusive as an organization?
Emre Cicek: I think that we, as an organization, can make good use of social media to send a message to society that we are open to all cultures.

Alexander Olgers: I think we are already doing the right things there. In my experience, it is also a matter of: 'just do it!' As a company, we have to propagate what we stand for. We have a social responsibility and an exemplary role, after all. At the same time, as an organisation we have to make well-considered choices within our strategy, and timing is very important. So, we act now.

Knowledge and insights

Deloitte is a knowledge intensive firm. We bring in knowledge and experience by recruiting top graduates and experienced hires. We develop knowledge and aim to keep our talent's skills and knowledge up to speed through our formal learning curriculum. We actively share our insights to elevate public knowledge and understanding of the complex challenges that we work on.

Formal learning

COVID-19 forced us to think differently about learning and development and the way we offer learning opportunities. In 2020/2021 the transition to digital and virtual delivery has been our key priority to continue to offer learning and development opportunities to our professionals. As of March 2020, we transformed the technical and professional learning curriculum from in person live trainings to digital and virtual learning, which has accounted for 95% of all learnings in 2020/2021. We worked together with NSE and Deloitte University to successfully transform all Career Milestones programmes for our leadership into virtual development experiences. Due to the transformation from classroom learning to shorter, immersive virtual and digital learnings, the learning hours per headcount in 2020/2021 are less compared to 2019/2020. This year, we invested €5.7 million in learning; we believe this investment is key to supporting our people in their growth and abilities to make a positive impact.

COVID-19 accelerated the transformation of learning within Deloitte into a continuous development approach through formal education but also through environment, experience and comprising blended-learning opportunities. 'Never Stop Growing', an important pillar within our Employee Value Proposition, underlines the importance of offering continuous learning and development opportunities with varied career options supported by talent mobility for our professionals. In 2020/2021, we successfully launched the leadership and professional development guide to support continuous learning.

We grow leaders for the future, build world class capabilities for maximum client impact and consistently deliver an exceptional development experience for our people. The opportunity for the future is to improve the impact on our client engagements, to enhance the talent experience of our professionals and optimise learning investments and resources. Therefore, we will continue in 2021/2022 to focus on the future of learning and the technology landscape.

The future of learning will be a learning environment that includes a learning culture and the right use and mix of live in-person, virtual and digital learning. Our new Deloitte University Europe campus in Paris which will open in 2022, will play an important role in our classroom learning curriculum. We will explore other, new, innovative technology to improve and enhance the learning experience of our professionals. Due to ever-evolving trends affecting the workforce and workplace, today s professionals require a development experience that is uniquely their own, where learning is integrated into everyday life.

Therefore, Deloitte is implementing a global learning platform (CURA) that will meet our professionals in their moment of need to provide personalised client, industry and skills-based knowledge as well as social networking and collaboration opportunities. CURA is a learning-driven content curation system that will bring personalised internal and external content to the Deloitte professional. This innovative platform will create learning opportunities and support the personal and everyday learning experience.

Table: 07: Average training hours per FTE

	2020/2021	2019/2020
Total	71.3	86.3
By gender		
Male	74.8	88.0
Female	65.8	83.4
By category		
Partners	23.1	35.4
Directors	32.1	43.9
Senior managers	40.1	53.7
Managers	54.3	65.1
Aspirant / jr. managers	91.6	111.5
Supporting Staff	14.8	24.4
Interns	137.5	103.3
Average training days per Business		
Audit	16.0	18.4
Consulting	7.2	9.4
Financial Advisory	6.0	7.5
Tax & Legal	6.7	7.3
Risk Advisory	9.4	12.8
Others	1.5	2.0

Sharing knowledge

Deloitte depends on renowned academic institutions to educate our future and current professionals and business leaders. Our external costs invested in learning and development amount to €4.4 million. These costs help our employees educate themselves, and in return contribute to the financial stability of educational facilities. Knowledge is not only a key input for our business mode, it actually also is a key output. As an organisation, we partner with knowledge centers on a variety of complex topics. Examples of such partnerships are our associations with Singularity University in Eindhoven and Nyenrode University in Breukelen. Through our partnerships, we are able to further develop content that is mutually beneficial to both the universities involved as well as for Deloitte. Through our 'Future of' agenda [LINK] we create ecosystems in which we input our knowledge and insights for the benefit of our clients and society at large.

Frequently, we publish thoughtware to enrich public knowledge around current themes. Recent examples of such thoughtware are our point of view on creating a viable hydrogen economy, an article series on the future of Dutch state government, and our report on Europe's future aviation landscape in 2040.

Impacts

Deloitte depends on renowned academic institutions to educate our future and current professionals and business leaders. Our out-of-pocket costs invested in learning and development help our employees educate themselves, and in return contribute to the financial stability of educational facilities.

We see it as our role to participate and actively contribute to the academic world and leading the debate: 268 of our professionals are internally registered to hold additional positions in 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 cooperate with universities to jointly develop and transfer valuable academic insights to our client base.

4 QUALITY EDUCATION

The value we create is driven by our talent and intellectual property. Therefore, both training and Inclusion & Diversity are strategically important topics for our firm. The indicator we have developed for training and a further explanation of our approach can be found in this section. For Inclusion & Diversity, please refer to the our people section.

The health(care) future
of the Netherlands

The societal, technological and medical challenges we face today as a society are complex. That is why Deloitte is committed to contributing to innovative solutions that improve the quality of life – and even the chance of life – for people. For example, a team from Deloitte, together with the IC of Erasmus MC in Rotterdam, has developed an algorithm based on artificial intelligence and analysis of available patient data. We monitor real-time IC patients and develop more algorithms for other applications.

The algorithm can predict with 90% certainty two days in advance which COVID-19 patients in the intensive care unit (ICU) are more likely to develop a pulmonary embolism. A breakthrough that saves doctors and nurses valuable time by two days. It is currently being investigated whether this algorithm is powerful enough to be implemented in the clinic.

Maurice Fransen, Partner Consulting: ‘This collaboration between IT professionals, data scientists, software developers, security, privacy advisors and medical specialists shows how early diagnostics and preventive care can make a difference. And that gives hope. The irony is that the virus has accelerated this development, now that there is an extra urgency to find solutions in complex, multidisciplinary collaborations that have real impact.

We see this as a direction for the future of healthcare. Not only in the Netherlands, but worldwide. In our vision of the Future of Health, we describe five major shifts, including data-driven personalized health insights and interventions. With a greater focus on lifestyle and early diagnosis, the emphasis is shifting from care to health and thus from curative to preventive care. The balance in resource allocation will also shift from the end of the health chain – intensive treatment and aftercare – to the beginning, with more emphasis on a healthy lifestyle, vitality and well-being.’

“Intensive, curative care is essential and will always be necessary. At the same time, there is a lot of room for improvement in the field of prevention. A world to which we as Deloitte are happy to contribute.”

Maurice Fransen

Our point of view

The goals that we want to achieve together with our partners with regard to health in the Netherlands are to improve the health of the population, increase the quality of care for the individual patient and keep the costs of the healthcare system efficient and accessible. The fourth main goal is to reduce the workload and increase the job satisfaction of the (increasingly scarce) healthcare professionals. It is difficult to predict exactly what the healthcare landscape will look like in the future and when the changes will occur. But the direction of the changes seems clear. We believe that at least five major shifts must be taken into account.

1. From healthcare to health: more focus on lifestyle, prevention and early diagnosis

2. Virtual Health(care): (truly) patient-centred healthcare

3. Data-driven and personalised health insights and intervention

4. Future of work in healthcare: a new ‘what, where and how’ for healthcare professionals

5. New funding and business models: more focus on promoting population health

The corona pandemic makes the major impact of an aging population, staff shortages and increasing loneliness clearer than ever. The elderly were in isolation for months and care workers were short of hands. Social care robots like Alice could have brought support and relief, but they are still not on the market. It’s time to speed things up.

Economic value

Business results

Our revenues exceeded the billion threshold in 2020/2021 reaching €1,032 million. The growth rate was 1.6% (2019/2020: €1,015 million). The primary drivers of the revenue growth were our ability to deliver larger, more complex projects to strategic clients, and our MDM platforms. This supported Consulting in realising a healthy growth of +5.9%. Strong growth of +16.6% was realised by Financial Advisory, while Audit & Assurance realised a growth of +8.4%. Risk Advisory revenues overall declined despite an increase in revenues realised by employees which was offset by a decline in revenues realised by contractors. Finally our Tax & Legal business revenues were almost at par to last year following a strong last quarter. Our result before tax and management fee amounted to €202.3 million (2019/2020: €146.7 million).

As a percentage of revenues, our result before tax and management fee increased to 19.6% from 14.4% in 2019/2020. This result is a consequence of a stable workforce combined with a higher productivity ratio. Furthermore, our cost levels were impacted during the COVID-19 pandemic, learning continued in a virtual manner and travel and out of pocket cost decreased. We have continued or increased our investments in innovation and technology at local and global levels and invested in SWIFT, our global SAP S/4Hana® platform. We have also continued, albeit on a smaller scale, to deploy external contractors. The increase in productivity, and consequently our profitability, also benefitted our levels of variable compensation for employees. This is higher at €52.1 million compared to the €33.3 million made available in 2019/2020. The commitment and flexibility in this exceptional year was rewarded by a one-off 'thank you' bonus for all employees.

Solvency and liquidity

Solvency based on equity, membership capital and subordinated loans(group's capital base) was 18.1 % (16.5%). Our credit facilities were increased to €150 million (2019/2020: €96 million). Our year-end cash balance increased to +€44 million and the net cash flow improved. Our working capital defined as the sum of unbilled services, advanced billings and accounts receivable increased to €325 million, which is €56 million higher than last year, partially due to the implementation of a new ERP system. Economic developments have not adversely impacted our cash position nor our working capital and the options provided by the government to delay tax payments was not used. For a full overview of and detailed notes to our financial performance, please see the Financial Statements, which are annexed to this report.

Taxation

As a responsible business, Deloitte aims to comply with the letter and the spirit of Dutch tax legislation. To enhance our transparency on this topic, we have adopted a Tax policy, that can be found in the Annexes of this report.

Our Tax policy addresses the three main types of national taxation that are applicable to us: corporate tax, tax on wages and value added tax.

Corporate tax

Deloitte's partners/owners charge Deloitte a management fee through a personal management company These management fees are fully taxable at the level of the individual management company, in accordance with the regular Dutch corporate income tax rates. Deloitte's remaining profit is taxable at Deloitte level, subject to the regular Dutch corporate income tax rates.

All filings for corporate income tax returns from Deloitte and the individual management companies of the partners/owners are prepared centrally by Deloitte in line with the guidelines agreed with the Dutch Tax Authority (DTA). Cross-border projects or other international services are fine-tuned with Chief Tax Officers in other countries to ensure Deloitte meets local rules and regulations.

Wage tax

All relevant filings are carried out in a timely manner and in accordance with local rules and regulations. Meetings are held regularly with specialists from the DTA to discuss pending and new tax issues, such as charging travel expenses, cost reimbursements and the so-called free space in the wage tax declaration.

All cross-border work situations (including secondments, projects and expats) are handled by a dedicated group of specialists to ensure that Deloitte and its employees meet all Dutch and local requirements.

Value added tax

On all incoming and outgoing transactions, we follow the rules and guidelines for value added tax (VAT). Specific transactions are subject to strict protocols to ascertain that VAT is reported correctly. VAT is also subject to the self-initiated sample as described above, and findings are reported to the DTA in full transparency.

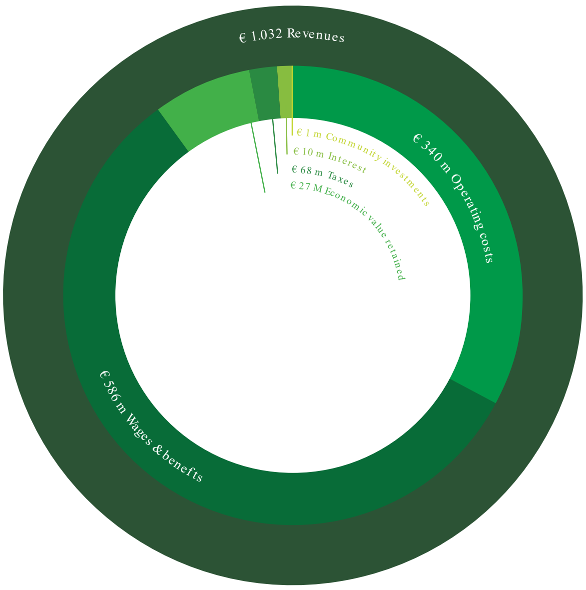
Impacts

Our main contribution to the financial world is the impact that is the result of our client work. Through our Audit & Assurance activities, we provide reliability and transparency, and help reduce risks by providing audited facts, where our Tax & Legal business ensures compliance with tax and other legislations. For our advisory business, the services offered by Consulting, Risk Advisory and Financial Advisory enable cost savings, risk reduction and facilitation of growth, optimisation and focus on innovation by our clients. These activities allow companies and governments to increase their impact and enhance their resilience, thereby stimulating responsible business and contributing to their financial performance.

We increasingly note that the market demands a shift from point solutions to integrated approaches, where part of the work is automated through, for example, robotics and other smart solutions. We believe that our work with clients makes them more impactful, more responsible, more successful and increasingly resilient. Improving the efficiency and effectiveness of our clients' organisations may result in the replacement of existing jobs or functions, which can have a negative influence on employment.

The financial capital needed to run our business is raised through revenues from our services, partner investments, and where needed, complemented by external credit facilities. Hence, all our capitals depend on our ability to add value and thus result in a profitable performance. Through operating our business, we redistribute our earnings by paying salaries, purchasing goods and services, pay taxes, etcetera. Please see our infographic on how we add and distribute economic value.

Economic value added and distributed



Innovation and digitalisation facilitate a globalised and interconnected world. Digital solutions are causing radical changes to the global labour market. Herein lies our contribution to SDG8, which is two-fold; both due to and through our people. The employment we offer, and the change we facilitate in existing infrastructures through our support in innovation and automation, allow us to have a positive impact on work and economic growth. Our Economic Value Added and Distributed reflects our economic contribution to SDG8.

Goods and services

We buy goods and services to operate our business with a total influenceable spend of around €250 million. Our main procurement categories are:

1. External staffing: our flexible shield structurally consists of a variety of independent experts. In addition, we have contracts with staffing agencies through which we can employ temporary specialists on demand;
2. Housing: all our office space is rented;
3. Mobility: we operate fleet of approximately 3,500 lease cars and have preferred suppliers for international travel;
4. Facility services: all our facility services (such as cleaning, security, catering, maintenance) are outsourced;
5. Technology: we purchase hardware, software and IT services to deliver our services.

Due to the nature of our business, most of our suppliers are based in the Netherlands. In the reporting year there were no major changes in our strategic supplier base.

All our purchasing activities cause CO_2 emissions. We burn fuels to heat our buildings and power our cars and purchase electricity to charge our laptops, light our desks and cool our offices in summer. We buy airline tickets to travel for our international clients, visit Deloitte University or attend our internal network meetings. We use the railways to travel on shorter distances. Our suppliers use energy and emit CO_2 to produce and transport their goods or render their services to us. Despite not operating in an energy intensive sector, it all adds up considerably.

To reduce the negative impact from our business on global warming, DTTL has adopted the World*Climate* programme. The objective of World*Climate* is to achieve carbon neutrality for all direct and indirect CO_2 emissions by Deloitte worldwide by 2030. This science-based target is to be achieved by reducing where we can and compensating in a meaningful way where we must. The 2030 goals include:

- Reducing our business travel emissions by 50% per FTE from 2019 levels;
- Sourcing 100% renewable energy for our buildings;
- Converting 100% of our fleet to hybrid and electric vehicles;
- Engaging with our major suppliers with the goal of having two-thirds of them adopt science-based targets within five years;
- Investing in meaningful market solutions for emissions we cannot eliminate.

Other elements of World*Climate* are Embed sustainability, Empower individuals, and Engage ecosystems.

Housing and travel
Deloitte the Netherlands has embraced the World*Climate* programme. As we had already set ambitious CO_2 emission targets in our Connect for Impact strategy, we were able to commit to carbon neutrality for housing and mobility by 2025, five years ahead of the DTTL target. For other indirect emissions though, we follow the timeline defined by DTTL.

To realise this, we have set up a robust governance structure for internal sustainability. We have created the Sustainable Operations Team that consists of various topic owners (housing, fleet, travel, IT, procurement, talent and communications) to design and implement policy. Our businesses are connected through the Sustainability Taskforce, a group of passionate sustainability adapts from across our businesses.

For housing, we aim to rent office space in leading energy-efficient buildings. Good examples of such buildings are our office in Amsterdam ('The Edge'), which has a BREEAM Outstanding certificate, and in Rotterdam ('Maastoren'). All our offices are equipped with energy efficient lighting. Where we are the main tenant, we purchase renewable energy, where we are not, we aim to offset our share in the energy related emissions.

For mobility, we maintain a mobility policy that offers our employees the choice between a lease car, a cash option or public transport. When employees opt for a lease car, we encourage them to lease energy efficient cars. We do this by the inclusion of the energy costs in the available lease budget. In this way, choosing an energy efficient car becomes more attractive. In line with our ambition to be carbon neutral for mobility in 2025, we will introduce a new lease policy in 2021/2022 that phases out the use of fossil fuel powered vehicles and transitions to fully electric or hydrogen powered cars.

Internationalisation has required that we travel increasingly across borders, in many cases by plane. To minimise CO_2 emissions and further control costs, we finetuned our travel policy. This policy outlines the conditions that we have set for international travel, both in terms of approvals designed to prevent unnecessary travel, and of travel choices to prevent unnecessary CO_2 emissions and costs. In line with our reduction ambitions, we switched to rail instead of flying for short international travel where practical, and have defined additional guidance concerning travel class on international flights.

Table 08: Energy consumption, CO_2 emissions and intensity

	2020/2021		2019/2020		2018/2019*		Related emisions 2020/2021	
Housing								
Electricity consumption	7,775,283	kWh	8,760,710	kWh	9,329,933	kWh		
Specific electricity consumption	101	kWh/m2	116.3	kWh/m2	108.4	kWh/m2		
Scope 1 thermal energy consumption	3,020	GJ	3,403	GJ	N/A			
Scope 2 thermal energy consumption	1,911	GJ	2,169	GJ	N/A			
Total thermal energy consumption	4,931	GJ	20,961	GJ	N/A			
Specific thermal energy consumption	0.064	GJ/m2	0.278	GJ/m2	N/A			
Mobility								
Total kilometres driven by lease cars	52,567,212	km	90,850,301	km	101,841,977	km		
Number of lease cars	3,352		3,523		3,498			
- electric cars (incl. plug-in hybrids)	872		685		502			
Kilometres/lease car	15,680	km	25,788	km	29,114	km		
Total petrol consumption	2,524,161	l	4,514,237	l	5,383,209	l	7,027	t
Total diesel consumption	193,570	l	581,182	l	1,134,994	l	631	t
Total LPG consumption	297	l	483	l	0	l	1	t
Total electricity consumption cars	1,650,136	kWh	1,590,645	kWh	919,680	kWh	784	t
Total kilometres travelled by air	1,534,794	km	35,859,527	km	47,651,527	km	310	t
Total hotel nights	1,558		N/A		N/A		49	t
Kilometres by air per FTE	251	km	5,918	km	8,307	km		
Total kilometres travelled by train	1,513,020	km	13,749,589	km	9,987,013	km	3	t
Train kilometres per FTE	248	km	2,269	km	1,740	km		
Mobility CO2 intensity	158	g CO2/km	175	g CO2/km	203	g CO2/km		
Total CO2 intensity	1.44	t CO2/FTE	4.05	t CO2/FTE	5.64	t CO2/FTE		
Totals								
Total CO2 emissions	8,805	t	24,514	t	32,341	t		

For an overview of conversion factors used, please see our 'Basis of reporting' annex on pages 159-160.

Ethical sourcing

On all our purchases, by default, our General Purchase Terms and Conditions apply. According to the Terms, our Supplier Code of Conduct is applicable. This Code describes our expected behaviours in terms of market behaviour, integrity, human rights, labour conditions and environmental management. In exceptional cases, where our Purchase Terms and Conditions don't apply, we make sure that provisions similar to our Supplier Code of Conduct apply.

Every new supplier has to be approved by our Reputation and Risk Leadership office after a thorough business relationship assessment. During a supplier assessment, we check whether the new supplier relationship can jeopardise our independence and if the new supplier is known for unethical or illegal behaviour (e.g. money laundering, human rights violations, corruption). For high-risk purchases or contracts higher than of €150k, there is always involvement from our Procurement professionals. In addition, for certain categories of services, such as IT, there are additional requirements around data security and system integrity.

Our partnerships with suppliers

For strategic goods and services, we engage in long-standing partnerships with our suppliers. Examples of such partnerships are our contracts with CBRE (workplace services), LeasePlan (cars), Microsoft (software) and HP (hardware).

Impacts

As a professional services provider, we consider our impact on manufactured goods and services to be limited. Nonetheless, we endeavour to be as efficient as possible with scarce natural resources. By 'purchasing green', using energy-efficient technology and working together with our suppliers on making a positive impact through our Supplier Code of Conduct, we aim to minimise our negative impacts on society and the environment. Our standing partnerships with suppliers enable us to take a long-term perspective on our impact and jointly work towards improvements. In many cases, such partnerships also include provisions aimed at improving the sustainability of our services. Examples of this are our procurement of for refurbished iPhones rather than new ones during the reporting year and our new mobility policy in which we closely collaborate with LeasePlan.

Even though we are not considered to be a polluting industry, we use fuel to go to work, visit our clients and maintain our international network. In addition, we heat and power our offices and our dedicated Server Centre. All these activities result in the emission of CO_2 that contributes to global warming. To end our contribution to global warming, we have adopted a net-zero target. Through our strategic dashboard, we track and report our emissions on a quarterly basis and discuss our performance against target within our Leadership. As our CO_2 reduction target is incorporated in our Connect for Impact strategy, it is part of the criteria for flexible reward of our Executive Board.

Creating a viable hydrogen economy

Hydrogen is projected to play a key role in the future of energy and its development will happen faster than many might expect. Increasingly, business leaders understand they need to get a grip on hydrogen to understand where the opportunities will be. Where will the transition to hydrogen unfold first, which supply technologies and distribution alternatives have most potential and which geopolitical regions are best positioned? This point of view addresses those questions and offers recommendations to policy makers and companies on how to position themselves optimally for the accelerated transition to come.

Hydrogen demand

In the short term, hydrogen will be applied first in those sectors that are under societal pressure to decarbonise - likely those closest to the customer. Interest from the market is coming from consumer goods companies in Europe which can obtain a premium from consumers substituting their energy needs in production and distribution. Think about a car from green steel (produced with the use of hydrogen) and hydrogen trucks to distribute consumer products.

In the medium to long term, industrial feedstock and electricity buffering are also likely to be decarbonised by hydrogen, as well as potentially some niches in other mobility applications and the built environment.

In the longer term, the production of ammonia and synthetic hydrocarbon fuels produced from hydrogen will enable the decarbonisation of the hardest to abate sectors such as shipping and aviation.

Hydrogen supply
This more widespread use of hydrogen is only possible when green hydrogen costs decrease, which they are projected to do significantly as renewable electricity becomes abundant and electrolyser costs decrease with economics of scale. As long as costs are high in the short run, blue hydrogen will be used to kick-start supply.

