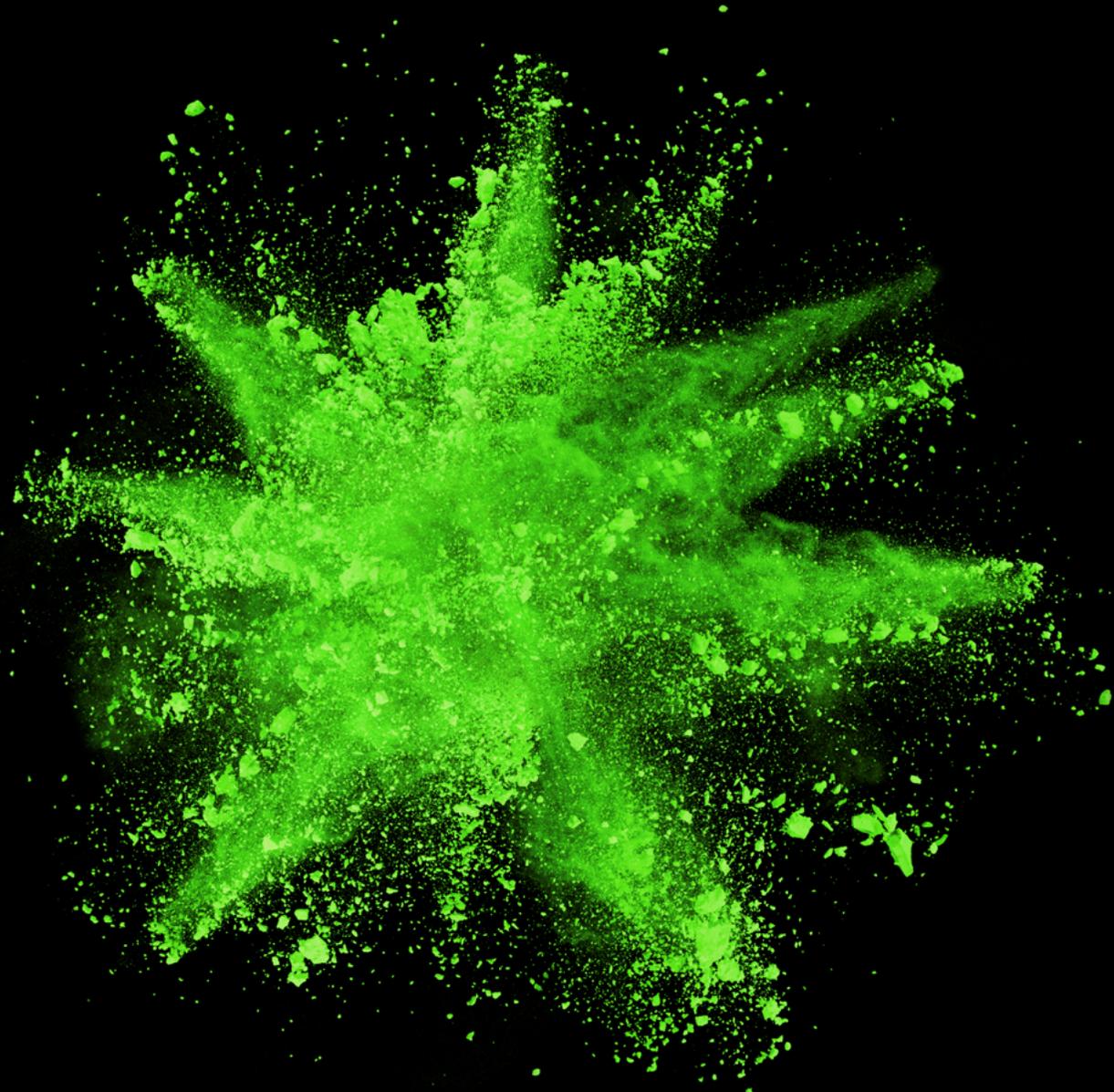


Deloitte.



**Integrated Annual Report
Coöperatief Deloitte U.A.
2016/2017**



Quality



Ethics & Integrity



Talent



Economic performance



Innovation



Impact on society

These are the material topics Deloitte has identified through our stakeholder dialogue (see page 35). To give guidance throughout the Integrated Annual Report, we have included a special bookmark on top of every page. This bookmark indicates the material topics that are covered on every specific page of the Report.

Contents

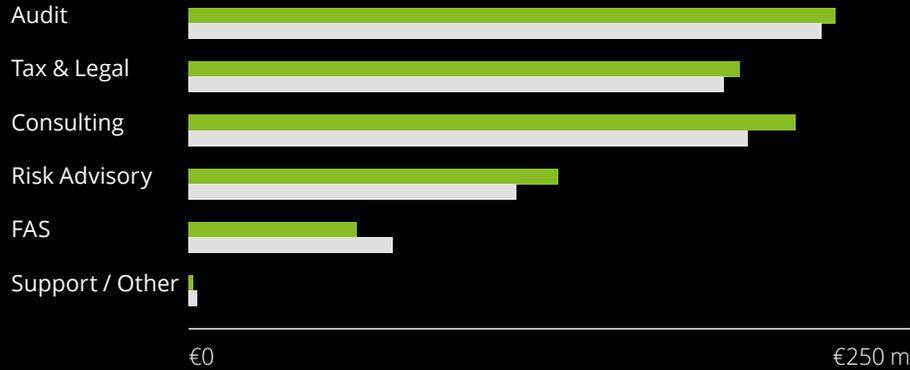
Our year at a glance

4

Net turnover

■ 2015/2016 ■ 2016/2017

€785.3 m **€814.0 m**

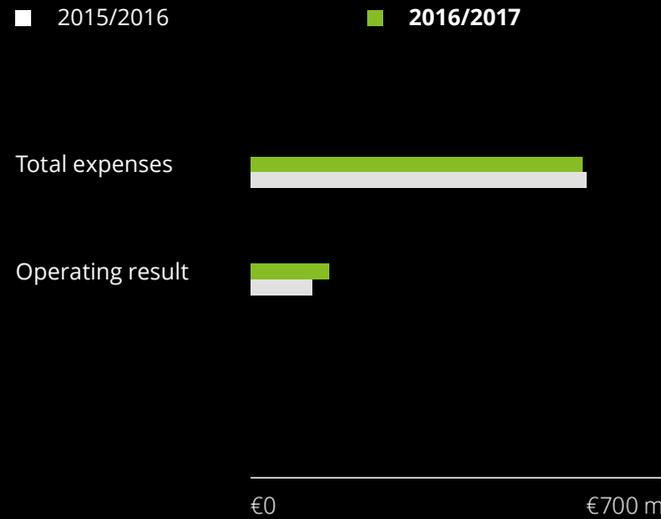


Innovation



■ 2015/2016 ■ 2016/2017

€12.6 m **€11.6 m**



Strategic KPIs based on target setting 2020

Ensure quality

A = actual T = target
N/A = Not available

Premier career destination



Accelerate growth and innovation

Revenue growth in
Corporate Advisory



FY16A 65 €Mio
FY17A 109 €Mio
T2020 200 €Mio

Average profitability in
growth areas



FY16A 45%
FY17A 46%
T2020 45%

% of revenues from
innovative offerings



FY16A 16%
FY17A 23%
T2020 30%

COMMENTS:

Ensure quality

- **% DTTL practice reviews on norm:**
Results of DTTL practice reviews performed in 2016/2017
- **% regulatory reviews that are satisfactory:**
External reviews of our Audit practice

Accelerate growth and innovation

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

Establish lean operations

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

Impact on society

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

Establish lean operations

Total overhead costs
/ fee earner FTE



FY16A N/A
FY17A 44.7 €K
T2020 44.2 €K

Relative position in
international network



FY16A 3rd Quartile
FY17A 3rd Quartile
T2020 1st Quartile

Impact on society

Hours spent on
societal projects



FY16A 0.1%
FY17A 0.3%
T2020 1.0%



About this Report

This is our second fully Integrated Annual Report. It contains information about our impact, value creation and related performance, and provides insight into the execution of our strategy in our financial year June 1, 2016 through May 31, 2017. It builds on the Integrated Annual Report 2015/2016 that we published on September 2, 2016.



In writing this Report, we bridge the mandatory standards applicable to Deloitte for financial reporting, with voluntary frameworks and standards, such as those from the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI). Our Report begins with the Report from our Supervisory Board and is followed by a performance-focussed Report from the Executive Board. In the section 'Making an impact that matters', the heart of this Report, we describe our impact and value creation, and how our Strategy 2020 enables us to create value for our stakeholders. In 'Our strategy' we provide an update on the execution of our strategy and insights into the results. The section 'Our interactions with stakeholders' explains how we sought the opinions of our stakeholders to determine which topics are material to our business. The section 'Our way of working' offers an overview of our governance structure, how we embed our policies on ethics and integrity, and the risks and opportunities we have identified. The financial statements and disclosures are in Annex 1, while additional information on our sustainability performance is provided in Annex 2. The aim of this setup is to convey our commitment and application of integrated performance and reporting.

This Report has been compiled in accordance with the international reporting <IR> framework of the IIRC, the G4 Sustainability Reporting Guidelines of the GRI where we have opted for the 'In accordance - Comprehensive' option, and NL GAAP for reporting our financial statements. Please refer to Annex 1 for the Financial Statements and to Annex 2 for the GRI Reference Table. With regards to sustainability, in preparing this Report, we have followed the 'Comprehensive In Accordance' option that is externally assured by our auditors PwC. This Report and its annexes also serve as the Communication on Progress, as prescribed by UN Global Compact, to which Deloitte Netherlands is a signatory. In this context, we also report our impact against the Sustainable Development Goals.

Scope

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

In May, 2016, and in accordance with the vote taken by the members of Coöperatief Deloitte U.A., Deloitte Holding B.V. became the sole Board member of Stichting InterNos. Consequently, Stichting InterNos has been consolidated as part of Deloitte in May, 2016. In the financial year 2016/2017, Stichting InterNos and its successor, InterNos B.V. was directly merged into Deloitte Holding B.V.

Deloitte Holding B.V. is the Netherlands' member firm of Deloitte Touch Tohmatu Limited (DTTL). Please refer to www.deloitte.com/about for a detailed description of DTTL and its member firms. Like all member firms, Deloitte Holding B.V. is a separate and independent legal entity that provides its services subject to applicable local law and regulations. As from June 1, 2017, the Dutch Deloitte member firm has become an integral part of the newly formed North Western Europe (NWE) member firm.

Materiality

In conformity with the GRI and IIRC reporting frameworks referred to in this section, we have defined materiality using input provided by our stakeholders. We provide an overview of this input in the 'Our interactions with stakeholders' section on page 32 of this Report.

Conciseness

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

Reporting boundaries

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

Restatements

There are no restatements as compared to the Annual Report and the Sustainability Report as issued in previous reporting years.

Reliability and completeness

We have collected the relevant performance data from our business information systems and suppliers as supported by our internal control and monitoring system. This is centrally recorded and reviewed by our internal audit department. We engaged our external auditor PwC to provide reasonable assurance on the sustainability information and Key Performance Indicators (KPIs). The report and conclusions of PwC can be found in their Assurance Report in Annex 3.

Report from the Supervisory Board



Supervisory Board of Deloitte Netherlands



In the financial year 2016/2017 the composition of the Supervisory Board has changed considerably. In line with proposed legislation, the Supervisory Board needs to be composed of Independent, Non-Executives only. We regret that we have had to see the partners' representatives leave the Board: Ardie van Berkel, Carlo Renne and Sander Kloosterhof. We thank them for their outstanding contributions.

The year 2016/2017 has seen further progress in Deloitte's Regulatory and Quality Agenda, demonstrated by a clean bill of health by the Public Company Accounting Oversight Board (PCAOB), the US based regulator. Regrettably, we have not been able to record similar progress with our local regulator, the AFM. The Supervisory Board will continue to ensure that Deloitte Netherlands strives for the best possible results in its audit quality programmes.

In financial terms, the efforts of our partners, directors and all other staff have resulted in solid results, the best ever achieved by Deloitte in the Netherlands. Our competitive position appears to have improved across almost all functions. The merger of Deloitte NL with Deloitte UK & Switzerland, Belgium and the Deloitte firms in Scandinavia into one Deloitte entity across north west Europe, is expected to sustain this success.

Deloitte Netherlands has a two-tier governance structure under Dutch corporate law, with an Executive Board and a separate Supervisory Board. The Supervisory Board is entrusted with the supervision of the policies and activities of the Executive Board; it also advises on Deloitte Netherlands' general conduct of affairs and its business.

The Supervisory Board of a professional financial services firm that includes an Audit practice, and as a consequence falls under the regulatory oversight of both the Royal Netherlands Institute of Chartered Accountants (NBA) and the Authority for the Financial Markets (AFM), shall spend as much attention as necessary and required, on matters broadly indicated as 'Quality Items'. The rigors and importance of such a Regulatory Agenda cannot be overstated. The Regulatory Agenda, however, does not supersede the Board's other legal duties. It is therefore important to realise that 'normal' supervision by a Dutch based Supervisory Board also includes items as Financial Performance, Budgeting, Partner Matters, Client issues – both negative and positive – and competitive pressure for all Deloitte's Functions (Audit, Risk Advisory, FAS, Tax & Legal and Consulting), remuneration, governance and other relevant topics.

The Supervisory Board comprises an appropriate combination of knowledge, experience and diversity among its members, focusing on the multidisciplinary and regulated character of Deloitte Netherlands as a professional services firm, and on its public interest responsibilities. With the withdrawal of the 'internal' Supervisory Board members as of 1 October 2016, the Supervisory Board now consists of independent external members only. During the financial year 2016/2017 Vincent Moolenaar was appointed as a new member of the Supervisory Board and Chairman of the newly established Quality & Risk Committee. At the beginning of the current financial year 2017/2018, Nienke Meijer was appointed as a fifth Board member for four years as of June 30, 2017.

As a consequence, as at June 30, 2017 the Supervisory Board consists of two woman and three men.

All members of the Supervisory Board are required to comply with all of the firm's relevant independence and compliance rules. Members are nominated by the Supervisory Board and appointed by the General Meeting of Coöperatief Deloitte U.A. for fixed terms of a maximum of four years. The members may be reappointed for two additional four-year terms. The maximum term for reappointment may change in line with the new Corporate Governance Code.

At the Supervisory Board's initiative Deloitte has implemented a number of changes relating to the structure and organisation of the Supervisory Board in the course of 2016/2017: (i) as previously mentioned the Supervisory Board now consists entirely of independent external members, and (ii) the tasks of the Supervisory Board have been extended in line with the Audit Sector Plan communicated by the NBA in its report 'In the Public Interest' (In het Publiek Belang).



The Supervisory Board has assigned, under its responsibility, a number of its specific tasks to five sub-committees:

- Audit Committee
- Quality & Risk Committee
- Partner Matters Committee
- Remuneration Committee
- Selection & Nomination Committee

Due to the changes in composition of the Supervisory Board (independent external members only), and in accordance with the above Audit Sector Plan, the Supervisory Board as a whole now covers the tasks of the Public Interest Committee. All present members of the Supervisory Board are members of the Quality & Risk Committee.

This new Quality & Risk Committee was introduced in this financial year. Quality, in a broad sense, has been and continues to be one of the priorities of the Supervisory Board. The Supervisory Board has spent significant time and effort on the establishment, structure and agenda (tasks, responsibilities and planning) of the Quality & Risk Committee.

The Committee has been fully operational since January 1, 2017.

Members of the Supervisory Board

	End of term
Floris G.H. Deckers, Chair	2020 (2nd term)
Frans E. Eelkman Rooda	2017 (1st term)
Jacqueline P. Rijsdijk	2017 (1st term)
Vincent G. Moolenaar	2020 (1st term)
Nieke Meijer *	2021 (1st term)

(* appointed as of June 30, 2017)

Audit Committee

Frans E. Eelkman Rooda, Chair
Floris G.H. Deckers
Vincent G. Moolenaar

Quality & Risk Committee

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

Partner Matters Committee

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

Remuneration Committee

Floris G.H. Deckers, Chair
Jacqueline P. Rijsdijk (temporarily)
(It is anticipated that Nienke Meijer will be appointed as Chair of the Remuneration Committee)

Selection and Nomination Committee

Jacqueline P. Rijsdijk, Chair
Vincent G. Moolenaar



Tasks

The Charter and the Rules of Procedure of the Supervisory Board lays down the tasks and responsibilities of the Supervisory Board. Separate Charters that form part of the Charter and the Rules of Procedure of the Supervisory Board describes the tasks and responsibilities of the different sub-committees of the Board. This Report includes the separate reports of the different committees.

The tasks of the Supervisory Board and the sub-committees include the supervision of the Executive Board with respect to:

- The realisation of the firm's strategy, goals and objectives
- The firm's financial performance and position
- Public interest matters
- Compliance with independence regulations
- Quality and Risk management
- The composition of the Executive Board
- The remuneration of the Executive Board members
- Human resources

The Supervisory Board has a clear focus on the developments in corporate governance and the environment surrounding Deloitte, as well as the need for Deloitte to deliver high quality services that support the strategic vision of Deloitte which is 'to make an impact that matters'.

For further information about the corporate governance structure of Deloitte Netherlands and a more detailed description of the tasks, roles and responsibilities of the Supervisory Board, see the section 'Roles and Responsibilities' on page 83 of this Report.

Highlights of the work and activities of the Supervisory Board during the financial year 2016/2017 include the following:

- The Supervisory Board held seven regular meetings, six extra meetings, one comprehensive strategy session and one education day during the financial year. Alongside the regular meetings of the Board, several additional meetings were held in relation to: the firm's international strategy, the implementation of the new governance model of the firm, the composition and structure of the Supervisory Board, including (i) the selection and nomination of Vincent Moolenaar as a member of the Supervisory Board, (ii) the selection of Nienke Meijer as the fifth member of the Supervisory Board, (iii) the creation of the Quality & Risk Committee, and (iv) the creation of the Partner Advisory Committee (PAC). The PAC is composed of five partners, representing the five business Functions. The General Meeting appoints members on the nomination of the Supervisory Board. The PAC advises and supports the Supervisory Board.
- The regulatory environment for the audit practice and audit quality are continuously on the agenda of the Supervisory Board. The Supervisory Board has closely monitored the follow-up on previous

inspection reports by the AFM and the PCAOB, and the preparation and execution of inspections performed by the AFM in 2016/2017. The Supervisory Board has also monitored the public consultation regarding proposed new legislation for audit firms, including regulations proposed by the AFM.

- The Supervisory Board has spent significant time and effort on the introduction and set-up of the Quality & Risk Committee. This new Committee of the Supervisory Board comprises all present members of the Supervisory Board, is fully operational as of January 1, 2017 and has already held several meetings in 2017. The Quality & Risk Committee specifically focuses on supervising the work of the Executive Board regarding the quality and risk policies and risk management of Deloitte Netherlands. The duties and areas of attention of the Quality & Risk Committee pertain to all Functions or Businesses of Deloitte Netherlands, and particularly to the Audit Function because of close public and regulatory scrutiny. The Quality & Risk Committee supervises the work of the Executive Board in respect to, for example, the firm's risk policy and risk appetite to be determined by the Executive Board, the implementation, execution and monitoring of quality and risk policies and procedures, the strategy and (new) business activities, (the policy regarding) compliance with laws and regulations, including codes of conduct and internal procedures, talent and remuneration policies, possible personal investigations regarding senior management and internal fraud investigations and other public interest subjects.