Hydrogen distribution
Pipelines, trucks and ships will all play a role in transporting hydrogen. The ability to connect large-scale hydrogen storage for close-to-sea locations makes a pipeline infrastructure favourable, while for other inshore locations its role is to connect supply and demand. Hydrogen distribution via trucks will stay relevant as a dedicated hydrogen network will not be as dispersed as the current natural gas network; import (especially via pipelines and potentially in the future via ships) will be essential as hydrogen demand will likely exceed European domestic hydrogen production.

However, domestically produced hydrogen, especially from low-cost renewable electricity will likely remain competitive against imported hydrogen given the transport (and potential conversion) costs. When the hydrogen demand is really scaled-up, centralised production connected via a pipeline structure to large scale storage becomes favourable over decentralised production, given its ability to provide security of supply.

Policy perspective
Given the pressure to decarbonise, Europe will drive the hydrogen industry on the back of COVID-19 recovery packages which will create opportunities across regions such as the manufacturing industry in Asia (e.g. electrolysers, fuel cells, Solar PV, cars, trucks); export of renewable resources in North Africa and the Middle East; and capitalisation of cheap fossil resources (blue hydrogen) in Australia, Canada and Russia.

Blending can be used as a policy instrument to give security of demand to hydrogen suppliers and eliminate the risk of supply shortfalls to hydrogen users. However, now that there is increasing certainty that hydrogen demand will emerge, blending becomes less of a priority.

To enable the cost decrease of electrolysers (and fuel cells) governmental support in the short term is necessary, but in the longer term, hydrogen will likely always be more expensive than fossil fuels and therefore will need policy incentives to be competitive (e.g. carbon taxes or subsidies).

Company perspective
To be able to take advantage of the opportunities, companies will need to make strategic bets, build an eco-system, keep learning and pro-actively engage with policy makers.

On the demand side, eyes will be focused on the world's big brands that are looking for renewable alternatives for their non-electrifiable energy use driven by their green ambitions. This is likely to trigger a hydrogen equivalent of a PPA market which emerged in the electricity market.

On the supply side, consortia of the world's largest energy companies will drive the development of the hydrogen market given their scale (and subsequent ability to deliver these projects) and their interest in hydrogen as a lifeline for their relevance in a low-carbon world. They will increasingly put pressure on government to enable a hydrogen market to scale.

Trusted brand

We need our stakeholders' trust to earn our 'license to operate' and be successful. To earn and strengthen that trust, we maintain a strict agenda on topics such as quality, compliance, ethics and integrity, and anti-corruption. Our purpose requires us to make an impact. As stated elsewhere, we primarily make an impact that matters through our client work. But additionally, we also endeavour to make an impact that matters by actively engaging in dialogue with public policy makers and through our Deloitte Impact Foundation projects.

Enhancing quality

Our ambition to become the undisputed leader in professional services goes beyond mere volume of our business and includes to be leading in (audit) quality, the impact we make, and the position we have in the minds of our clients, stakeholders and talent.

We believe the path to undisputed leadership in quality is through sustainable competitive advantage. The only way to create this is through differentiation. Differentiating on quality goes beyond technical quality and asks for unique propositions delivered in Deloitte's own unmatched multidisciplinary model. Furthermore, through our client work we want to have a tangible impact on the key societal challenges in the Netherlands. The societal challenges are translated in the 'Future of' themes.

System of quality control and differentiation

We have an overarching system of quality control that currently is being enhanced through the implementation of the international quality management standard ISQM1. In addition, we have established a differentiated model around our central commitment to quality that has enabled our success. To achieve our business aspiration to become the undisputed leader and really differentiate on quality, we have initiatives across the five pillars of our quality model. Progress on these initiatives is being measured based on a set of (strategic) KPIs.

Multidisciplinary capabilities

We continue to build trust in the financial reporting ecosystem by being at the forefront of Audit and using Deloitte's broad and deep advisory expertise in our audits, on e.g. cyber, fraud, continuity, non-financial information and analytics.

For our Advisory Businesses, MDM is the preferred strategy for serving clients, bringing together unrivalled breadth of capabilities and increase seamless collaboration across all businesses providing unique propositions across our designated growth platforms. It is a top priority to deliver the quality clients and society expect from us in these large and complex (transformation) engagements. In order to guarantee the quality on these complex transformation engagements we have an active monitoring programme in place where periodic in-flight reviews are performed during engagement performance and additional risk mitigation is taken if needed. Besides that, we closely measure and monitor the client satisfactory scores.

Technology breadth & depth
We believe clients value Deloitte for our unique and integrated technology / cyber transformation solutions. In our Center of Ecosystem Expertise, a cross-functional initiative managed by Deloitte Innovation, we foster ecosystems and bring together the expertise we have on this topic. More and more, the market requires our advice on ecosystems, regardless of the industry or portfolio. Leveraging the power of our brand, Deloitte is uniquely positioned to orchestrate ecosystems and help clients build cohesive offerings and solve large complex challenges together. Deloitte's unique propositions are supported by a digital support organisation.

Global strength, local impact
We are increasingly integrating our global expertise, knowledge and support in local service delivery. Increasing the use of Deloitte experts from all over the world in local engagements enhances our client service delivery and the impact we make on our local clients. Cutting edge content management solutions provide the information needed to deploy best practices.

Partnership – collaborate to differentiate
It all comes down to connect for impact, our call to action and an essential part in the success of our Deloitte strategy. This is more than connecting with clients, partners or suppliers. It also means the connection between our people. At many of our large clients, we serve the client with more than one business line. To improve our collaboration, we are moving towards a fair allocation system that leverages our communities even more, enhanced training of our lead client service partners (LCSPs) and their account teams, and further increasing collaboration between service lines through our MDM platforms.

Public policy
Deloitte NL has a centrally coordinated public policy programme in place that supports our organisation in the execution of our strategy and protecting, preserving, and enhancing the Deloitte brand and reputation. With our Public Policy programme, we aim to influence policy developments that could affect our business. On the other hand, we aim to engage on those policy issues that could have a major impact on society, and where our market position gives us a high level of insight to build a genuinely pre-eminent position. As such, Audit, Tax, Digital, Legal, Work and Responsible business have been put at the forefront of our stakeholder engagement.

We have comprehensive relationship management plans in place for key stakeholders such as NBA, Kwartiermakers, and Members of Parliament and Cabinet. Given the fact that last year was an election year, the Public Policy team focused on sharing input with our political stakeholders for their election programmes, with a specific focus on digital challenges. Building on that activity post-election, we shared further points of view with the informateur and members of the newly formed parliamentary Committee on Digital Affairs. The letter shared with the informateur also included advice on tax legislation as well as the future of work, sharing our knowledge and insights. By sharing our vision on current and social issues, we want to take our responsibility and contribute to a strong and sustainable economic future

We also continued our active stakeholder engagement in relation to the Future of Audit, strengthening relationships with members of parliament, Kwartiermakers and regulators, key stakeholders to maintain an open dialogue on the future of the audit sector. Besides maintaining strong relationships with our key stakeholders, we play an active role in the working groups from the CTA / Kwartiermakers. For example, we are leading the Fraud working group and are an active member of the AQI working group.

Privacy and data security
Working from home during the COVID-19 crisis has accelerated the demand for new and innovative tooling to connect both with clients and colleagues. For all new tooling, a solid and robust assessment of privacy and data security measures is needed in order to safeguard client- and Deloitte data. In addition, many new initiatives from our Cyber Acceleration Programme have been approved by our privacy and security teams ensuring privacy and data security by design. Our IT and security teams stepped up to the challenge enabling all our practitioners to work from home in safe and secure environments while also offering additional tooling and other items, thus providing a robust environment for our people, also at home. Software tools and vendors are assessed through the Global Technology Operating Model (GTOM) process, meaning all relevant Subject Matter Experts (SME's) will

review the application in one meeting from a privacy, security and IT perspective. This way Deloitte only cooperates with vendors that ensure the same level of data protection and confidentiality as Deloitte. Moreover, to ensure employees operate in a privacy and confidentiality minded manner, privacy and security awareness is on the top of Deloitte's agenda. This is reflected in the "Secure the Future" privacy & security training that all employees must complete.

In order to safeguard and address Deloitte's privacy compliance, strategy and governance, a privacy policy is implemented and a dedicated Privacy Office that is part of the Reputation & Risk Leadership Office is in place. The Privacy Office is – among other responsibilities – tasked with examining privacy aspects of processes and systems through our internal Data Privacy Impact Assessment (DPIA). In addition, the Deloitte has selected Privacy and Cyber Champions both within our business and in our Support Organisation. These champions are trained to be the first line of defence in the organisation concerning privacy and confidentiality aspects that arise within the business. By making use of Privacy and Cyber Champions, Deloitte creates privacy and security awareness within the organisation. Having the Privacy and Cyber Champions as the first line, the Privacy Office as the second line, the Data Protection Officer as the third line of defence and a robust internal audit Member Firm standard programme in place enables Deloitte to operate in a privacy and GDPR compliant manner. Lastly, Deloitte aims to organise a quarterly "Privacy committee" in which multiple key topics regarding privacy and confidentiality are discussed on high level. Examples are the privacy strategy, trends and other possible attention points.

As always, the prevention of data leakage is a top priority as data leaks can harm our clients and our reputation as a trusted business partner, and lead to significant monetary fines. Deloitte follows a well-defined data breach procedure in order to adequately address any data breach.

Despite our efforts, in 2020/2021 we discovered 95 data leaks. We received no complaints regarding breaches of client privacy or loss of customer data. In one case, we notified personal data breaches to the supervisory authority in conformity with the legal requirements of the 'Wet meldplicht datalekken' (Law on mandatory reporting of data leaks).

Ethics & integrity

Our purpose unites us as an organisation. We aim to serve our clients with distinction and integrity – making a measurable and attributable impact and inspiring our people to deliver value. The number one action to achieving our purpose is to stand firm in doing the right thing.

Our NSE Code of Conduct sets out our values and ethical principles. These are critical to our reputation and continued success, and are embedded in everything we do: how we serve clients, how we direct our businesses, how we work together and how we contribute to society. Fundamentally, the reputation of our firm rests on the personal ethics of every Deloitter. Our ethics programme is designed to build trust in our professions and among our professionals, strengthen our reputation and relationships with stakeholders, minimise ethical risk, and help all our people to make the best professional choices. This becomes even more important given our growing and more diverse organisation.

Governance
There is an appointed Ethics Leader in the Netherlands, who engages leadership, addresses and resolves ethics reports and consults on tough issues. The Ethics Leader is also responsible for ensuring a strong tone at the top regarding the importance of ethics and integrity in the workplace. Communication is key to building a consultative and “speak-up” culture. Our Chief Quality Officer is - in her role of NSE Ethics Leader - responsible for ethics within the NSE Firm. The NL- and NSE Ethics Leaders are supported by a Deputy Ethics Officer. Furthermore, the NL Ethics team consists of three confidential counsellors (‘vertrouwenspersonen’). The confidential counsellors are tasked with the reception of reporters, guidance during the process and aftercare, and have a duty of confidentiality according to the law. It’s not their role to find out the truth but to only support the reporter in proposing and discussing possible solutions. Employees, suppliers, business relationships, and other parties can also file a report - if they wish anonymously - using Speak Up, our 24/7 hotline that is run by an independent party. Twelve ethics ambassadors (partners and directors) in our businesses help to broaden the scope of the ethics programme, reaching out to all partners and Deloitte professionals, acting as linking pin between the business and the ethics team, and promoting our core values at a business level. On a periodic basis, the NL Ethics Leader reports on ethics issues and the progress on the ethics programme to the NL Executive Board and NL Supervisory Board.

Learning
In FY21, more than 97% of our partners have attended the ‘Leading with Integrity workshop’, an interactive two-hour session that is delivered across the Deloitte network to all our partners around the world to help them drive consistency in the way they lead and build our Deloitte culture. 93% of our professionals completed the ‘Speak Up for Values’ e-learning for all partners and employees. This e-learning dives deeper into acting on our values and supports the building of a speak-up culture. 98% participated in the Respect & Inclusion e-learning designed to support our partners and professionals in their contribution to an inclusive and ethical workplace, where everyone feels treated fairly and respectfully, regardless of their visible or invisible characteristics.

Case trends
We have observed a decline in the number of reported incidents this year (a total of 64 in 2020/2021, compared to a total of 91 FY2019/2020 and 81 in 2018/2019). Although we cannot be sure about the exact explanation, we assume a year of remote working contributes to this observation. We are taking action to further improve the visibility of our Ethics Office and reporting channels, to encourage Deloitters to report - also when working remotely.

Table 09: Incidents: number of reported occurrence[1]

Type	2020/2021
Professional conduct	16
Fair treatment or inequality	25
Harassment and sexual harassment	5
Corruption	0
Other or inquiry	18

1 As indicated in the About this report section, due to a new classification of incidents, we are unable to provide historic data

The presentation of our ethical incidents in above categories is meant to provide improved insight in the diversity of reports (and differs from the categorisation we presented in previous years which is the reason that we cannot provide historical data at present).

Ethics Survey
In September 2020, we have measured the effectiveness of the ethics programme through our annual ethics survey. With an almost 38% response rate and a good spread of respondents across businesses, we have obtained a clear view on how partners and employees see Deloitte as an ethical employer.

The survey results show that:

- An increased 97% of all respondents agree that Deloitte is an ethical place to work;
- The overall level of awareness (ethics team, learning, values and Code of Conduct) is strong and has increased compared to last year. There is even a good level of awareness of the recently launched anti-harassment and anti-discrimination policy (84%), and non-retaliation policy (73%);

- There is a clear understanding of the responsibility to report conduct which is perceived to be unethical and trust that independent, confidential action will be taken. The trust of being able to report misconduct without fear of retaliation is growing, while the feeling of being pressured to compromise ethical standards to achieve business objectives is decreasing;
- There are still a number of people who have indicated that they have experienced or perceived misconduct without reporting this. Reasons for example, were that they believed no corrective action would be taken or it would negatively affect relationships with co-workers;
- Next to this, we see an opportunity for our partners, leadership and management to regularly discuss the importance of ethics and integrity within their teams. In relation to this, recognition for ethical leadership also continues to deserve our attention.

Our Ethics Operational Plan 2021-2023 is based on the number and nature of the ethics incidents and the ethics survey results. The main priorities are:

The main priorities are:

Setting strong tone at the top

- Strengthen ethical leader behaviours and voice, facilitate leaders to handle ethical reports and discussions, and prepare to foster teams with high integrity. We aim to achieve this by continuing and extending ethics training, and activating towards showing and rewarding / recognising ethical behaviour.

Manifesting a safe environment

- Encouraging reporting of observed / experienced unethical conduct, reducing the fear for retaliation and increasing awareness of and trust in reporting channels. Demonstrate that corrective action will be taken, by a strong communication approach that focuses on cascaded communication and effective messaging. Communication should include special attention for speak up, non-retaliation and share an appropriate level of detail around cases, consequences, and the reporting / investigations processes (storytelling / transparency reports).

Reinforcing our team and connections

- Strengthen and diversify the ethics team by broadening the ethics ambassador network and appointing an extra confidential counsellor;
- Organising stronger connection and cooperation with inclusion and diversity, and intensifying the connection and cooperation with Talent to be able to anticipate on early warning signals.

Anti-Corruption

Anti-Corruption is one of our Global Key Commitments and requires the attention of all our partners, employees and external hires. We are against corruption in all its forms and want to contribute to good governance, economic development, and the improvement of social welfare wherever we do business. Our professionals are required to comply with the applicable Anti-Corruption laws, including at a minimum the provisions of the Dutch Criminal Code, the UK Bribery Act (2010) and, if applicable, the Foreign Corrupt Practices Act (FCPA).

Our fully implemented and comprehensive Anti-Corruption Framework, in which our colleagues are intrinsically motivated to comply with our Anti-Corruption values, consists of seven different elements that mitigate the risk of corruption within Deloitte and supports our employees and partners with guidelines to report corruption if needed. These elements include:

1. **Governance**
   Programme strategy and objectives are determined by our Anti-Corruption Committee and the progress of our operational plan is periodically discussed within this governing body. Our Reputation & Risk Leader is also part of the Anti-Corruption Committee and fulfils the role of Anti-Corruption Champion, and has the final responsibility of the NL Anti-Corruption Programme. Other members of this Committee are all subject matter experts and relevant stakeholders of the Anti-Corruption programme. The Committee is responsible for actively overseeing the Anti-Corruption programme.
2. **Policies, procedures and guidelines**
   Anti-Corruption is fully implemented in our policies, procedures and guidelines. The policies that are in place for Anti-Corruption are: DPM 1550, DPM 1551, DPM 1552 and the NSE ABC policy with a list of the applicable NSE ABC laws.
3. **Training and communications**
   Every employee and partner within Deloitte Netherlands has to successfully complete the Anti-Corruption e-learning biennially. In September 2020, we have launched the refreshed and mandatory Deloitte Global Anti-Bribery and Corruption training, which has been completed by 96% of our partners and professionals. The e-learning is also mandatory for all new hires. Our communications will mainly be tone at the top messages to emphasise the importance of Anti-Corruption.
4. **Risk assessment**
   We will update our Anti-Corruption risk assessment along with ethics risk assessment to be performed at NSE level in June 2021. Therefore, the conclusions of the risk assessment performed in 2019/2020 still stand. During the assessment the key risks for Anti-Corruption and Ethics will be discussed and weighed with all NSE relevant stakeholders of the Anti-Corruption programme. The results will be shared with and challenged by the Anti-Corruption Committee. Furthermore, during the year, Anti-Corruption as a risk will be discussed with our Assignment Partners in the Portfolio Risk Reviews. The Assignment Partners are asked to take a critical look at their portfolio concerning the corruption risks that they face and how they make sure that all necessary mitigating measures are implemented.
5. **Testing & Monitoring**
   The Anti-Corruption Framework is tested and monitored yearly. The focus will be upon two aspects: the operating effectiveness of the Anti-Corruption elements and process level testing, e.g. hiring of referrals and gifts & entertainment. Internal Audit (IAD) performed specific internal audit procedures for Deloitte the Netherlands in the period from March – April 2021. For this year, process level testing was in scope for the following corruption related topics: 1) Gifts, entertainment and hospitality, 2) Interaction with government officials, 3) Third party due diligence. We have continued our second line of defence monitoring activities. This (bi-monthly) gives us the opportunity to act more quickly and pro-actively upon identifying risks.
6. **Third Party Due Diligence**
   Anti-Corruption is not only implemented in our client processes but also for Third Parties, which we call the Third Party Due Diligence process. An Anti-Corruption risk is assigned for every new Business Relation. Furthermore, our procurement policies ensure that suppliers and contractors are selected through a fair, honest and transparent process.
7. **Consultation, Incident Response and investigations**
   Anti-Corruption is integrated in our Ethics consultation and incident response procedures. For 2020/2021, no confirmed Anti-Corruption incidents involving partners or employees from Deloitte were reported, and none were brought to the attention of our Reputation & Risk Leader.

Contributing to societal challenges

We contribute to solving complex societal challenges through our 'Future of' themes (see pages 21-22) and through the Deloitte Impact Foundation.

Deloitte Impact Foundation

Via the Deloitte Impact Foundation (DIF), our colleagues share (pro bono) their core competencies, knowledge and network to bring a positive impact to society.

Our purpose and strategy have created a new momentum in our way of thinking about our impact on society. Our target for 2020/2021 was that 40 percent of our professionals would be involved in the foundation's initiatives, this target was reached. Another target for 2020/2021 was that one percent of our time, approximately 60.000 hours, would be spent on making an impact through the Deloitte Impact Foundation. Due to COVID-19 related issues, this target turned out to be too ambitious, but we are proud that we still were able to make such an impact on society with less hours.

Looking back at the prior years of the Deloitte Impact Foundation, we are proud of the achievements and lessons learned. These lessons learned have resulted in our new strategy towards 2023. In this strategy, we will introduce three top-down partnerships "in an ecosystem" with external partners focusing on all the DIF themes: WorldClass, Sustainability, and Inclusive society to make more significant, visible and enduring impact.
As mentioned in our previous reports, we already launched our WorldClass programme and we are currently in the research phase for both the Sustainability and the Inclusive society ecosystems. The ambition of our new strategy is also to increase the impact we achieve through employee-led (bottom-up) initiatives, by increasing the volume and quality of proposals, and the impact of already approved initiatives.

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

Our year
Due to the restrictions that resulted from the COVID-19 pandemic, our contribution to a variety of social causes via the Deloitte Impact Foundation decreased to 17,529 hours in 2020/2021 from 33,521 hours in 2019/2020. We feel that as a result of our revamped strategy, once the COVID-19 restrictions are lifted, we will see a dramatic increase in hours spent. In addition to these results, we are also examining renaming our Inclusive society pillar in order to provide a better insight in the projects in its scope.

We are very proud to announce that this year we have started our WorldClass education programme for a better future for 350,000 vulnerable people. With the WorldClass programme, Deloitte has the ambition to give 50 million people worldwide a better future by 2030. This means that in the Netherlands we want to reach at least 35,000 people every year for the next ten years. How? By implementing our professional skills and expertise within the Deloitte Impact Foundation, by setting up scalable and sustainable projects, and by working together with as many valuable partners as possible. In particular we will improve the education for children in primary and secondary education. Together we can make an impact and increase the labour participation of people with a distance to the labour market.

In 2020/2021, the hours that were recorded in SAP on making an impact on society through the Deloitte Impact Foundation, represented a value of approximately € 1.1 million.

Some of the projects we are particularly proud of are:

World*Class* – The Education Alliance
In 2020, there is a shortage of 4,000 teachers in primary education. By 2025, this will have risen to 10,000. The quality and continuity of education and children's development are at risk. Therefore, alongside the Social Alliance, we are working on solutions to tackle the inequality of opportunities and shortage of teachers in metropolitan regions. This will help safeguard the quality and continuity of our children's education.

https://www2.deloitte.com/nl/nl/pages/over-deloitte/articles/primary-education-under-pressure.html

Sustainability – Cognitive Deforestation Prevention
This Deloitte Impact Foundation initiative enables Deloitte to lead the tech consortium for World Wildlife Fund for Nature's 'Early Warning System' project. This system prevents illegal deforestation through an artificial intelligence solution that predicts where illegal deforestation will happen based on satellite images (radar technology) and other geographical data.

https://www2.deloitte.com/nl/nl/pages/over-deloitte/articles/cognitive-deforestation-prevention.html

Inclusive society – SchuldenLabNL
In the Netherlands, two million households already have payment arrears, 1.4 million of which are potentially in problematic debt, and the economic fallout of the COVID-19 pandemic is likely to push these numbers even higher. SchuldenLabNL is a non-profit public-private partnership aimed at fighting debt and the stress surrounding it. Via the Deloitte Impact Foundation, Deloitte colleagues joined their challenge to improve the effectiveness of Dutch debt support.

https://www2.deloitte.com/nl/nl/pages/over-deloitte/articles/schuldenlab-pact.html

Impacts

As an external accountant of both financial and non-financial information, we help build the trust that is necessary to facilitate informed decisions on financial transactions (e.g. decisions to invest, divest or grant a government subsidy). Through our advisory work, we enable organisations to better understand their business and operating environment, thereby creating value for their stakeholders. We believe the societal impact of our assurance and advisory work to be greater than the revenues received. We aim to serve our clients with integrity. As a result, we maintain an extensive ethics programme and complaints mechanism. We want to work for and with clients who act with integrity themselves. To this end, we have robust client acceptance and continuance procedures in place. In 2020/2021, our Acceptance Centre performed around 5,000 background checks to support client acceptance or continuance decisions.