- Quality and risk management is not only on the agenda of the Quality & Risk Committee, but receives constant attention from the Supervisory Board as a whole. For example: developments in the Audit Function have been an important agenda item, both in regular meetings and in a comprehensive strategy session. Another important agenda item is reputational risk. The Board has discussed the Public Policy Plan of the firm and will closely follow new developments.
- With (i) the appointment of the Chief Quality Officer to the Executive Board (on nomination of the Supervisory Board), (ii) the establishment of the Quality & Risk Committee and the appointment of its (new) Chair and (iii) the implementation of the governance proposals included in the Audit Sector Plan (such as: the approval of the Supervisory Board of the appointment and dismissal of Audit partners and the approval of the firm's remuneration policy for the Audit Function, in their governance capacity to ensure that the firm's quality processes are in place and functioning), the Supervisory Board of Deloitte has enhanced the foundation for effective supervision in respect of the firm's quality and risk performance.
- The Board supports and challenges the strategic initiatives of the Executive Board. During the year, these strategic initiatives – especially strategic initiatives aimed at the creation of Deloitte North West Europe (NWE) - were regularly discussed with the Executive Board and the Board has discussed and evaluated the progress made on these strategic initiatives. The Supervisory Board of Deloitte Netherlands has been closely involved in the set-up of a NWE member firm and has spent substantial time and effort on the legal structure and governance, ensuring that it can continue to fulfil its legal and statutory obligations.
- Diversity is not only about gender, but also about race, ethnicity, religion and (study) background. The Supervisory Board has thoroughly discussed the diversity policy of Deloitte Netherlands. It will continue to challenge the Executive Board and to monitor management development programmes aimed at increasing the number of women in Deloitte leadership positions and diversity in its broader sense.
- Member Firm Standards were introduced by Deloitte Touche Tohmatsu Limited (DTTL) to support the common pursuit of the Deloitte standards of excellence. Through the assessment process in respect of several of these standards (for example, security and confidentiality, risk management and operational excellence) DTTL gathers a number of best practices, mitigates risks and stimulates a common approach to develop action plans to further enhance the performance of all member firms on these areas. The Member Firm Standards are good instruments for the Supervisory Board to monitor the performance of the Executive Board and the Netherlands firm, for example in the field of quality and talent.
- The culture of the organisation has been an important item on the agenda of the Supervisory Board and its Quality & Risk Committee. The Supervisory Board has thoroughly discussed the results of the quarterly Culture Surveys. The Supervisory Board is fully aligned with the firm's culture journey and with the strategy and plans of the Executive Board and Executive Committee to build a quality driven culture. The Supervisory Board will continue to challenge and monitor follow up on such plans.
- As in previous years the Risk & Reputation Leader conducted an extensive inspection on independence compliance. This inspection involved individual testing of partners, directors and senior managers. It is critical that the organisation maintains a system of closely monitoring and inspecting adherence to the independence rules. The Board is regularly informed about the results of these inspections.
- Important partner matters are, as a matter of principle, brought to the attention of the Supervisory Board and, when necessary, discussed thoroughly with the Executive Board.
- After deferring the new external auditor selection process for Deloitte Netherlands in 2015, a new Audit firm has been selected based on present quality criteria (audit quality and risk assessment, working with Internal Audit, expertise in Integrated Reporting and governance and reporting thereon, team composition and confidentiality and conflict of interest protocol). The nomination of the new external auditor was approved by the General Meeting in September 2016.
- In compliance with the NBA measures, we have implemented relevant measures to allow a claw back for Audit partners effective as of June 1, 2016.



Report of the Audit Committee

The Audit Committee (AC) assists the Supervisory Board in fulfilling its oversight responsibilities for quality of internal and external reporting of the firm, the control and financial risk management framework, internal audit, engagement with the external auditor, financing and tax. In doing so, the AC takes note of the outcome of internal audit investigations and assessments of compliance with applicable laws and regulations.

The AC had six regular meetings during the financial year 2016/2017, one extra meeting and four conference calls. The findings and comments have been reported to the full Supervisory Board during the regular meetings of the Board. The COO, a delegate of the Partner Advisory Committee, the finance lead, the controller and the internal auditor as well as the external auditor attended the AC meetings.

Highlights of the work of the AC during 2016/2017:

- Discussion on the financial performance of the firm, both at an aggregate level and for the different Functions of Deloitte. The Committee is satisfied with the financial performance of the group;
- Discussion covering forecasts and financial plans;
- Structure of the control framework of the group, especially with regard to the work in progress balances;
- Approval of the annual internal audit plan and discussion on the further development of the internal audit function;

- Planning and preparation of integrated reporting;
- The internal and external audit findings, including follow-up on previous recommendations made by the internal and external auditors;
- Discussion on specific reports issued by the internal auditor in line with the annual internal audit plan;
- Review of the settlement for restructuring of Stichting InterNos and consolidation in Coöperatief Deloitte U.A.;
- The transition process of the new external auditor effective from financial year 2016/2017;
- Discussion of the conditions for renewal of the firm's financing facilities.

Report of the Quality & Risk Committee

The Quality & Risk Committee assists the Supervisory Board in fulfilling its oversight responsibilities regarding the risk policy and quality and risk management of the Executive Board. In addition to the tasks set out above, the Quality & Risk Committee discusses the principal (financial and non-financial) risks that the company is (expected to be) exposed to, compared to the risk policy (credit, market, liquidity, operational, reputational, compliance and ICT risks) and the steps taken to manage the risks with (a delegation of) the Executive Board and other stakeholders within the organisation.

As of January 1, 2017 the Quality & Risk Committee has expeditiously started its work, with two regular meetings (one in January and one in March 2017). Highlights of the work of the Quality & Risk Committee so far:

- The Committee has defined its tasks and responsibilities and has drafted a plan for the upcoming 1.5 years;
- Audit quality has been and will be a recurring topic at each meeting of the Quality & Risk Committee;
- The Monitoring Commission Accountancy released its first public report on its activities to ensure continuous improvement in the audit profession. The Committee has discussed this Report, Deloitte's own analyses and the current fundamental challenges for the profession as a whole with Deloitte's Audit leadership;
- The Committee has thoroughly discussed material litigation and risk management cases;
- The Committee is fully aligned with the Enterprise Risk Framework of the organisation and focuses on two highrisk priorities per meeting. The Quality/Regulatory/Reputational cluster and living our values (including the culture project) were important items on the agenda;
- The outcome of the independence inspection and testing and new EU Public Interest Entities legislation;
- Updates and reports of the Risk and Reputation Lead (for example independence, internal and external complaints and reputational risks), the Compliance Officer and General Counsel of Deloitte Netherlands;
- The Quality & Risk Committee is involved in the development of a contentious matters overview and closely monitors the developments.



Report of the Partner Matters Committee

The Partner Matters Committee (PMC) supports the Supervisory Board in oversight matters with regards to the partner remuneration system.

The PMC has discussed a limited number of appeals by individual partners regarding their classification in the 2016/2017 partner remuneration system. Also, the PMC reviewed the classification of the entire group of partners in the 2016/2017 partner remuneration system.

Furthermore, the responsibilities of the PMC have been extended; the PMC has prepared the prepared the ratification process of the Supervisory Board regarding the Executive Board's decision regarding the appointment of Audit partners. In that context, the PMC and the Supervisory Board assess whether quality (i) is sufficiently embedded in the nomination procedure and (ii) has been reasonably taken into consideration in the appointment decision by the Executive Board.

Report of the Remuneration Committee

The Remuneration Committee (RC) supports the Supervisory Board on decisions regarding the remuneration of the members of the Executive Board, including an assessment of their individual performance.

The RC has had four meetings during the financial year 2016/2017 and discussed the target setting for 2016/2017 of the Executive Board and each Executive Board member. Long term goals relating to quality are explicitly included in the personal targets of the

Executive Board members. Furthermore, the RC has thoroughly discussed the remuneration of the Executive Board members.

In February 2017 and in May 2017, the RC discussed the performance of each member of the Executive Board during the financial year 2016/2017.

Report of the Selection and Nomination Committee

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

This financial year (2016/2017) the SNC has advised the Supervisory Board to nominate Floris Deckers and Vincent Moolenaar for (re)appointment as members of the Supervisory Board. Furthermore, the SNC has led the selection process for the appointment of Nienke Meijer as fifth Supervisory Board member.

Integrated Annual Report 2016/2017

The financial statements of Coöperatief Deloitte U.A. as presented by the Executive Board, have been audited by PwC. Their report is included in Annex 3. The Board has approved the financial statements and recommends the members to adopt the 2016/2017 financial statements.

Given this is the second year that a fully Integrated Report including Financial Statements is issued, the sustainability sections of the Integrated Report have also been an area of focus for the Supervisory Board including communications with both management and PwC thereon. PwC has issued their report on certain sustainability sections of the Integrated Report and we refer to their report included in Annex 3: Other information. The Board has approved the Integrated Report including the sections on sustainability and recommends the members to adopt the 2016/2017 Integrated Report.

Appreciation

The Board wishes to express its gratitude to the members of the Executive Board, Executive Committee and all partners and all staff of Deloitte Netherlands for their continued contribution to the firm in a challenging but largely successful year.

Rotterdam, July 18, 2017

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

Background information on the members of the Supervisory Board



Floris G.H. Deckers (1950)

Member since 2012

Profession/principal employment

After a long career in banking (a.o. as CEO of Van Lanschot Bankiers and different roles at ABN AMRO Bank), Floris Deckers is active as a Non-Executive Director and Senior Advisor to a number of European companies.

Mr. Deckers is, besides his role as Chairman of Deloitte Netherlands, also member of the Board of Deloitte NWE (Independent Non Executive) and sits on the Advisory Committee of DTTL Global.

External positions and activities

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



Frans E. Eelkman Rooda (1952)

Member since 2013

Profession/principal employment

Frans Eelkman Rooda is 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 Center for Human Drug Research



Jacqueline P. Rijsdijk (1956)

Member since 2013

Profession/principal employment

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

External positions and activities

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



Vincent G. Moolenaar (1963)

Member since 2016

Profession/principal employment

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

External positions and activities

- Member of the Program Board of the education Executive Internal Audit Program at the University of Amsterdam.



Nienke Meijer (1965)

Member since 2017

Profession/principal employment

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

External positions and activities:

- Member of the Board of Stichting Brainport
- Member of the Board of Stichting Juridische Hogeschool Avans-Fontys
- Chairman of the Board of Stichting Onderzoeken Ontwikkelingsdiensten Eindhoven/Tilburg
- Member of the Board of Vereniging Hogescholen
- Member of the Supervisory Board of Leiden University Medical Centre (LUMC)

Report from the Executive Board

This Integrated Annual Report highlights the activities of Deloitte Netherlands, our impact on our clients, people and on society during the financial year that ended May 31, 2017. Deloitte is led by a single purpose: to make an impact that matters. This purpose guides our ambitions and strategic objectives. It also defines who we are as an organisation.



Executive Board of Deloitte Netherlands



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

Purpose and aspiration

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

This means:

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

Strategy

In 2016/2017 we continued our 2020 Strategy to fulfil our aspiration to become the undisputed leader in professional services and make an impact on our clients, our people and society. We conclude that clear and solid progress was made on each of our six strategic pillars:

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

For each of our strategic pillars, we have defined KPIs and set target values to be achieved by 2020. In the section 'Our strategy' you can find more detailed information on the progress per pillar.

Strengthened by the achievements this year, we are confident that we have laid out a solid and sustainable strategy that is supported throughout our organisation and is aligned to our overall global purpose and aspiration.

In combination with our strategic goals, in 2016/2017 we took two noteworthy decisions. Specifically, 1. The partner vote to establish and become part of Deloitte NWE, and 2. The implementation of a far reaching cultural programme to strengthen Deloitte's culture and achieve our strategic goals and aspirations.

Organisation changes and formation of NWE

In September 2016, Deloitte member firms representing the Netherlands, UK & Switzerland, Belgium, Finland, Denmark, Sweden, Norway and

Iceland voted in favour of the establishment of Deloitte NWE. This is fully in line with our Strategy 2020 and will enable us to serve our clients and talent even better. Following extensive discussions with regulators, Deloitte Global, our partners and employees and external advisors, the participating Deloitte member firms agreed to merge into NWE effective June 1, 2017. Throughout NWE, steps were taken to implement the new structure as of June 1, 2017 (a.o. setting up the governance structure and designing common processes).

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

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

The transfer of Stichting InterNos to Deloitte Holding B.V., which began in fiscal year 2015/2016, was completed in the year. InterNos has fully merged into Deloitte Holding B.V. and as a result, its assets and liabilities have also been transferred to and assumed by Deloitte Holding B.V.



Our year

The world today is being shaped by momentous social, economic and geopolitical developments. These include the international refugee crisis, political development in the US, Brexit, the rise of populism, terrorist threats and attacks, the shifting balance of power between old and emerging economic powers, global warming, our increasing dependence on automated systems, cybercrime, political and strategic hacking and the scarcity of skilled talent. These important challenges and friction points require that organisations be increasingly adaptive and innovative. Additionally, there are new threats in our local economic environment, such as the perceived housing bubble emerging in the Netherlands that is driven by low interest rates, an increasing social divide, a labour market with an increasing mismatch between supply and demand, and the possible end to the support measures taken by the European Central Bank (ECB) that could ultimately jeopardise economic growth.

In these turbulent times, to ensure we make a sustainable impact that matters, we have continued to focus on our Strategy 2020 with its six pillars. Our primary concern have been our investments in quality. Additionally, we strongly emphasised 'Seek internationalisation', as we are convinced that intensifying international cooperation provides us with expertise, talent, intellectual property and tooling that is necessary to maintain and expand our impact, to help clients address increasingly complex challenges, and provide a challenging and rewarding work environment for our people. This in combination with client programmes to address their risks as well as our own internal risk management programmes. We also expect our impact in the areas of quality and innovation to strengthen through internationalisation.

In 2016/2017, we welcomed 1,428 new Deloitteers and continued to invest in teamwork, quality and an open culture. This included building on our firm-wide fitness programme (Deloitte FIT) to give our employees access to various sport and vitality-related clinics and workshops. We also agreed to change the way in which we manage performance, and based on a successful pilot, we have started with the implementation of a new performance management system in 2017. Additionally, we released a new learning management system that will include learning by mobile phone or tablet. To guide new hires during their introduction to Deloitte, we developed a new onboarding process and built a tailored onboarding app.

Diversity and Inclusion is an important theme to further develop in our culture. We believe they enhance our quality and are an enabler for innovation. Among other actions, we organised a Diversity and Inclusion month to drive awareness amongst our employees, signed the diversity charter (Diversiteit in bedrijf), which is an initiative of 'Stichting van de Arbeid', and updated the Function targets and actions on gender diversity. Despite our efforts, we continue to be challenged to create a more diverse workplace within Deloitte and we need to step up our performance in this respect.

We have continued our sponsorship of Singularity University and Universiteit van Nederland, to offer our people insight in and digest potentially groundbreaking, disruptive technologies. This was also the theme of our annual Deloitte Townhall for all employees that featured trend-setting speakers including Salim Ismail, Dan Berry and Brian Ford. Our community engagements via the Deloitte Impact Foundation increased from 2,865 hours in 2015/2016

to 13,840 hours in 2016/2017, with a high degree of diversification given the fact that all Deloitteers can submit ideas for projects. Among the inspiring projects we undertook are the Training Day for Refugees organised at Tilburg University, the HackLab Highschool, the online project against depressions (www.113.nl) and the provision of tax return services to the elderly. We also participated in De week van het Geld during which we welcomed schools and their students at our offices in Rotterdam, Utrecht, Groningen and Amsterdam. Our ambition is to spend 1% of our time on community engagement by 2020 where we note that we are still a long way from reaching this ambition.

We believe that our impact on clients was enhanced by our ongoing development of innovative service offerings, such as the launch of our DeloitteWebshop.com, where clients can purchase custom-made risk and strategy reports and industry benchmarks, and a Cyber Security Quick scan for websites. Further to the introduction of the [Assuring Medical Apps](#) proposition in 2015/2016, we launched the [Change Adoption Profiler](#) (CAP) and [SHIFT](#). In addition, we assisted our clients in large transformation and integration processes and improved their future readiness.

We focused on Cyber security, Data analytics and Digital as important growth areas for Deloitte. For example, our '[Data with a view](#)' initiative in February 2017 was a unique cross-business event aimed at helping clients with their vision and strategy on data. Other examples of events aimed at sharing our expertise with our clients were [TaxLab](#) and the Artificial Intelligence event.



Relating to quality matters, on December 13, 2016 the U.S. PCAOB announced the settlement of an enforcement proceeding with Deloitte Netherlands relating to independence violations that occurred in the first quarter of 2012. Since 2012 appropriate and comprehensive remediation steps have been taken in agreement with the PCAOB.

In 2016 the Dutch Monitoring Commission Audit (MCA) issued a report on audit quality. The overall message of the MCA is reinforcing, providing recognition for the efforts taken by the profession to drive audit quality. At the same time, the MCA pinpoints a number of dilemmas that are inherent to the sector. These dilemmas cause us to further invest in the intrinsic motivation of our people in serving the public interest. Our investments are supported by additional adaptive efforts and investments to enable an ongoing focus and improvement in audit quality. In the section 'Ensure quality' of this Report and in our Transparency Report 2016/2017, we offer our perspective on these dilemmas.

Reference is made to the Regulatory environment section of the Report from the Executive Board on page 27. This section covers progress made by Deloitte in the area of audit quality and the recent outcome of both the PCAOB and AFM reviews.

On November 1, 2016, the Monitoring Commission Accountancy published its findings in the report 'Change in the public interest':

- The Commission concludes that the sector has made a good start with the implementation of the 53 measures that were formulated by the NBA in 2014 to enhance audit quality and shape changes in culture and behaviour.
- The Commission is not (yet) convinced that the 53 proposed measures - despite their positive effects - will sufficiently tackle the causes of the structural issues within the accountancy sector and to restore public trust in the sector.
- The Commission notes that regardless of the implementation of and compliance with these measures, it is necessary to reveal and address the root causes of the issues within the sector to achieve the necessary cultural and behavioural changes and restore public trust.
- The Commission points out that the change process requires continued attention and an adaptive approach based on intrinsic motivation rather than the technocratic approach which is based on compliance and frequently observed by the Commission.
- The Commission acknowledges the progress made in the past two years within the accountancy sector. It observed progress across the distinctive market segments. Nonetheless, big steps are still required, particularly in the segment of non-PIE accounting organisations.



Investing in our culture

The external appointment of our Chief Quality Officer, Mr. Engelhardt Robbe, marks Deloitte's continued commitment to quality and a culture that supports the high quality delivery of our services. For us, culture encompasses who we are and is an enabler to live our purpose. It is about how we interact with each other, our clients and society, and in a nutshell, how we live our values.

To fulfil our ambition to become the undisputed leader in professional services, we need to differentiate our culture from that of our competitors in terms of courage, commitment, inclusion and acting out of a strong belief in our shared values. In addition, we experience external pressure to bring trust and with that ethics and integrity, to an even higher level.

The culture survey outcome that we conducted among our people during the year demonstrates that we have a strong company culture, but it also pinpoints areas where improvements are necessary.

Strong points in our culture

- Pride in our brand and our work;
- Working together to bring the best value to our clients;
- Focus on clients and innovation.

Areas of improvement

- Perceived tension between speed and cost and quality;

- Our organisation struggles to see making mistakes as a part of the creative process;
- Diversity: our organisation does not sufficiently build on diversity as a strategic driver;
- Individual performance is rewarded rather than team performance.

We have discussed the outcomes of the culture survey in various engagement sessions on root causes and have debated the results in the Executive Committee. Together with internal and external consultants, we have engaged in discussions with the partner and director community. Numerous ideas came up during these sessions. This resulted in 13 concrete actions that will be performed in the coming months. These actions focus on areas such as the role of leadership, translating values into concrete ways of working and broadening and deepening our internal dialogue on culture.

In parallel to our activities in the Netherlands, we are addressing culture within the new NWE member firm to facilitate the successful integration of the firms involved. Based on the exchange of best practices, we will place more attention on diversity and inclusiveness.

A successful culture is an imperative for further growth. We aim for a strong connection between company values and the values of our talent so that we make the right choices. In addition, we want to encourage our talent to welcome differences between

people so that our diversity encourages quality. Changing our culture requires time. To start with, we must adapt supporting processes, such as performance management, to the desired culture. Secondly, we must ensure that we become a learning organisation that encourages dilemma sharing and allows mistakes to be made and learnt from.

To make an impact that matters, we need to be respected for who we are and how we solve the complex issues our clients face with integrity and resourcefulness. In this way, our strong culture is a prerequisite to living our purpose.

Financial performance

We are proud to report continued growth in our net turnover and profits resulting from our combined efforts, strategic initiatives and focus. Net turnover increased by 3.7% compared to the previous year to reach €814.0 million. Results before taxation increased by €29.6 million to €144.9 million, an increase of 25.6%. This year's achievements build on the record growth we experienced last year. Our revenue growth was largely driven by a strong performance in our Risk Advisory and Consulting business. At the same time, our Audit and Tax & Legal businesses also achieved growth. Financial Advisory recorded a decline in revenue primarily due to the completion of a major business restructuring engagement early in the year. We are convinced that our focus on quality, innovation and talent are key drivers for this strong performance. These key drivers are embedded in our Strategy 2020: an unrelenting focus on quality combined with growing



the business, improving our client portfolio, innovating, leading talent initiatives, and ensuring cost control through our fit for growth programme. In addition, an even closer collaboration with Deloitte internationally contributed to making the financial year 2016/2017 another record year (in revenue and profitability). Our improved performance translated into an improved result before taxation as a percentage of net turnover from 14.7% in 2015/2016 to 17.8% in 2016/2017. The strong financial performance allows us, even after further investments in our business, to share a significant proportion of the success with our employees through their variable pay.¹ The amount available for variable pay in 2016/2017 is €36.0 million.

The multidisciplinary business model
We remain convinced that the multidisciplinary delivery model that comprises both audit and advisory services has benefits both for our clients, our people, innovation and ultimately also for society at large. Some of the benefits that we identify are:

- We are able to develop industry insights from various angles. This enhances our auditors' understanding of business risks relevant to conducting audits.
- The Audit practice has immediate access to specialised resources and expertise in other business lines, like pensions, tax, and financial advisory. This enhances audit quality because we can tap the expertise of our Advisory professionals who are skilled in subjects that often aren't native to auditors.
- Intellectual capital is available within the network to innovate our audit approach.
- Different parts of our business grow at different rates during different time periods in different markets. Our multidisciplinary model provides a hedge against market volatility that is important to long-term viability of the network, and makes significant investments in audit quality and innovation possible, even in times of financial pressures on the audit business.
- A thriving and diverse organisation helps attract and retain premier talent.

- Audit is the foundation of Deloitte's brand. Negative quality events impact our brand overall, and thus, each business has a shared and vested interest to support audit-quality initiatives.

Audit

Our Audit business consists of assurance and non-assurance accounting services. Net revenues in Assurance remained stable in 2016/2017. As a result of the continuing Improve Client Portfolio (ICP) initiative, we focus on clients enabling us to deliver better quality audits. By making clear choices on the composition of our client portfolio, we believe we are able to better serve our clients and offer more challenging work with optimal working hours for our people. Talent management, on-the-job coaching and improved project management including Audit quality milestones are additional ways we achieve this.

During financial year 2016/2017, we implemented actions from our Audit Quality Plan, and spent time building on our transition to our new audit mandates, now mostly second year audits. By sharing our experiences within the international Deloitte network, we endeavour to assist other Deloitte member firms to prepare for the upcoming mandatory rotation in other European countries. In 2016/2017, we noted challenges in executing audits of municipalities combined with investments required in executing quality municipality audits. This has also resulted in certain audits being discontinued.



Continuously improving audit quality is an ambition that can only be reached by the willingness to embark on a journey in which we measure our progress and constantly adjust where necessary. The investments are considerable and consist, among other areas, of costs relating to our Reputation & Risk Leadership office, the Professional Practice Department, our Engagement Management System, IT hardware and the extra non-billable hours we spend on audit engagements to comply with quality demands. Ongoing internal reviews of engagements and formal reviews by external regulators AFM and PCAOB have noted credible improvements but also indicate that we are not yet meeting all expectations. For more details on these reviews, please see our 2016/2017 Transparency Report.

We continue to note and monitor the demands and the impact that regulatory requirements have on our Audit professionals. This has translated into various strategic initiatives over previous years, including Distinctive Audit, Improved Client Portfolio and a drive to relieve some of the pressure on our Audit professionals and ensure a more balanced demand and use of their time.

We maintained and intensified our focus on family businesses through the EMEA Deloitte Family Business initiative that collects market information on this segment and develops relevant new products and services. Also, over the last year, our innovative Ctrl-platform has continued to be an important growth driver for our SME-business. For more information,

please see 'Accelerate growth and innovation' on page 66 of this Report.

Audit revenues in 2016/2017 grew by 2.2% to €223.9 million.

Tax & Legal

In 2016/2017 Tax & Legal saw similar growth levels as in recent years. We improved our operations and built on the pillars of Strategy 2020. We saw strong growth in areas like International tax, Transfer pricing, Indirect tax and Tax management consulting. In other areas growth remained flat (regional markets) or was relatively low (our legal business, that continues to grow albeit at a slower pace than planned). Consumer Business and the Manufacturing Industry showed good growth, while the Technology, Media, Telecommunications Industry developed less favourably than we had anticipated.

Tax & Legal revenues in 2016/2017 grew by 2.8% to €190.8 million.

As a result of the attention for 'Base Erosion and Profit Shifting' (BEPS) and the global tax reset, many large multinationals are facing uncertainties and possible risks. Transfer pricing and International tax received unprecedented attention and will be among the leading growth areas in Tax for the next couple of years. More on these themes can be found in the section 'Regulatory environment' below. In response, we have refined and globalised our operations around our high-volume compliance business. For example,

we invested in delivery centres and process tooling, often on a North West Europe, EMEA or global basis.

With price pressures increasing, and technology playing an even more important role, we have continued to explore new business delivery models. Overall, Tax & Legal's profile has continued to change rapidly in terms of its approach and implementation.

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

The internal trend that we hire more people with non-traditional educational backgrounds has also continued, mirroring the need for technology and process-savvy talent. This change has also been reflected in the adjustments we made to onboarding programs, learning curriculums and team structures. All of these have helped to transform our Tax & Legal business, which is a central part of our strategy.

We are making significant investments in Tax and Legal content and quality, technology and innovation as these are essential to establishing Deloitte's undisputed leadership by 2020 and beyond.

Consulting

Consulting achieved very strong performance in the year, with continued growth in both revenues and profitability. We took a further step to realise our ambition to become the undisputed leader in business



transformation, with a focus on our multinational clients. We are progressing with the execution of our Consulting 2020 strategy, with a clear focus on impact on clients, people and leadership. Our Consulting model is focused on serving selected clients in Financial, Private and Public sectors. We serve them with multi-disciplinary services that are powered by our strategic, operational, human capital and technology capabilities. In addition, to facilitate a successful execution of our strategy, we focus on the recruitment, development and retention of our Consulting community.

We saw particularly strong growth in Financial Sector (Banking) and Private Sector Industries (Consumer Business). Relationships at executive levels at many of our target clients were further strengthened through various initiatives, such as our [Greenhouse Lab](#). Our service areas Strategy & Operations and Technology contributed significantly to our growth. We further deepened the scale and scope of our capabilities in the year and experienced solid growth in innovative services, such as Innovation, and Analytics, as well as high-value transformational services such as Post Merger Integration/Separation and Technology Advisory.

Consulting revenues in 2016/2017 grew with 9.0% to €211.1 million.

Risk Advisory

In the past year, Risk Advisory maintained its double-digit growth, with a strong performance in the Financial Services Industry and Consumer Business. Other industries remained stable or witnessed a decline. In terms of delivered services, the strongest growth took place in the Governance Risk Regulatory service area, mainly within the Financial Services Industry because of growing regulatory demands by financial market authorities. Cyber Risk Services and Control Transformation Assurance Services have also seen a considerable growth in both revenues and profitability.

The growth in Risk Advisory is the result of our continued focus on clients, talent and innovation. By focusing on our target clients, we engage multi-functional teams in which all our service areas collaborate to deliver value in large challenging projects. Talent and innovation remained key to our growth. We grew from 560 to almost 640 professionals in the year and continued to develop technology-enabled solutions to deliver new and innovative services.

We continuously seek to improve our service delivery and maximise our impact on clients. As many of our clients operate cross-border, we have changed the structure of Risk Advisory as per June 1, 2017 to better allow for the deployment of specialists from within our

global network, assuring that our international client base has access to relevant pockets of expertise.

Risk Advisory revenues in 2016/2017 grew by 12.9% to €128.1 million.

Financial Advisory Services (FAS)

FAS provides services related to M&A, real estate and pension-related challenges faced by clients. Our broad client base ranges from leading multinationals, owner-managed business and private equity, through to local and national government bodies.

M&A activity levels were generally favourable in the year, while real estate market activities also increased. Given the limited changes in pension legislation, our Benefits & Pension Advisory Services revenues stagnated.

Around 70% of total production within FAS, remained flat, which was largely explained by the need to substitute one large project which absorbed almost 20% of our total capacity in 2015/2016. Growth in production was mainly driven by our Corporate Finance Advisory business.

During the year we invested in our corporate venturing proposition and analytics capabilities. With our data-driven corporate venturing services, we assist clients in shaping and implementing their corporate venturing



strategy, and assist in mapping ecosystems and identifying relevant targets.

The decline of 17.0% in net turnover is in its entirety the result of a €13.5 million decline in subcontracted work following the completion of large international projects in 2016/2017.

FAS revenues in 2016/2017 declined by 17.0% to €58.5 million.

Strategy execution

We are overall content with the progress we made against our strategic objectives. With respect to the strategic pillar 'Quality', we are particularly pleased with the culture initiative currently under way. In addition, the increased quality focus across Functions will allow us to achieve our targets for 2020 and thus contribute to the sustainability of our firm.

On the strategic pillar 'Become premier career destination' we are making equally solid progress with the new approaches to performance management, leadership development, and diversity and inclusion as good examples of our activities. In the 'Accelerate growth and innovation' strategic pillar, we witnessed the development of new service offerings and saw the innovations from past years moving to mature propositions for our clients.

Also, the 'Improve client portfolio' strategic pillar is starting to deliver what we aim for: improved services as a result of clients who are willing to invest in quality.

In the 'Establish lean operations' pillar we saw good progress in 2016/2017 with overhead costs per fee earner going down but we are not yet where we aim to be.

Finally, considering the 'Seek Internationalisation' strategic pillar, with the creation of NWE we have met our ambition for 2020.

Encouraged by the solid progress on all strategic pillars, we will continue to focus our attention to our strategy execution over the coming years.

Regulatory environment

We are subject to national, international and internal regulations. Within our Audit Function, we work in a highly regulated industry that demands compliance with all relevant regulations. Regulatory compliance is part and parcel of our approach to quality. However, the importance of the regulatory environment and the expectations of various stakeholders stretches beyond the scope of the Audit Function. For example, the publication of the so-called Panama Papers has served as a catalyst for the debate on ethical taxation.

Audit

During the year, we continued our journey to drive audit quality and continuous improvement. Highlights include a constructive dialogue on the definition of audit quality, the introduction of In-flight Diagnostics to drive positive quality indicators and the implementation of our Global Audit Quality Monitoring & Measurement programme.

We are subject to regular external oversight by official bodies that include the PCAOB and the AFM. The PCAOB issued their final report from their 2016 review with no comments resulting from their review. The AFM continued their regular process of engagement file inspections and performed various theme reviews, including reviews on corruption risks and a review on the ability of Audit firms to drive change. The AFM engagement file inspections (audit files of 2014 and 2015) and the theme review on the ability of Audit firms to drive change were published on June 28, 2017. The AFM is positive on the progress of our change process. This reinforces our confidence we have chosen the right course in recent years. We can identify with what is written in the report, both in terms of what is good and deemed 'good practice' and what can still be improved. The overall picture aligns with the results of our own periodic evaluation of our quality control system and the ongoing impact analyses in respect of our Quality Agenda initiatives.



The AFM report with the results of the file inspections shows that the AFM considers most of the statutory audits it has examined at Deloitte, being 5 out of the 8 audits, to be compliant. This result is generally in line with our own expectations and the demonstrably upward trend we have observed in the results of our own Practice Reviews over the past three years. Our internal Practice Review focuses on extensive inspection of all individual external auditors once audit engagements have been completed. Through stricter standards we have considerably stepped up our Practice Review programme since 2013. The AFM corroborates this: “the bar has been raised quite considerably”. Thus, this has been a major game changer for us and the AFM has designated our Practice Review programme as good practice.

We have confidence in the journey we have embarked on, focusing on continuously enhancing the quality we deliver in our statutory audits. Apart from the positive inspection result on our change process, the AFM considers most of the statutory audits it has assessed to be adequate. The positive inspection results on all of the inspected audits of Public Interest Entities is part of this. It is equally in line with the positive inspection result by the PCAOB mentioned above.

Tax

Responsible Tax has remained an important topic that is widely discussed both internally and externally. These discussions gained momentum due to, among others, the publication of the so-called Panama Papers. Governments in many countries are adopting changes in their legislation following proposals from the Organisation for Economic Cooperation and Development (OECD) and the EU. These changes include legislation to prevent tax avoidance and advocate increased tax transparency by reporting entities.

Deloitte Tax & Legal is actively engaged in the Responsible Tax debate. We contribute our technical expertise by providing comments on the various proposals from the OECD, EU and Dutch government and engage in conversations with external stakeholders, including NGOs. Since the start of the debate, Deloitte Tax & Legal has actively discussed this topic with clients and has developed tools that help them assess the impact of potential measures. We see it as our responsibility to address this matter pro-actively with our clients to make them aware of the possible impact, while providing them with insights into the possible implications outside the Tax Function. Responsible tax has become a fundamental factor in our advisory role to many clients and we constantly reflect on our own role regarding this topic.

Outlook

The global and Dutch economies have shown stable but limited growth over the last year. Geopolitical risks have increased with the ongoing European elections, Brexit, and other tensions. Our aim is to continue building and executing on our vision and strategy, with a heightened sensitivity for the current higher risk macro environment.

The creation of NWE offers new opportunities to further develop and enhance services for our clients and opportunities for our talent. Furthermore, we will bundle and scale our investments in innovation and streamline operations in NWE. We will continue to grow our business and improve our performance by making investments in quality, talent development, innovation, and by recruiting and retaining the best talent. Other strategic initiatives will also continue in the areas of improving client portfolio and lean operations.

After two record-breaking years in terms of revenue and profit, our focus in 2017/2018 will be on further building and investing in quality, innovation and our talent. Based on the current visibility, we plan to continue to grow our number of professionals by between 3% and 5%, which will also be driven by NWE investments. We will continue to invest in innovation and product development at levels comparable to



2016/2017 while increasing our investments in talent learning and development. We will do this in combination with time allocated to making an impact on society and our goal is to grow these activities until they represent 1% of our hours.

In control statement

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

The Executive Board has reviewed and analysed the risks that Deloitte is exposed to, and it periodically reviewed the design and operational effectiveness of the internal control framework. The outcome of these reviews are reported and discussed with the Audit Committee, the Quality & Risk Committee and in the Supervisory Board.

We have assessed the design and the operational effectiveness of our risk management and internal control framework, and to the best of our knowledge identified and disclosed all material risks and uncertainties relevant to the company's continuity in the foreseen future. Based on our activities in 2016/2017, the Executive Board considers the framework to have worked effectively and to provide sufficient assurance to state that we have been, currently are, and anticipate to be, in control of our key risks and that this provides reasonable assurance that the financial statements 2016/2017 do not contain any material misstatements.

Rotterdam, July 18, 2017

Executive Board

P. J. Bommel, Chief Executive Officer and Chair
M. van Vliet, Chief Operations Officer
E. Robbe, Chief Quality Officer



From disruption to innovation-led growth

It has never been more important for companies to have agile innovation systems at the centre of their strategy. Innovation speeds have increased exponentially among Deloitte's clients in recent years, with almost every market sector undergoing some form of disruption by digital technologies. According to Deloitte Chairman of the Executive Board Peter Bommel, keeping pace with Deloitte's fast-moving innovative clients and helping them lead has become one of his greatest imperatives.

"When innovation goes up, we have to shift gears too," says Bommel. "In a first instance our duty is to be a sparring partner for our clients' executives, but we also have the opportunity to create value-adding products and services around new technologies."

Providing innovation advice and supporting client innovations based on experimental technology or digital transformations, has become a market differentiator. Clients' increasingly recognise Deloitte's ability to drive innovation through its services, among others,

Risk Advisory Services, M&A, the dedicated services of Deloitte Digital, Center for the Edge and Deloitte Innovation B.V.

"We've been investing in our own innovation for years now, and the results are there to see," says Bommel. "For example, our Process X-Ray solution, which was originally developed by Deloitte Innovation B.V., now makes an important difference when attracting key audit clients in the UK and US, -- it's greatly appreciated by our colleagues there."

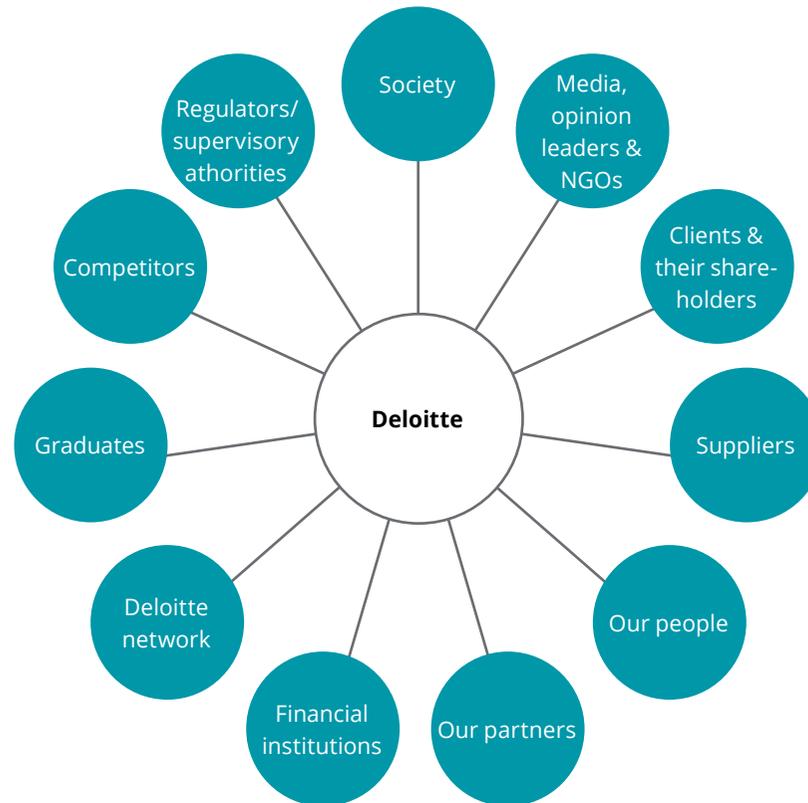


“We’ve been investing in our own innovation for years now, and the results are there to see.”

Bommel anticipates that the new North Western Europe (NWE) organisation will enable Deloitte to better leverage its knowledge, resources and networks to the benefit of its clients. It will also allow Deloitte to bring innovations to the market based on a wide range of disruptive technologies such as Artificial Intelligence, Robotics and Blockchain.

Our interactions with stakeholders

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



Evolving market landscape

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

Developing labour market

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

to continue to remain attractive to the talent of the future and offer an outlook to an outstanding career experience that attracts, retains and develops the best talent.