To enhance the sustainability of our clients, we offer advisory services to our clients that can help have an impact in this area. Our Sustainability MDM performs services related to - among other areas - energy transition, circular business models and sustainability assurance and reporting. Simultaneously, Deloitte contributes by making knowledge available through, for example, our state of the state research (https://www2.deloitte.com/nl/nl/pages/data-analytics/topics/state-of-the-state.html), our 'Future of' initiatives and our volunteering through the Deloitte Impact Foundation.

At the same time, we realise that occasionally we have fallen short of societal expectations. Therefore, we see it as our duty and responsibility to adhere to and adopt new measures that help strengthen trust as well as add value.

We observe an increased complexity in value chains and demands for transparency. These topics play an important role in the services we offer and create an impact on SDG16. By making better use of available data, we support clients in more inclusive and responsive decision-making. The protection of this 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 and stimulate trust in financial markets.

Providing social trust by delivering high quality services is crucial for the functioning of reliable economic and social ecosystems. Hence, our contribution to SDG16 is closely linked to our quality ambitions. Our main indicators to measure our impact on this SDG are 'engagement satisfaction' and '% of regulatory reviews that are satisfactory', having set targets in both areas as part of our Strategy 2023.

SDG17 concerns partnerships. We realise that, increasingly, we can only tackle complex challenges in partnership with others. To this end, creating effective ecosystems is fundamental principle of our 'Future of' agenda. Together with our partners we want to find solutions to social challenges around food, energy and mobility, directly impacting the SDGs. Indeed, in the social contribution made by the Deloitte Impact Foundation, partnerships also play a central role. In most cases, it is our collaboration with partner organisations that enables us to make an impact, for example on biodiversity through our partnership with WWF, on marine life through our partnership with The Ocean Cleanup or on education through partnerships with organisations such as JINC.

A collective fight against financial crime

The societal challenges we face as a society are so complex that we always work with partners who have complementary knowledge or skills. For example, when it comes to detecting and tackling criminal money flows in our banking ecosystem. By collaborating with experts from a wide range of knowledge areas, we contribute to innovative solutions that have a real impact.

When it comes to the security of financial systems, there is still a world to be won. A challenge that requires multidisciplinary muscle. TMNL offers us a glimpse into the future of financial crime prevention.

Baldwin Kramer, Partner

In the past year, for example, Deloitte has been involved as a knowledge partner and director in the development of Transaction Monitoring Netherlands (TMNL). TMNL is a partnership of the 5 largest banks in the Netherlands and consists of a software platform that – the first in the world – monitors the transactions of the participating banks for unusual activities using network analysis and anomaly detection. New is that TMNL does this from an overarching perspective, across the borders of the participating banks. Our specialists in the areas of Financial Crime Advisory, Strategy, Privacy, IT and Legal have developed the structure for this in close collaboration with their counterparts at the banks. An important breakthrough, because before TMNL, banks only looked in their own 'silos', while criminals deliberately spread their business over different accounts and banks.

Baldwin Kramer, Partner: "The social importance of TMNL is great. An estimated €16 billion is laundered annually in the Netherlands. In addition, financial crime is literally and figuratively transnational – whether it concerns the financing of international terrorism, human trafficking or drug transport. This requires a multidisciplinary approach, across disciplines and sectors. A challenge that requires what we call multidisciplinary muscle. All chain partners within this very complex public-private partnership commit themselves to the success of TMNL is an achievement in itself. TMNL offers us a glimpse into the future of financial crime prevention. When it comes to the security of financial systems, there is still a world to be won. And that is what we are working on together with TMNL."

Lessons learned

We have operated from a distance to our clients and each other for almost the entire year. We have learned that working from home is efficient and effective and – in many cases – enhances work-life balance, while minimising carbon emissions caused by commuting. It has also revealed that actual person-to-person contact, and social cohesion are crucial for Deloitte. It is essential for enhancing our culture, investing in new generations of leaders and in training our talent. We will take these experiences on board as we design our future ways of working and collaboration.

In a society where the licence to operate of companies and more specifically our role as auditor is more than ever challenged, we have intensified our interactions with stakeholders and actively contribute in innovating the audit profession. The next step in our journey in improving audit quality have been concentrating on building a learning culture with more focus on collaboration. One of constant dilemmas is how to balance between a strong individual accountability of partners for quality of their work and compliance of their files, and at the same time encourage our teams to be open about their learnings and mistakes and invest in the success of the overall team. Our culture programme helps in discussing these dilemma's and to make further progress.

The Black Lives Matter movement has opened our eyes for the social inequality that still persists in Dutch society and with that within our firm. We can only truly get rid of inequality if every individual opens up to others without any conscious or subconscious bias, in appreciation of the unique talent that everyone has. It reconfirms our strong commitment to Inclusion and stepped our I&D initiatives.

We are increasingly seeing the results of our focus on member firm consolidation and strong strategic alignment of the past years. It creates more opportunities for the complexity of the engagements we can take upon us, for the investments in new capabilities and for international cross-border teaming by our people. At the same we need to balance this constantly with proximity to Dutch stakeholders and society at large, our clients and the talent in the Dutch market. This "Connected Autonomy" model requires constant fine tuning.

Outlook

Although the global and Dutch economies have been significantly impacted by the COVID-19 crisis, we see a stronger than expected recovery. The wave of technological and digital investments by our clients will continue in the next years and is a positive driver for our business. Therefore, we feel we are well positioned for again a solid financial performance in 2021/2022, except for a possible macro-economic downturn in the medium term.

Given the uncertainties and the speed of change, we are updating our financial plans on a quarterly basis. In combination with our focus on liquidity, cost control and workforce management, we are well equipped to quickly respond to developments. A priority for the coming period is further enhancing our longer term strategic planning across all the key dimensions of our business model. This is even more relevant as we will continue to internationalise our business and invest in new business models such as i) digital platforms for our Audit and Tax business, ii) MDM growth platforms, (iii) assets and (iv) managed services. This will have significant impact our whole operating model. The most important investment area is our cross business sustainability practice.

Investments in the coming year have been further prioritised to focus on what is strategically necessary or business critical, combined with investments in service offerings that are expected to generate business growth. Investments are also aligned with Global and NSE priorities.

We will proceed with our strategy execution, putting purpose at the heart of what we do. We will do so both in our Audit and our Advisory businesses. We will continue to actively participate in the public debate on the future of audit, defending and strengthening our societal license to operate.

Last financial year, the global Deloitte SAP S/4Hana® solution was implemented and it will be further optimised in the coming year. A major change is the start of the use of Global Finance Services (GFS) with innovative end-to-end business solutions. The globalisation of the business has triggered an increased global shift in IT to deploy technology assets and global business platforms in all Deloitte member firms.

On our talent front we see that current demand is high, and recruitment and our employee value proposition remain top priorities. We grow our organisation whilst not compromising utilisation with the exception of our investment areas. We expect all businesses to grow next year. Our operating expenses will also increase as a consequence of our increased workforce and our investments in learning and innovation.

Rotterdam, July 14, 2021

Hans Honig
Chief Executive Officer and Chairman of the Executive Board

Liesbeth Mol
Chief Quality Officer

Oscar Snijders
Chief Operating Officer

Annex 1
Financial statements

Consolidated statement of profit or loss and other comprehensive income for the year ended May 31, 2021

In € thousands	Note		2020/2021		2019/2020
Revenue	2.2	1,032,011		1,015,479	
Other operating income	2.3	2,366		2,254	
Total operating income			1,034,377		1,017,733
Costs of subcontracted work and other external costs	2.4	150,879		200,963	
Salaries and social security charges	2.5	496,286		478,556	
Amortisation of intangible assets and depreciation of property, plant and equipment	4.6	47,247		49,309	
Impairments of intangible assets and property, plant and equipment	4.7	0		587	
Other operating expenses	2.6	128,547		131,086	
Total operating expenses			822,959		860,501
Operating result			211,418		157,232
Financial income	5.3		1,243		729
Financial expenses	5.3		(10,375)		(11,280)
Result before taxation and management fee			202,286		146,681
Management fee and compensation members of Coöperatief Deloitte U.A.	2.8		(161,526)		(133,653)
Result before taxation and after management fee			40,760		13,028
Taxation on result of activities	7.1		(14,223)		(6,422)
Profit for the year			26,537		6,606
Item that may be reclassified subsequently to profit or loss					
Reclassification adjustment cash flow hedge reserve		433		481	
Movement in net fair value on investments in equity instruments classified as at Fair Value Through OCI		95		0	
Foreign exchange differences on translation of foreign operations		122		0	
Net income tax related to adjustment cash flow hedge reserve		(19)		(88)	
Total other comprehensive income, net of income tax			631		393
Total comprehensive income for the year			27,168		6,999

Consolidated statement of financial position at May 31, 2021 (before result appropriation)

Assets (In € thousands)	Note	May 31, 2021	May 31, 2020
Non-current assets			
Intangible assets	4.2	18,920	9,133
Property, plant and equipment - owned assets	4.3	53,896	59,415
Property, plant and equipment - right-of-use assets	4.4	169,497	171,663
Deferred tax assets	7.2	10,921	10,885
Investments	4.5	2,054	2,000
Other non-current assets	8.1	378	1,623
Total non-current assets		**255,666**	**254,719**
Current assets			
Unbilled services	3.2	120,908	82,250
Trade and other receivables	3.3	242,209	222,429
Cash and cash equivalents	5.2	44,350	17,524
Total current assets		**407,467**	**322,203**
Total assets		**663,133**	**576,922**

Equity and liabilities (in thousands)	Note	May 31, 2021	May 31, 2020
Equity		**(5,462)**	**(32,567)**
Non-current liabilities			
Membership capital	5.1	6,050	6,250
Interest-bearing loans and borrowings	5.2	136,604	143,500
Lease liabilities	4.4	155,266	163,277
Provisions	8.2	4,055	21,729
Derivative financial instruments	5.2	1,971	2,658
Deferred tax liabilities	7.2	1,263	1,064
Total non-current liabilities		**305,209**	**338,478**
Current liabilities			
Trade and other payables	3.4	294,555	226,495
Interest-bearing loans and borrowings	5.2	10,106	9,253
Lease liabilities	4.4	34,479	34,400
Provisions	8.2	24,246	834
Deferred income and accrued cost		0	29
Total current liabilities		**363,386**	**271,011**
Total liabilities		**668,595**	**609,489**
Total equity and liabilities		**663,133**	**576,922**

Consolidated statement of changes in equity for the year ended May 31, 2021

in € thousands	Note	Legal reserves	Other reserves	Cash flow hedge reserve	Result for the year	**Total**
Balance at June 1, 2019		0	(39,600)	(2,511)	5,996	(36,115)
Profit for the year		0	0	0	6,606	6,606
Movement other comprehensive income		0	0	393	0	393
Total comprehensive income for the year		0	0	393	6,606	6,999
Deemed distribution		0	(3,455)	0	0	(3,455)
Profit appropriation prior financial year		0	6,000	0	(5,996)	4
Movement capitalised costs	2.8	545	(545)	0	0	0
Balance at May 31, 2020		545	(37,600)	(2,118)	6,606	(32,567)
Profit for the year		0	0	0	26,537	26,537
Movement other comprehensive income		122	95	414	0	631
Total comprehensive income for the year		122	95	414	26,537	27,168
Deemed distribution		0	(116)	0	0	(116)
Profit appropriation prior financial year		0	6,659	0	(6,606)	53
Movement capitalised costs	2.8	(205)	205	0	0	0
Balance at May 31, 2021		462	(30,757)	(1,704)	26,537	(5,462)

Consolidated statement of cash flow for the year ended May 31, 2021

(Prepared using the indirect method)

in € thousands	Note	2020/2021	2019/2020
Cash flow generated from operating activities	2.7	103,388	91,418
Interest received		45	185
Interest paid		(7,275)	(7,245)
Interest paid on lease liabilities	5.3	(2,504)	(2,514)
Corporate income tax paid		(6,040)	(6,925)
		(15,774)	(16,499)
Net cash from operating activities		**87,614**	**74,919**
Net cash from investing activities			
Investments in intangible fixed assets	4.2	(5,533)	(3,344)
Purchase of property, plant and equipment	4.3	(4,311)	(19,804)
Proceeds on disposals of property, plant and equipment	4.3	295	1,386
Acquisition of subsidiary, net of cash acquired	4.1	(5,335)	(308)
Investments in other financial assets	8.1	(166)	(4,422)
Repayment of other financial assets	8.1	97	31
Cash flow from/(used in) investment activities		**(14,953)**	**(26,461)**
Net cash from financing activities			
Stichting Financiering Deloitte/Members:			
- Receipts subordinated loans	5.2	7,583	9,500
- Repayment of subordinated loans	5.2	(10,439)	(14,657)
Net cash inflow from members		(2,856)	(5,157)
Receipts from non-current liabilities	5.1	375	500
Payments to non-current liabilities	5.1	(525)	(900)
Repayment of lease liabilities	4.4	(39,709)	(38,020)
Repayment of other (interest-bearing) loans	5.2	(3,200)	(3,180)
Net cash from / (used in) financing activities		**(45,915)**	**(46,757)**
Net cash flow		**26,746**	**1,701**
Cash and cash equivalents at start of financial year		17,524	15,823
Movements in cash and cash equivalents		26,746	1,701
Effect of foreign exchange rate changes		80	0
Cash and cash equivalents at end of financial year	5.2	**44,350**	**17,524**

Notes to the consolidated financial statements for the year ended May 31, 2021

1. BASIS OF PREPARATION

1.1 Basis of preparation

Reporting entity

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**.** The ultimate controlling party of the Company is Deloitte NSE 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 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 do not themself conduct any activities in the field of professional services as referred to in the previous sentence.

International relationships

On June 1, 2017 Coöperatief Deloitte U.A. became a member of Deloitte North West Europe, Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited (DTTL) with six Geographies: Belgium, Ireland (joined June 1, 2018), the Netherlands, the Nordics (Denmark, Finland, Iceland, Norway and Sweden), Switzerland, and the United Kingdom. On June 1, 2019 Greece, Italy and Malta joined Deloitte North West Europe with the name changed to Deloitte North and South Europe, Deloitte NSE LLP. On June 1, 2020, Deloitte Middle East (DME) has officially become part of Deloitte NSE. Deloitte NSE LLP is a member of Coöperatief Deloitte U.A. As of 15 December 2020 Deloitte NSE No2 CLG became a member of Coöperatief Deloittte U.A. and holds 2/3 of the votes in the general meeting of Coöperatief Deloitte U.A. Deloitte NSE No2 CLG is a subsidiary of Deloitte NSE LLP. Deloitte NSE 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.

Group relationships

Coöperatief Deloitte U.A. is the direct parent of Deloitte Holding B.V. and its subsidiaries. In these consolidated financial statement Deloitte refers to Coöperatief Deloitte U.A. and its subsidiaries. For a list of subsidiaries required by article 2:379 of the Dutch Civil Code reference is made to the notes to the company balance sheet.

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 Dutch Civil Code.

Functional and presentation currency
The financial statements are presented in euros (€) which is the functional and presentation currency of the Group. All amounts in the financial statements are presented in thousands of euros rounded to the nearest thousand, unless stated otherwise.

Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange of services.

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. Unless stated otherwise for financial instruments not carried at fair value the carrying amount is a reasonable approximate of the fair value.

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.

Changes in accounting policies for 2020/2021
In the current year, the Group has applied amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period under review. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

In the current year the Group has applied an early adoption of the amendments to IAS 37.

Amendments to IAS 37 – Onerous Contracts - Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the group has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the group first applies the amendments. Comparatives are not restated. The cumulative effect of initially applying the amendments would be recognised as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. The early application did not have any material impact on the disclosures or on the amounts reported in these financial statements.

Going concern
The Executive Board has assessed the going concern assumption as part the preparation of the financial statements based on the available financial information including budget and forecast information. The assessment included both solvability, cashflow and performance metrics.

Capital base

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 an amount of Coöperatief Deloitte U.A.'s earnings annually until such time that the equity reduction caused by the restructuring is recovered. In May 2021, the shareholders agreed that for the current financial year the retention amount will be €26,715, and in subsequent years it will be €1,043 until May 31, 2026.

Including subordinated loans and membership capital, the positive capital base of the Group amounts to €112,398 (May 31, 2020 €92,926). 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 generally stable number of equity partners, the company does not expect a situation of a noteworthy net repayment of such loans in the coming years. The restructuring is a non-cash event and did not impact the liquidity of the Group. Deloitte Holding B.V. continues to have positive equity as a basis to distribute its earnings to Coöperatief Deloitte U.A. on an annual basis.

Cash flow and performance

The performance of the Group remained strong although global and Dutch economies have been severely impacted by the COVID-19 crisis. Based on our strategy, we offer diverse business and service offerings combined with integrated solutions for our clients across businesses. Furthermore, no events or conditions, including those related to the current COVID-19 pandemic, are expected to raise doubt about the ability of the Group to continue in operation in the next reporting period.

The cash generating ability of the Group based on past performance and future planned performance, continues to show sufficient cash generation capability and is expected to form a solid basis for distributing funds from Deloitte Holding B.V. to Coöperatief Deloitte U.A., and from Coöperatief Deloitte U.A. to its members. In financial years 2020/2021 and 2019/2020, Coöperatief Deloitte U.A. generated €249 million and €209 million respectively in net cash from operating activities before management fee / compensation, with approximately between €15 million (2020/2021) and €27 million (2019/2020) in annual investments.

Furthermore, we consider that the combination of our focus on working capital management, available credit facilities (including an additional revolving facility of €50M till December 31, 2021), and the ability to manage upfront partner management fee distributions, equips us to meet our obligations and continue as a going concern. During the year, the available credit facilities (€150M) were not used. We operate, and expect to operate within the limits of our covenants.

Conclusion

The Executive Board is confident about the future outlook for the Deloitte Netherlands Group. The financial statements are prepared applying the going concern assumption. Our financial statement states those material risks and uncertainties that are relevant to the expectation of the Groups' continuity for the period of twelve months after the preparation of this report.

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 noncontrolling 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 Coöperatief Deloitte U.A. are included in the financial statements. Accordingly, in accordance with article 2:402 of the Dutch Civil Code, the company financial statements only contain an abridged profit and loss account.

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 IFRS9 Financial Instruments, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Foreign currencies
The functional currency of all entities within the Group is the euro, except for Deloitte Dutch Caribbean B.V. 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.

The significant accounting policies are described in the relevant individual notes to the Consolidated financial statements or otherwise stated below.

Accounting policies, not attributable to a specific section
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.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Financial assets

Financial assets are classified and subsequently measured at amortised cost, 'at fair value through profit or loss' (FVTPL) or 'at fair value through other comprehensive income' (FVOCI). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. 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.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category comprises the majority of the financial assets of the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and selling
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Effective interest method

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

An allowance is recognised for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to be received, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months after balance sheet date (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). A default situation occurs when a debtor fails to make full-payment within 30 days after the agreed due-date, unless the related receivable has been disputed. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. 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.

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.

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 and subsequently measured as either financial liabilities 'at FVTPL' or 'amortised cost'. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effective interest amortisation is included as finance costs in the statement of profit or loss.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

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.

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.

Critical accounting judgments and key sources of estimation uncertainty

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

Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that management has made in the process if applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

This includes:

- Identifying the performance obligation (note 2.2)
- Contingent fees (notes 2.2)
- Expected credit losses (note 3.3)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources if estimation uncertainty at the end of the reporting period that may have a significant risk if causing a material judgement to the carrying amounts of assets and liabilities within the next financial year as well as to the disclosure of contingent liabilities.

- Timing of satisfaction of performance obligations (note 2.2)
- Professional liability provision (note 8.2)

Other areas with judgments and estimates

Other areas with judgments and estimates, but not key estimates,

- determining the incremental borrowing rate (see note 4.4)
- useful lives of (in)tangible assets (see note 4.6)
- impairments (see note 4.7),
- financial instruments (see note 5.4),

Significant sources of estimation uncertainty

Given uncertainties on further developments and consequences resulting from COVID-19 we still consider future COVID-19 developments as a significant source of estimation uncertainty. The impact of this uncertainty mostly impacts our assessment of expected credit losses related to trade receivables and unbilled revenues. In the assessment of other balances we have assessed the possible impact of COVID-19 on the measurement of goodwill, our right-of-use assets, investments and provided loans.

2. OPERATIONAL PERFOMANCE

2.1 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 voluntarily discloses information per business but does not apply IFRS 8.

2020/2021

in € thousands	Audit & Assurance	Tax & Legal	Consulting	Risk Advisory	Financial Advisory	Support & Other / Eliminations	Consolidated
Third party revenue	249,144	209,725	323,656	137,115	106,643	5,728	1,032,011
Intercompany revenue	18,735	7,299	34,315	6,130	27,301	(93,780)	0
Total revenue	267,879	217,024	357,971	143,245	133,944	(88,052)	1,032,011
Other income	0	0	0	0	0	2,366	2,366
Operating result	**31,394**	**45,029**	**81,296**	**17,732**	**33,346**	**2,621**	**211,418**
Share in result of nonconsolidated associated companies							0
Financial income and expenses							(9,132)
Management fee and compensation members Coöperatief Deloitte U.A.							(161,526)
Corporate income tax							(14,223)
Net result after taxation							**26,537**
Current assets	110,268	94,632	115,757	36,070	42,428	8,312	407,467
Non-current assets	937	937	3,909	5,388	49	242,392	253,612
Investments	0	20	0	0	0	2,034	2,054
Total assets	**111,205**	**95,589**	**119,666**	**41,458**	**42,477**	**252,738**	**663,133**
Current Liabilities	49,267	53,650	49,700	25,014	16,057	169,698	363,386
Non-current liabilities	26,293	238	766	33	0	160,019	187,349
Total equity / subordinated loans	35,645	41,701	69,200	16,411	26,420	(76,979)	112,398
Total liabilities and equity	**111,205**	**95,589**	**119,666**	**41,458**	**42,477**	**252,738**	**663,133**

2019/2020

in € thousands	Audit & Assurance	Tax & Legal	Consulting	Risk Advisory	Financial Advisory	Support & Other / Eliminations	Consolidated
Third party revenue	229,849	211,227	305,592	169,773	91,449	7,589	1,015,479
Intercompany revenue	10,796	5,204	28,352	5,757	5,067	(55,176)	0
Total revenue	240,645	216,431	333,944	175,530	96,516	(47,587)	1,015,479
Other income	0	0	0	613	0	1,641	2,254
Operating result	**11,030**	**38,899**	**62,891**	**21,133**	**21,956**	**1,323**	**157,232**
Share in result of nonconsolidated associated companies							0
Financial income and expenses							(10,551)
Management fee and compensation members Coöperatief Deloitte U.A.							(133,653)
Corporate income tax							(6,422)
Net result after taxation							**6,606**
Current assets	75,747	77,406	82,574	34,312	29,430	22,734	322,203
Non-current assets	937	942	3,909	545	132	246,254	252,719
Investments	0	111	0	0	0	1,889	2,000
Total assets	**76,684**	**78,459**	**86,483**	**34,857**	**29,562**	**270,877**	**576,922**
Current Liabilities	44,207	44,287	33,953	17,737	12,478	118,349	271,011
Non-current liabilities	20,475	385	626	45	0	194,903	216,434
Total equity / subordinated loans	12,002	33,787	51,904	17,075	17,084	(42,375)	89,477
Total liabilities and equity	**76,684**	**78,459**	**86,483**	**34,857**	**29,562**	**270,877**	**576,922**

2.2 Revenue

Accounting policies

Revenue recognition

The Group generates revenue primarily by delivering professional services to clients, with the types of services offered being similar within each of its services lines of Audit & Risk Advisory, Tax, Consulting and Financial Advisory. Each service line offers a wide range of services and, when delivered to individual clients, these are almost always bespoke in nature. However the performance obligations tend to be consistent from client to client and the ones the Group most commonly satisfies are:

- External audit services
- Direct and indirect tax compliance services
- Technology solution design and implementation
- Reports on business or compliance issues
- Project management services

As a provider of professional services the Group generally does not have obligations for returns, refunds or other similar obligations, nor does it have warranties or other related obligations.