Changing regulatory environment

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



Table 01: Means of stakeholder engagement

Stakeholder group	How we seek their views
Clients & their shareholders	Client Service Assessments, Client meetings and events, Requests for proposals, Clients & Markets research, External research and ratings, Media scanning
Our people	Talent survey, Works Council, Formal and informal meetings, Receiving feedback
Our partners	Formal and informal partner meetings, Receiving feedback
Graduates	Surveys and research, Participation in campus events, Recruitment sessions
Deloitte network	Active participation in key DTTL governance bodies, 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 Deloitteers 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

We actively seek our stakeholders' views

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



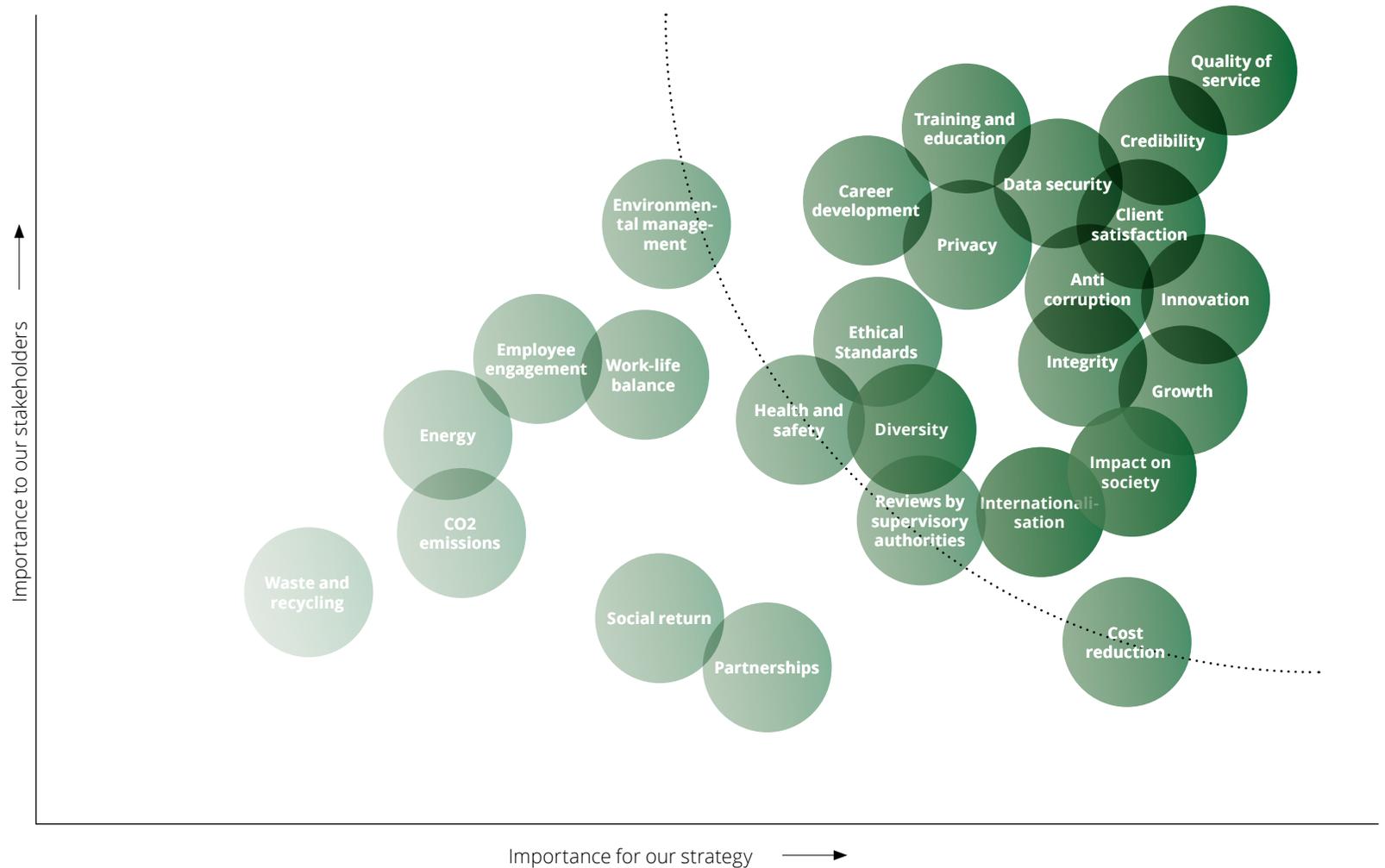
Issues raised by our stakeholders

Our stakeholders voice their views and expectations. In Annex 2 (page 136), we have included a table in which we summarise the main expectations and issues per stakeholder group. We also provide our response to these expectations and issues and indicate how we address them in our strategy.

Structured stakeholder dialogue

As committed to in our previous Annual Integrated Report, in 2016/2017 we conducted a structured stakeholder dialogue involving our primary stakeholder groups we identified, to re-assess the materiality of our strategic and sustainability agenda. Through a combination of desktop research, surveys and one-on-one interviews, we have documented the topics that our stakeholders deem important in their relationship with Deloitte. Using both objective metrics (frequency, ranking) and subjective criteria (professional judgement), we have plotted the outcome of our dialogue in our materiality matrix.

Materiality matrix





Material topics

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

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

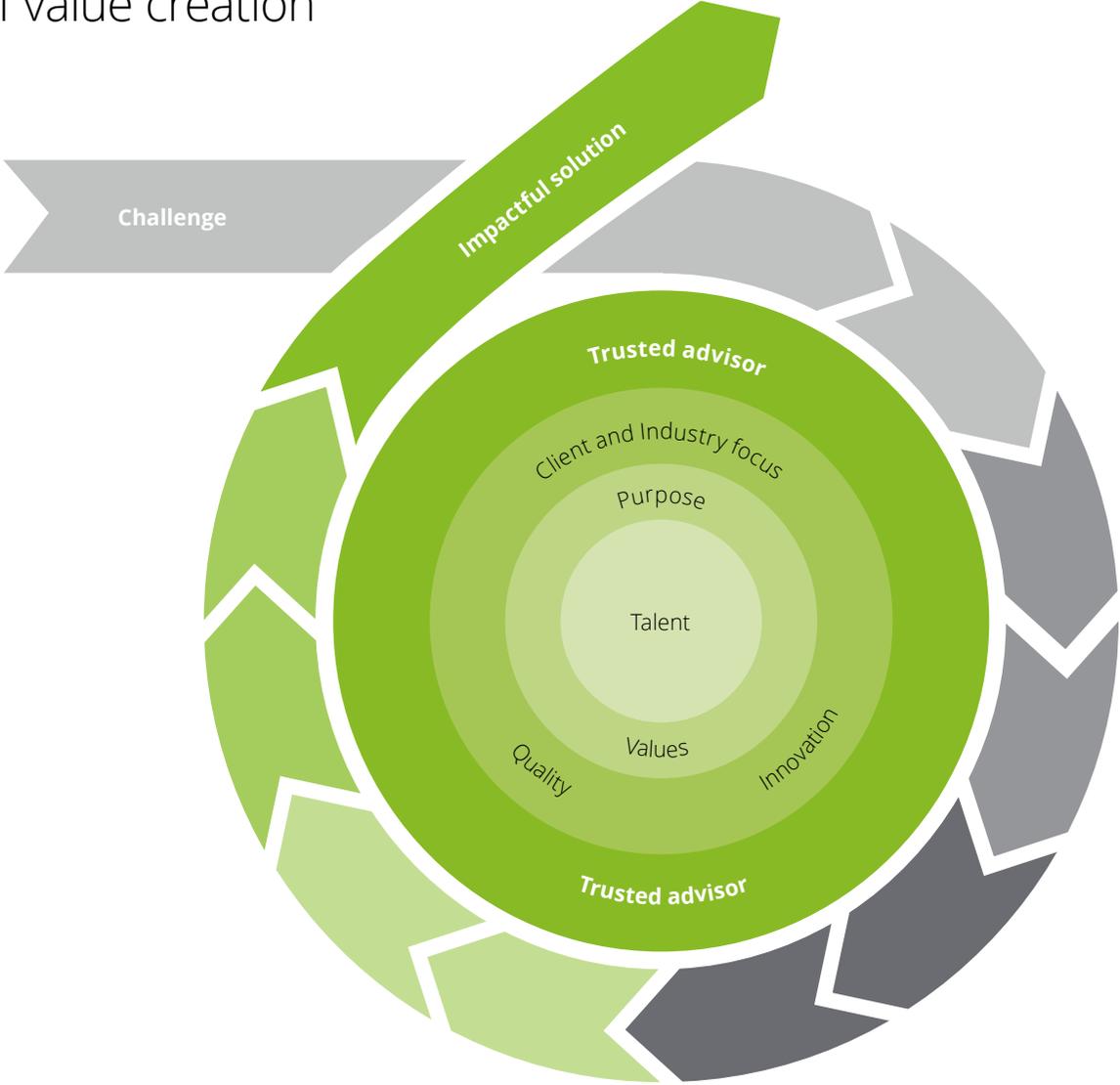
These topics are addressed by our strategic pillars.

Making an impact that matters

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



Our business model of value creation





Capital inputs

Financial

Royalties, Equity, Debt, Fees

Human

Experience, Time, New Hires

Social

Trust

Intellectual

Education, Academic Insights

Manufactured & Natural

Energy, Water, Goods & Services



Outcomes

Financial

Stimulating business, Compliance, Taxes, Profit

Human

Alumni, Diversity, Vitality, Salaries, Growth, Experience, Employability

Social

Trust, Volunteering, Reliability, Innovation

Intellectual

Think tanks, Teaching

Manufactured & Natural

CO2 emissions, Energy transition, Turnover supply-chain

■ Purpose

■ Aspiration

■ Strategy

* How our business model creates value



Our business process

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

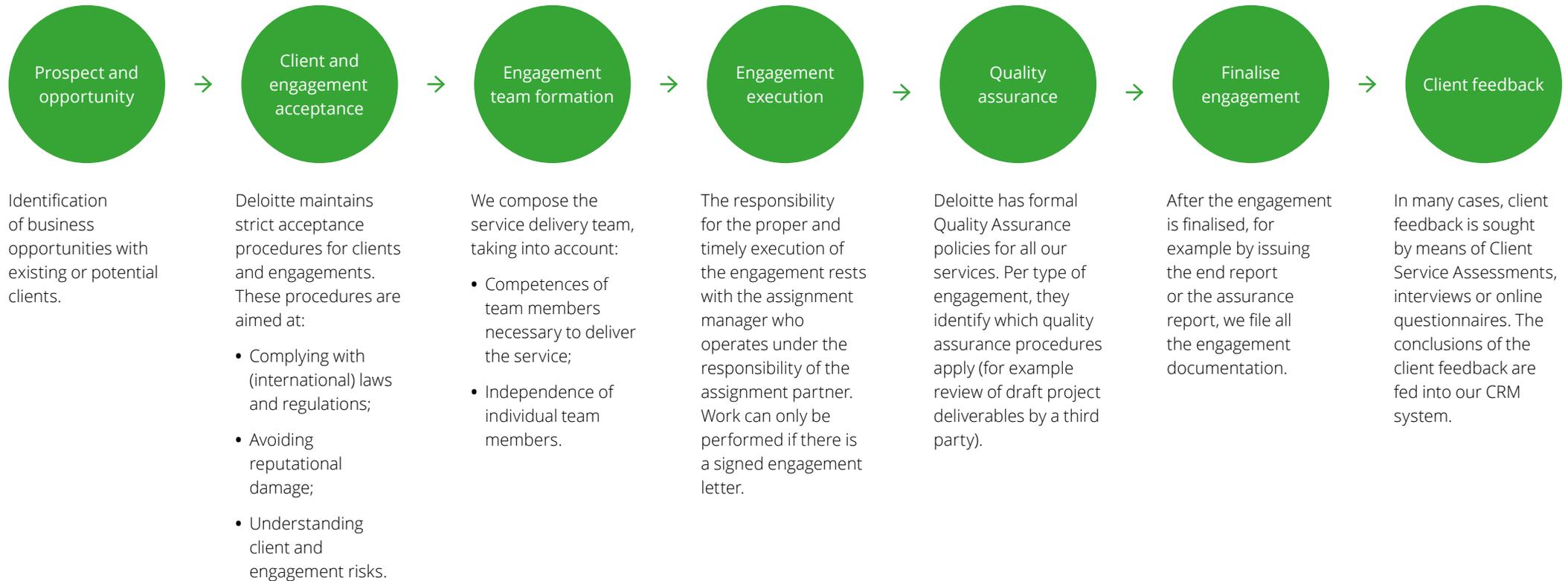
On the basis of 39 Client Service Assessments (CSAs) conducted in 2016/2017, we received an overall score of 7,8. In 34 CSAs we also asked our clients to rate the quality of our services, which resulted in a score of 7.7.

The main conclusions from the CSAs that we performed are:

- Audit is increasingly becoming a distinct service, separate from the other service lines;
- The need for international cooperation and knowledge exchange continues to be of key importance to clients;
- Clients want the best people on the job, regardless of their country of origin;

- The rising importance of digitisation is paramount; clients are interested to understand its potential impact on their business;
- Innovation has migrated to digital as a topical area of interest. The subject has deepened and broadened. Deloitte's early mover advantage continues to be a strong differentiator.

On a client basis, we record client feedback in our Customer Relationship Management (CRM) system allowing us to address the points they have raised in other engagements.





Making the connection

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

Our strategy addresses the material topics we have identified through stakeholder dialogue (see page 35).

How our strategy impacts capitals

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

How our strategy impacts our material topics

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

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

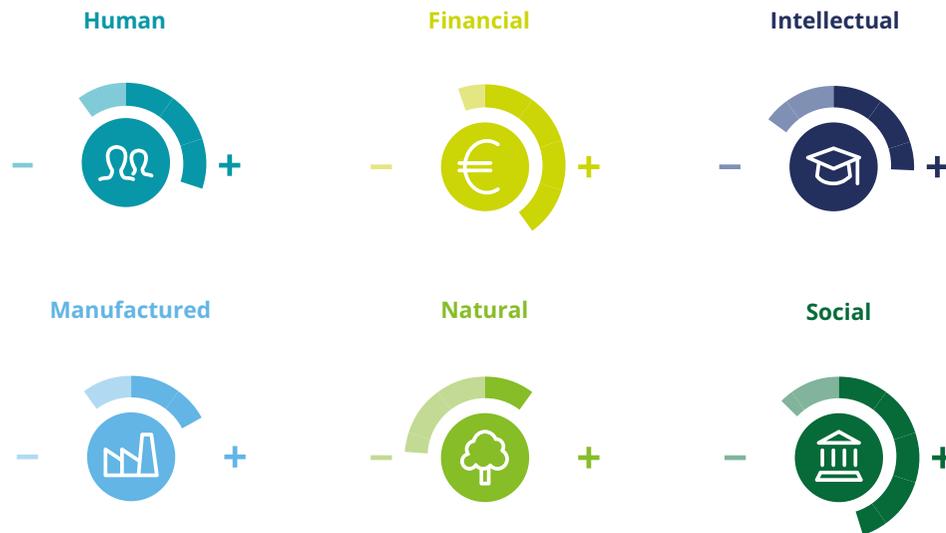
An impact that matters...

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

risks, streamline processes, stimulate innovation and inspire leadership.

Our activities have both positive and negative impacts¹. In this paragraph, we describe the impacts we have identified on the six capitals as defined by the IIRC. In the graphs below and on the next pages, we present our understanding of the relative size of our impacts, both positive and negative.

The relative size of an impact in our capitals (reflecting the balance between positive and negative impacts)



¹ The diagrams in this section (pages 42-46) represent our understanding of the relative size of an impact and are not based on specific measurements.



...on our people

Our impact is not only achieved directly through our business activities. As an employer, we contribute to the livelihood of our more than 5,000 partners and employees and their families. Moreover, on an annual basis, over 1,000 students and young graduates are given the opportunity to join the Deloitte team, either as intern or new hire. Being part of Deloitte provides starters with financial benefits, and a first work experience in a firm that invests in learning on the job, teaming and continuous training and education. They also gain experience with clients and related intellectual challenges and benefits on a wide variety of assignments for leading Dutch and international companies.

Many of our young recruits are able to advance their careers within Deloitte where they are offered a growth path that can eventually lead to becoming an entrepreneur themselves by being invited to become a partner in the firm or in select cases growing an idea via Deloitte Innovation. We believe that those that leave Deloitte generally find their way to rewarding positions outside Deloitte. In their new job environment, they contribute their insights and experience, having a positive impact on their employer's organisation and operating environment.

Unfortunately, there are also negative impacts on colleagues who are unhappy in their professional careers or who experience difficulties in handling the demands of the high performance culture that is desired by Deloitte.

Human



...on our clients

Our clients turn to us to improve many aspects of their business. With over 5,000 employees and 15 offices across the Netherlands, Deloitte is one of the largest providers of professional services in the areas of accountancy, tax advisory, consultancy, risk management and financial advisory. Our professionals work in multidisciplinary teams and therefore have a very broad perspective on the questions that our clients have. Deloitte aims to be a trusted and innovative business partner that provides assurance on past performance and insights into future opportunities. Together, we aim to make our clients more successful, smarter, faster, more resilient and adaptive. Being part of the international DTTL Network with shared processes and specific pockets of expertise, we are able to serve both local and international clients.

“Deloitte’s experience in large IT projects and change management combined with our knowledge of our business helped us to take yet another step towards becoming an Insight Driven Organisation.”

Arco Strop, Manager Business Technology at PostNL

... on society

Providing external assurance on financial and non-financial information helps to build trust in society that is necessary to facilitate financial transactions (e.g. decisions to invest, divest or grant a government subsidy). The financial and economic crisis once again proved that reliable financial insights are a prerequisite for (protecting) economic growth and prosperity. Moreover, we witness that a growing number of companies are including non-financial information in their reporting. We stimulate this development by offering our experience and insights and act as external assurance provider on such information. However, our impact on society stretches beyond the trust in our assurance services. Our advisory work with clients enables better understanding of their organisations, their systems and operating environment, transforming them into stable economic actors that create value for their own set of stakeholders. In addition, the Deloitte Impact Foundation allows Deloitteers to act as volunteers and use their skills towards a greater social goal.

In certain instances, the provision of assurance has fallen short of stakeholders' expectations and regulatory requirements. This resulted in new measures and requirements for firms such as ours. It is our duty and responsibility to adopt and go beyond these requirements in helping to restore trust as well as adding value.

"Deloitte took part in the 'Week van het Geld' in 2017 (27 March to 31 March) by organising several activities aimed at teaching children how to handle money. By learning how to sensibly handle money at a young age, children lay the foundation for financial self-reliance later in life."

Résalieke Vlieger, Programme manager of 'Week van het geld'



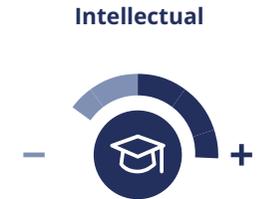
... on the academic world

Deloitte actively cooperates with academia both inside and outside our country. We depend on renowned academic institutions to educate our future professionals and business leaders. In return, we contribute to academic debate and actively participate. 109 of our professionals are internally registered to hold teaching positions in universities and colleges. In addition, Deloitte has joined think tanks such as the working groups of the NBA, to advance professional standards. Furthermore, we seek cooperation with universities to transfer valuable academic insights to our client base. Finally, we add to the financial stability of educational facilities through our financial support for employees who are taking their masters in, for example, accounting or business controlling.

On the downside, due to competitive constraints, we cannot always share our own insights and client experience with the academic world. Also, in certain instances, questions have been raised on the independence of leading academics that are affiliated with Deloitte.

"The partnership with Deloitte has been very fruitful so far. Not just because Deloitte employees are often the first ones to register for our events, programmes and summits, but also because Deloitte does a lot of the 'word of mouth' for us in the boardrooms. We receive requests from a broad range of multinationals because Deloitte and Center for the Edge (C4E) raise awareness around topics like exponential technology, digital transformation and organisational change."

Jim Stolze, Faculty Chair SingularityU The Netherlands





... on natural resources

We are not an energy intensive company. Nonetheless, we use energy to heat, cool and power our offices, and use water for cleaning, sanitation and drinking. We buy petrol and diesel for travel. We endeavour to be as efficient as possible with scarce natural resources by 'purchasing green' and using energy-efficient technology. Our innovative office The Edge in Amsterdam, according to BREEAM still one of the greenest office buildings in the world, is a good example of our commitment in this respect, as is stimulating fuel-efficient mobility where possible. Nonetheless, our activities contribute to the depletion of fossil fuels and thus have a negative impact on natural capital. To a lesser extent, the same applies to water.

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



... on our suppliers

We nurture close partnerships that are advantageous to our suppliers and to Deloitte. Our leading principle with our preferred suppliers is 'growing together'. Our major suppliers (i.e. companies with staff where we have an annual expense that exceeds € 50,000) are invited to sign our Supplier Code of Conduct that outlines requirements in the areas of business ethics, labour conditions and circumstances, human rights and environmental protection.

Our total purchasing spend is approximately € 287 million, which contributes to the economic sustainability of our supplier base.

Next to this positive contribution, there are also adverse impacts related to the goods and services that we acquire. We steer on quality, availability, price and service, and when we end a contract with a supplier, it has a negative impact on the supplier's turnover and related employment utilisation.



"Our cooperation with Deloitte has led to a partnership that delivers a high, innovative quality level at which customers, employees and society are central. Together we create new standards in housing and facility services."

Strategic supplier

.. and on the financial world

Our clients compensate us for our services. We use the resulting income to develop and to compensate our talent, finance the goods and services we need to deliver our services to clients and pay our taxes, insurance premiums and other business costs. We borrow money to finance our working capital and to make necessary investments, including in innovative products and services. We have been successful in achieving a solid return on investment: in 2016/2017 our operating result amounted to € 155 million on an invested capital (debt and equity) of € 154.6 million. This competitive ratio is necessary due to the way in which our company is funded: our partners do not receive a regular salary but are rewarded based on their fair share of the profit in return for their labour efforts, risks taken and investments in Deloitte.