Revenue of services

The amount of consideration the Group receives varies both service to service and from client to client, reflecting the bespoke nature of the services the Group provides. The consideration typically reflects the skills and experience of the individuals who provide the services as well as the availability of similar skills and experience in the wider professional services market. These factors tend to vary from service line to service line. The consideration the Group receives is typically based on one or more of four principal pricing mechanisms:

- Time and material
- Fixed fee
- Contingent fee
- Transaction revenues

The Group adjusts its estimate of revenue throughout the contractual period of services, and for amounts which are variable, such as contingent fees, at the earlier of when the most likely amount of consideration the Group expects to receive changes or when the consideration becomes fixed.

Most of the Group's contractual arrangements comprise a single performance obligation. For those contractual arrangements that comprise multiple performance obligations, the transaction price is allocated on the basis of the relative estimated stand-alone selling price of each performance obligation. Other than for contingent fee arrangements which are constrained in accordance with the requirements of IFRS 15, in virtually all contracts the Group has an enforceable right to payment for services rendered and, given the bespoke nature of the services provided, recognises revenue over time as such services are rendered. The Group measures progress in satisfying the performance obligations as follows:

- For time and material arrangements, the Group is able to recognise revenue on the basis of time charged to date. This output method approach uses the practical expedient in IFRS 15 with the amount recognised as revenue reflecting the amount that the Group has the right to invoice to its customers.
- For fixed fee arrangements, the Group uses an input method based upon the value of the services (determined based upon the number of hours charged and the undiscounted hourly rates) charged to the engagement to date compared to the total expected inputs. Chargeable time for employees tends to be the most significant input and this is charged to individual contracts (and performance obligations) via timesheet reporting. Revenues are recognised as employee time is used to provide the services.
- Contingent fees are usually recognised when the contingency is resolved (refer to critical accounting judgements for further detail).
- Transaction related fees are priced on a "per unit" basis, such as data storage or data processing fees, and are typically recognised as the underlying transactions or usage take place, for the same reason as time and materials arrangements.

The Group typically invoices its customers monthly or quarterly in arrears, or for smaller projects at the end of the engagement, but payment terms do vary depending on the types of services being offered or for individual contractual agreements. When performance obligations have been satisfied, revenue is recognised and contract assets are simultaneously created. Contract liabilities represent amounts received for performance obligations which are not yet satisfied. The Group has determined that no significant financing component exists in respect of its professional services as the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Costs to obtain or fulfil a contract

Certain costs of obtaining a contract are capitalised where the Group would not have incurred those costs if the contract had not been obtained (incremental costs). This would typically be when up-front costs are incurred at contract inception that generate or enhance resources of the Group that will enable the Group to deliver services over the lifetime of the contract. Such amounts are not material for the Group.

Key accounting estimates and judgments

Identifying the performance obligation

Determining the number of performance obligations in the contractual arrangements with the Group's customers sometimes involves significant judgement. Whilst the Group's contractual arrangements often contain extensive details in relation to the services to be provided, in many cases these are considered to comprise a single performance obligation. Even when multiple deliverables are to be provided to a customer these are often judged to be a single performance obligation either because there is a significant service of integration performed by the Group in delivering these services or because the services represent a series of substantially similar services all recognised over time (for example, the provision of multiple internal audit reports under an internal outsourcing contract). If performance obligations were determined differently, then this could affect both the timing and extent of revenue recognised in a financial period. Where we are delivering multiple performance obligations, these are often delivered at the same time, so the determination of what performance obligations exists has limited practical impact on the accounting for revenue.

Contingent fees

The Group provides various services where the amount of consideration is dependent upon the outcome of the services provided; for example, tax claims and corporate finance services. The uncertainty around the fees ultimately receivable under these arrangements is generally only fully resolved when a matter is concluded. Where the Group has sufficient historical experience with similar contracts in order to be able to estimate the expected outcome of a group of existing contracts reliably, revenue is estimated using the expected value method. Fees are only included in revenue to the extent that it is highly probable that the cumulative amount of revenue recognised in respect of a contract at the end of a reporting period will not be subject to a significant revenue reversal when a matter is concluded. If the Group accounted for contingent fees differently than this could occur in two ways, either that (a) the variable consideration constraint outlined in IFRS 15 should not be applied at all, or (b) that the constraint should be applied to all contingent fee engagements. In the case of scenario (a), this would result in the recognition of revenue over time, as work was performed, if it was considered that the services met one or more of the criteria for recognition over time. In the case of (b), this would result in the recognition of revenue once the uncertainty is fully resolved.

Timing of satisfaction of performance obligations

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.

Revenue from continuing operations

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

In € thousands	2020/2021	2019/2020
Audit & Assurance	249,144	229,848
Tax & Legal	209,725	211,227
Consulting	323,656	305,592
Risk Advisory	137,115	169,773
Financial Advisory	106,643	91,449
Support/Other	5,728	7,590
	1,032,011	**1,015,479**

Revenue is mainly realised in the Netherlands.

Remaining performance obligations

As at the yearend date, there are contracts with customers where the Group has unsatisfied or partially unsatisfied performance obligations.

The majority of services performed by the Group are in respect of contracts with an expected duration of 1 year or less either because the services are expected to be provided within a 12 month period or because the customer and/or Deloitte has the right to terminate the contract without substantive penalty upon the delivery of written notice. For amounts arising from such contracts the Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about the remaining performance obligations. Contracts with a duration of more than one year does not exceed 0.5% of total revenues. This also applies to contracts where the amount recognised as revenue is based on the amount which the Group has the right to invoice.

2.3 Other operating income
The other operating income relates to income not comprising services to clients.

In € thousands	2020/2021	2019/2020
ICT hosting for external parties	2,249	1,641
Capitalisation own production	0	613
Book results of disposed assets	117	0
	2,366	**2,254**

2.4 Costs of subcontracted work and other external costs
These are services and expenses directly attributable to engagements.

2.5 Personnel Expenses

Accounting policies

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.

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.

Personnel Expenses

In € thousands	2020/2021	2019/2020
Salaries [1]	396,607	365,424
Social security charges	53,884	52,568
Pension costs	27,909	26,456
Other personnel expenses [2]	17,886	34,108
	496,286	**478,556**

1 Salaries contains €3,628 (2019/2020 €3,276) fixed compensation of the Board.

2 In prior year the other personnel expenses were disclosed as part of the other operating expenses. This adjustment gives a better overview of the total personnel expenses.

Workforce

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

	2020/2021				2019/2020			
	Equity partners	Fee Earners	Support staff	Total	Equity partners	Fee Earners	Support staff	Total
Audit & Assurance	55	1,546	43	1,644	55	1,542	36	1,633
Tax & Legal	58	812	14	884	60	876	13	949
Consulting	70	1,496	21	1,587	69	1,415	17	1,501
Risk Advisory	31	683	10	724	34	682	6	722
Financial Advisory	32	406	2	440	33	394	2	429
Support/Other	8	70	815	893	10	86	816	912
	254	**5,013**	**905**	**6,172**	**261**	**4,995**	**890**	**6,146**

2.6 Other operating expenses

Accounting policies

Expenses are decreases in assets, or increases in liabilities, that result in decreases in equity, other than those relating to distributions to holders of equity claims.

Other operating expenses

Other operating expenses are specified as follows:

In € thousands	2020/2021	2019/2020
Staff cars	25,839	29,522
Accommodation costs	12,641	13,240
International member firm fees	23,905	23,555
Office costs	10,071	12,370
Other costs [1]	56,091	52,399
	128,547	**131,086**

1 In other costs are included costs for Group projects of €41,584 (2019/2020: €39,175). This comprises mainly IT-, legal-, marketing cost

2.7 Cash flow generated from operating activities

in € thousands	Note	2020/2021	2019/2020
Net cash from operating activities			
Profit for the year		26,537	6,606
Adjustments for:			
- Taxation on result of activities	7.1	14,223	6,422
- Financial income	5.3	(1,243)	(729)
- Financial expenses	5.3	10,375	11,280
- Depreciation and amortisation	4.6	12,833	13,918
- Depreciation of right-of-use assets	4.4	34,414	35,391
- Impairment of goodwill	4.7	0	387
- Amortization of non-current assets	8.1	595	866
- Results on disposal of property, plant and equipment	2.3	(117)	200
Cash flows before movements in working capital		**97,617**	**74,341**
Net foreign exchange (loss)/gain		989	256
Change in management fee/compensation members of Coöperatief Deloitte U.A.	3.4	15,640	5,480
Change in unbilled services and advance billings	3.2	(30,015)	39,019
Change in trade receivables	3.3	(13,491)	(8,837)
Change in trade payables	3.4	32,988	(9,774)
Decrease in provision	8.2	(340)	(9,096)
Change in deferred income and accrued cost		0	29
Cash flow generated from operating activities		**103,388**	**91,418**

2.8 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 that is not distributed in order to supplement the negative equity of the Cooperative. For 2020/2021 the amount is €26.7 million (2019/2020: €5.3 million). 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 was 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.

In € thousands		2020/2021		2019/2020
Result before management fee and taxation		**202,286**		**146,681**
Deduction of profits for compensation of negative equity	26,715		5,340	
Movement legal reserve not payable to members	(205)		545	
Adjustments not payable to members [1]	27		721	
Proposed deduction of profits (Net result after taxation)		26,537		6,606
Corporate income tax		14,223		6,422
Available for distribution to members		**161,526**		**133,653**
Management fee (to be) distributed to members	142,482		122,782	
Compensation available for members	19,044		10,871	
		161,526		**133,653**
		0		**0**
Average number of members in fte [2]		251		259
Average management fee and earnings available for distribution per member (x €1,000)		644		516

1 Adjustments mainly relates to goodwill amortisation, these differences between management accounts and IFRS will not be paid as compensation to members.

2 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 amounts €144.233 (2019/2020 €129,498).

3. WORKING CAPITAL

3.1 Changes in working capital

In € thousands	May 31, 2021	May 31, 2020
Movement in Unbilled services and advance billings to customers	38,658	(29,920)
Movement in Trade and other receivables	19,780	32,784
Movement in Trade and other payables	(68,060)	(3,745)
	(9,622)	**(881)**

3.2 Unbilled services and advance billings to customers

Accounting policies

Unbilled services

Unbilled services (contract assets) represent revenues recognised in satisfying performance obligations where the Group's right to consideration is conditional upon something other than the passage of time, such as our performance for other performance obligations being completed in accordance with the terms of the contract, or the final revenue amount being agreed with the customer prior to amounts being billed. These amounts will become unconditional when performance obligations are completed in accordance with the terms of the contract, or when the customer has agreed to the amount of final billings. These amounts will be billed to the customer in accordance with the agreed-upon contractual terms.

Advanced billings

Advanced billings (contract liabilities) arise when payments are received from customers in advance of the Group satisfying the performance obligations under the contract. These liabilities are extinguished and revenues recognised as (or when) the Group satisfies the performance obligations, which is normally within one year after balance date.

Key accounting estimates and judgments

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

In € thousands	May 31, 2021	May 31, 2020
Net unbilled services and advance billings to customers	84,004	53,982
Advance billings to customers (contract liabilities)	36,904	28,268
Unbilled services (contract assets)	**120,908**	**82,250**

Amounts are not yet billed and measured at expected realisable value and are neither past due nor impaired. Billing in excess of project revenue earned is included in trade and other payables. Compared to last year unbilled services and advance billing increased due to focus on shortening the cash conversion cycle in the last quarter of 2019/2020.

3.3 Trade and other receivables

Accounting policies

Trade Receivables

Trade receivables are recognised when the right to consideration becomes unconditional and an invoice to the customer is raised. The Group's customers, including member firms in the DTTL network, are required to settle invoices on invoice presentation or on such other date as is agreed in the engagement terms for that client. The Group's standard terms state that invoices are due for settlement 30 days after the invoice date and after this date invoices are considered past due. DTTL network firm transactions are non-interest bearing. The Group applies the simplified approach to recognise lifetime expected credit losses for its trade receivables and amounts due from customer as required or permitted by IFRS 9.

Key accounting estimates and judgments

Expected credit losses

The credit period of services rendered is between 14 and 90 days. No interest is charged on trade receivables. The Group has recognised an allowance for the Expected Credit Losses (ECL), for which a simplified approach has been used based on a lifetime expected loss for non-impaired items. The concentration of credit risk is limited to the fact that the customer base is large and unrelated. Given the current COVID-19 developments and impact, the risk of default is expected to have increased. For trade receivables we have limited relevant historical data and experience reflecting sufficiently the current adverse economic conditions on which to base the estimate in the ECL matrix. Uncertain is what the duration of the negative consequences will be. The current conditions will have an impact on probability of default ('PD') and the loss given default ('LGD') . To date, we have experienced a limited effect of COVID-19 for trade receivables collections. Our existing collection policies enable us to closely monitor developments in our receivables. The billing and subsequent collection are still meeting our targets. We see no noteworthy developments in delayed payments or changes in credit limits. We have not added one or more additional scenarios to the existing scenarios. See note 5.4.2 on how the Group manages its credit risks.

Trade and other receivables

In € thousands	May 31, 2021	May 31, 2020
Accounts receivable	208,791	187,060
Corporate income tax	0	379
Other receivables, prepayments and accrued income	33,418	34,990
	242,209	222,429

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, 2021	May 31, 2020
Accounts receivable – gross	211,958	190,295
Allowance for doubtful debts	(3,167)	(3,235)
	208,791	**187,060**

The credit period of services rendered is between 14 and 90 days. No interest is charged on trade receivables. The Group has recognised an allowance for the Expected Credit Losses (ECL), for which a simplified approach has been used based on a lifetime expected loss for non-impaired items. The concentration of credit risk is limited to the fact that the customer base is large and unrelated.

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

In € thousands	2020/2021	2019/2020
Balance at the beginning of the year	3,235	1,146
Change in consolidation	0	238
Exchange rate differences	(38)	0
Amounts written-off during the year as uncollectible	(221)	(559)
Amounts recovered during the year	42	1
Movement in provision	149	2,409
	3,167	**3,235**

Ageing of past due and impaired accounts receivable as of the reporting date is as follows:

In € thousands	May 31, 2021		May 31, 2020	
	Gross receivable	Provision (ECL)	Gross receivable	Provision (ECL)
Not past due	165,896	(216)	148,863	(372)
< 30 days	25,980	(119)	24,299	(352)
30-90 days	10,620	(145)	11,117	(440)
90-180 days	3,174	(228)	3,889	(585)
180-365 days	3,451	(996)	1,453	(810)
> 365 days	2,837	(1,463)	674	(676)
	211,958	**(3,167)**	**190,295**	**(3,235)**

All of the above impairment losses relate to receivables arising from contracts with customers.

3.4 Trade and other payables

The specification of the trade and other payables is as follows:

In € thousands	May 31, 2021	May 31, 2020
Salaries and other personnel costs	86,481	64,884
Taxes and social security contributions	58,852	56,000
Trade payables	36,872	27,459
Management fees payable to members	51,890	36,303
Advance billings to customers	36,904	28,268
Pension liabilities	99	67
Other liabilities and accruals	23,457	13,514
	294,555	**226,495**

4. INVESTMENTS

4.1 Acquisitions and business combinations

Accounting policies

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.

Acquisitions during the year

As of May 1, 2021 the group has acquired 100% of the issued shares of IP Consultancy Holding B.V. (Iperion) obtaining control of IP Consultancy Holding B.V. IP Consultancy Holding B.V. and its subsidiary IP-CON B.V. comprises management consulting in the area of life sciences. A team of around 40 consultants joined the group and qualifies as a business as defined in IFRS 3. IP Consultancy Holding B.V. was acquired as an investment to extend the group's life sciences regulatory practice, where Iperion is an expert in the market.

Acquisition related costs of €155 were expensed in the current year, this relates to internal hours. Assets and liabilities acquired have been recognised at fair value as at the acquisition date. The fair values were book values in most cases, the main exceptions intangible assets which have been adjusted up by €2.221 to their fair value.

Intangible assets relate primarily to customer relationships of €2.193. These were valued using the multi-period excess earning method with assumptions made in respect of future revenues and profitability, discount rates and remaining useful lives. A different assessment of these matters may have resulted in a different value being ascribed to these assets.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

In € thousands	
Non-current assets	
Property, plant and equipment	35
Intangible assets	2,221
Current assets	
Trade and other receivables	695
Cash and cash equivalents	1,344
Current liabilities	
Trade and other payables	(82)
Other current liabilities	(240)
Total identifiable assets acquired and liabilities assumed	3,973
Goodwill	2,875
Total consideration	**6,848**

Satisfied by:

In € thousands	
Cash	6,679
Contingent consideration arrangement	169
Total consideration	**6,848**

Net cash outflow arising on acquisition:

In € thousands	
Cash consideration	6,679
Less: cash and cash equivalent balances acquired	(1,344)
Total consideration transferred	**5,335**

The acquisition agreement includes contingent payments focussed on the retention of the sellers. These payments are employee benefits and are not part of the consideration. These are recognised over time. The expenditure of this consideration will be incurred in 2021/2022 and 2022/2023. The potential undiscounted amount of all future payments that the Group could be required to make in respect of this contingent payment is estimated to be between €1.4 and €2 million.

The goodwill and the acquired client relations of total €5 million are not deductible for income tax purposes as the acquisition was a share acquisition. In the purchase price allocation the growth rate of the business was set at 20%. The applied discount rate is 11.5%.

IP Consultancy Holding B.V. contributed €0.3 million revenue and a loss of €0.07 million to the Group's profit for the period between the date of acquisition and the reporting date. If the acquisition of IP Consultancy Holding B.V. had been completed on the first day of the financial year, Group revenues for the year would have been €4.4 million and Group profit would have been €0.5 million.

4.2 Intangible assets

Accounting policies

Goodwill

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

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. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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.

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.

Movement in intangible fixed assets

in € thousands	Goodwill	Other intangible assets	Assets under construction [1]	**Total**
Cost	6,170	8,555	0	14,725
Accumulated amortisation and impairments	0	(7,175)	0	(7,175)
At June 1, 2019	6,170	1,380	0	7,550
Additions	0	1,030	2,314	3,344
Fully depreciated	0	(8,304)	0	(8,304)
Accumulated amortisation fully depreciated	0	8,304	0	8,304
Amortisation	0	(1,374)	0	(1,374)
Impairment	(387)	0	0	(387)
Movement 2019/2020	(387)	(344)	2,314	1,583
Cost	6,170	1,281	2,314	9,765
Accumulated amortisation and impairments	(387)	(245)	0	(632)
At May 31, 2020	**5,783**	**1,036**	**2,314**	**9,133**
Change in consolidation	0	28	0	28
Additions [2]	2,875	10,039	(2,314)	10,600
Amortisation	0	(841)	0	(841)
Movement 2020/2021	2,875	9,226	(2,314)	9,787
Cost	9,045	11,348	0	20,393
Accumulated amortisation and impairments	(387)	(1,086)	0	(1,473)
Book value as of May 31, 2021	**8,658**	**10,262**	**0**	**18,920**

1 Intangible assets under construction relates to a global ERP project. No fixed amount have been committed.

2 Addition consists of investment in acquisitions and an investment of €5,533 in a global ERP sytem.

See note 4.7 for the breakdown.

4.3 Property, plant and equipment

Accounting policies

Property, plant and equipment is valued at acquisition cost or production cost, less accumulated depreciation and, where applicable, impairment losses.

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 part of the Right-of-Use assets and depreciated in a straight line over the term of the lease, with recognition of the liability as a provision.

Movements in property, plant and equipment

in € thousands	Leasehold improvements	Fixtures and fittings	Computer equipment	Assets under construction	**Total**
Cost	63,515	24,445	41,144	1,798	130,902
Accumulated depreciation	(31,810)	(13,433)	(31,238)	0	(76,481)
At June 1, 2019	**31,705**	**11,012**	**9,906**	**1,798**	**54,421**
Reclassification due to IFRS 16	(491)	0	0	0	(491)
Change in consolidation	162	73	8	0	243
Additions [1]	4,906	1,782	14,479	(1,798)	19,369
Disposals [2]	(60)	(375)	(11,007)	0	(11,442)
Accumulated depreciation on disposals	59	371	9,429	0	9,859
Depreciation	(5,108)	(2,145)	(5,291)	0	(12,544)
Movement 2019/2020	**(532)**	**(294)**	**7,618**	**(1,798)**	**4,994**
Cost	67,589	25,925	44,624	0	138,138
Accumulated depreciation	(36,416)	(15,207)	(27,100)	0	(78,723)
At May 31, 2020	**31,173**	**10,718**	**17,524**	**0**	**59,415**
Change in consolidation	0	2	33	0	35
Exchange differences	(10)	(4)	(1)	0	(15)
Additions [1]	2,030	657	1,047	2,897	6,631
Disposals [2]	0	(2)	(771)	0	(773)
Accumulated depreciation on disposals	0	0	595	0	595
Depreciation	(4,435)	(1,797)	(5,760)	0	(11,992)
Movement 2020/2021	**(2,415)**	**(1,144)**	**(4,857)**	**2,897**	**(5,519)**
Cost	69,604	26,575	44,932	2,897	144,008
Accumulated depreciation	(40,846)	(17,001)	(32,265)	0	(90,112)
Book value as of May 31, 2021	**28,758**	**9,574**	**12,667**	**2,897**	**53,896**

1 Of the additions €2,320 (2019/2020: €(435)) is related to the movement in investments property, plant and equipment not paid.

2 The book value of the disposals together with the book results (see note 2.3) 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,

4.4 Right-of-use assets and lease liabilities

Accounting policies

Leasing

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the profit or loss (see note 8).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient . For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. 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. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Movement in right-of-use assets and lease liabilities

in € thousands	Buildings	Vehicles	**Total**	**Liabilities**
Cost	150,787	33,828	184,615	
Accumulated depreciation	(443)	0	(443)	
At June 1, 2019	**150,344**	**33,828**	**184,172**	**212,817**
Additions	422	18,148	18,570	18,570
Remeasurements	5,963	(1,504)	4,459	4,459
Decrease of scope	0	(144)	(144)	(149)
Disposals	(651)	(448)	(1,099)	0
Accumulated depreciation on disposals	648	448	1,096	0
Depreciation	(19,748)	(15,643)	(35,391)	0
Unwinding interest	0	0	0	2,514
Payments	0	0	0	(40,534)
Payments in the following year	0	0	0	(34,400)
Movement 2019/2020	(13,366)	857	(12,509)	(49,540)
Cost	156,521	49,880	206,401	
Accumulated depreciation	(19,543)	(15,195)	(34,738)	
At May 31, 2020	136,978	34,685	171,663	163,277
Additions	8,861	17,905	26,766	26,269
Remeasurements	3,447	2,216	5,663	5,663
Decrease of scope	0	(181)	(181)	(154)
Disposals	(2,302)	(2,683)	(4,985)	0
Accumulated depreciation on disposals	2,302	2,683	4,985	0
Depreciation	(18,685)	(15,729)	(34,414)	0
Unwinding interest	0	0	0	2,504
Payments	0	0	0	(42,214)
Movement payments in the following year	0	0	0	(79)
Movement 2020/2021	**(6,377)**	**4,211**	**(2,166)**	**(8,011)**
Cost	166,527	67,137	233,664	
Accumulated depreciation	(35,926)	(28,241)	(64,167)	
Book value as of May 31, 2021	**130,601**	**38,896**	**169,497**	**155,266**

The weighted average incremental borrowing rate (IBR) applied to the lease liabilities was 1.28% (2020: 1.26%).

Maturity profile

The remaining weighted average lease term was 6.8 year (2020: 8.4 year). The undiscounted value of lease commitments amounts to €190 million (2020: €198 million). The maturity is as shown below.

In € thousands	May 31, 2021	May 31, 2020
0-1 year	34,479	34,400
1-2 year	33,985	30,715
2-3 year	30,729	27,301
3-4 year	25,323	24,416
4-5 year	20,973	20,394
> 5 year	44,256	60,451
	189,745	**197,677**

For the off balance commitment for separate non-lease components please see note 8.3.

Lease-related amounts recognised income and expenses

In € thousands	2020/2021	2019/2020
Depreciation cost on right-of-use assets (included in Depreciation)	34,414	35,391
Interest cost on lease liabilities (included in Financial expenses)	2,532	2,514
Costs relating to short-term leases (included in accommodation costs)	0	97
Cost relating to variable lease payments not included in the measurement of the lease liability (included in Other costs)	1,184	1,099
Income from sub-leasing right-of-use assets (included in Accommodation costs)	(2,244)	(3,080)
	35,886	**36,021**

4.5 Investments

Accounting policies

Investments

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. An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture.

Most investments are financial assets measured at fair value through OCI.

Movement of the investments

In € thousands	2020/2021	2019/2020
Book value as of June 1	2,000	1,033
Movements:		
Additions	50	967
Repayments	(91)	0
Increase in fair value during the year	95	0
Book value as of May 31	**2,054**	**2,000**

The composition of the participating assets is as follows:

In € thousands	May 31, 2021	May 31, 2020
Nautilus Indemnity Holdings Ltd, Bermuda (11.3%)	354	354
Deloitte University EMEA BVBA, Belgium (0.3%)	0	0
Deloitte CIS Limited (11.8%) [1]	5	5
Deloitte European Support Services Ltd, England (5%)	20	111
EMEA Holdings S.a.r.l., Luxembourg (6.67%)	570	570
Deloitte NSE Investments Ltd, England (0%, non-voting shares)	1,055	960
A-Technologies Holdings Limited, England (0.43%)	50	0
	2,054	**2,000**

1 Via a 29.41% participating interest in IHC Interposed Holding Company 1 SAS, established in France. This is a related party.

All minority interests are valued at fair value through other comprehensive income. In respect of the equity investment made in Deloitte NSE Investments Limited, a discounted cash flow valuation methodology was used to derive the fair value. This was based on an expected return of capital from the underlying project that NSE has invested in at an estimated future point in time. Consequently, this fair value measurement is a Level 3 within the fair value hierarchy as set out in IFRS 13.

4.6 Amortisation of intangible assets and depreciation of property, plant and equipment
Accounting policies

Amortisation of intangible assets

For intangible assets acquired separately and acquired in a business combination 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.

Category	Years
Goodwill	Not amortized
Other intangible assets	3 – 12
Intangibles under construction	Not amortized (yet)

Depreciation

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.

Category	Years
Leasehold, improvements	5-15
Fixtures and fittings	5-15
Computer equipment	2-8
Assets under construction	Not depreciated (yet)

In € thousands	2020/2021	2019/2020
Intangibles assets amortisation	841	1,374
Property, plant and equipment - owned assets:		
Depreciation	11,992	12,544
Property, plant and equipment - right of use assets:		
Depreciation	34,414	35,391
	47,247	**49,309**

4.7 Impairment tests and impairments

Accounting policies

Goodwill

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 and 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.

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.

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.

Key accounting estimates and judgements

Goodwill

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 relatively large compared to the allocated goodwill. The indefinite growth rate applied is -10.0% (2019/2020 -10.0%). We estimated the recoverable amounts by applying a discount rate of 20% (2019/2020 20%). As a result of analysis, the Executive Board recognised no impairments as of May 31, 2021 (May 31, 2020 €384). 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 to exceed their recoverable amounts.

Observations from impairment testing

In € thousands	2020/2021	2019/2020
Intangible assets:		
Impairment	0	387
(Gain) / loss on disposed assets:		
Property/ plant and equipment	0	200
	0	**587**

Goodwill

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

In € thousands	May 31, 2021	May 31, 2020
Audit & Assurance - Audit Services	937	937
Tax & Legal - Business Tax	937	937
Consulting - Customer & Marketing	1,300	1,300
Consulting - Human Capital	2,609	2,609
Risk Advisory - Regulatory & Legal Support	2,875	0
	8,658	**5,783**

No impairments of goodwill were recognised in 2020/2021 (2019/2020: €387).

Other intangible assets

Other intangible assets has been allocated for impairment testing purposes to the following cash generating units:

In € thousands	May 31, 2021	May 31, 2020
Risk Advisory - Regulatory & Legal Support (customer relations and trademark)	2,172	0
Financial Advisory - Corporate Finance Advisory	49	132
	2,221	132
Risk Advisory - capitalised development costs software client related	340	545
Support - development software for internal use (ERP software)	7,701	359
	10,262	1,036

No impairments were recognised.

5. CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

The members A 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. 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.

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. Deloitte has implemented a Claw-Back scheme with a six year term for profit-sharing partners who serve as external auditors and are involved in statutory audit engagements. In case of a Claw-Back Event the amount accrued under the Claw-Back scheme is not paid out to the audit partner.

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 €13 million (May 31, 2020: €39 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 amongst others have the right at all times to elect and dismiss its board members. Consequently, Stichting Financiering Deloitte is not controlled by the Group and therefore is not included in these consolidated financial statements.

The Group is not subject to any externally imposed capital requirements. Covenants are applied with regards to the bank loans, see note Bank loans.

5.1 Membership capital

Accounting policies

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.

The Group derecognises liabilities related to membership capital when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount and the consideration paid and payable is recognised in profit or loss.

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.

In € thousands	May 31, 2021	May 31, 2020
Non-current liability	6,050	6,250
Current liability	325	275
	6,375	**6,525**

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, 2020		6,250
Repayments falling due within one year		275
Membership capital as of June 1, 2020	261	6,525
New memberships during the financial year	15	375
Retired memberships during the financial year	(21)	(525)
Membership capital as of May 31, 2021	255	6,375
Repayments falling due within one year		(325)
Balance as of May 31, 2021		6,050

5.2 Interest bearing loans and borrowings

Accounting policies

Loans and borrowings comprises the majority of financial liabilities of the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Loans and borrowings are derecognised when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount derecognised and the consideration paid and payable is recognised in profit or loss.

In € thousands	May 31, 2021	May 31, 2020
Non-current liabilities		
Subordinated loan Stichting Financiering Deloitte	117,860	122,044
Non-subordinated loan Stichting Financiering Deloitte	458	0
Bank loans	18,286	21,456
Total	136,604	143,500
Current-liabilities		
Subordinated loan Stichting Financiering Deloitte	6,560	5,689
Bank loans	3,221	3,204
Bank overdraft	0	85
Total	9,781	8,978
Total Interest bearing loans and borrowings	**146,385**	**152,478**

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

In € thousands	Subordinated loans Stichting Financiering Deloitte	Non-subordinated loans Stichting Financiering Deloitte	Bank loans	Total
Balance June 1, 2020	127,733	0	24,660	152,393
Exhange differences	0	0	(63)	(63)
Additional borrowing	7,125	458	0	7,583
Repayments	(10,438)	0	(3,114)	(13,552)
Repayments in the following year	(6,560)	0	(3,221)	(9,781)
Other non-cash changes	0	0	24	24
Balance as of May 31, 2021	117,860	458	18,286	136,604

In € thousands	Subordinated loans Stichting Financiering Deloitte	Non-subordinated loans Stichting Financiering Deloitte	Bank loans	Total
Balance June 1, 2019	122,038	0	23,926	145,964
Change in consolidation	0	0	621	621
Additional borrowing	9,500	0	0	9,500
Repayments	(3,805)	0	89	(3,716)
Repayments in the following year	(5,689)	0	(3,204)	(8,893)
Other non-cash changes	0	0	24	24
Balance as of May 31, 2020	122,044	0	21,456	143,500

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 €13 million (May 31, 2020: €39 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.

Non-subordinated loan Stichting Financiering Deloitte

In 2020/2021 some of the calculated Claw-Back Reserves of active partners exceeds the amount of €475,000. These partners provided a non-subordinated loan to Stichting Financiering Deloitte for the amount above the subordinated loan. In turn this foundation provides a non-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 non-subordinated loan for the same amount and under the same conditions to Deloitte Holding B.V. The interest paid is equal to a 3-month Euribor plus 4% with a minimum of 4% and a maximum of 8%. At the termination of the Associate Agreements these loans are converted to a subordinated loan and, together with the subordinated loan of €475,000, will been repaid within a six year term.

Bank loans

Deloitte Holding B.V.

Deloitte Holding B.V. has bank loans provided by ING Bank and Rabobank, each participating for 50%. For more information on the loans and credit facilities, see Liquidity risk (note 5.4.3)

Deloitte Dutch Caribbean B.V.

Deloitte Dutch Caribbean B.V. has a loan provided by MCB Bank N.V. with a nominal amount of ANG2,000 (€1,006) provided in 2017/2018 to refinance shareholders debt.

The loan will mature on February 28, 2023. The applicable interest rate to the facility is 5.75%. At May 31, 2021 the covenants are not met.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks. Cash is at free disposal of the Group.

The Group did have no bank overdrafts as per May 31, 2021 (May 31, 2020: € 85).

In € thousands	May 31, 2021	May 31, 2020
Cash and bank	44,350	17,524
	44,350	17,524

5.3 Net finance costs

The net finance cost comprises financial income and expenses, including the fair value change of derivatives at fair value through profit or loss.

Finance expenses mainly comprises interest expense calculated using the effective interest rate method, interest in respect of lease liabilities. Exchange gains and losses are respectively presented as expenses in the net finance cost.

In € thousands	2020/2021	20192020
Financial instruments measured at amortised cost:		
Interest income and similar income	45	270
Financial instruments measured at FVTPL:		
Change in fair value interest rate swaps	254	191
Other:		
Market value discount provisions	7	1
Exchange differences	937	267
Financial income	**1,243**	**729**
Financial instruments measured at amortised cost:		
Interest paid and similar costs	(7,251)	(7,264)
Interest paid on lease liabilities	(2,532)	(2,514)
Other:		
Impairment losses on financial assets [1]	(592)	(1,502)
Financial Expense	**(10,375)**	**(11,280)**
Net finance costs	**(9,132)**	**(10,551)**

1 see note 4.5 for reference (section investments)

5.4 Financial 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.

5.4.1 Derivatives and hedge accounting

Accounting policies

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. Currently no hedge accounting is applied.

Embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. As at the balance sheet date (and comparative periods), the Group did not have any embedded derivatives.

5.4.2 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 and a vendor loan included in non-current financial assets (refer to note 3.3 and 8.1). 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 3.3. Impairment risks of trade receivables are assessed on an individual basis and provisions are set-up accordingly. Given the current COVID-19 developments, the risk of default is expected to have increased. The current conditions will have an impact on probability of default ('PD') and the loss given default ('LGD') with a difference per sector affected. Unbilled receivables are typically billed within a month after arising and invoices are generally payable between 14 and 90 days after presentation. For accounts receivable we have provided for expected credit losses bases on the information at hand, including forward looking information. In order to mitigate the risk of credit losses in receivables we are monitoring developments in our accounts receivable positions. In case of an expected increased collection risk, a client specific provision is recognised. Currently we have not seen a noteworthy delay in allowed payment terms.

The Group has no agreements that in the case of default the Group is only required to pay or receive the net amount of the various contracts that are owed to and due from the counterparty. 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.

5.4.3 Liquidity risk

Liquidity risk is the risk that the Group 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.

Bank loans

Deloitte Holding B.V.

Deloitte Holding B.V. has bank loans provided by ING Bank and Rabobank, each participating for 50%. On September 3, 2020 a renewal of the term and revolving facilities agreement of March 16, 2020 took place. The main adjustments was an increase of the revolving loan facility with additional facility B of € 50.000.

After repayments to date, the loans amount to €21,000 as at May 31, 2021. On a yearly basis €3,000 will be repaid until March 16, 2025 at which time the remaining €12,000 is due for redemption. The repayment of €3,000 due May 31, 2022 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, for more information see the section Interest rate risk.

Deloitte Dutch Caribbean B.V.

Deloitte Dutch Caribbean B.V. has a loan provided by MCB Bank N.V. with a nominal amount of ANG2,000 (€1,006) provided in 2017/2018 to refinance shareholders debt.

The loan will mature on February 28, 2023. At June 1, 2019 the amount of the loan was ANG1,629 (€820). Monthly instalments are ANG33 (€17). The applicable interest rate to the facility is 5.75%. When financial covenants are not met the bank has the right to increase the interest rate. At May 31, 2021 the covenants are not met.

Credit facilities

Deloitte Holding B.V.

Deloitte Holding B.V. has a credit agreement with ING Bank and Rabobank. In September 2020 an additional facility B (€ 50M) was agreed, which enables the Group to respond to the negative effects of COVID-19, but also on opportunities and invest in new plans and ventures based on the strategy of the Group, without needing additional financing. The facility includes current account facilities and is partly used to provide guarantees. 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.

	May 31, 2021		May 31, 2020	
In € thousands	Total facility	Used	Total facility	Used
Revolving loan facility A (termination date March 16, 2025)	105,000	7,000	105,000	4,000
Revolving loan facility B (termination date December 31, 2021)	50,000	0	0	0
Total Facilities Deloitte Holding B.V.	155,000	7,000	105,000	4,000

Financial Covenants and securities

Deloitte Holding B.V.

For the credit facilities and loans provided by ING Bank and Rabobank covenants and covenants are agreed.

The securities 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., 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 September 3, 2020 the Group will ensure that the following financial and non-financial ratios are met:

- The tangible Net Worth [1] 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.
- Improvement of Sustainability KPI's such as (final definition to be determined between Deloitte and its banks):
  Reduction in CO2 emissions
  Employee Engagement Score
  Females in leadership
  Female partners
- In case the additional facility is called, additional covenant requirements will apply.

1 "Tangible Net Worth" means the sum of all paid-up capital, free reserves and Subordinated Debt of the Group, less all intangible assets.

As of May 31, 2021 the Group is in compliance with the covenants in the credit agreements.

When financial covenants are not met the bank has the right to increase the interest rate. At May 31, 2021 the covenants are not met. The following securities have been provided.

Collateral:

1. Fiduciary ownership on Machines, Equipment, Furniture and Fixtures of with appropriate insurance coverage assigned to the Bank.
2. Fiduciary General Assignment on all Accounts Receivable.
3. Corporate guarantee in the name of JLR Tax B.V., Lans Accountants B.V., Martina Accountants B.V., Visor Consulting B.V. and VR Belastingadviseurs B.V., each for the amount of ANG400 plus interest and costs.

The repayments made in FY21 are ANG247 (€114). For FY22 the repayments will be ANG483 (€221) including the 6 terms regarding March 2020 until August 2020 which were postponed due to the COVID-19 moratorium.

Maturity analyses

The following tables detail the Group's remaining contractual maturity for its financial and tax 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.

In € thousands	< 1 year	to 2 years	2 to 5 years	>5 years	Total
May 31, 2021					
Non-interest bearing	190,538	575	1,725	2,875	195,713
Variable interest rate instruments [1]	15,165	19,723	61,654	64,972	161,514
Lease liabilities	34,479	33,985	77,025	44,256	189,745
	240,182	54,283	140,404	112,103	546,972
Interest rate swaps [2]	636	545	819	0	2,000
Taxes	58,852	0	0	0	58,852
Total	**299,670**	**54,828**	**141,223**	**112,103**	**607,824**

In € thousands	< 1 year	to 2 years	2 to 5 years	>5 years	Total
May 31, 2020					
Non-interest bearing	117,843	575	1,725	2,875	123,018
Variable interest rate instruments [1]	9,245	19,883	65,099	66,049	160,276
Lease liabilities	36,663	30,715	72,111	67,915	207,404
	163,751	51,173	138,935	136,839	490,698
Interest rate swaps [2]	727	636	545	0	1,908
Taxes	56,000	0	0	0	56,000
Total	**220,478**	**51,809**	**139,480**	**136,839**	**548,606**

1 It is assumed that there is a repayment of subordinated loans of €11 million per annum.

2 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 cash flows.

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.

5.4.4 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 with a notional value of €24,000 (no hedge accounting is applied).

The net interest rate of both the loans with ING Bank and Rabobank and the interest rate swap is 3.03% (excluding surcharge). In June 2018 an additional interest rate floor is entered into to cover the effect of negative 6 months Euribor-rate. The interest rate swap is based on the bank loans amount of €21,000 as of May 31, 2021 and will reduce with €3,000 annually until May 30, 2025 the remaining €12,000 will mature. The interest rate swap is measured at fair value through profit and loss. The fair value as at May 31, 2021 amounts to €1,971 (2020: €2,658) and is separately shown under non-current liabilities.

A reasonable change in the interest rate would have an immaterial impact on pre-tax profits and equity of the Group.

5.4.5 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.

5.4.6 Fair value measurements
The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The Group has participating interest and interest rate swaps. Participating interests are measured at fair value. This value is equal to or approximately the cost of the investment, except for the investment in Deloitte NSE Investments Limited (refer to note 6.2). 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.

6. GOVERNANCE AND RELATED PARTIES

6.1 Key management remuneration

The members of the Executive Board and the Supervisory Board are the key management of the Group. 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 plus fixed expense allowance. For the NSE business all Executive Board members have been involved and contributed in their respective capacity to various management work streams for NSE.

Total remuneration of the members of the Executive Board in the year under review was as follows:

in € thousands	Short-term benefits	Other long term benefits	2020/2021	Short-term benefits	Other long term benefits	2019/2020
W.F.J. Honig (as of June 1, 2019)	1,227	75	1,302	1,227	0	1,227
O. Snijders (as of October 1, 2019)	926	75	1,001	618	0	618
E. Mol (as of February 1, 2020)	927	75	1,002	309	0	309
E.M. Robbe (until January 31, 2020)	0	0	0	620	0	620
M. van Vliet (until September 30, 2019)	0	0	0	311	0	311
Total	3,080	225	3,305	3,085	0	3,085
Number of members of the Executive Board in FTE's			3			3

Due to privacy regulation only the total amount of the remuneration is included.

The members of the Supervisory Board were remunerated only short-term benefits as follows:

in € thousands	2020/2021	2019/2020
H. van der Noordaa (as of April 29, 2020)	97	8
J.P. Rijsdijk	75	68
F. Eelkman Rooda	75	68
V.G. Moolenaar	78	73
E.C. Meijer	78	73
F.G.H. Deckers (until April 1, 2020)	0	73
Total	403	363
Number of members of the Supervisory Board per May 31	5	5

Due to privacy regulation only the total amount of the remuneration is included.

6.2 Related party transactions

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. All transactions were made on terms equivalent to those that prevail in arm's length. Please refer to notes 1, 3.4, 4 and 5 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 related parties	Purchases of services from related parties	Amounts due from related parties	Amounts due to related parties
	2020/2021	**2020/2021**	**2020/2021**	**2020/2021**
Related parties - Deloitte NSE LLP group affiliates				
Deloitte Belgium	7,963	8,912	4,468	2,000
Deloitte Cyprus	86	52	6	22
Deloitte Denmark	5,700	2,086	2,191	804
Deloitte Finland	938	300	397	86
Deloitte Iceland	10	43	0	21
Deloitte Ireland	915	827	326	356
Deloitte Middle East	1,573	419	2,425	18
Deloitte Norway	2,307	574	555	96
Deloitte Sweden	2,274	877	726	160
Deloitte Switzerland	6,611	632	1,680	179
Deloitte United Kingdom	29,431	30,723	10,394	7,387
	57,808	**45,445**	**23,168**	**11,129**

	Provision of services to related parties	Purchases of services from related parties	Amounts due from related parties	Amounts due to related parties
	2019/2020	**2019/2020**	**2019/2020**	**2019/2020**
Related parties - Deloitte NSE LLP group affiliates				
Deloitte Belgium	5,281	9,033	863	1,828
Deloitte Denmark	3,529	1,204	885	231
Deloitte Finland	934	326	221	76
Deloitte Iceland	9	34	2	8
Deloitte Ireland	735	871	225	122
Deloitte Norway	3,662	512	737	91
Deloitte Sweden	1,109	772	247	176
Deloitte Switzerland	8,544	1,409	3,625	286
Deloitte United Kingdom	31,954	39,366	5,597	2,778
	55,757	**53,527**	**12,402**	**5,596**

Deloitte NSE Investments Limited ("DNSEI")

The Group subscribed to different classes of non-voting redeemable shares in Deloitte NSE Investments Limited ("DNSEI"), an NSE group entity set up to hold NSE group investments in strategic projects. The total amount subscribed was €4,481. For the purposes of these financial statements, an amount of €3,476 (2020: €3,455) is accounted for as a deemed distribution and movement in net fair value on investments in equity instruments classified as at fair value through OCI to Deloitte NSE LLP. The remaining amount of €1,055 (2020: €960) is the fair value of this equity investment. See note 4.5 Investments

6.3 Fees paid to the independent auditor

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

In € thousands	2020/2021	2019/2020
Audit of the financial statements	420	373
Other audits	35	47
Tax advisory services	0	0
Other non-audit services	0	0
	455	**420**

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.

7. INCOME TAXES

7.1 Income taxes

Accounting policies

Income tax expense represents the sum of the tax currently payable and deferred tax.

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 at the end of the reporting period.

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.

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.

Income tax recognised in profit or loss

In € thousands	2020/2021	2019/2020
Current tax		
In respect of the current year	14,063	5,198
In respect of prior year	22	(87)
	14,085	5,111
Deferred tax		
In respect of the current year	157	1,399
Net income tax related to adjustment cash flow hedge reserve	(19)	(88)
	138	1,311
Total income tax expense recognised in the current year	14,223	6,422

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

In € thousands	2020/2021	2019/2020
Result before taxation	40,760	13,028
Income tax expense calculated at 25% (2019/2020: 25%)	10,190	3,257
Effect of income that is exempt from taxation	(10)	(10)
Tax losses not recognised	82	539
Effect of expenses that are not deductible in determining taxable profit [1]	5,188	3,286
Application local, nominal rates (higher/lower rates)	(20)	(11)
Effect of rate adjustment deferred taxes	(1,229)	(552)
Income tax prior year	22	(87)
Income tax expense recognised in profit or loss	**14,223**	**6,422**

1 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 set off against tax liabilities.