However, should courts determine that our services do not comply with professional and legal requirements, this can also have a negative impact on our clients and our result.

Financial



Impacting the Global Goals

On 1 January 2016, the 17 Sustainable Development Goals (Global goals) of the 2030 Agenda for Sustainable Development — adopted by world leaders in September 2015 at an historic UN Summit — officially came into force. Over the next 15 years, the Goals will mobilise efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind. The realisation of the Global goals depends on the cooperation of all social participants, including the Private Sector. We contribute to the realisation of these goals, most significantly because of our audit activities enable informed decisions to take place, but also because of the way we develop our talent and invest in innovation. In the table below, we indicate how our impact contributes to a number of specific targets that were defined for the Global goals.



Global Goal	Global goal target	Deloitte contribution
3 GOOD HEALTH AND WELL-BEING 	By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being	Deloitte FIT programme (page 21)
4 QUALITY EDUCATION 	By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes	Deloitte Impact Foundation (page 65)
	By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations	Diversity (page 61), Training & education (page 60)
5 GENDER EQUALITY 	End all forms of discrimination against all women and girls everywhere	Diversity (page 61)
	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decisionmaking in political, economic and public life	Diversity (page 61). Leadership development (page 59)

Global Goal	Global goal target	Deloitte contribution
7 AFFORDABLE AND CLEAN ENERGY 	By 2030, increase substantially the share of renewable energy in the global energy mix	Environmental management (page 73)
	By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology	Energy transition (page 45) Green building (page 45)
8 DECENT WORK AND ECONOMIC GROWTH 	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	Deloitte Impact Foundation (see page 65)
	By 2020, substantially reduce the proportion of youth not in employment, education or training	Diversity (page 61), Training & education (page 60)
	Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all	Impact on our clients (page 43), Impact on the financial world (page 46)

Global Goal	Global goal target	Deloitte contribution
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending</p>	<p>Investments in innovation (pages 4, 66-69)</p>
<p>10 REDUCED INEQUALITIES</p>	<p>By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p> <p>Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations</p>	<p>Diversity (page 61)</p> <p>Impact on society (page 44)</p>

<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>By 2030, achieve the sustainable management and efficient use of natural resources</p> <p>By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p>Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p>	<p>Environmental management (page 73)</p> <p>Environmental management (page 73)</p> <p>Our impact on society (page 44)</p>
<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Substantially reduce corruption and bribery in all their forms.</p> <p>Develop effective, accountable and transparent institutions at all levels</p>	<p>Anti-corruption (page 82)</p> <p>Anti-corruption (page 82)</p>
<p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries</p>	<p>Memberships and partnerships (pages 155-156)</p>



Investing in a culture that ensures quality

Culture defines the kind of organisation we are and is an enabler to live our purpose. For Deloitte Chief Quality Officer, Engelhardt Robbe, appointed on June 1 2016, having the right culture is closely related to Deloitte's core purpose of making an impact that matters.





“We can only deliver and realise our ambition to become the undisputed leader if we have the right cultural norms and behaviours in place” says Robbe. “People don’t want these to be pushed down onto them from the top. Instead, they’re asking for the tools for the right conversations and discussions to happen. They already really want to make a meaningful impact on their clients, colleagues and for society. It is tremendously inspiring to realise that.”

Robbe is tasked with directing Deloitte’s relentless attention on quality. He considers an outstanding performance in relation to quality and integrity, to be one of the most important of Deloitte’s strategic ambitions, and one that is inexorably linked to its culture. A firm-wide Culture Survey in 2016 found that while Deloitte’s feel pride in their brand and client work, and strongly support the shared values, more could be done to ensure the values are followed up in people’s day-to-day actions.

“Our ambition is to become the undisputed leader in professional services. To achieve this we need to differentiate ourselves in terms of courage, commitment, collaboration, inclusion and acting out of a strong belief in our shared values,” says Robbe. “Like any organisation, our challenge is therefore to consistently live these values, so we’re working hard to ensure we walk the talk in every sense.”

The outcomes of the survey are being addressed at their roots, and at all levels in the organisation. Extensive internal dialogues are taking place with partners, directors and employees. Follow up actions focus on areas such as the role of leadership, translating values in concrete ways of working, improving performance management and continuous learning. At this moment you see discussions in the whole organisation around the role of culture in delivering our core purpose.

“Our ambition is to become the undisputed leader in professional services.”

Our Strategy

Ensure quality

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

Total client satisfaction



FY16A N/A
FY17A **7.8**
T2020 **8.0**

Client quality



FY16A N/A
FY17A **7.7**
T2020 **8.0**

% D TTL practice reviews on norm



FY16A N/A
FY17A **100%**
T2020 **100%**

% regulatory reviews that are satisfactory



FY16A N/A
FY17A **89%**
T2020 **100%**



We aim to foster a culture of quality that delivers value to our stakeholders and is applied consistently across our performance management processes. Our Quality Plan 2020 has the following objectives:

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

The way our clients, society and regulators perceive our quality and reputation is continuously under scrutiny. By applying strict quality controls, we aim to ensure we are delivering the highest standards of quality and make an impact that matters in every engagement. In doing so, we consider the following distinct areas:

- **Quality** is our distinguishing characteristic. It defines the way we deliver our services and the content we offer, and how satisfied our clients are.
- **Compliance** means that our employees and partners adhere to all applicable guidelines, regulations and legislation, and are guided by our core values.
- **Brand reputation** refers to how our brand is viewed in our market and by society at large. A favourable brand reputation reflects the trust clients have in our company.

In order to measure and monitor the effectiveness of our interventions we defined a set of Quality KPIs.

Delivering consistent high quality

To consistently execute high quality audits and a consistent client experience, we focus on the milestones in our Audit Quality Plan and the Deloitte Client Experience, our Client & Services Portfolio and Public Interest & Impact on Society.

In the Audit Quality Plan we focus on executing high quality audits, responding to stakeholders' needs and expectations, and improving internal and external inspection results consistently across the Deloitte network.

In addition to the Audit Quality plan we centralise the client experience through an enhanced client satisfaction assessment programme. When serving clients, there are several explicit interactions and decision points that we define as 'regular' moments, which matter to the client experience. Feedback and root cause analysis are important input for this process and the way we measure client/stakeholder satisfaction on a frequent basis.

To control our overall Client & Services Portfolio we have integrated elements within our acceptance procedures that define the type of impact (financial, social, public, etc.) we can have on our clients and other stakeholders, such as regulators and society at large.

Impact can be created when we deliver solutions that add value to our relationships and engagements in the long run, and when we contribute to building a solution for highly complex challenges. Additionally, we work to meet regulators' quality standards and have a continuous dialogue with them to enrich our Audit Quality Agenda.

For new innovative service offerings, we implement a quality and risk process to align these with our quality requirements and risk appetite.

We have a stakeholder management programme in place that involves our partners in Public Interest activities.

Inspire our people to intrinsically embrace our quality ambition

We look to inspire our people to embrace our quality ambitions, focusing on two key topics; culture & behaviour and talent.

Culture & behaviour

To achieve our ambition to be the undisputed leader in professional services, we focus on enhancing our culture and behaviour by instilling the following attributes:

- **Tone at the top / inspirational for people**

Throughout the year, our leadership emphasises the importance of quality in our daily behaviours through a set of quality guiding principles that are at the centre of our work and an important element of performance reviews and promotion business cases. Furthermore, we present quality in a positive way, by sharing and celebrating successes and best practices to create a sense of pride and trust among our people at all levels. We aim for an open culture in which we consult our colleagues both on content as well as skills and behaviour in our contact with stakeholders. In this open culture, we encourage mistakes to be seen as opportunities to learn and improve the quality of our work. Furthermore, quality is a high-priority topic in the leadership development programs.

- **Quality and risk awareness / communication**

We encourage people to be involved in quality



processes and create more quality awareness. Our functional risk leaders and their quality teams proactively communicate to their Function members about the importance of quality and risk. We inform and involve our people about considerations that lead us to initiate or turn down a client engagement.

• Intrinsic motivation

To make sure our people are wholeheartedly committed to delivering to our standards, we have involved them within the quality processes. Each function decided how to do this, e.g. by putting quality periodically on the agendas of meetings, involving senior managers in practice reviews or by rewarding hours spent on quality improvement.

To measure and monitor culture and behaviour, we perform a culture survey on all strategic initiatives. The survey results give valuable input for action plans and learning curriculums.

Talent

Deloitte is a growing company with significant ambitions for the coming years. Every year we hire more people, over 1,400 last year alone. Most new hires are university graduates for whom Deloitte is their first employer. Traditionally, many of our new hires have a background in finance, economics or tax but increasingly we are also hiring engineers, social and data scientists and other graduates. Our recruits have one thing in common: they expect to learn and develop themselves further within Deloitte. In general, the latest generation of Deloitte recruits aspire to fulfilling roles and are keen to experiment, innovate and learn; they also want to make an impact and work for an employer that offers opportunities to develop in an open and collaborative environment.

We enable our employees to make an impact by investing in their professional development. In addition, we offer a wide range of training and career development programmes. We challenge our diverse workforce to form multidisciplinary teams that utilise the wealth of experience we have within Deloitte to make an impact on clients, careers and teaming, and on society. To stimulate working in different teams we also offer rotation programmes to starters.

To make this impact, we expect our employees to abide by our Code of Conduct and our Shared Values, which provide guidance in matters relating to quality, integrity and professionalism. Deloitte's Code of Conduct outlines the standards expected from everyone, whether they be partners, employees, contractors or independent consultants. It also provides guidance on doing the right thing, in the right way, and outlines the many resources available to assist this. It is designed to help each one of us maintain the highest standards of conduct.

From table 02 it is clear that the training intensity in Functions that are subject to regulation (Audit, Tax & Legal) is considerably higher than in the other Functions and in our support organisation. The table also shows that female partners and employees receive less training than their male counterparts. This is due to the fact that 44% of our female partners and employees work in Consulting or in our Group Support Office that both have relatively less training days.

By continuously investing in our talent, we enhance the knowledge, skills and competencies that allow our people to develop into future leaders in their field of expertise.



Table 02: Average training hours per employee

	2016/2017	2015/2016	2014/2015
Total	73.8	65.7	61.2
By gender	2016/2017	2015/2016	2014/2015
Male	78.2	67.3	66.6
Female	66.0	55.1	51.4
By category	2016/2017	2015/2016	2014/2015
Partners	42.8	37.6	44.8
Directors	43.3	30.3	32.2
Senior managers	35.9	32.3	29.6
Managers	39.1	34.6	34.6
Aspirant / Jr. Managers	61.0	62.1	55.6
Other Staff	108.1	92.1	87.3
Interns	153.6	109.4	121.8
Average training days per Function	2016/2017	2015/2016	2014/2015
Audit	19.7	16.9	14.0
Consulting	2.1	1.8	1.2
FAS	5.9	5.7	6.5
Tax & Legal	8.7	8.0	8.7
Risk Services	10.3	10.9	N/A
Others	1.5	1.4	1.5



Set targets and measure quality in an efficient and effective way

To measure and monitor the effectiveness of our interventions we defined a set of relevant KPIs. We are currently expanding this set of KPIs to enhance our ability to refine our actions if needed. In close collaboration with our Strategy Office, we measure the strategic KPIs for Ensuring quality and evaluate them on a periodic basis.

In case we do not meet our targets, we perform root cause analyses.

We have embedded quality in our performance management processes. It is incorporated in the nomination processes for senior managers, directors and partners and quality dashboards are implemented in all functions. This enables us to monitor the progress of quality within the respective Functions. Based on the individual quality dashboard we recognise and reward high quality performers and better anticipate non-compliant behaviour and related actions.

Create a safe but strict environment and fair processes when dealing with compliance

According to the Cultural Survey, 83% of our colleagues feel that following rules, regulations and guidelines are top priority. Reporting non-compliant behaviour requires a safe environment. Through the values in our Code of Conduct and our trust counsellor (vertrouwenspersoon) we believe we have created a safe but strict environment comprising fair processes in the case of non-compliant behaviour.

Each Function has defined the compliance-elements they want to apply on a non-negotiable basis. These are determined on different levels: organisational, leadership and personal. Personal compliant behaviour is discussed and considered at mid- and year-end meetings.

Deloitte is committed to integrity, quality awareness, compliance and ethical behaviour as a high priority. To this end, we have established a Complaints Procedure

complementing the existing tools and procedures. We also have a whistle blower policy in place, in addition to the Complaints Procedure, that is under the supervision of the National Ethics Officer.

Privacy and data security

Many of our clients entrust sensitive data to us so we can deliver our services. Our clients must therefore be able to rely on the complete integrity of our processes and systems. Maintaining robust processes and systems with the highest levels of data security is an important issue for Deloitte. On a continuous basis, we monitor our defences against data leakages and we have implemented strict protocols in case such leakages would occur.

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

To ensure compliance with regulatory provisions that include the Dutch Data Protection Act, Deloitte has adopted and implemented a policy on privacy and appointed a dedicated Privacy Officer. The National Privacy Officer is part of our Confidentiality, Privacy & Security Team within the Reputation & Risk Leadership Office. The tasks of the National Privacy Officer include, but are not limited to, examining privacy aspects of processes and systems through our internal Privacy Impact Assessment (PIA), a tool that allows our Privacy Officer to perform a specific risk analysis for each new system. Secondly, all existing systems that have been assessed through our PIA are re-assessed in the event that changes



have occurred regarding; 1) the data used; 2) the data processing procedure that the system is part of, or; 3) the system itself. Furthermore, as part of our Incident Response Process, we reassess systems when there is a suspected privacy breach or data loss. This way, we monitor privacy compliance of all our systems and processes with our policies and regulations. Thirdly, we train selected colleagues both within our Functions and in Group Support Centre on privacy and confidentiality aspects in relation to the processes and systems we employ.

In the reporting year, we did not specifically evaluate our privacy related policies and no incidents arose that caused us to adapt our approach.

In 2016/2017, we received no complaints regarding breaches of client privacy or loss of customer data that we were obliged to report under the 'Wet meldplicht datalekken'.

Quality as an element in (partner) remuneration

The remuneration received by a partner depends on the points group to which he or she is assigned and on Deloitte's profit. After the end of each financial year, the Profit Points Value is determined. Deloitte applies nine point groups. Partners are assigned to one of the groups annually or every two years. Leadership, quality and compliance are taken into account as one of four criteria, the other three being market commitment, people commitment and society commitment.

Each year, the partner classifications for the upcoming financial year are decided in a classification meeting. The classification meeting is a meeting of the Executive Committee and attended by, among others, the Audit Reputation and Risk Leader. A further assessment of the outcomes of this process is then made by the Supervisory Board.

A partner who does not agree with his or her classification in a particular points group can request to reconsider that classification. On the basis of the arguments submitted by the partner, and after obtaining input from responsible business leaders initially involved in the preparation of the classification, the Executive Board will make a new classification decision, stating its reasons. If the partner disagrees with this second classification decision, he or she can submit an appeal to the Partners Matters Committee of the Supervisory Board. The Supervisory Board then conducts a marginal check of whether the decision was made with due care and in a balanced manner, in accordance with the procedures established for that purpose, and whether responsible management could reasonably have come to the relevant decision.

The remuneration received by directors consists of a fixed element, a variable element (profit sharing) and in the event of exceptional performance, a personal excellence bonus. The amount of the profit share is determined by three factors: (1) the number of profit points for the job, (2) the result of the performance review and (3) the classification, the assessment score

and (4) the Profit Points Value. In the performance management approach for directors, leadership, quality and compliance play the same role as in partner remuneration.

Become premier career destination

In making an impact on our clients, the profession and society at large, our talent is our most valuable asset. It is the quality, ingenuity and perseverance of our people that ultimately defines our capacity for value creation. Our ability to attract, develop and retain the right people is therefore a key success factor for our business and the reason for this strategic initiatives.

Our aim is to be a premier career destination that provides the best talent with challenging work and significant development opportunities in an informal and collaborative environment. To provide superior quality, we need a diverse culture with people from different cultural backgrounds and with different education and experiences.

employer of choice
in relevant ranking



FY16A #26
FY17A #23
T2020 #10

Talent engagement
score



FY16A 6,9
FY17A 7,1
T2020 7,5



Governance

The ways in which we aim to attract the right talent and build on their motivation are described in our Talent Plan. This plan offers a coherent platform to improve the quality of new talent and enhance their motivation and engagement. The Talent Committee, which comprises members of the Executive Board, Function Leaders, Clients and Industries, our Talent partner and our Strategy Office is charged with overseeing the Talent Plan. Our talent strategy also relies heavily on the culture initiative launched by the Executive Board in 2015/2016, which we believe provides a fertile environment for the execution of our Talent Plan.

Attraction of talent

We are active in the labour market to recruit talented future Deloitteers through various media including our recently improved [recruitment website](#). This website adopts the newly introduced visual identity from DTTL, our global Deloitte organisation, also emphasising that Deloitte in the Netherlands is part of a much larger global community of practitioners. We support this site with social media such as Twitter, Facebook and LinkedIn. Furthermore, we seek the support of our more than 5,000 employees when searching for new talent.

Talent experience

To position Deloitte as a distinctive employer we have developed a new Talent brand that fits the needs of the millennial generation and delivers a true talent experience while working at Deloitte. Our promise to new employees is that we offer them a challenging job working in skilful teams, in an innovative, open and collaborative working environment, while ensuring continuous personal development.

Recruitment

To attract new and inexperienced hires, our recruiters organise various events on select university campuses.

We aim to establish relationships with high potential students as early as in the second year of their studies. This approach is particularly relevant because of changes in the profile of the people we need to attract, for example, in exact sciences where we have an increasing need for talented professionals.

Retention of talent

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

We see a shift in the composition of our workforce with the percentage of employees in jobs below manager declining and senior positions above manager level increasing. Our Talent Plan 2020 therefore contains key retention initiatives focused on increasing the quality of our employee experience, updating our career models, performance management, rewards, and leadership development & learning.

To retain our talent, we must deliver on our promises within their day-to-day tasks. The initiatives we have taken in the past reporting year concerning personal development, learning & development, and challenging assignments are crucial to our retention efforts.

Performance management

Our performance management approach is based on job profiles that contain the same set of competencies. These describe the behaviours that are important for both personal development and performance, and the quality and quantity of the impact we make on our clients.

Our goal is to focus our performance management on

quality conversations via 'check-in' meetings. These are bi-weekly conversations between employees and team leaders that aim to drive performance and ensure there is a transparent and balanced picture of an employee's performance.

We facilitate our performance managers to improve their people skills as well as the quality of their conversations with employees. Through career coaching, we help employees obtain insights into their own behaviour and performance, and have a pool of internal coaches available to support them. Finally, through pulse meetings, we assess team performance in a dialogue between the team leaders and the team members.

In 2017/2018, we plan to launch a new performance management approach that we believe is needed to become the employer of choice. Through this new way of performance management, we aim to provide millennials an environment that is centered on their personal development with frequent and brief interactions focusing on performance and development rather than planned bi-annual formal sessions.

Leadership development

Over the past year, we have adopted a new approach to succession management. In succession management we look at the future staffing of the most senior positions within our firm on the basis of predefined leadership criteria. These criteria encompass the skills and qualities our future leaders should have, and also form the basis of our leadership development. By using these, we identify and further educate potential candidates. Leadership development has therefore acquired a clear position within Deloitte's business and talent agenda.



Learning and development

At Deloitte personal development is key. Working in a collaborative environment on challenging assignments ensures personal growth as does working for different clients, in different teams delivering on different challenges.

In 2016/2017, we have increased the available learning & development budget per FTE and will also continue to do so in 2017/2018. We offer our employees a personal development programme. This consists,

for the greater part, of learning on the job. Next to this, we offer our employees learning programmes around specific skills. In addition, all employees are encouraged to join one of the development journeys for development of professional and personal skills and competencies.

Over the past year, we have encouraged our people to strengthen their technical and professional skills to continuously grow the quality of our service delivery. For each job level, Deloitte has a development journey

that has a strong and diverse curriculum focused on technical, industry, professional and leadership skills. The pre-manager journey is now implemented, with a total of more than 1,900 participants in the year. In addition, for levels above manager, we collaborated with other Deloitte EMEA member firms within Deloitte University Europe, and offered participants a sound professional curriculum and the opportunity to collaborate in an international platform.