Current tax assets and liabilities

In € thousands	May 31, 2021	May 31, 2020
Current tax assets	0	379
Current tax liabilities	(7,677)	(2)
	(7,677)	**377**

7.2 Deferred taxes

Deferred tax assets and liabilities

In € thousands	May 31, 2021	May 31, 2020
Deferred tax assets	10,921	10,885
Deferred tax liabilities	(1,263)	(1,064)
	9,658	**9,821**

Of the deferred tax assets €2.2 million is expected to expire next year, €8.7 million is expected to expire on regular yearly basis up and until 2025/2026. The deferred tax liabilities are expected to be carried forward indefinitely.

Movement deferred tax in the year ended May 31, 2021

In € thousands	Opening balance	Recognised in the profit or loss	Exchange differences	Closing balance
Deferred tax assets/(liabilities) in relation to:				
Goodwill and intangibles [1]	8,355	(709)	0	7,646
Property, plant and equipment	814	617	0	1,431
Provisions	(32)	0	3	(29)
Interest rate swap	583	(65)	0	518
Tax losses	101	0	(9)	92
	9,821	(157)	(6)	9,658

Movement deferred tax in the year ended May 31, 2020

In € thousands	Opening balance	Recognised in the profit or loss	Change in consolidation	Closing balance
Deferred tax assets/(liabilities) in relation to:				
Goodwill and intangibles [1]	9,712	(1,357)	0	8,355
Property, plant and equipment	563	251	0	814
Provisions	0	0	(32)	(32)
Interest rate swap	700	(117)	0	583
Tax losses	0	0	101	101
	10,975	**(1,223)**	**69**	**9,821**

1 Goodwill and intangibles relates to goodwill which is amortised and is deductible for tax purposes but not under IFRS.

Deferred tax assets not recognised in the Consolidated statement of financial position

An amount €621 (2020: €539) of carry-forward losses has not been recognised as a deferred tax assets because it is not probable that sufficient taxable profit will be available to utilise the deferred tax asset in time.

8. OTHER DISCLOSURES

8.1 Other non-current assets

The movement of the financial assets is as follows:

In € thousands	2020/2021	2019/2020
Cost price	4,392	5,337
Accumulated impairments	(2,769)	(1,211)
Book value as of June 1	1,623	4,126
Movements:		
Interest accrual	0	84
Impairment	(592)	(1,502)
Exchange rate differences	(52)	11
Repayments	(601)	(1,096)
Book value as of May 31	**378**	**1,623**
Cost price	3,571	4,392
Accumulated impairments	(3,193)	(2,769)
Book value as of May 31	**378**	**1,623**

Other non-current assets mainly relates to accrued income relating to incentives granted in the connection with entering into sub-rental agreements for office buildings €0 (2019/2020: €594). The incentives are related to the subrental agreements and are therefore amortised over the term of the sub-rental agreement of which €594 is recognised in the result of 2020/2021 (2019/2020 €866).

On April 2, 2021 a restructuring agreement was signed between IHC1 Interposed Holding Company 1 S.A.S., its shareholders (also a lenders). Interposed Holding Company 1 S.A.S. has agreed to restructure the amounts owed by Deloitte CIS Ltd to IHC1 and the lenders have agreed to restructure their loans owed by IHC1 to the Lenders. IHC1 shareholders will write-off 100% of the unpaid the nominal and the interest of their loans (and future dividends). IHC Interposed Holding Company 1 S.A.S. is considered a related party.

8.2 Provisions

Accounting policies

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.

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.

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 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 recognised. 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.

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 its 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 0.1% (prior year 1.2%). Amounts paid concerning disabled personnel are deducted from this provision.

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 until May 31, 2019 and in Right-of-Use assets since June 1, 2019 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.

Key accounting estimates and judgments

Professional liability provision

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.

Movement in provisions

in € thousands	Professional liability [2]	Unoccupied premises [1]	Dismantling cost [1]	Occupational disability	**Total**
Balance as of June 1, 2020	20,225	63	1,458	817	22,563
Reclassification due to IFRS 16	0	0	0	0	0
Additions	7,480	0	182	229	7,891
Charged	(1,686)	(63)	(2)	(89)	(1,840)
Released	(4)	0	(75)	(227)	(306)
Unwinding of discount and effect of changes in the discount rate	0	0	(20)	13	(7)
Balance as of May 31, 2021	26,015	0	1,543	743	28,301

in € thousands	Professional liability [2]	Unoccupied premises [1]	Dismantling cost [1]	Occupational disability	**Total**
Balance as of June 1, 2019	7,760	1,414	1,530	1,030	11,734
Reclassification due to IFRS 16	0	(1,414)	0	0	(1,414)
Additions	21,465	63	28	266	21,822
Charged	(9,000)	0	(74)	(142)	(9,216)
Released	0	0	(51)	(311)	(362)
Unwinding of discount and effect of changes in the discount rate	0	0	25	(26)	(1)
Balance as of May 31, 2020	20,225	63	1,458	817	22,563

The breakdown of provision in current and non-current is as follows:

in € thousands			**May 31, 2021**			May 31, 2020
	Current	Non-current	Total	Current	Non-current	Total
Professional liability	23,855	2,160	26,015	225	20,000	20,225
Unoccupied premises	0	0	0	63	0	63
Dismantling costs	161	1,382	1,543	349	1,109	1,458
Occupational disability	230	513	743	197	620	817
Balance as of May 31	24,246	4,055	28,301	834	21,729	22,563

1 The provision for unoccupied premises and dismantling cost is related to the reduction of the office network and future dismantling cost.

2 The difference between provision and own risk is 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 for professional liability is made for all claims where costs are probable 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 as to do so could seriously prejudice the position of the Group. Substantially all the recognised provision for professional liability is covered by this type of insurance resulting in an impact on the results that is limited to the own risk amount per insured claim. The corresponding receivable on the insurance company is recognised separately under the other receivables. Management assesses provisions for claims and litigation on an ongoing and individual basis. The proceedings are normally 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. These uncertain events can have an effect on the amount and timing of the outflows of both the provision and the related insurance receivable. Variations in outcome will not have a significant net impact on the financial position of the Group given that the Group is deemed to carry sufficient professional indemnity insurance to cover negative scenario's.

8.3 Commitments and guarantees

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.

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. Leases are negotiated for an average term of 5 years and rentals are indexed annually. Some contracts have renewal options, which were not included in the determination of the obligations.

Non-cancellable commitments related to operational leases

In € thousands	May 31, 2021	May 31, 2020
Not later than 1 year	12,751	13,570
Between 1 and 5 years	24,911	25,616
Later than 5 years	5,386	8,166
	43,048	**47,352**

The amounts comprise other costs not in scope of IFRS 16.

Non-cancellable sublease commitment

In € thousands	May 31, 2021	May 31, 2020
Not later than 1 year	2,499	3,040
Between 1 and 5 years	6,242	9,273
Later than 5 years	0	0
	8,741	**12,313**

Other obligations

Other obligations are related to ICT, facility services and marketing contracts.

In € thousands	May 31, 2021	May 31, 2020
Not later than 1 year	18,712	16,586
Between 1 and 5 years	3,365	5,055
Later than 5 years	0	0
	22,077	**21,641**

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. 28) or to employ them with a succeeding facility supplier if the contract is not renewed.

Membership

The Group is a member of Deloitte NSE LLP, Deloitte Touche Tohmatsu Limited and Deloitte EMEA Co-operation Limited. The Group is obliged to pay annual subscription and services fees.

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 €117,860 as per May 31, 2021 (May 31, 2020: €122,044) 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 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 Group does not cover matters concerned.

Bank guarantees

Bank guarantees amounting to approximately €7,041 (May 31, 2020 €4,650) have been issued to third parties.

Other guarantees

Following past acquisitions, guarantees have been agreed for the maximum amount of €10,779 (May 31, 2020: €10,779) on balance sheet date. Liberty Mutual Surety 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 calendar 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.

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. We cannot currently predict yet the outcome of claims and litigations with sufficient reliability. The Group is party in a settlement in which Deloitte Accountants B.V. is jointly and severally liable for the total obligation, based on this agreement a contingent liability exists for the part which is to be met by other parties. However, based on available information it is not expected that they will have a significant impact on the financial position of the Group. Furthermore, the Group is deemed to carry sufficient professional indemnity insurance.

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

There are no new IFRS accounting standards, amendments to existing standards or new IFRIC interpretations published that are not yet effective that are expected to have a material impact on the Group in future reporting periods and on foreseeable future transactions. In the current year the Group has applied an early adoption of the amendments to IAS 37. See note 1.1.

8.5 Subsequent events

There are no subsequent events.

Company financial statements

Company statement of profit or loss and other comprehensive income for the year ended May 31, 2021

In € thousands	Note	2020/2021	2019/2020
Share of result from participating interests	3.	**26,537**	**6,606**
Other income and expenses after taxation	2.	19,044	10,870
Result after taxation and before compensation		**45,581**	**17,476**
Compensation members of Coöperatief Deloitte U.A.		(19,044)	(10,870)
Profit for the year		**26,537**	**6,606**
Item that may be reclassified subsequently to profit or loss			
Other comprehensive income, net of income tax		631	393
Total comprehensive income for the year		**27,168**	**6,999**

Company statement of financial position at May 31, 2021

(before appropriation of result)

Assets (In € thousands)	Note	May 31, 2021	May 31, 2020
Non-current assets			
Investments	3.	13,570	12,518
Other non-current assets	3.	105,318	83,145
Total non-current assets		**118,888**	**95,663**
Current assets			
Trade and other receivables	5.	35,336	18,512
Total current assets		**35,336**	**18,512**
Total assets		**154,224**	**114,175**

Equity and liabilities (in € thousands)	Note	May 31, 2021	May 31, 2020
Equity	6.	**(5,462)**	**(32,567)**
Non-current liabilities			
Membership capital	9.	6,050	6,250
Interest bearing loans and borrowings	8.	118,318	122,044
Total non-current liabilties		**124,368**	**128,294**
Current liabilities			
Trade and other payables	10.	28,432	12,484
Interest bearing loans and borrowings	8.	6,885	5,964
Total current liabilities		**35,317**	**18,448**
Total liabilities		**159,685**	**146,742**
Total Equity and liabilities		**154,223**	**114,175**

Notes to the company financial statements

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.

1. Accounting policies

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. In accordance with article 2:402 of the Dutch Civil Code, the company financial statements only contain an abridged profit and loss account. Reference is made to the accounting policies section in the consolidated financial statements and the respective notes.

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.

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.

Notes to the specific items of the balance sheet

2. Other income and expenses after taxation

Other income and expenses after taxation are specified as follows:

In € thousands	May 31, 2021	May 31, 2020
Intercompany charges	20,030	12,163
Net of financial income and expenses	(1,334)	(1,723)
Taxation	348	430
	19,044	**10,870**

3. Receivables from Group companies

Amounts owed by Group companies are unsecured subordinated loans.

In € thousands	Interests in Group companies	Receivables from Group companies	Total
Gross value	12,518	83,145	95,663
Accumulated depreciation and impairments	0	0	0
Book value as of June 1, 2020	12,518	83,145	95,663
Movements:			
Issued loans	0	7,958	7,958
Conversion share premium to loan	(26,000)	26,000	0
Share in result of participating interests	26,537	0	26,537
Movement cash flow hedge reserve	414	0	414
Movement in net fair value on investments in equity instruments classified as at fair value through OCI [1]	95	0	95
Deemed distribution [1]	(116)	0	(116)
Movement legal reserve foreign currency translation	122	0	122
Repayments	0	(11,785)	(11,785)
Book value as of May 31,2021	**13,570**	**105,318**	**118,888**
Gross value	13,570	105,318	118,888
Accumulated depreciation and impairments	0	0	0
Book value as of May 31, 2021	**13,570**	**105,318**	**118,888**

In € thousands	Interests in Group companies	Receivables from Group companies	Total
Gross value	14,974	77,138	92,112
Accumulated depreciation and impairments	0	0	0
Book value as of June 1, 2019	14,974	77,138	92,112
Movements:			
Issued loans	0	9,975	9,975
Conversion share premium to loan	(6,000)	6,000	0
Share in result of participating interests	6,606	0	6,606
Movement cash flow hedge reserve	393	0	393
Deemed distribution [1]	(3,455)	0	(3,455)
Repayments	0	(9,968)	(9,968)
Book value as of May 31,2020	**12,518**	**83,145**	**95,663**
Gross value	12,518	83,145	95,663
Accumulated depreciation and impairments	0	0	0
Book value as of May 31, 2020	**12,518**	**83,145**	**95,663**

1 See note 4.5 and note 6.2 of the consolidated financial statement

4. 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, 2021	Share in the issued capital May 31, 2020
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 Legal B.V.	Rotterdam	100%	100%
- DL Liaison Ltd. [2]	England	100%	100%
- Tytho Holding B.V. [1]	Rotterdam	0%	100%
- Tytho B.V. [1]	Rotterdam	0%	100%
Deloitte Consultancy Holding B.V.	Rotterdam	100%	100%
- Deloitte & Touche Acquistion 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%
Deloitte Financial Advisory B.V.	Rotterdam	100%	100%
- Deloitte Benefits & Pension Advisory B.V.	Rotterdam	100%	100%
- Deloitte Forensic & Dispute Services B.V.	Amsterdam	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%
- IP Consultancy Holding B.V. [3]	Vlijmen	100%	0%
- IP-CON B.V. [3]	Vlijmen	100%	0%
Deloitte Accountancy & Advies B.V.	Rotterdam	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%
Deloitte Dutch Caribbean B.V.	Curaçao	100%	100%
Stichting Deloitte Impact Foundation	Rotterdam		

1 On February 1, 2021 Tytho B.V. and Tytho Holding B.V. have been liquidated.

2 The liquidation of DL Liaison Ltd. will be finalised in July 2021.

3 For the acquisition of IP Consultancy Holding B.V. and IP-CON B.V. see note 4.1

5. Trade and other receivables

Trade and other receivables are specified as follows:

In € thousands	May 31, 2021	May 31, 2020
Current account owed by Group companies	8,456	0
Corporate income tax	0	379
Other receivables, prepayments and accrued income	26,880	18,133
	35,336	**18,512**

6. Shareholders' Equity

For breakdown reference is made to the consolidated statement of changes in equity.

Other reserves

Deloitte Holding B.V. assumed the assets and liabilities of Stichting InterNos at December 31, 2016 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.

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 cash 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.

Legal reserves

The legal reserves are for €340 related to the capitalised own production from a subsidiary and for €122 related to foreign exchange differences on translation of foreign operations from a subsidiary.

7. Non-current liabilities

Non-current interest bearing loans and borrowings are specified as follows:

In € thousands	May 31, 2021	May 31, 2020
Subordinated loans Stichting Financiering Deloitte	117,860	122,044
Non-subordinated loans Stichting Financiering Deloitte	458	0
	118,318	122,044

Repayment obligations falling due within one year are included in current liabilities:

In € thousands	May 31, 2021	May 31, 2020
Membership Capital	325	275
Subordinated loans Stichting Financiering Deloitte	6,560	5,689
	6,885	**5,964**

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

In € thousands	Subordinated loans Stichting Financiering Deloitte	Non-subordinated loans Stichting Financiering Deloitte	Total
Balance June 1, 2020	127,733	0	127,733
Additional borrowing	7,125	458	7,583
Repayments	(10,438)	0	(10,438)
Repayments in the following year	(6,560)	0	(6,560)
Balance as of May 31, 2021	117,860	458	118,318

In € thousands	Subordinated loans Stichting Financiering Deloitte	Non-subordinated loans Stichting Financiering Deloitte	Total
Balance June 1, 2019	122,038	0	122,038
Additional borrowing	9,500	0	9,500
Repayments	(3,805)	0	(3,805)
Repayments in the following year	(5,689)	0	(5,689)
Balance as of May 31, 2020	122,044	0	122,044

8. Subordinated and non-subordinated loans Stichting Financiering Deloitte

Subordinated loans

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 €13 million (May 31, 2020: €39 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 €117,860 as per May 31, 2020 (May 31, 2020: €122,044) 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.

Non-subordinated loans

In 2020/2021 some of the calculated Claw-Back Reserves of active partners exceeds the amount of €475,000. These partners provided a non-subordinated loan to Stichting Financiering Deloitte for the amount above the subordinated loan. In turn this foundation provides a non-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 non-subordinated loan for the same amount and under the same conditions to Deloitte Holding B.V. The interest paid is equal to a 3-month Euribor plus 4% with a minimum of 4% and a maximum of 8%. At the termination of the Associate Agreements these loans are conversed to a subordinated loan and, together with the subordinated loan of €475,000, will been repaid within a six year term.

9. Membership capital

See note 5.1 of the consolidated financial statements.

10. Trade and other payables

In € thousands	May 31, 2021	May 31, 2020
Current account owed to Group companies	0	39
Management fees to be paid to members Coöperatief Deloitte U.A.	19,044	10,870
Tax	7,669	0
Other liabilities and accruals	1,719	1,575
	28,432	**12,484**

11. Off-balance sheet commitments

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.

Stichting Financiering Deloitte

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 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.

Guarantees

The company has issued a joint and several liability statement to the provisions of Section 2:403 of the Dutch Civil Code with respect to Deloitte Accountancy & Advies B.V. and Deloitte Group Support Center B.V.

12. Other notes to the financial statements

Average number of employees

During 2020/2021, 0 employees were employed on a full-time basis (2019/2020: 0).

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 6.1 in the consolidated financial statements.

Appropriation of result for the financial year June 1, 2019 until May 31, 2020

The annual report 2019/2020 was adopted in the general meeting held on September 11, 2020. The general meeting has determined the appropriation of result in accordance with the proposal being made to that end.

Proposed appropriation of result for the financial year June 1, 2020 until May 31, 2021

The Executive Board proposes, with the approval of the Supervisory Board, that the result for the financial year 2020/2021 amounting to €26,537 will be added to the other reserves. The financial statements do not yet reflect this proposal.

Rotterdam, July 14, 2021

Executive Board

W.F.J. Honig (Chair)

E. Mol

O. Snijders

Supervisory Board

H. van der Noordaa (Chair)

F.E. Eelkman Rooda

E.C. Meijer

V.G. Moolenaar

J.P. Rijsdijk

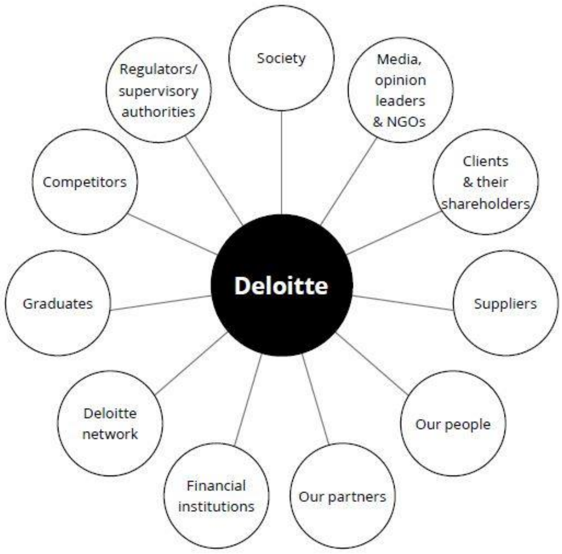
Annex 2

Additional non-financial information

Stakeholder engagement

Introduction

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.



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.

Stakeholder groups	How we seek their views
Clients & their shareholders	Client Service Assessments Client meetings and (digital) events Requests for proposals Clients & Industries research External research and ratings Media scanning
Our people	Talent survey Works Council Formal and informal meetings Feedback / comments from individuals
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 and NSE governance bodies International cooperation around issues or assignments
Regulators	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

Our engagement in 2020/2021

In 2020/2021, we focused our dialogue on the following stakeholder groups:

- - Clients
- - Employees
- - Deloitte network
- - Regulators
- - Competitors
- - Public opinion

For stakeholder groups that we did not explicitly engage with, we decided to build on the stakeholder insights we obtained over the past reporting years. For the stakeholders mentioned above, we provide an overview of the insights that we gained for updating our materiality matrix.

Clients

Our clients prefer long-term personal relationships and regular contacts with a single main Deloitte contact person to discuss market developments and their most important concerns. The topics client satisfaction, credibility/trust, training & education, profitable growth (continuity) and innovation are linked to this demand.

The need for global cooperation and knowledge exchange continues to be of key importance to international clients. This relates to the topics: internationalisation, quality of services, credibility/trust, training & education, and career development.

Clients expect us to share knowledge and expertise as part of the sparring partner relationship. To this end, training & education, career development and internationalisation are topics that are connected to this expectation.

Finally, especially larger corporate clients and public sector clients require their suppliers, including professional services provider, to contribute to the prevention of CO_2 emissions and to make a be purpose-driven. Climate and CO_2 reductions, corporate citizenship and social impact are topics that relate to this requirement, with particularly CO_2 gaining importance among clients.

Deloitte network

Through the Deloitte network (DTTL), we have a practice of reporting our CO_2 emissions to the Carbon Disclosure Project (CDP). In 2019, Deloitte announced targets for CO_2 reductions to be achieved by all its member firms. In addition, DTTL maintains policies and programmes in place in the area of corporate citizenship (WorldClass). Next to these sustainability related practices, DTTL maintains strict guidance in the areas of quality, ethics & integrity, privacy, data security, and anti-corruption.

In 2020, DTTL launched the WorldClimate programme. Through NSE, Deloitte Netherlands is in the process of implementing and executing this programme. Through a maturity matrix that has been developed on an NSE level, NSE geographies cooperate in achieving the objectives that were defined.

Regulators / public policy

We have formal and informal engagements with our regulators. During the reporting year, the focus of our regulators remained on the following themes:

- Culture of quality
- Structure of accountancy firms
- Workload and stress
- Inclusion & diversity

In addition, we experience an interest in our Future of agenda. These themes related to the following topics: quality of services, credibility/trust, inclusion & diversity, and vitality, social impact.

Competitors

We have benchmarked our material topics and related performance against those of the other Big4 firms. This benchmark shows that to a large extent there is an overlap between the topics that the firms deem material to their business.

Employees

On an annual basis, Deloitte performs quantitative research to track the beliefs and priorities of millennials and Generation Z. The results of the Deloitte Global Millennial Survey 2020 are relevant to us as most of our employees belong to these age groups. The outcomes of the survey are in line with the conclusions that we draw based on informal conversations with colleagues and members of the general public. For our agenda, the following conclusions are especially important:

- Following the COVID-19 pandemic, Health care / disease prevention is seen as the number one societal challenge (22% of millennials and 30% of GenZ), closely followed by Climate change / protecting the environment (28% of millennials and 29% of GenZ), outranking other societal concerns such as Unemployment, Economic growth, and Income inequality / distribution of wealth;
- Millennials and GenZ are taking action to protect the planet. More than 50% indicate that they have begun or increased efforts to recycle, have taken steps to reduce their use of single use plastics, and have increased their use of public transport / walked or biked more often;
- Millennials and GenZ are appreciative of the efforts their employer makes on topics such as inclusion and diversity, their response to the pandemic and their positive impact on communities. Nonetheless, their appreciation of the positive impact of business on society continues to decline with now only 41% of millennials and 43% of GenZ agreeing to a positive societal impact of business.

The outcome of past and present Deloitte Global Millennial Survey indicate that the following topics are important to the stakeholders that are part of this group: credibility/trust, data security, ethical standards, integrity, anti-corruption, inclusion & diversity, training & education, career development, vitality / well-being, climate and CO_2 emissions, and social impact.

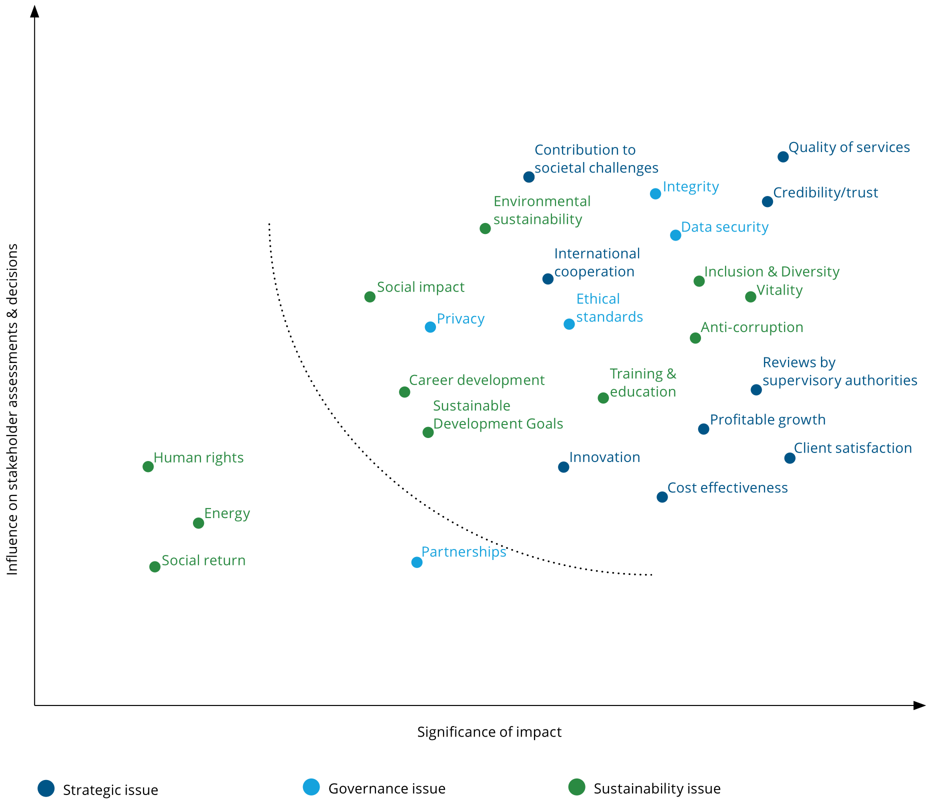
We have experienced increasing expectations and active involvement from employees on wide variety of topics, especially on CO_2, inclusion & diversity, and vitality (a.o. well-being and work-life balance).

Public opinion

We constantly monitor public opinion and actively scan media for emerging topics. Our efforts in 2020/2021 didn't result in any additional topics being discovered that impact Deloitte's approach or reporting.

Materiality matrix

Based on the insights mentioned above and using professional judgement, we have plotted strategic and sustainability topics in a draft materiality matrix. The matrix was then sent for discussion and approval to our Executive Board. This matrix is also included in the Deloitte Integrated Annual Report 2020/2021.



Material topics

Based on the materiality matrix above, we have identified the following theses and topics to be material to Deloitte. The table below contains references to the pages where we discuss our response to the issues raised by the various stakeholder groups.

	Area	Topic
1.	Quality	Quality of services
		Client satisfaction / NPS
		Credibility / Trust
		Privacy
		Data security
		Reviews by supervisory authorities
2.	Ethics & integrity	Ethical standards
		Integrity
		Anti-corruption
3.	Talent	Inclusion & diversity
		Training & education
		Career development
		Vitality
4.	Economic performance	Profitable growth
		International cooperation
		Cost effectiveness
5.	Innovation	Technology enabled solutions
6.	Impact on society	Social impact
		Sustainable Development Goals
		Environmental sustainability
		Contributions to societal challenges

Compared to our previous IAR and in line with both our Connect for Impact strategy and our materiality analysis, we have changed 'Internationalisation' to 'International cooperation' and relabelled 'Cost reduction' to 'Cost effectiveness'. Furthermore, we have merged 'Corporate citizenship' into our 'Social impact' topic, and expanded the scope of 'Climate and CO_2' so it becomes the broader topic of 'Environmental sustainability'.

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:

Client satisfaction (engagements): the average score received from clients on post-engagement questionnaires sent out by Consulting, Tax & Legal and Risk Advisory during the financial year.

Regulatory quality: % 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.

Carbon emission reduction: the % in which mobility related carbon emissions were increased or decreased compared to comparable emissions in the base year 2018/2019.

NPS at C-level among strategic clients: the net promotor score as determined during the client service assessment conversations, in which we regard a score of 9 or higher (on a 1-10 scale) as active promotors. Where clients indicate to be an active promotor and is considering a score between 8 and 9, the independent interviewer will seek confirmation with the client. When confirmed, these clients are also categorised as active promotors.

Talent engagement score: average weighted score for talent engagement as measured by the Deloitte Talent Survey that is performed throughout the year.

employer of choice in relevant ranking: ranking in the benchmark study performed by Universum in the Netherlands for the universities: University of Amsterdam, VU University Amsterdam, University of Groningen, Erasmus University Rotterdam, University of Tilburg, Technical University Eindhoven, Delft University of Technology for Business / Commercial studies and for STEM profiles.

Female positions in leadership roles: # women in Supervisory Board, Executive Board and Executive Committee divided by total membership of Supervisory Board, Executive Board and Executive Committee.

Female partners as % of total partners: # female partners divided by total # of partners.

Talent data
Unless otherwise indicated, our Talent data excludes interns as inclusion would distort insights provided by the indicators used (e.g. on important areas such as % of employees receiving regular performance & career development reviews, and employee turnover).

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, and electricity in kWh are obtained from our supplier. For conversion of these fuels to CO_2 emissions we used the most up to date emission factors based on www.co2emissiefactoren.nl :
    - Petrol: 1 litre equals 2.8 kilogrammes CO_2
    - Diesel: 1 litre equals 3.3 kilogrammes CO_2
    - LPG: 1 litre equals 1.8 kilogrammes CO_2

  - Electricity: 1 kWh equals 0.475 kilogrammes CO_2

- 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 natural gas consumption to MJ, we used the conversion factor from the GasUnie: caloric value per m3 is 35,17 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 CO_2 emissions, we have used the 2020 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 CO_2 conversions are used:
  - Domestic average: 0.2443 kg CO_2/kilometre per passenger
  - Short-haul international average: 0.15553 kg CO_2/kilometre per passenger
  - Short-haul international economy class: 0.15298 kg CO_2/kilometre per passenger
  - Short-haul international business class: 0.22947 kg CO_2/kilometre per passenger
  - Long-haul international average: 0.19085 kg CO_2/kilometre per passenger
  - Long-haul international economy class: 0.14615 kg CO_2/kilometre per passenger
  - Long-haul international premium economy class: 0.23385 CO_2/kilometre per passenger
  - Long-haul international business class: 0.42385 kg CO_2/kilometre per passenger
  - Long-haul-international first class: 0.58462 kg CO_2/kilometre per passenger

- The total kilometres travelled by train are obtained from our supplier Nederlandse Spoorwegen. For the calculation of related CO_2 emissions, we used a conversion factor of 0.002 kg CO_2/kilometre per passenger as published by Nederlandse Spoorwegen.

- To calculate the carbon emissions caused by hotel stays by Deloitte partners and employees, we have multiplied the total number of hotel nights with 31.3 kg CO_2. This conversion factor has been developed by DTTL on the basis of the Cornell University Hotel Benchmarking tool.

Deloitte tax policy

Introduction

The public debate around tax has been shifting rapidly for a number of years. Whereas past discussions were generally focused on effective tax rates or being in control of tax risks, the topic has now evolved and sits within a much broader context. For example, themes like tax in the boardroom, sustainable tax and fair share are now widely discussed. Society's general mindset around tax has shifted.

In this context, stakeholders expect Deloitte Netherlands to reflect on how we deal with our own tax affairs – and not only our internal stakeholders, such as the Supervisory Board, the global Deloitte organisation or the Workers Council, but also external stakeholders like our business partners, or the public in general.

In this section, we describe our attitude as a taxpayer, regarding both Deloitte and our partners/owners, our relationship with the Dutch tax authorities and our responsibilities as a member of the global Deloitte community. This section aims to reflect on our transparency about our tax position and to address our leading role on this topic in society.

For the avoidance of doubt, this document does not refer to Deloitte's position as a financial and tax advisor during its business operations.

Deloitte policy

Deloitte's tax policy is based on three pillars.

1. Deloitte is a purpose-driven organisation acting within a global network. In this network, our Global Principles guide the way we do business, enabling us to take a leading role in society and protecting our brand and reputation. As part of these principles, every Deloitte member firm needs to obey international and local tax rules. This applies to the organisation itself and to its partners/owners. Among other requirements, all tax reporting in the name of Deloitte and of the corporate entities held by the partners who own Deloitte must be done in a timely manner and in compliance with all relevant local tax rules. Furthermore, Deloitte will not enter into aggressive tax planning positions. Deloitte Global requires Deloitte to confirm annually that it meets these principles.
2. Deloitte aims to act as a responsible party in Dutch society, not only meeting the requirements according to local rules, but also showing leadership towards its stakeholders. Therefore, Deloitte and its partners/owners will not be involved in aggressive tax planning or in structures which could be defined as artificial. We pay our fair share of corporate income tax in the countries where we do business. We commit ourselves to pay wage withholding tax in the countries where our employees do work according to the applicable rules. We do not make use of so-called tax havens where no effective business is carried out. All our tax-related reporting is part of an integrated internal control framework that includes a range of checks and balances to minimise the risks where possible.
3. Deloitte has entered into an agreement with the Dutch Tax Authority (DTA), which is called Horizontal Monitoring ('Horizontaal Toezicht'). This system consists of three elements:
   i. We regularly discuss our tax control framework, as part of our overall Internal Control Framework over Financial Reporting (ICFR), with the DTA. Suggested improvements are implemented after approval;
   ii. Annually, we perform a randomly selected sample in our system on all our incoming and outgoing payments to test the compliance of the relevant tax aspects. The DTA is involved throughout this process and receives an integral report on findings and identified improvements;
   iii. We discuss, in our quarterly meetings with the DTA, all our pending and new tax affairs and our filings in a fully transparent manner.

The DTA changed its policy towards Horizontal Monitoring in 2020 and selected Deloitte to enter into an Individual Control Plan ('Individueel Toezicht-plan'). We expect to come to an agreement with the DTA on the content of this new approach in 2021.

Governance
Deloitte is organised as a corporate entity. The Executive Board consists of three persons, of which one has the function of Chief Operating Officer (COO). The COO is responsible for all finance matters including tax matters. The CTO issues an annual report on Deloitte's tax position to the Supervisory Board's Audit & Finance Committee.

The CTO leads a group of experts dedicated to corporate tax, wage tax and indirect tax matters. These specialists regularly discuss pending issues, the impact of new regulations and new developments within the organisation, and they take appropriate actions if needed. These actions can be proactive, when new regulations or developments are recognised, or reactive, if matters arise from the ICFR or the annual sample mechanism. All findings and changes are discussed in full transparency with the DTA in the context of the Horizontal Monitoring system.

Furthermore, Deloitte's CTO is part of a group of CTOs within Deloitte Global. The group discusses, on a regular basis, anticipated trends and developments in the tax environment and possible measures or adjustments in the global Deloitte organisation's tax policy.

Tax position
Corporate tax
Deloitte's partners/owners charge Deloitte a management fee through a personal management company These management fees are fully taxable at the level of the individual management company, in accordance with the regular Dutch corporate income tax rates. Deloitte's remaining profit is taxable at Deloitte level, subject to the regular Dutch corporate income tax rates.

All filings for corporate income tax returns from Deloitte and the individual management companies of the partners/owners are prepared centrally by Deloitte in line with the guidelines agreed with the DTA.

Cross-border projects or other international services are fine-tuned with CTOs in other countries to ensure Deloitte meets local rules and regulations.

Wage tax
All relevant filings are carried out in a timely manner and in accordance with local rules and regulations. Meetings are held regularly with specialists from the DTA to discuss pending and new tax issues, such as charging travel expenses, cost reimbursements and the so-called free space in the wage tax declaration.

All cross-border work situations (including secondments, projects and expats) are handled by a dedicated group of specialists to ensure that Deloitte and its employees meet all Dutch and local requirements.

Findings from the annual self-initiated sample as described above (in B.3.ii) are reported in full transparency. We also indicate potential improvements or adjustments that can be made to prevent issues recurring in the future.

Value added tax
On all incoming and outgoing transactions, we follow the rules and guidelines for value added tax (VAT). Specific transactions are subject to strict protocols to ascertain that VAT is reported correctly. VAT is also subject to the self-initiated sample as described above, and findings are reported to the DTA in full transparency.

Relationship with stakeholders
We address this subject in three parts: (i) our shareholders, (ii) the Deloitte Organisation and (iii) our business partners, clients and society.

1. For Deloitte's direct shareholders (the partner/owners), we have implemented a system of internal controls to ascertain that all partners/owners are aligned to the same principles. The partners/owners charge Deloitte through a personal management and holding company. All matters related to tax compliance for these entities are serviced by a dedicated group of specialists (Partner Administration Services, PAS) to ensure all tax positions are aligned to our Global Principles. The CTO is involved throughout the process. Furthermore, all partners/owners are required to file their personal income tax returns annually. The returns are monitored by PAS to ascertain that no tax positions are used that might conflict with our tax compliance principles.
2. Regarding Deloitte as an organisation, as mentioned above, tax is a theme discussed within the Audit & Finance Committee of the Supervisory Board. This is a safeguard to ascertain that no positions are taken that might result in tax charges afterwards or that might trigger reputational consequences.

3. Deloitte acts as a responsible party in the business community, taking the lead in debates and actively accompanying clients as they navigate business decisions and sustainability questions. In that context, Deloitte recognises that a proper tax policy is essential to being regarded as a professional organisation within our business community.

With attitudes towards tax in our societies rapidly evolving, large corporates in particular are subject to scrutiny. Consequently, we understand that, as Deloitte is one of the leading voices in these public debates, we need to establish and abide by clear policies and controls within our own organisation.

Deloitte offices in the Netherlands

GRI content index

Standard	Description	Reference(s)	Notes
GRI 102: General disclosures (2016)			
Organisational profile			
102-1	Name of the organisation	Front cover	
102-2	Activities, brands, products, and services	p. 28	
102-3	Location of headquarters	p. 96	
102-4	Location of operations	p. 163	
102-5	Ownership and legal form	p. 96	
102-6	Markets served	p. 28	
102-7	Scale of the organisation	p. 3	
102-8	Information on employees and other workers	p. 169	
102-9	Supply chain	p. 73	
102-10	*Significant changes to the organisation and its supply chain*	p. 73	
102-11	Precautionary Principle or approach	p. 51-53	
102-12	External initiatives	p. 169	
102-13	Membership of associations	p. 169-170	
Strategy			
102-14	Statement from senior decision-maker	p. 8-9	
102-15	Key impacts, risks, and opportunities	p. 51-53, 56	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	p. 80-83	
102-17	Mechanisms for advice and concerns about ethics	p. 80-83	
Governance			
102-18	Governance structure	p. 27	
102-19	Delegating authority	p. 44-45	
102-20	Executive-level responsibility for economic, environmental, and social topics	p. 170	
102-21	Consulting stakeholders on economic, environmental, and social topics	p. 154-158	
102-22	Composition of the highest governance body and its committees	p. 44-45	
102-23	Chair of the highest governance body	p. 44-45	
102-24	Nominating and selecting the highest governance body	p. 44-45	
102-25	Conflicts of interest	p. 44-45	
102-26	Role of highest governance body in setting purpose, values, and strategy	p. 44-45	
102-27	Collective knowledge of highest governance body	p. 44-45	
102-28	Evaluating the highest governance body's performance	p. 47	
102-29	Identifying and managing economic, environmental, and social impacts	p. 154-158	

102-30	Effectiveness of risk management processes	p. 51
102-31	Review of economic, environmental, and social topics	p. 8-9
102-32	Highest governance body's role in sustainability reporting	p. 6
102-33	Communicating critical concerns	https://www2.deloitte.com/nl/nl/pages/about-deloitte/articles/klachtenregeling.html
102-34	Nature and total number of critical concerns	p. 81
102-35	Remuneration policies	p. 44-45
102-36	Process for determining remuneration	p. 44-45, p. 134
102-37	Stakeholders involvement in remuneration	p. 44-45
102-38	Annual total compensation ratio	p. 170
102-39	Percentage increase in annual total compensation ratio	p. 170
Stakeholder engagement		
102-40	List of stakeholder groups	p. 158-162
102-41	Collective bargaining agreements	p. 173
102-42	Identifying and selecting stakeholders	p. 154-158
102-43	Approach to stakeholder engagement	p. 154-158
102-44	Key topics and concerns raised	p. 154-158
Reporting practice		
102-45	Entities included in the consolidated financial statements	p. 149
102-46	Defining report content and topic Boundaries	p. 5-6
102-47	List of material topics	p. 26
102-48	Restatements of information	p. 5-6
102-49	Changes in reporting	p. 5-6
102-50	Reporting period	p. 5-6
102-51	Date of most recent report	p. 5-6
102-52	Reporting cycle	p. 5-6
102-53	Contact point for questions regarding the report	p. 5-6
102-54	Claims of reporting in accordance with the GRI Standards	p. 5-6
102-55	GRI content index	p. 164-171
102-56	External assurance	p. 176

Material topics

Anti-corruption		
GRI 103: Management approach (2016)		
103-1	Explanation of the material topic and its Boundary	p. 82-83
103-2	The management approach and its components	p. 82-83
103-3	Evaluation of the management approach	p. 82-83
GRI 205: Anti-corruption (2016)		
205-1	Operations assessed for risks related to corruption	p. 82-83
205-2	Communication and training about anti-corruption policies and procedures	p. 82-83

205-3	Confirmed incidents of corruption and actions taken	p. 81	

Climate and CO2 emissions			
GRI 103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 73-74	
103-2	The management approach and its components	p. 73-74	
103-3	Evaluation of the management approach	p. 73-74	
GRI 305: Emissions (2016)			
305-1	305-1 Direct (Scope 1) GHG emissions	p. 74	
305-2	305-2 Energy indirect (Scope 2) GHG emissions	p. 74	
305-3	305-3 Other indirect (Scope 3) GHG emissions	p. 74	
305-4	305-4 GHG emissions intensity		Partly available. We strive to have this information available in our 2021/2022 report
305-5	305-5 Reduction of GHG emissions		Partly available. We strive to have this information available in our 2021/2022 report
305-6	305-6 Emissions of ozone-depleting substances (ODS)		Not applicable: Deloitte doesn’t emit ozone depleting substances
305-7	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		Not applicable: there are no such significant emissions within Deloitte

Vitality			
GRI 103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 60-61	
103-2	The management approach and its components	p. 60-61	
103-3	Evaluation of the management approach	p. 60-61	
GRI 403: Occupational Health and Safety (2018)			
403-1	Occupational health and safety management system		Not applicable: due to the nature of our company, we deem this indicator is not applicable to Deloitte
403-2	Hazard identification, risk assessment, and incident investigation		Not applicable: due to the nature of our company, we deem this indicator is not applicable to Deloitte
403-3	Occupational health services		Not applicable: due to the nature of our company, we deem this indicator is not applicable to Deloitte
403-4	Worker participation, consultation, and communication on occupational health and safety		Not applicable: due to the nature of our company, we deem this indicator is not applicable to Deloitte

403-5	Worker training on occupational health and safety		Not applicable: due to the nature of our company, we deem this indicator is not applicable to Deloitte
403-6	Promotion of worker health	p. 60-61	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Not applicable: due to the nature of our company, we deem this indicator is not applicable to Deloitte
403-8	Workers covered by an occupational health and safety management system		Not applicable: due to the nature of our company, we deem this indicator is not applicable to Deloitte
403-9	Work-related injuries		Not applicable: due to the nature of our company, we deem this indicator is not applicable to Deloitte
403-10	Work-related ill health		Not applicable: due to the nature of our company, we deem this indicator is not applicable to Deloitte

Training and Education			
GRI 103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 58, 66-68	
103-2	The management approach and its components	p. 58, 66-68	
103-3	Evaluation of the management approach	p. 58, 66-68	
GRI 404: Training and Education (2016)			
404-1	Average hours of training per year per employee	p. 67	
404-2	Programs for upgrading employee skills and transition assistance programs	p. 58, 66-68, 170	
404-3	Percentage of employees receiving regular performance and career development reviews	p. 59	

Diversity and inclusion			
GRI 103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	p. 59-60	
103-2	The management approach and its components	p. 59-60	
103-3	Evaluation of the management approach	p. 59-60	
GRI 405: Diversity and Equal Opportunity (2016)			
405-1	Diversity of governance bodies and employees	p. 27	
405-2	Ratio of basic salary and remuneration of women to men	p. 60	

Customer Privacy			
GRI 103: Management approach (2016)			

103-1	Explanation of the material topic and its Boundary	p. 79-80
103-2	The management approach and its components	p. 79-80
103-3	Evaluation of the management approach	p. 79-80
GRI 418: Customer Privacy (2016)		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 80

Quality		
GRI 103: Management approach (2016)		
103-1	Explanation of the material topic and its Boundary	p. 78-79
103-2	The management approach and its components	p. 78-79
103-3	Evaluation of the management approach	p. 78-79
Own indicators		
	Total engagement satisfaction	p. 78-79
	Net promotor score	p. 4
	% regulatory reviews that are satisfactory	p. 4

Economic performance		
GRI 103: Management approach (2016)		
103-1	Explanation of the material topic and its Boundary	p. 71-72
103-2	The management approach and its components	p. 71-72
103-3	Evaluation of the management approach	p. 71-72

Innovation		
GRI 103: Management approach (2016)		
103-1	Explanation of the material topic and its Boundary	p. 17-20
103-2	The management approach and its components	p. 17-20
103-3	Evaluation of the management approach	p. 17-20

Impact on society		
GRI 103: Management approach (2016)		
103-1	Explanation of the material topic and its Boundary	p. 21-22, 83-86
103-2	The management approach and its components	p. 21-22, 83-86
103-3	Evaluation of the management approach	p. 21-22, 83-86
Own indicators		
	#hours spent on DIF projects	p. 84

SRS 102-8: Information on employees and other workers

Employment and turnover

	2020/2021	2019/2020
Average FTE's	6,103	6,059
Average headcount	6,415	6,455
Total experienced hires (excl. partners)	124	153
• < 30 years old	7	11
• 30 - 40 years old	61	98
• 40 - 50 years old	45	38
• > 50 years old	11	6
Total partner hires	15	28
Total graduate hires	733	848
• < 30 years old	614	686
• 30 - 40 years old	105	139
• 40 - 50 years old	11	17
• > 50 years old	3	6
Total internship (Stagiairs)	489	670
Total exits	847	850
• < 30 years old	345	325
• 30 - 40 years old	347	369
• 40 - 50 years old	99	96
• > 50 years old	56	60
Total divestments	0	0

Part-time / Full time population (%)

	Part-time 2020/2021	Full-time 2020/2021	Part-time 2019/2020	Full-time 2019/2020
Population of Deloitte	17%	83%	19%	81%

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 geographies and 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 Board of the Netherlands Network. The 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 and Standards for a number of years. Due to our continued support, we were awarded inclusion in the GRI Gold community.

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. We focus on the role of business in society; a theme that was originally introduced in 2012 and has consistently been built on since then.

International Integrated Reporting Council (IIRC)
Deloitte has joined the IIRC, an international body that aims to develop standards for integrated reporting. Integrated Reporting is an approach to corporate reporting that demonstrates the linkages between an organisation'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 the Council and participates in Working Groups.