Diversity and inclusion

Diversity and inclusion allows our people to be themselves, without fear of conscious or unconscious exclusion. It means having respect for others who think differently, so that our culture not only acknowledges these differences; it embraces them and recognises their value. Likewise, instead of working on our own and alongside each other, we want to combine differences to operate as a single, strong team and create added value and opportunities for our company. Diversity enhances our quality and is an enabler for innovation. It increasingly represents the way our clients and new recruits expect us to operate.

To stimulate diverse thinking, we are committed to creating a community of partners and professionals that is diverse with regards to gender, ethnicity, age and educational background. We know we still have a long way to go before we reach this objective. Despite our efforts over the past few years to make our processes diversity proof, we have not yet reached the results we aspire to in this area.

To become the diverse organisation we envisage, we have continued to undertake various targeted initiatives in the past year. One of these was the establishment of three active communities to stimulate diversity: Women to the Top, GLTB and ethnic diversity.

Secondly, we have adopted values for gender diversity per Function to be reached by 2020 (see graph on this page). Within the NWE combination, we have also set a target for female partners to be achieved by 2020 of 30%.

We have introduced a mentoring programme for female high potential managers and directors, and we actively provide support to female employees whom we believe to have partner potential.

Additionally, we have organised bias awareness workshops for performance managers, nomination committees and talent business owners. We intervene in our business processes to steer on diversity, such as ensuring fair compensation of men and women.

Gender diversity targets 2020 per Function

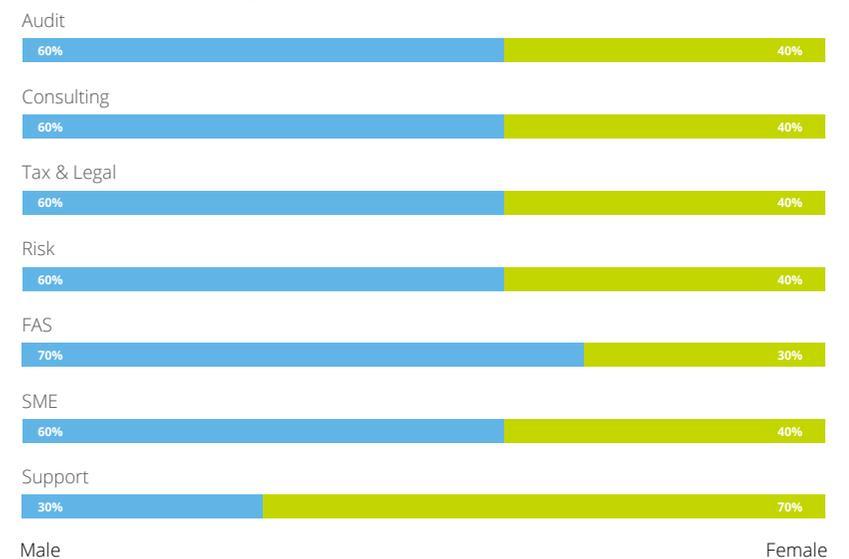




Table 03: Gender diversity

Diversity figures female (%)	2016/2017	2015/2016	2014/2015
Partners	10%	9%	9%
Directors	16%	14%	12%
Senior managers	24%	23%	22%
Managers	27%	27%	27%
Aspirant / Jr. Managers	36%	36%	35%
Other Staff	50%	51%	52%

Table 04: Turnover by gender in reporting year

Employment category	Turnover male	Turnover % male	Turnover female	Turnover % female
Partners	16	6.8%	1	4.0%
Directors	18	7.5%	3	6.5%
Senior managers	74	16.6%	20	14.0%
Managers	93	16.7%	49	24.3%
Aspirant / Jr. Managers	176	18.6%	90	17.0%
Other Staff	110	12.9%	146	16.9%



Table 05: Ethnic diversity*

Employment category	% Foreign	% Native	% Unknown
Partners	3%	67%	31%
Directors	10%	81%	9%
Senior managers	12%	74%	14%
Managers	15%	73%	12%
Aspirant / Jr. Managers	20%	69%	11%
Other Staff	19%	70%	11%
Interns	21%	63%	16%

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



Health and safety

To make the best impact on our clients and society every employee should enjoy good health and fitness, with a good work-life balance to support this. Deloitte has policies and tooling (Deloitte FIT) in place to support a healthy lifestyle while having a challenging job. Next to physical fitness, we offer subsidised memberships of fitness clubs, and increasingly have an eye for the mental health of our people. In the context of team resilience improvement, we offer vitality programmes developed in cooperation with our health insurer for our partners and employees.

Deloitte also promotes flexible working hours to facilitate a healthier work-life balance. Tools to facilitate flexible working include flexible time writing, working from home, the option to buy extra leave, to take a sabbatical leave or to work part time.

We undertake several activities aimed at reducing sickness leave. Our health coaches offer line managers a structured guidance from the first day of sick leave of their direct reports. In addition, we use preventive measures such as workshops and coaching sessions for managers, to support good health and to also recognise and prevent downtime of employees

Furthermore, we maintain a robust operating model that involves company doctors, health coaches and managers working together on cases.

From table 06 its becomes clear that sickness leave is higher for women than for men. We are currently performing an in depth analysis into the reasons why. For 2020, our target is to keep the overall sickness leave below 2.5 per cent.

Table 06: Absenteeism

	2016/2017			2015/2016		
	Total	Male	Female	Total	Male	Female
Lost day rate	32,962	14,075	18,887	35,878	15,530	20,348
Sickness leave	2.3%	1.5%	3.8%	2.7%	1.8%	4.5%



Deloitte Impact Foundation

For many years, we made an impact on society through the Fair Chance Foundation. Through partnerships such as JINC, NJR and NIBUD, and the efforts of our Deloitte professionals, we have contributed time, money and expertise, and trained young people on how to deal with money, how to behave in job interviews and more generally improve their skills.

Our purpose and Strategy 2020 has created a new momentum in our thinking about our impact on society. In 2015/2016 the Fair Chance Foundation transformed into the Deloitte Impact Foundation, which articulates the link between our purpose and the foundation's activities as a natural part of our way of doing business.

The name change also reflects the change we have sought. Where in the past the activities of the foundation were modest in terms of scope, number of Deloitte professionals involved and budget, we are now committed to spend 1% of our direct hours on societal activities or positions to make an even greater impact that matters on society. The involvement of Deloitte professionals allows for the collective deployment of our knowledge in line with the services that we render to our clients.

In September 2016, Deloitte launched an internal social engagement platform with the help of the One Percent Club. Deloitte employees are now able to initiate a project of their own or participate in an already existing project focusing on education, endurable society and societal innovation. Deloitte professionals are given the necessary tools to enthuse their colleagues and can share experiences, updates, videos and pictures on the platform.

To increase employee engagement with the Deloitte Impact Foundation, we are exploring ways to make volunteering and pro-bono work part of our appraisal and career development programmes. Our goal for 2020 entails that 30% of our professionals are involved in this initiative (societal position, projects etc.) and 1% of our time is spent on societal projects.

A telling example of one of Deloitte Impact Foundation's projects is our current pro-bono work for the suicide prevention organisation 113Online. This initiative is focused on social sustainability and aims to reduce the taboo around mental vulnerability, especially within a corporate environment. Another great initiative is a project together with ITVitae, which trains people with autism to become certified Salesforce developers. The ultimate goal is to get the students a real job in ICT, possibly even at Deloitte.

A governance structure is in place to help us to achieve our 1% ambition. The Foundation Board consists of our CEO Peter Bommel, our COO Mario van Vliet, CQO Engelhardt Robbe and Mrs Lizan Goossens on behalf of the partner community. The Board is supported by an Advisory Board and a Project Management Organisation (PMO). The Advisory Board is tasked with

advising the Board on the suitability and eligibility of proposed projects. Once approved by the Board, the execution of the projects is overseen by the PMO.

Project proposals can be submitted by Deloitteers and are judged against our admission criteria.

So far, almost 14,000 hours have been registered in SAP on making an impact on society through the Deloitte Impact Foundation. In reality however, we believe that this number exceeds this number due to the fact that not all participants register their direct and indirect hours spent on the assignment number of the Foundation. By taking the task of creating the assignment number into our own hands, we plan on improving time registration in order to obtain a more reliable picture of where we stand in relation to our ambition.

Accelerate growth and innovation

Deloitte's Advisory Business has continued to see remarkable growth in the corporate and upper mid-market segments. To serve our clients and help them navigate in an ever-changing world, we have continued to invest in priority growth areas. This growth in revenue was facilitated by our focused approach in our target markets of Financial Services (+19.4%), Private Sector Industry (+3.4%) Public Sector (-3.3%), and Private Markets (+5.7%).

Revenue growth in
Corporate Advisory



FY16A **65 €Mio**
FY17A **109 €Mio**
T2020 **200 €Mio**

Average profitability in
growth areas



FY16A **45%**
FY17A **46%**
T2020 **45%**

% of revenues from
innovative offerings



FY16A **16%**
FY17A **23%**
T2020 **30%**



The most innovative firm

As part of the implementation of our Strategy 2020, in 2016/2017 we continued to build on our redefined Innovation Strategy. The cornerstone of this strategy is that we maintain the focus to become 'the most innovative professional services firm in the Netherlands', obtaining 30% of our revenues in 2020 from innovative products and services, which we define as solutions that we did not offer in the previous three years.

Governance to foster innovation

Our dedicated Innovation department, Deloitte Innovation BV, has a focus on building transformational solutions that can become the core of our business in the future. The traditional businesses each have their own innovation programmes that support them in building out new products and services that are more closely related to their core business. For us, *core innovations* are improvements and a natural evolution of current services. *Adjacent innovations* are innovations linked to our current services but based on a new technology, delivery process, business model, etc. *Transformational innovations* are those that are new to Deloitte and our clients, and are based on completely new technologies that are often developed in-house, and usually take multiple years to develop.

To progress innovation in the Functions, we have appointed Innovation Leaders across all Functions. They work closely with our Deloitte Innovation BV and meet regularly. They are tasked with developing innovation plans and budgets per Function and monitoring progress on a monthly basis. Their

efforts and the activities of Deloitte Innovation BV are overseen by the Innovation Committee that is led by our CEO and consists of our Function Leaders, Industry Leaders and our Innovation Leader.

Understanding change

Our [Centre for the Edge programme](#), which helps executives understand the impact of upcoming technologies, has continued scaling up and now serves a growing community of CEOs in the Netherlands and abroad. In 2016, we organised numerous events covering a wide range of topics such as [Blockchain](#), [Artificial Intelligence \(AI\)](#), Collaborative Platforms, Robotics and other disruptive technologies, to explore the impact of these on our clients and ourselves.

Developing new solutions

To better respond to our clients' demands, throughout the year we invest in new capabilities and develop new products and services that are relevant to them. We are investing time and effort in building capabilities to enable clients to achieve the maximum advantage from upcoming technologies such as Advanced Analytics, Data Transformation, The internet of things, Robotics and Blockchain. In 2016/2017, our innovation efforts resulted in more than 20 new products and services delivered to market within almost every Function and Industry. Examples include [SHIFT](#) (an automated dismissal-tool that calculates the order of dismissal and gives direct insight in all costs), NIMBLE (a programme of more than 10 consulting offerings to help organisations become more agile) and '[Blockchain in Real Estate](#)' (a world-first blockchain based overview of owner-tenant contracts per building). One of the

latest examples is the launch of our online store: [DeloitteWebshop.com](#), in which we sell products directly to clients without human interference. Examples of products include AI-powered risk and strategy reports, TAX video tutorials and automated Cyber Penetration Tests. This transformational solution represents a big leap forward in terms of exploring new revenue streams.



Our brand 'breathes' innovation

Our aspiration is to be the undisputed leader in professional services. This includes being recognised as the most innovative partner by our clients and our talent. To stay relevant for our clients in a world of shortening product lifecycles and digitalisation, we will continue to invest in our aspiration to be the most innovative professional services firm.

We have associated our brand with leadership and innovation focussing on the following growth areas; Cyber security, Data analytics and Digital. In doing so, we deploy an innovative content-driven strategy to reach our stakeholders in a more visible, innovative and personal way. We use online channels and social media to share our opinion, vision and knowledge about these themes on a regular basis. Our online content campaign on Dutch news sites has highlighted our insights and perspectives in these areas.

Commitment to innovation

With investments in innovation and innovative projects of over 1% of our yearly revenue, we remain committed to fostering innovation in our markets. Deloitte is a partner in many innovative ecosystems, including Singularity University, Cambridge Innovation Centre, Universiteit van Nederland, Holland FinTech and Holland ConTech, which are helping clients building future business models.

Deloitte is also committed to innovation through its [High Tech Competence Centre](#) (HTCC) in Eindhoven, which combines an innovative ecosystem approach with a dedicated international Deloitte team. HTCC supported a new Dutch graduate university in the city of Den Bosch that opened its doors in September

2016, providing a programme for data science students with strong entrepreneurial and business skills. The HTCC Executive Advisory Council also set in motion an initiative to use technology to provide support to refugees in Europe. Deloitte has convened a refugee-centric ecosystem called FuturesHub, which uses data analytics to overcome labour market challenges for refugees.

Another new initiative is [Deloitte's Greenhouse](#), which hosts 'Lab' sessions in which corporate clients seek to break down barriers to complex problems using a set of principles combining behavioural science, analytics, technology and facilitation.

Through our [GovLab](#) brand, our activities in the public domain have shifted from traditional finance-based services, to advisory positions in the Public Sector. GovLab creates publications, propositions and projects on a range of relevant themes in the sector, such as the future of healthcare, smart cities, education and social innovation, which supports our growth ambitions in both the Netherlands and globally.

To underpin our double-digit revenue growth in the Financial Services Industry, in 2017 we launched a client-based marketing approach for one of our most distinguished clients. In this project, we bundled targeted sales and marketing activities into a marketing programme for specific clients, having renewed our marketing automation platform. Together with partners including ING, Dell EMC, Microsoft, Dimension Data and the Centre for Economic Policy Research (CEPR) we joined The Think Forward Initiative (TFI) as a partner. TFI is a multi-year movement that

brings together a range of experts and research to find out how and why financial choices are made, using the lessons learned as a springboard to design innovative solutions in the Financial Services Industry.

In the Technology, Media and Telecommunications Sector we offered our [TMT 2017 Predictions](#), which offers insights into disruption trends and growth opportunities across the sector. Fast-growing technology companies and disruptive start-ups were also celebrated as part of the 17th edition of the [Fast50 client programme](#) in which we showcased the 50 fastest-growing technology companies in the Netherlands.

In the Consumer & Industrial Products segment we organised our ['Agri meets Chemicals'](#) event for the third time together with Rabobank. The event provides a dedicated setting for agricultural businesses, consumer brands and chemical companies to interact, innovate and develop new partnerships and products.

In cyber security and data analytics, we convened professionals and clients to our large-scale ['Data with a View'](#) event in The Hague where we shared insights on data analytics and insight-driven organisations.



Serving our SME clients

In the mid-market company segment (€50 million-€1 billion annual turnover), which has begun to see economic recovery, our [Deloitte Best Managed Companies programme](#) has continued to support the growth strategies of middle to large-sized companies, including Family Businesses. Organised for the 11th time, this programme nominated 340 midmarket companies and identified over 60 best managed companies in the segment. In the coming years, the Best Managed Companies programme will be rolled out by Deloitte member firms in many other countries worldwide.

Family Business remains an important area of attention with Deloitte member firms from EMEA countries working closely together to service this market segment in Europe. We view this collaboration

as a catalyst for developing new solutions for Dutch family businesses. Additionally, our annual comprehensive pan-European Family Business research investigated how family companies can cope with disruption or become disrupters in their market.

In the Small and Medium Enterprises (SME) segment, we have seen growing demand for our Business Process Services (BPS). BPS covers a full range of finance and accounting services to growing and evolving businesses. Services include organisational, analytical, and recording services for financial activities and the preparation of various materials covering the financial transaction life cycle. BPS also includes services such as bookkeeping, business controlling, treasury support, temporary finance management and business intelligence.

Our innovative [online platform CTRL](#) saw further growth in 2016/2017, both on a national and international level. CTRL is a 'one-stop-shop' for small and medium-sized businesses. It provides various digital services like bookkeeping, invoicing, dash boarding, reporting and analytics. The services offered through the platform continue to grow, as does the number of clients.

Finally, [Deloitte Academy](#) partnered with the Around the Boardroom Executive Programme to support the development of an Executive Learning Curriculum. The Programme is focused on regulatory and technology trends affecting Board-level executives. In addition, Deloitte Academy offers programmes focused on topics such as cyber security and data analytics.



Improve client portfolio

We aim to create and maintain sustainable and rewarding client relationships in which we can have a meaningful impact. To free up our resources to serve these clients and improve our performance, value and returns, we must continuously review the quality of our portfolio. We aim to deliver high-quality, professional services at a price that is reasonable. This also implies that we will improve or terminate our commercial relationships with clients that do not meet our quality requirements, value our quality, or reward us accordingly.



We review our portfolio to determine whether to maintain relationships using a multidisciplinary process. Successful execution is monitored. In addition to performing client quality risk assessments, we have also conducted a detailed profitability assessment of our clients. Based on this assessment and to ensure high quality delivery of our services, we have determined commercial thresholds for absolute yearly fees and gross margins. Clients that do not meet these thresholds are almost always non-profitable or below average profitability.

In 2016/2017 we continued to have open conversations with our clients to discuss our impact, quality and our fees. The results were positive in that our returns have improved and additional actions have been taken to align our available capacity with the anticipated workload. Assignments that are either too small and/or do not have a reasonable return, or where risk reward is out of balance, are discontinued to free up resources for the assignments we would like to focus on. In our Audit business, by doing this, we have made over 200,000 more hours available. This will allow us to further improve the quality of our services and the balance of the workload of our resources. As a next step we have identified teams that will benefit from dedicated attention and support to improve their portfolio.

This project will continue in 2017/2018 and will eventually evolve into our normal way of conducting business.

The engagement lifecycle, our business process to ensure quality

Our market focus is based on building relationships with existing and potential clients. The start of our business lifecycle begins with the identification of a

business opportunity with an existing or potential client.

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

Once the team is in place and there is a signed engagement letter, the engagement can commence. As we value quality in all our engagements, Deloitte has formal Quality Assurance policies for all types of services that stipulate which type of engagements quality assurance procedures are applicable.

When our work is complete, we end the engagement and archive all relevant files. We solicit feedback from our clients by means of a Client Service Assessment, using interviews and digital questionnaires, the results of which we use to continuously improve our services.

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

Establish lean operations

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

Total overhead costs
/ fee earner FTE



FY16A N/A
FY17A **44.7 €K**
T2020 **44.2 €K**

Relative position in
international network



FY16A 3rd Quartile
FY17A **3rd Quartile**
T2020 **1st Quartile**



One of the programmes under the strategic pillar 'Establish lean operations' is Fit for Growth. This programme aims to reduce overhead costs – on both central and at a Function level - via long term sustainable savings. It also looks to create an aligned future-proof support organisation that is fully scalable. Lastly, it fosters a cost-conscious culture across the organisation.

Despite the strong revenue growth of our firm, cost optimisation continues to be a focus, and has resulted in lower overhead costs per fee earner. We have realised this, for example, through automation and by making choices in our support model and the services we offer. Examples are the optimised operating model of our Client Finance Management support to the business and the streamlining of our HR back office through further standardisation and automation. We also professionalised and empowered our Procurement organisation given their important role in cost / spend control and as part of the newly formed global procurement organisation. We have improved the governance structure, identified roles and responsibilities, including spend owners in the business and supporting the spend analysis tooling we implemented. We already see the benefits of this as the Procurement department is often involved in our sourcing, which has resulted in improved terms, supplier relationships and better quality.

We also continue to enhance our operational efficiency in parts of our Audit and Tax & Legal business. An increase in the workload of the Audit Delivery Center in India is visible as well as the deployment of colleagues from India for our Global Employer Services and SME non-assurance business. Moreover, our Tax practice is starting to use robotics in their daily work.

Environmental management

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

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

In 2017/2018, we will review our approach to environmental management and investigate the added value of ISO certification to us as compared to other ways of working on continuous improvement of our environmental footprint.



Seek internationalisation

A key requirement to become the undisputed leader and make an impact that matters on our clients is that we are able to serve our clients seamlessly across borders. The sixth pillar in our 2020 strategy is further internationalisation and is aimed at establishing a North West European member firm. In September 2016, our partners and the partners in the eight other countries concerned overwhelmingly voted in favour of merging into one NWE member firm from June 1, 2017, based on Connected+ Autonomy. This decision came after many months of intensive preparatory work across all participating firms, referred to as 'Project Gold'.



Because of the merger into the NWE member firm, we believe we can:

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

Member firm combinations are a priority of the DTTL global strategy. Other combinations have taken, or are taking place in the DTTL member firm network. The NWE transaction is widely seen as having set the template for other combinations with firms that are playing a leading role in shaping the evolution of our global network.

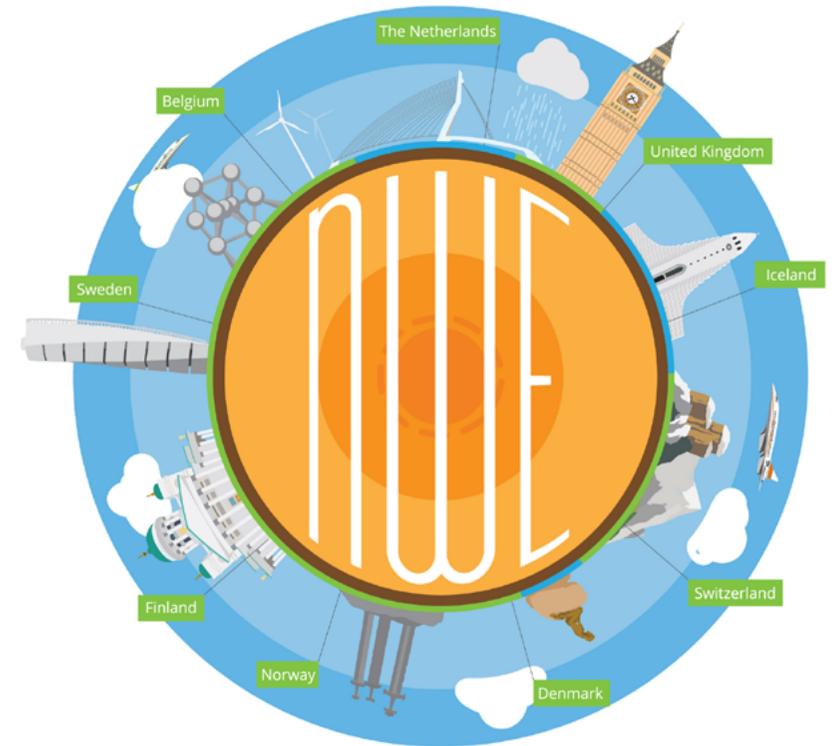
After the voting in September 2016, we began the path towards integration with a clear priority in mind; to ensure that our key focus remains on serving our clients in combination with setting up the NWE firm. As this is a significant change for our firm and employees, we communicated actively and held interactive sessions for employees and partners.

New member firm

The new firm will be the second largest in the international DTTL network, bringing together key Geographies across nine markets (the Netherlands, the Nordics (Denmark, Finland, Iceland, Norway and Sweden), Belgium and UK & Switzerland) and over 30,000 professionals (including over 2,000 partners).

The firm will be a new Deloitte member firm, will have a single NWE Strategy, will be led by a single NWE Executive (see chart on next page), and governed by one NWE Board. Deloitte UK CEO David Sproul is the CEO of Deloitte NWE. Peter Bommel (current CEO of Deloitte Netherlands) is deputy CEO of Deloitte NWE.

The Geographies (Belgium, Netherlands, the Nordics, UK & Switzerland) within the new NWE firm are led by Geography CEOs and leadership teams to drive local market leadership, in alignment with the overall strategic priorities of the NWE firm. David Sproul will continue to be UK CEO and Peter Bommel the NL CEO. Both David Sproul and Peter Bommel will continue to be members of the DTTL Global Executive Board.



NWE Executive



Other Dutch partners who are part of the new Executive are Jacques Buith (Managing Partner Risk Advisory) and Mennolt Beelen (Managing Partner Private Markets). The NWE Industry & Sector leadership comprises five Dutch partners: Vincent Rutgers (Industrial Products & Services), Eric Vennix (Energy & Resources), Jean Pierre Boelen (Banking &

Securities), Mathieu van Bergen (Public Health & Social Services) and Daan Witteveen (Technology).

The new firm started per June 1, 2017 achieving our initial target for this strategic pillar.

We remain strongly committed to collaborating with

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



Driving internationalisation that works

Businesses the world over are looking to address the complex challenges of an increasingly globalised world. At Deloitte, our strategic priority is to seek internationalisation by intensifying seamless cross-border cooperation. According to Deloitte Chief Operating Officer Mario van Vliet, internationalisation meets the needs and aspirations of a broad range of stakeholders, including clients, employees, regulators and society at large.





“As a global professional services firm, the basic expectation is that we deliver consistent quality irrespective of the country or geography we’re in,” says van Vliet. “That’s why as of June this year we are so excited to have formally integrated the new North Western Europe (NWE) organisation. We can now ensure we’re serving our clients as efficiently as possible across multiple jurisdictions, and to the same standard.”

Van Vliet acknowledges that internationalisation can be a challenge for any large organisation that is already successful in its local market, which is why the establishment of any new structure will not be without challenges, which must be addressed. Deloitte has begun its integration process by identifying and recognising its local success factors. It is managing these through a Connected+ Autonomy model to ensure local connectivity to clients while leveraging its possibilities as an integrated firm.

“We’ve gone about this in a systematic and transparent way by acknowledging the factors that drive our success on both sides – local and international,” he explains. “The integration will affect the personal careers of our partners and some of our employees, so it’s vital that we don’t oversell what we’re doing, and we make sure that they themselves are driving the decision-making process.”

In September 2016, partners in Deloitte Netherlands and the eight other NWE countries; UK & Switzerland, Belgium, Finland, Denmark, Sweden, Norway and Iceland, voted overwhelmingly in favour of merging their entities into a single NWE member firm as of June 1, 2017. The firm has a focused NWE strategy led by a NWE Executive team and overseen by an NWE Board to ensure Deloitte’s focus remains on serving its clients at home and abroad.

“As a global professional services firm, the basic expectation is that we deliver consistent quality irrespective of the country or geography we’re in.”

**Our way
of working**



Ethics and integrity

Our path to undisputed leadership starts with integrity, which is our constant guide along the way to achieving our strategy. Our Code of Conduct is based on the Deloitte Global Code which outlines the commitments that each of us make. It is based on our Shared Values and reflects our core belief that, at Deloitte, ethics and integrity are fundamental and not negotiable.



The ethics programme provides support to build ethical judgment and decision-making skills in all Deloitte people. There is an appointed Ethics Officer, ethics training, and channels for consulting on difficult issues and reporting suspected misconduct. The Ethics Officer is supported by a team consisting of a Deputy Ethics Officer and two internal and two external counsellors (vertrouwenspersonen). We measure the effectiveness of the ethics programme by, among others, a survey.

Acting in accordance with the Global Code is a responsibility for all people at Deloitte. Each of us is called upon to know, understand and comply with the Global Code. We also have a responsibility to raise our voice when we become aware of anything that is inconsistent with the Code. There can be serious consequences for non-compliance with the Global Code, a member firm code of conduct or related Deloitte policies, up to and including dismissal.

The National Ethics Officer is involved in the performance management process for our partners.

In May 2017, we conducted an Ethics Survey. The results of this survey have been discussed in the Executive Board and the Supervisory Board. The main survey results show that:

- 96% of respondents believe that Deloitte is an ethical place to work;
- Role model behaviour is of great importance for preserving and enhancing our culture;

- Further reducing the fear of retaliation is important to create a safe environment for reporting unethical business conduct;
- Building awareness for processes for consultation on ethical dilemmas and issues, especially on staff level, is important.

To enhance our ethical culture, we will continue our awareness activities in order to create an environment where people trust - and find their way to - our ethics team. We will empower our partners and business leaders to set a strong tone at the top, for example through 24 hour partner sessions. Our (Deputy) Ethics Officer, the secretary of the Complaints Committee and our internal counsellors will continue to create awareness throughout our firm through live ethical workshops in all our offices. In addition, our new global Ethics Imperative programme contains a new mandatory global ethics e-learning that we plan to implement in 2017/2018. By executing these initiatives, we aim to promote an open culture and a safe environment for all our professionals and enable the organisation to respond quickly and appropriately to ethical dilemmas and thus continuously improve our quality.

Shared Values

We have four Shared Values that guide our behaviour. These values are:

- Integrity
- Outstanding value to markets and clients
- Commitment to each other
- Strength from cultural diversity

Based on our values, we have defined twelve Global Principles of Business Conduct that addresses three categories of Deloitte stakeholders – our clients, our people and society – and are further elaborated on in our Global Code:

- Integrity
- Quality
- Professional behaviour
- Objectivity
- Competence
- Fair business practice
- Confidentiality, privacy and data protection
- Respect, diversity and fair treatment
- Professional development and support
- Anti-corruption
- Responsible supply chain
- Social responsibility



Table 07: Incidents, number of occurrences

Type	2016/2017	2015/2016	2014/2015
Sexual harassment	4	2	0
Intimidation	8	10	8
Stalking	0	0	1
Other disrespectful treatment of colleagues (incl. bullying)	47	51	43

Besides the incidents mentioned in table 07, in 17 instances the Ethics Officer was pro-actively consulted by the organisation.

The table shows a decrease in the number of incidents compared to last year. For the coming year, increasing awareness therefore is a key priority. It is very important that our employees know the ethics team and are aware of the processes.

In line with our target, there were no confirmed incidents of corruption reported to our Ethical Officer, the Complaint Committee or the public prosecutor in 2016/2017.

Reporting unethical behaviour

Employees, clients and other third parties may file a complaint about unethical behaviour, or they can ask the (Deputy) Ethics Officer or one of the counsellors for advice. Clients and other third parties are encouraged to solve an issue with their counterpart within Deloitte, but can also address the Complaints Committee if the issue is not solved according to their expectations.

Table 07 provides an overview of the number of incidents that were brought to the attention of the Executive Board and the Supervisory Board by the Ethics Officer.

Anti-corruption

In 2016/2017, we continued strengthening our anti-corruption framework. Through our framework we aim to avoid incidents of corruption, comply with national and international legislation and preserve our brand.

To avoid any association with corruption, we include corruption as one of the elements in the background checks that we perform when accepting new clients or third parties. Additionally, corruption is a factor in the portfolio risk review discussions that we conduct with our assignment partners. The observations of these discussions are used as input for our corruption risk assessment. In this assessment we believe that we have identified all foreseeable corruption risks for our firm covering 100% of our operations and assigned mitigating measures to each of the identified risks. An example of such mitigating measure is the change in our hiring procedures that we implemented in 2016/2017 to mitigate corruption risks when hiring candidates that were referred to us by business relations or government officials.

In 2015/2016, we started the roll-out of our online anti-corruption training that is mandatory for all partners and employees. We paused this activity due to technical issues. Meanwhile, these issues have been resolved and we have relaunched our training in June 2017.

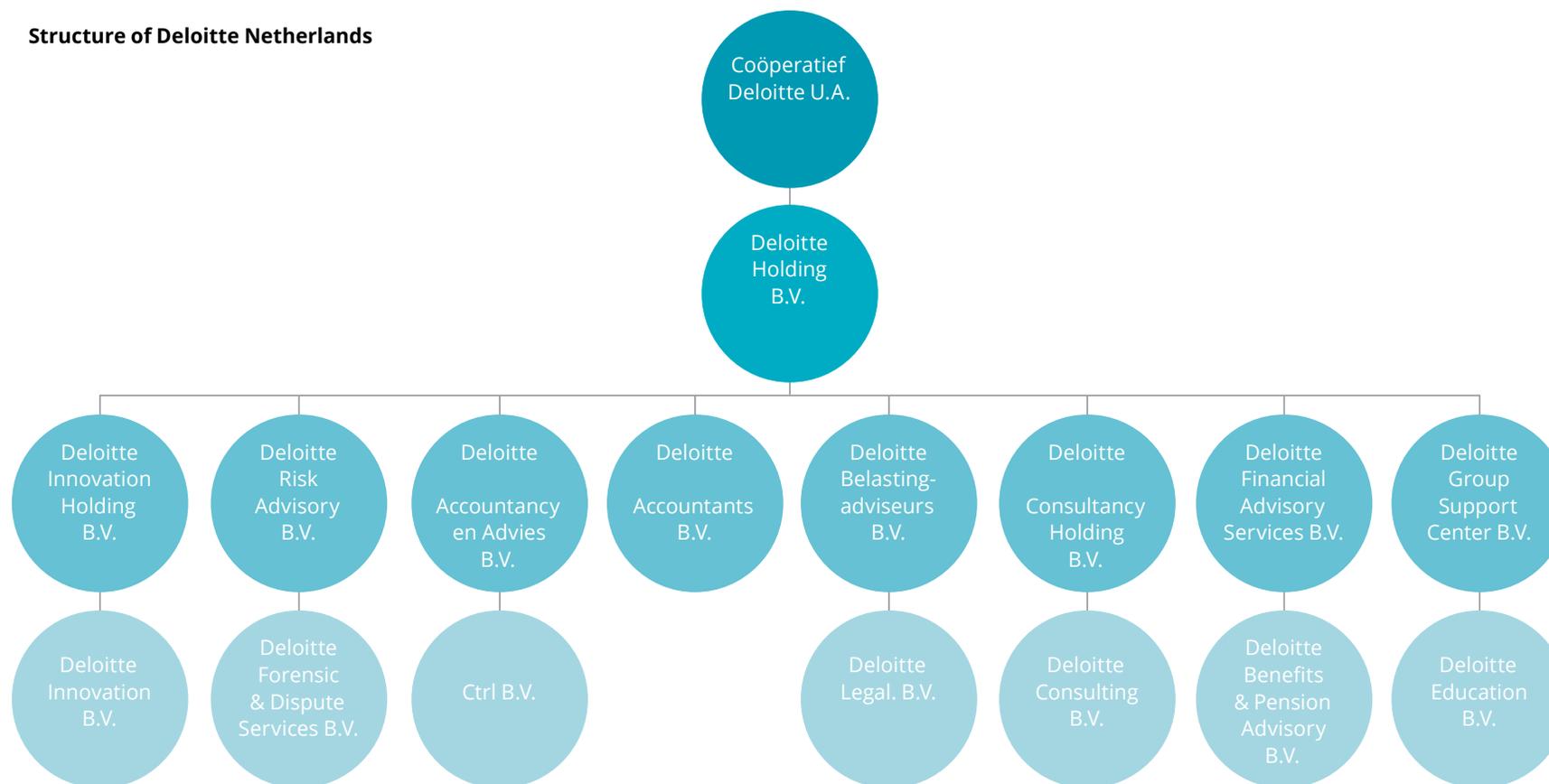
Being part of the international DTTL network, the provision of the UK Bribery Act already were indirectly applicable to us. Due to the formation of Deloitte NWE, the provisions of the UK Bribery Act are now directly applicable to Deloitte the Netherlands. As a consequence, we are aligning related policies and procedures within the different NWE geographies.



Roles and responsibilities

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

Structure of Deloitte Netherlands



Structure

During fiscal 2017, Deloitte Holding B.V. (Deloitte Holding) was the Netherlands' member firm of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee. The member firms of DTTL are all separate and independent legal entities, and through their affiliates provide services in certain geographic areas subject to applicable local laws and regulations. For a detailed

description of the legal structure of DTTL and its member firms, we refer to www.deloitte.com/about.

Deloitte Holding B.V. (Deloitte Holding) is the center of the governance structure of Deloitte Netherlands. The shares in Deloitte Holding are held by Coöperatief Deloitte U.A. (the 'Cooperative'). The professional management companies of the partners of Deloitte Netherlands are members of

the Cooperative. Deloitte's operational activities in the Netherlands have been structured based on professional practices or businesses, hereinafter referred to as Functions. The activities of a Function are performed by, in the name of and at the expense and risk of one or more private companies: the Function BV's.



On June 1, 2017 Deloitte NWE became a single, new DTTL Member Firm replacing the existing member firms status in DTTL across the aforementioned nine countries as DTTL Member Firm. Deloitte NWE is registered with the Institute for Chartered Accountants in England and Wales (ICAEW), but is not engaged in professional practice itself. All trading continues through local country practices, including Deloitte Netherlands. As of June 1, 2017 Deloitte Netherlands has become the Dutch Affiliate of Deloitte NWE.

As of June 1, 2017, Deloitte NWE LLP became a member of the Cooperative (with a 2/3 majority of the voting rights in the general meeting). The existing national legal structure of Deloitte Netherlands has remained in place. The Executive Board – subject to the independent supervision of the Supervisory Board – remains responsible for the management and the general affairs of Deloitte Netherlands. The Cooperative and all the (Dutch) Deloitte entities within the Group are committed to complying with all applicable laws and regulations.

The Board of Deloitte NWE is primarily responsible for ensuring high-quality governance and stewardship of Deloitte NWE. The single elected NWE CEO leads an NWE Executive. The NWE CEO is accountable to the NWE Board to deliver on the agreed long term strategy of Deloitte NWE. The Deloitte NWE ways of working are based on the principles of Connected+ Autonomy. Deloitte Netherlands, as well as the other national practices within NWE, maintain a significant degree of marketplace, talent and operating independence. In next year's Integrated Report, we will cover the new governance model in more detail following its establishment.

The Dutch Corporate Governance Code

Deloitte applies the principles of the Dutch Corporate Governance Code ('Code') to a large extent on a voluntary basis and in addition to applicable Dutch Civil Law. However, given the nature of the company, some of the best practices mentioned in the Code cannot be applied in identical form within Deloitte, 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.

On December 8, 2016, the Monitoring Committee Corporate Governance Code published a new updated Code. The purpose of the Code is to facilitate a sound and transparent system of checks and balances within Dutch listed companies. Deloitte, as a non-listed company, is different to the companies for which the Code was intended. It is nevertheless important to acknowledge that the Code contains principles and best practices that are of great importance for non-listed companies as well, although certain areas are either not applicable, or not suited to be applied. Deloitte shall continue to voluntarily use the Code (with its principles and best practices) as an important guideline for corporate governance and shall continue to act in the spirit of the Code. In next year's Integrated Report we will report on this in more detail.

NBA Report 'In the Public Interest'

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

Draft legislation 'Additional Measures for Audit Firms'

The Minister of Economic Affairs has recently submitted draft legislation concerning, inter alia, the structure and authorities of supervisory boards of audit firms. The draft legislation is yet to be discussed and resolved in Parliament. Deloitte has implemented independent external supervision and is fully compliant with the proposed new legislation in this area.

Important changes in governance structure (per October 1, 2016)

As previously reported, Deloitte implemented a number of changes in anticipation of the aforementioned draft legislation and as follow-up to the governance proposals made by the NBA. The most significant changes can be summarised as follows:

- The Supervisory Board consists of independent, external members only, with the option of appointing one external, non-independent member from our international network.
- Supervisory Board and Executive Board members are appointed by the General Meeting following a binding nomination of the Supervisory Board.
- The Public Interest Committee has ceased to exist. Its tasks have been transferred to the Supervisory Board itself, and to its new Quality & Risk Committee.
- Certain (new) Executive Board decisions require Supervisory Board approval, such as: (i) appointment and dismissal of Audit partners; (ii) remuneration policy of Audit partners and employees; (iii) quality policies; (iv) appointment and appraisal of the Compliance Officer Audit.

General Meeting

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



Supervisory Board

Composition

The Supervisory Board is responsible for ensuring that it performs its duties as effectively and efficiently as possible. It has therefore drawn up guidelines for its size and composition, taking into account the nature of the company and the expertise and experience required of Supervisory Board members. During the financial year 2016/2017 (as of October 1, 2016), the Supervisory Board consisted of one woman and three men, all independent external members. Members are appointed for a period of no more than four years and they may serve for no more than three four-year terms. The Supervisory Board has nominated a fifth member, Mrs. Nienke Meijer, for appointment as of June 30, 2017.

Tasks and responsibilities

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

Supervisory Board Committees

The Supervisory Board has formed five committees, each with its own rules of procedure, in order to perform its tasks in the most efficient manner; (i) Audit Committee; (ii) Quality & Risk Committee (since January 1, 2017); (iii) Remuneration Committee; (iv) Selection & Nomination Committee; (v) Committee Partner Affairs. The Committees prepare the decision-making of and frequently report to the Supervisory Board. We refer to the report from the Supervisory Board for the highlights and reports of the Committees.