Anders reizen
'Anders reizen' is a platform of Dutch companies and (non-) governmental organisations that shares knowledge and best practices between participants in the area of carbon friendly travel (road, rail and air) and thus inspires a change of behaviour within the participating organisations and in Dutch society at large.

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 formal (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 10 times in the reporting year (also see the Report from the Supervisory Board in the Integrated Annual Report).

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
In 2020/2021, the ratio within Deloitte amounted to 12.2.

SRS 102-39 Annual total compensation ratio
The income of the highest paid individual increased with 6.1% in 2020/2021. At the same time the increase of the average income for partners and employees amounted to 7.0%.

SRS 102-41 Collective bargaining agreements
There are no collective bargaining agreements applicable to Deloitte.

SRS 404-2 Programs for upgrading employee skills and transition assistance programs
We manage career endings on a case-by-case basis depending on the circumstances and the needs of the employee.

Annex 3
Glossary

Annex 3: Glossary

A&FC	The Audit & Finance Committee of the Supervisory Board
AFM	Autoriteit Financiele Markten
AI	Artificial intelligence
AWS	Amazon Web Services
BEPS	Tax base erosion and profit shifting
BSO	Business Support Organisation
Bta	Besluit toezicht accountantsorganisaties
CEO	Chief Executive Officer
COO	Chief Operational Officer
CQO	Chief Quality Officer
CSA	Client Service Assessment
CTA	Commissie Toekomst Accountancy
DDC	Deloitte Dutch Caribbean
DIF	Deloitte Impact Foundation
DTTL	Deloitte Touche Tohmatsu Limited
ER&I	Energy Resources & Industrials
ExCo	Executive Committee
FA	Financial Advisory
FSI	Financial Services Industries
FY	Fiscal year
G&PS	Government and public sector
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IoT	Internet of things
KPI	Key Performance Indicator
LS	Life sciences
LTP	Legal technologist programme
M&A	Mergers and acquisition
MCA	Monitorings Commissie Accountancy
MDM	Multi Disciplinary Model
NBA	Nederlandse Beroepsorganisatie Accountants
NGO	Non-goventmental organisation
NSE	Deloitte North and South Europe
OECD	Organisation for Eceonomic Cooperation and Development
PCAOB	Public Company Accounting Oversight Board
QIRC	Quality Integrity & Risk Committee of the Supervisory Board
RC	Remuneration Commiittee from the Supervisory Board
RPA	Robot Process Automation
SAP S/4HANA	The latest generation ERP software from SAP
SDG(s)	Sustainable Development Goal(s)
SNC	Selection & Nomination Committee of the Supervisory Board
SRS	Sustainability Reporting Standards
STEM	Science, Technology, Engineering en Mathematics
TMT	Technology, Media and Telecommunications
Wta	Wet toezicht accountantsorganisaties

Annex 4
Other information

Appropriation of result according to articles of association

Combined independent auditor's and assurance report

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.

Combined independent auditor's and assurance report

To: the general meeting and Supervisory Board of Coöperatief Deloitte U.A.

A. Report on the audit of the financial statements and other (integrated) information 2020/2021 included in the Integrated Annual Report

Summary

The full text of the independent auditor's report, which includes the audit opinion on the financial statements and the reasonable assurance report on the other (integrated) information included in the Integrated Annual Report has been included in the following pages.

The other (integrated) information in scope of our audit is included in the sections Key numbers of value creation, About this report, Highlights from the Executive Board, Our purpose and strategy, Our firm (excluding "Our businesses and industries" on pages 28-41 and "Report of the Supervisory Board" on pages 46-50), How we create value and Lessons learned (hereafter: the other (integrated) information in the Integrated Annual Report).

	Financial statements	Other (integrated) information in the Integrated Annual Report
Opinion	Unqualified opinion on financial statements.	Unqualified reasonable assurance opinion on other (integrated) information in the Integrated Annual Report.
Materiality	• Materiality of € 14,000,000. • Approximately 7% of reported income before tax and management fee.	Based on our professional judgement we determined materiality levels for each relevant part of the other (integrated) information and for the other (integrated) information as a whole.
Key audit matters	• Valuation of unbilled services and advance billings to customers. • Valuation of professional liability provision.	True and fair view on material theme Inclusion & Diversity.

Our opinion

We have audited the financial statements and components of the Integrated Annual Report for the year ended May 31, 2021 of Coöperatief Deloitte U.A. based in Rotterdam, the Netherlands. The financial statements comprise the consolidated financial statements and the company financial statements.

<table>
<tr><th>SCOPE</th><th>OUR OPINION</th></tr>
<tr><td>Financial statements
The financial statements comprise:
1. the consolidated and company statement of financial position as at May 31, 2021;
2. the following statements for 2020/2021: the consolidated and company statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows for the year then ended;
3. the notes comprising a summary of the significant accounting policies and other explanatory information.</td><td>Financial statements
In our opinion, the accompanying:
- consolidated financial statements give a true and fair view of the financial position of Coöperatief Deloitte U.A. as at May 31, 2021 and of its result and its cash flows for 2020/2021 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;
- company financial statements give a true and fair view of the financial position of Coöperatief Deloitte U.A. as at May 31, 2021 and of its result for 2020/2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.</td></tr>
<tr><td>Other (integrated) information in the Integrated Annual Report
The other (integrated) information comprises:
4. Key numbers of value creation, About this report, Highlights from the Executive Board, Our purpose and strategy, Our firm (excluding “Our businesses and industries” on pages 28-41 and “Report of the Supervisory Board” on pages 46-50), How we create value and Lessons learned (hereafter: the other (integrated) information in the Integrated Annual Report).

The other (integrated) information includes prospective information such as ambitions, objectives, targets and expectations. Inherent to this information is that the actual results may differ in the future and are therefore uncertain. We do not provide any assurance on the achievability of prospective information in the Integrated Annual Report.</td><td>Other (integrated) information in the Integrated Annual Report
In our opinion the other (integrated) information presents, in all material respects, a reliable and adequate view of:
• the policy and business operations with regard to corporate responsibility; and
• the thereto related events and achievements for the year ended May 31, 2021 in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) (Comprehensive option) and the supplementary internally applied reporting criteria as disclosed on pages 164-170.</td></tr>
</table>

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the Dutch Standard 3810N ‘Assurance-opdrachten inzake maatschappelijke verslagen’ (Assurance engagements relating to sustainability reports), which is a specified Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000: ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’. Our responsibilities under those standards are further described in the ‘Our responsibilities for the audit of the financial statements and other (integrated) information in the Integrated Annual Report’ section of our report.

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 assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Reporting criteria financial statements

The information outlined in the scope of our engagements needs to be read and understood together with the reporting criteria, for which of Coöperatief Deloitte U.A. is solely responsible for selecting and applying, taking into account applicable law and regulations related to reporting. The criteria used for the preparation of the consolidated and company financial statements are EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, respectively.

Reporting criteria other (integrated) information in the Integrated Annual Report

The criteria used for the preparation of the other (integrated) information are the GRI Standards (Comprehensive option) of the Global Reporting Initiative (GRI) guidelines and the supplemental reporting criteria developed by Deloitte as disclosed on pages 164-168. The absence of an 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.

Materiality

Based on professional judgement we determined the materiality for the financial statements as a whole at € 14,000,000. The materiality is based on a benchmark of income before tax and management fee (representing approximately 7% of reported income before tax and management fee). We 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 income before tax and management fee is an important metric for the financial performance of the group. We also took into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 700,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Materiality other (integrated) information in the Integrated Annual Report

Based on our professional judgement we determined materiality levels for each relevant part of the other (integrated) information and for the other (integrated) information as a whole. When evaluating our materiality levels, we took into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the company.

We agreed with the Supervisory Board that misstatements which are identified during the audit and which in our view must be reported on quantitative or qualitative grounds, would be reported to them.

Scope of the group audit

Coöperatief Deloitte U.A. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Coöperatief Deloitte U.A.

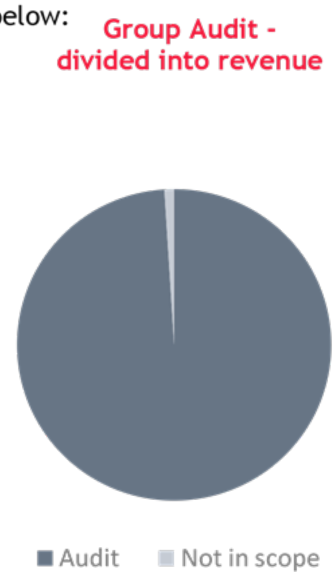
Our group audit mainly focused on significant group entities. We consider an entity significant when:

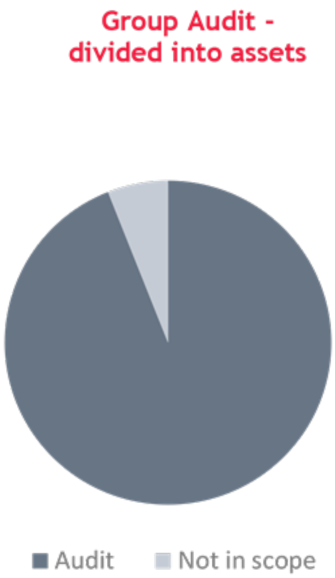
- it is of individual financial significance to the group;
- the component, due to its specific nature or circumstances, is likely to include significant risks of material misstatement, whether due to fraud or error of the group financial statements.

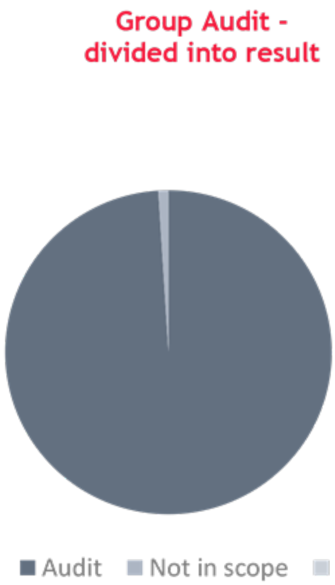
To this extent, for the purpose of the audit of the consolidated financial statements, we performed audit procedures for all of the following significant group entities:

- Deloitte Risk Advisory B.V.
- Deloitte Accountants B.V.
- Deloitte Belastingadviseurs B.V.
- Deloitte Consulting B.V.
- Deloitte Financial Advisory B.V.
- Deloitte Holding B.V.

In addition, we performed specific audit procedures for other group entities.
For clarification purposes, the scope divided into revenue, assets and result is presented below:







By performing the procedures mentioned above for group entities, together with additional procedures at group level, we were able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Our scope of fraud and non-compliance with laws and regulations within our audit

In accordance with Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error.

Inherent to our responsibilities for the audit of the financial statements, there is an unavoidable risk that material misstatements will not be detected, even though the audit is planned and performed in accordance with Dutch law. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error because fraud may involve sophisticated and carefully organized schemes designed to conceal it. Such attempts at concealment may be even more difficult to detect when accompanied by collusion. The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and with management.

In conducting an audit of financial statements, we take into account the applicable legal and regulatory framework for the group. However, the auditor is not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. It is the responsibility of management, with the oversight of those charged with governance, to ensure that the group's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in the financial statements.

Our objectives

In accordance with the Dutch Standard 240 'De verantwoordelijkheden van de accountant met betrekking tot fraude in het kader van een controle van financiële overzichten' (The auditor's responsibility to consider fraud in an audit of financial statements) our objectives in relation to fraud are:

- To identify and assess the risks of material misstatement of the financial statements due to fraud;
- To obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- To respond appropriately to fraud or suspected fraud identified during the audit.

In accordance with the Dutch Standard 250 'Het in aanmerking nemen van wet- en regelgeving bij controle van financiële overzichten' (Considering of laws and regulations in an audit of financial statements) our objectives in relation to non- compliance with laws and regulation are:

- To obtain sufficient appropriate audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements;

- To perform specified audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements; and
- To respond appropriately to non-compliance or suspected non-compliance with laws and regulations identified during the audit.

Our risk assessment
We performed risk assessment procedures to identify potential risks of material misstatements due to fraud and non-compliances with laws and regulations. As part of this work we evaluated the group's risk assessment, inquiries with management and those charged with governance. We also specifically evaluated whether fraud risk factors are present based on the framework of the fraud triangle during several team discussions and considered any unusual or unexpected relationships based on analytical procedures. As part of this assessment, we specifically assessed how fraud risks can arise in the revenue recognition as part of the unbilled revenue process and reflected this in our risk assessment and audit approach.

Following these procedures, and the presumed risks under the prevailing audit standards, we considered (presumed) fraud risks related to management override of controls and related to the overstatement of (unbilled) revenues. We consider these fraud risks to also be prevalent as a result of the nature of the group, where the compensation of partners and senior management personnel are driven and based on the annual profits achieved. The partners/senior management therefore might have pressure or incentives to unjustly modify certain aspects of the financial statements in order to increase the profits achieved with the aim to increase their respective compensation. This would especially be relevant for financial statement areas such as unbilled revenue and provisions, such as the professional liability provision or other areas involving significant estimates.

In relation to our risk assessment on non-compliance with laws and regulation, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable for Coöperatief Deloitte U.A.. The potential effect of laws and regulations on the financial statements varies considerably. Resulting from our risk assessment procedures, we considered adherence to (corporate) tax law and financial reporting with a direct effect on the financial statements as an integrated part of our audit procedures to the extent these are material for the financial statements.

In addition to the aforementioned laws and regulation, Coöperatief Deloitte U.A.is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance through imposing fines or litigation. Examples of such other laws and regulations are those relating to the supervision of the Financial Market Authority (AFM) based on the Wta and data privacy laws. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect such breaches.

Our response to the risk of fraud and non-compliance with laws and regulation
We determined an overall audit response to address the assessed fraud risks and designed and performed tailor-made audit procedures whose nature, timing and extent are responsive to the assessed risk.

Our audit procedures to respond to these fraud risks include, amongst others:

- We inquired the procedures for compliance with laws and regulations with relevant personnel, including Board of Directors, Reputation & Risk Leader and the Ethics Officer.
- We inspected minutes of meetings of the Supervisory Board, Executive Board and Quality Integrity & Risk Committee.
- We inspected correspondence with regulators.
- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks.
- Supplementary to reliance on the internal controls, we performed substantive audit procedures, including detailed testing of journal entries with a risk-based approach.
- We reviewed significant accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud. As part of this we performed a retrospective review and evaluated the judgements and decisions made by management in making the estimates in the current year.
- We remained alert for indications of fraud throughout our other audit procedures and evaluated whether identified findings or misstatements were indicative of fraud.
- We incorporated an element of unpredictability in the selection of the nature, timing and extent of audit procedures performed.
- We assessed matters reported on the group's whistleblowing and complaints procedures and assessed, where deemed necessary, the results of management's follow-up of such matters.
- We obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.
- We evaluated whether final analytical procedures performed near the end of the audit, when forming an overall conclusion as to whether the financial statements are consistent with our understanding of the group, indicate a previously unrecognized risk of material misstatement due to fraud.

Our response in addressing fraud risks related to the valuation of unbilled services and advance billings to customers, and the potential bias in significant estimate in the provision for professional liability is detailed in our key audit matters.

Our audit procedures in relation to non-compliance with laws and regulations notably consists of:

- We inquired the procedures for compliance with laws and regulations with relevant personnel, including Board of Directors, Reputation & Risk Leader and the Ethics Officer.
- We inspected minutes of meetings of the Supervisory Board, Executive Board and Quality Integrity & Risk Committee.
- We inspected correspondence with regulators.
- We obtained sufficient appropriate audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect

on the determination of material amounts and disclosures in the financial statements, where we also included a specialist in the area of corporate tax law.

- We performed limited procedures in relation to other laws and regulations, i.e. we performed inquiries with management and those charged with governance as to whether the group is in compliance with such laws and regulations and we inspected correspondence, if any, with the relevant authorities.
- During the audit, we remained alert to the possibility that other audit procedures applied may bring instances of non-compliance or suspected non-compliance with laws and regulations to our attention.

The audit procedures described above have resulted in sufficient and appropriate audit evidence to mitigate or rebut the potential fraud risks and non-compliance risks. For an overview of our responsibilities and those of the management regarding the financial statements and the risks of fraud and non-compliance, we refer to section D. of this statement.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. In making this determination we took the following into account:

- the risks that we believed were significant to our audit and therefore required special audit consideration;
- areas of higher assessed risk of material misstatement that influenced our audit focus;
- significant audit judgements relating to areas in the integrated annual report including accounting estimates that we identified as having high estimation uncertainty;
- the effect on our audit of significant events or transactions that occurred during the period; and
- those assessed risks of material misstatement that had the greatest effect on the allocation of resources in the audit and directing the efforts of the audit team.

We have communicated the key audit matters to the Supervisory Board and the Audit & Finance Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements and the other (integrated) information as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The matters considered as key to our audit are consistent with those identified in the prior year. An additional area of focus, that was not considered as key audit matters in this year compared to prior year, was the impact of COVID-19 on the business and the financial impact of COVID-19 on the result and the going concern of the group.

The table below describes the key audit matters, a summary of our procedures carried out and our key observations.

VALUATION OF UNBILLED SERVICES AND ADVANCE BILLINGS TO CUSTOMERS	OUR AUDIT APPROACH
As at May 31, 2021 the recognised unbilled services (contract assets) amounts to € 121 million. Refer to note 3.2 - Unbilled services and advance billings to customers. The valuation of unbilled revenues and advanced billings to customers as at the financial year-end requires a significant degree of management estimate that may be complex and inherently subjective in nature. This 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 the collectability of unbilled amounts. We considered the valuation of unbilled services to be a key audit matter due to its significance, subjectivity in the estimates of the valuation of the unbilled revenues and the fraud risk in revenue recognition.	We evaluated the design and tested implementation of both automated and manual internal controls within the organisation relating to the valuation of the unbilled revenues and advance billings to customers. We tested the operational effectiveness of the internal controls that were considered relevant for our audit, to validate the appropriate recognition of revenues and the existence and accuracy of gross unbilled revenue prior to the application of provisions. In addition to the reliance taken on effective internal control measures in place, we applied tailored data analytical procedures focusing on partner portfolio profitability and partner portfolio profitability trends -including major contrary effects within portfolios- to identify any tendencies through management bias. Furthermore, we performed substantive audit procedures on specific elements not yet fully addressed by aforementioned procedures, i.e. cut-off testing including realisation of success fees, onerous contracts and (non) chargeable hours. In addition, we performed substantive audit procedures regarding the valuation of unbilled services and advance billings by testing the estimate of expected results and recorded fees, including any overruns and scope changes to supporting documentation (e.g. contracts) for a sample of projects. We also tested journal entries related to unbilled services and advance billings to customers. Finally, we assessed the adequacy of the related disclosures in the financial statements.
VALUATION OF PROFESSIONAL LIABILITY PROVISION	**OUR AUDIT APPROACH**
The group is involved in a number of disputes in the ordinary course of business which may give rise to claims. Refer to note 8.2 - *Provisions* and note 8.3 - *Claims* for the disclosures with respect to such claims and legal proceedings.	The audit procedures mainly comprised of substantive audit procedures. The procedures notably consisted of: • obtained and read the company's insurance arrangements related to professional liability;

The professional liability provision is based on assumptions of, amongst others 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. We considered the valuation of the provision for professional liability provision a key audit matter due to the high degree of subjectivity and complexity in the assumptions.	• assessed the completeness of registered claims by discussing the claims with the in-house legal counsel, validating that registered claims are consistent with the partner confirmations, a review of legal expenses, internet research, review of the minutes of meetings of the company's Executive Board and Supervisory Board and obtaining the correspondence with regulators; • discussed and challenged the appropriateness of key assumptions and on the existence of a present obligation by evaluating management position papers, discussion with in-house legal counsel and by having direct communication with the company's external lawyers, in respect of a sample of both current year and prior year matters, including review of supporting documentation and correspondence; • obtained confirmation from insurers of the claims notified to them as at May 31, 2021 to verify the completeness of registered claims; • attended meetings of the Audit & Finance Committee of Deloitte Coöperatief U.A. where the professional liability matters were discussed, including claims received, as well as the results of internal and external (regulatory) investigations; • performed back-testing procedures to assess the appropriateness of the estimates of prior year; • reviewed the website of the Authority of the Financial Markets (AFM) to assess the completeness of investigations that we have been made aware of, as well as their current status; • we assessed the collectability of receivables towards the insurers, amongst others by means of validating that claims fall within the scope of the insurance agreements. Furthermore, we assessed the adequacy of the related disclosures relating to

	professional liability in the financial statements.
FAIR VIEW ON MATERIAL THEME INCLUSION & DIVERSITY	**OUR AUDIT APPROACH**
With regard to the other (integrated) information one of the most material themes in the materiality matrix (annex 2) is Inclusion & Diversity. As a result, this theme is the most important part of our audit of the other (integrated) information.	We determined which information in the other (integrated) information refer to the material theme Inclusion & Diversity. We made a distinction between numerical information and text claims. With respect to this information we determined the design of the internal control framework regarding this theme. We reconciled the numerical information to underlying databases. We determined the reliability of the information in these databases by reconciling the information to supporting external and internal information. For the text claims, we examined a selection of the texts based on professional judgement, and made a reconciliation with supporting external and internal information.

Limitations to the scope of our audit

The other (integrated) information includes prospective information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the other (integrated) information in the Integrated Annual Report.

The references to external sources or websites in the other (integrated) information are not part of the other (integrated) information in the Integrated Annual Report as audited by us. We therefore do not provide assurance on this information.

B. Report on other information included in the Integrated Annual Report

In addition to the financial statements and our auditor's report thereon, the Integrated Annual Report contains other information that consists of:

- Key numbers of value creation;
- About this Report;
- Highlights from the Executive Board;
- Highlights from the Supervisory Board;
- Our purpose and strategy;
- Our firm;
- How we create value;
- Lessons learned;
- Outlook.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we considered whether the other information contains material misstatements.

By performing these 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 the procedures performed is 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 management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Report on other legal and regulatory requirements

Engagement

We were engaged by the Supervisory Board as auditor of Coöperatief Deloitte U.A. on September 6, 2019, for the audit of financial year 2019/2020 and have operated as statutory auditor ever since that financial year.

D. Description of responsibilities regarding the financial statements and the other (integrated) information in the Integrated Annual Report

Responsibilities of management and the Supervisory Board for the financial statements and other (integrated) information in the Integrated Annual Report

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. The Management Board is also responsible for the preparation of the other (integrated) information in accordance with the reporting criteria of Deloitte, based on the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) (Comprehensive option). Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements and the other (integrated) information 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 and the other (integrated) information in the Integrated Annual Report

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We exercised professional judgement and maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit of the financial statements included among others:

- 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 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 entity'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, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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. However, future events or conditions may cause a 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.

Our audit of the other (integrated) information in the Integrated Annual Report included among others:
- performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the organization;
- identifying and assessing the risks of material misstatement of the other (integrated) 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 management and related disclosures;
- valuating the overall presentation, structure and content of the other (integrated) information, including the disclosures;
- evaluating whether the other (integrated) information represents the underlying transactions and events free from material misstatement;
- evaluating the procedures performed by the internal audit department of Deloitte.

As we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicated with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

We provided the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determined the key audit matters: those matters that were of most significance in the audit of the financial statements. We described 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.

Rotterdam, July 14, 2021

For and on behalf of BDO Audit & Assurance B.V.,

O. van Agthoven RA

Deloitte.