Executive Board

Composition

The Executive Board is presently composed of three people: Peter Bommel (Chief Executive Officer and Chair), Mario van Vliet (Chief Operations Officer) and Engelhardt Robbe (Chief Quality Officer). The members of the Executive Board are appointed for a period of no more than four years, but may be re-appointed for two consecutive four-year terms. The Supervisory Board will continue to look for diversity in the event of future re-appointments. In this respect it is important to note that diversity is one of the priorities of the Executive Board and Supervisory Board for this calendar year (2017) and that Deloitte pursues a number of management development programmes aimed at increasing the number of women in Deloitte leadership positions.

Tasks and responsibilities

Deloitte is managed by an Executive Board that is responsible, among other areas, for creating a strategic and policy framework and objectives, monitoring the implementation of policies and maintaining cohesion between the company's various functions and service lines. The Executive Board reports to the Supervisory Board and to the General Meeting. The members of the Executive Board are collectively responsible for leading and managing the company.

The Executive Board acts in the company's best interest at all times when fulfilling its duties, taking into account the relevant interests of all stakeholders. It is responsible for observing relevant laws and regulations, managing the risks involved in the company's activities and overseeing its financial affairs. The Executive Board reports on these matters to the Supervisory Board.

Avoiding conflicts of interest

No member of the Executive Board takes part in discussions or decision-making processes that may give rise to a conflict of interest between the Board member and Deloitte. In such cases, Deloitte is normally represented by another person, who is appointed specifically for this purpose by the Supervisory Board. No transactions involving any potential or real conflict of interest, as defined by Code, took place in 2016/2017.

Remuneration

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



Executive Committee

The Executive Committee supports the Executive Board and has a role with regards to decisions that affect the group as a whole. The Executive Committee currently consists of 16 members, reflecting our present operating structure.

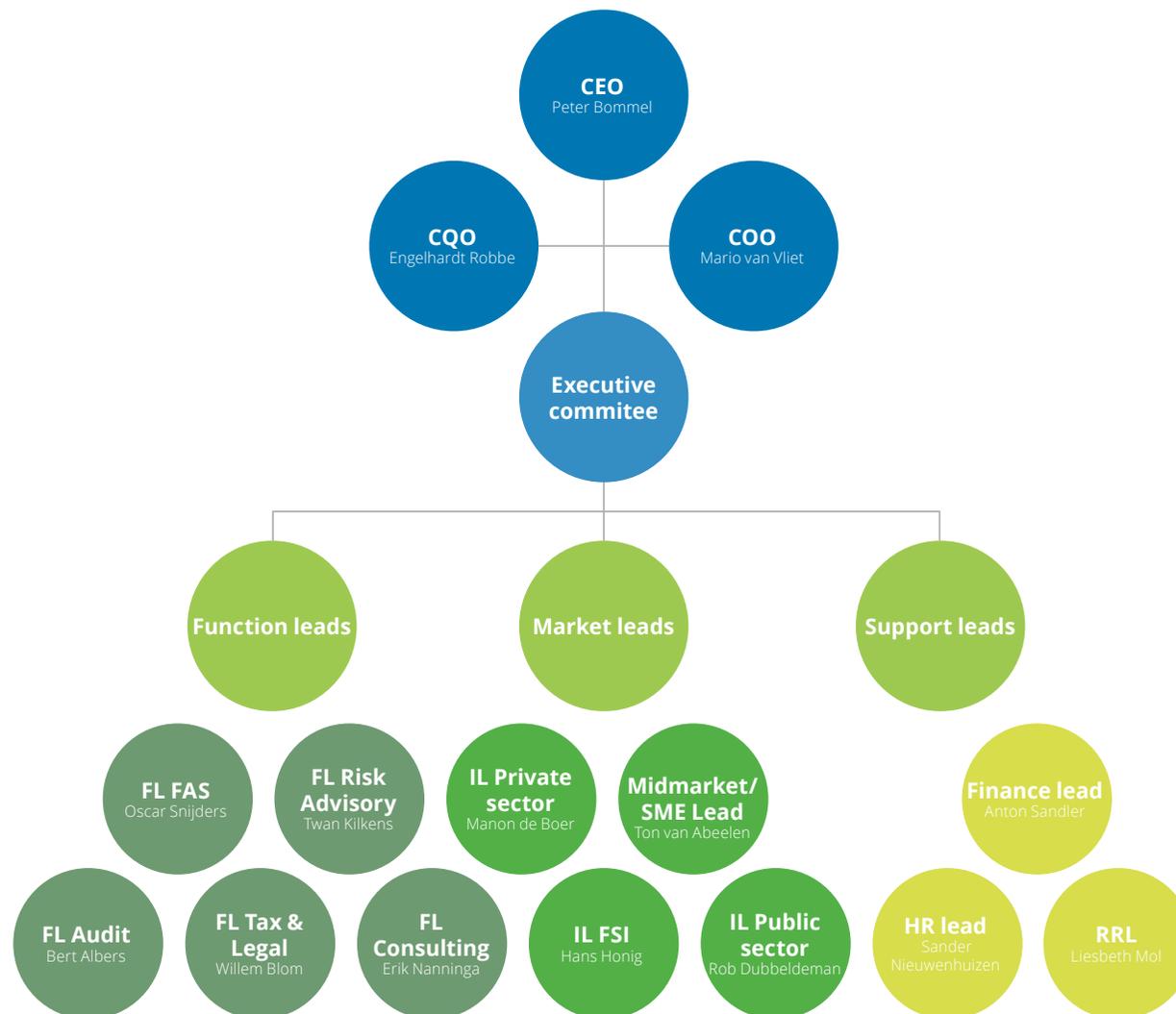
Partner Committee

The Executive Board, with the approval of the Supervisory Board, has appointed a Partner Advisory Committee that consists of five partners. The Partner Advisory Committee is charged with giving support and advice to the Supervisory Board.

External auditor

The external auditor is appointed by the General Meeting, on the recommendation of the Supervisory Board, advised by the Executive Board and the Audit Committee. The same procedure applies to the performance of any non-audit activities by the external auditor. At least once every four years, the Executive Board and the Audit Committee evaluate the performance of the external auditor, paying particular attention to any other business relations the auditor maintains. The main conclusions of this evaluation are then submitted to the General Meeting as part of the procedure for the appointment or re-appointment of the external auditor. The external auditor in principle attends all meetings of the Audit Committee and at least that part of the Supervisory Board meeting in which the external auditor's report on the financial statements and the assurance on non-financial information is discussed and in which a decision is made on whether to approve the report. The external auditor also attends the General Meeting to answer questions regarding its audit report. The outcome of an audit tender process resulted in PwC being appointed as external auditor starting in 2016/2017.

Executive Committee of Deloitte Netherlands



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



Executive Committee of Deloitte Netherlands



Risk Management

Intelligent risk management creates opportunities and is key to sustaining our performance. Together with the highest standards for quality and integrity it is essential to our brand and reputation and to make a lasting impact that matters for our stakeholders. In our ever-changing market landscape we actively pursue new business opportunities, invest in innovation and manage risk and our reputation. The Supervisory Board, the Executive Board, and the Executive Committee proactively oversee these opportunities and related uncertainties, and seek to anticipate them through a structured risk management approach that is aligned with our Strategy 2020. Our Enterprise Risk Framework helps us to ensure we have the right information available, comply with applicable laws and regulations and meet our own high quality standards. We embrace uncertainty but aim to prevent unrewarded risks from materializing where possible. Also to anticipate and respond appropriately when they do occur. To support this we strive for a culture of trust and intrinsic motivation for quality and integrity.



Context

The creation of a NWE member firm is an important step towards realizing our shared ambition 'to be the undisputed leader in professional services'.

Internationalization also allows to further leverage of our international risk management capabilities. Last year a new international member firm standard on risk management was introduced including a maturity model to assess and further evolve our risk management framework in close cooperation with other NWE countries.

Risk governance: roles & responsibilities

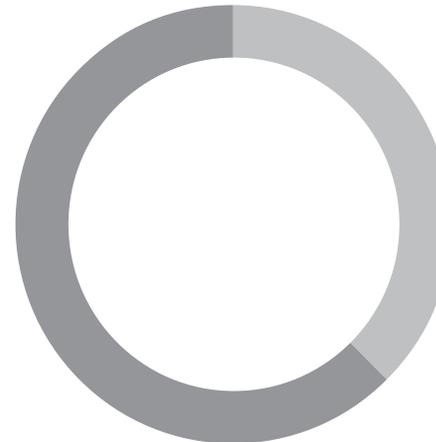
Risk governance is embedded in our overall governance structure. The primary responsibility for identifying and managing risks, both internal and external, resides with line management, the Executive Committee and ultimately the Executive Board with oversight from our Supervisory Board.

In October 2016, Engelhardt Robbe, the Chief Quality Officer (CQO), who is responsible for overseeing quality and risk management, introduced Risk & Quality Committees, both on executive level as well as Supervisory Board level. These committees meet periodically to maintain oversight of all quality and risk initiatives, and report, through the CQO to the Board. The Risk & Reputation Leader (RRL), who reports to the CQO, has day-to-day responsibility for overseeing the Enterprise Risk Framework and corresponding risk and control system.



Value creation:

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



Value preservation:

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



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

Risk appetite

To support us in maintaining the right balance between risk and reward, in 2015/2016 we defined a high-level risk appetite statement across four main risk categories: Strategy, Operations, Finance & reporting, and Quality & compliance. This risk appetite guides our strategy to mitigate related risks and monitoring that risk exposure remains within tolerable boundaries. To further operationalize this we have defined a set of risk indicators for each of the risk categories that will allow us to measure whether our current exposure on the respective indicators is within tolerance levels. Examples of these risk indicators are the trend in confidentiality incidents (category Quality & Compliance), the percentage of non-engaged staff and time spent on training and education per job grade (category Operational).

Risk appetite statement

Area	Risk appetite	Guiding measures
Strategy	We seek a sound balance between risk and reward. Business opportunities inherently bring uncertainty, resulting in a focus on having a balanced portfolio of clients and services.	<ul style="list-style-type: none"> • Robust strategic planning process • Clear strategic KPIs • Business case process for investments • Portfolio management for clients and services
Operations	We aim for lean operations, while securing our quality standards, that go beyond the minimum that our stakeholders expect (i.e. being competitive through operational excellence).	<ul style="list-style-type: none"> • Fit for Growth strategy through streamlining operations and costs while maintaining quality • Management information systems and systematic reporting and analysis
Finance & reporting	<p>Our approach to financial accounting is balanced in nature, striving for minimal audit adjustments. Should known audit adjustments be required by the auditor, these will be recorded.</p> <p>Our approach to reporting is to seek transparency and reliability in our reporting for our stakeholders on Deloitte's strategy, as well as corresponding risks and rewards and on financial and non-financial performance.</p>	<ul style="list-style-type: none"> • A strict Planning & Control cycle • Policy framework including policies on internal and external reporting and communication • A robust internal control environment and ('AO/IC') monitoring system, including a proactive approach to identify breaches as well as improvement areas • Systematic internal audits against a normative framework
Quality & compliance	Our goal is to achieve the highest quality standards feasible, comply with legal and regulatory standards, and inspire our people to intrinsically embrace our quality and integrity ambitions.	<ul style="list-style-type: none"> • Risk & Reputation Leadership function monitoring policies and metrics, applying disciplinary action if needed. Also, we reward quality excellence • Organisation-wide quality programme with clear KPIs • Learning from non-compliance indications and incidents, through root-cause analysis



Priority risks

The risk universe of DTTL Global Risk represents the main risk areas of our risk universe and is input for the annual assessment in which our risk profile, in context of our Strategy 2020 and our risk appetite, is assessed. Resulting from the annual assessment the Executive Board and members of the Executive Committee, we agreed on priority risks and opportunities related to our strategy. Risks that both have a material impact and for which there is room for improvement in the current risk mitigation strategy. Each of these risks and mitigation strategies have been extensively assessed. Our assessment revealed increased uncertainty about external threats to our business. In response, we formulated a specific action to enhance our scenario planning capabilities in order to understand and anticipate on potential impacts of adverse external events on the mid and long term.

Living our values

Potential dilution of our culture of integrity and risk awareness and even individual misbehaviour can have severe consequences for our clients, our people and our brand. Beyond increased scrutiny of systems, processes and procedures, it is of utmost importance to consistently live the shared values we advocate in our communication from the top and throughout the organisation.

Quality / Regulatory / Reputational cluster

Quality is our license to operate. Evolving standards set by regulators and high expectations of both clients and society demands global consistent professional service delivery of the highest standards. The Chief Quality Officer in the Board reflects our key focus on quality, and oversees our organisation wide quality and risk programmes.

Talent & leadership development

In order to achieve our ambition to become premier career destination we need to attract, hire and retain sufficient talent with the appropriate integrity, skills, experience, and potential and develop leaders through training and mentoring. Our Talent strategy as a key pillar of our Strategy 2020 addresses the risks and opportunities we have identified in this area.

Security & confidentiality

Adequate security of pertinent information is crucial for our stakeholders' confidence and compliance with confidentiality and privacy requirements. To prevent data leakage of and unauthorised access (e.g. cybercrime, loss of laptop, data leakage, privacy breach) we run various programmes to raise awareness and assess and monitor our security capabilities, both in technical terms and in behaviour.

Innovation & product portfolio

We must continuously develop our portfolio of service/ market offerings and/or business models that include the development of appropriate data and technology to support these new offerings that are aligned with our strategy. Both within our separate Innovation unit as well as within the Functions where we have focused innovation initiatives that are being supported and monitored for progress.

Agility of the Business Model

As we operate in a dynamic environment we need to continuously be able to identify and adequately respond to changing internal and external developments that effect our business model.

Economy / Geopolitical

Major geopolitical changes have the potential to impact our organisation. We must therefore anticipate and be adequately prepared for consequences of events such as Brexit and the potential impact of the Trump administration on headquarters of US firms in the Netherlands. In addition, the Netherlands will likely have a new (coalition) government in due course, but its composition and priorities are as yet unknown.

Client Portfolio Management / Commercial orientation

Commercial focus is core to our success and should be further strengthened across the firm as part of our DNA.



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Annex 1: Financial statements

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Consolidated financial statements

Consolidated balance sheet as of May 31, 2017

(before result appropriation)

Assets (in € thousands)	Note	May 31, 2017	May 31, 2016
Fixed assets			
Intangible fixed assets	[1]	4,858	14,104
Tangible fixed assets	[2]	53,971	65,184
Financial fixed assets	[3]	22,808	25,395
		81,637	104,683
Current assets			
Receivables, prepayments and accrued income	[4]	228,617	206,452
Cash		81,549	66,602
		310,166	273,054
		391,803	377,737
Equity and liabilities (in € thousands)			
	Note	May 31, 2017	May 31, 2016
Group equity *)	[5]	(25,761)	(35,149)
Provisions	[6]	6,106	8,115
Long-term liabilities:	[7]		
Subordinated loans Stichting Financiering Deloitte *)		119,067	117,800
Bank loans		60,677	66,800
Deferred income		29,521	35,912
		209,265	220,512
Current liabilities, accruals and deferred income	[8]	202,193	184,259
		391,803	377,737

[] The figures between brackets refer to the corresponding notes on the specific items of the consolidated balance sheet.

*) The group equity and the subordinated loans represent the group's capital base €93,306 (May 31, 2016 €82,651)

Consolidated profit and loss account for the period June 1, 2016 to May 31, 2017

in € thousands	Note	2016/2017	2015/2016
Net turnover	[9]	814,033	785,325
Own production capitalised		-	336
Other operating income		1,777	2,584
Total operating income		815,810	788,245
Costs of subcontracted work and other external costs		123,772	131,199
Salaries and social security charges	[10]	349,630	343,321
Amortisation of intangible and depreciation of tangible fixed assets	[11]	16,972	18,219
Impairments of in-/tangible fixed assets	[1] [2]	5,723	2,317
Other operating expenses	[12]	164,812	170,892
Total operating expenses		660,909	665,948
Operating result		154,901	122,297
Share in result of non-consolidated associated companies		41	(16)
Financial income and expenses	[13]	(10,061)	(6,964)
Result before taxation and management fee		144,881	115,317
Taxation on result of ordinary activities	[14]	(7,662)	(5,699)
Management fee members of Coöperatief Deloitte U.A.	[15]	(116,264)	(97,764)
Net result after taxation		20,955	11,854

[] The figures between brackets refer to the corresponding notes to the specific items of the consolidated profit and loss account

As there are no items of other comprehensive income to be recognised directly in Equity, Total Comprehensive Income is equal to the Net result after taxation.

Consolidated cash flow statement for the period June 1, 2016 to May 31, 2017

(Prepared using the direct method)

in € thousands	Note	2016/2017	2015/2016
Cash flow from business activities:			
Receipts from customers		793,724	777,563
Payments to suppliers and personnel **)		(651,912)	(609,744)
Cash flow from business activities		141,812	167,819
Interest received		701	810
Interest paid		(8,579)	(5,874)
Dividend received	[3]	41	41
Corporate income tax paid		(1,656)	(10,000)
		(9,493)	(15,023)
Cash flow from operating activities		132,319	152,796
Investments in intangible fixed assets		-	(2,065)
Investments in tangible fixed assets	[16]	(7,021)	(7,788)
Disposal of tangible fixed assets		1,796	9
Disposal of activities		-	546
Investments of Group Activities	[1]	(642)	(2,343)
Investments in other financial fixed assets		(72)	(292)
Cash flow from investment activities		(5,939)	(11,933)
Stichting Financiering Deloitte:			
- Management fee **)		(107,928)	(83,266)
- Increase in subordinated loans		3,855	3,800
- Changes in current account		(1,494)	(15,112)
Net cash outflow to members		(105,567)	(94,578)
Changes in members' capital		257	(250)
Decrease in other (interest-bearing) debts		(6,123)	-
Cash flow used for financing activities		(111,433)	(94,828)
Net cash flow		14,947	46,035
Cash received from acquired company Stichting InterNos	[16]	-	1,596
Movements in cash		14,947	47,631
Cash at start of financial year		66,602	18,971
Movements in cash		14,947	47,631
Cash at end of financial year *		81,549	66,602

* Cash at end of financial year relates to cash and cash equivalents.

**) Movement in Management fee payable is considered part of cash flow from financing activities. Last year figures of 'Payments to suppliers and personnel' and 'Management fee' have been adjusted by €14,498.

Notes to the consolidated financial statements

General

Activities

Coöperatief Deloitte U.A. is a cooperative which has its registered office and its principal place of business in Rotterdam, Wilhelminakade 1, and is registered with the Chamber of Commerce with number 63086174. Coöperatief Deloitte U.A. is the ultimate parent of Deloitte Holding B.V. and its subsidiaries. The activities of Coöperatief Deloitte U.A. and the companies in its group consist mainly of Audit, Tax & Legal, Financial Advisory Services, Risk Advisory and Consulting, as well as other forms of professional financial services. These activities are conducted by and for the account of the respective group companies of Coöperatief Deloitte U.A. and Deloitte Holding B.V. which acts as holding companies and do not themselves conduct any activities in the field of professional financial services as referred to in the previous sentence.

International relationships

Deloitte (Deloitte Holding B.V.) 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.

On June 1, 2017 Deloitte Holding B.V. became a member of Deloitte North West Europe, Deloitte NWE LLP, a limited liability partnership registered in England and Wales, a new member firm of Deloitte Touche Tohmatsu Limited (DTTL) with five Geographies: Belgium, the Netherlands, the Nordics (Denmark, Finland, Iceland, Norway and Sweden), Switzerland, and the United Kingdom. Deloitte NWE LLP holds 2/3 of the votes in the general meeting of Coöperatief Deloitte U.A. since June 1, 2017.

Shareholders' structure

The members of Coöperatief Deloitte U.A. are private companies owned by holding companies of each individual partner. Under the Associate Agreement each member of Coöperatief Deloitte U.A. has placed (the workforce of) each partner at the disposal of Deloitte Holding B.V. and its group companies in which the relevant professional activities for that partner are performed.

Based on the revised Associate Agreement as of June 1, 2015 a management fee, which approximates 80% of the expected consolidated net amount of operational and financial income and expenses of Deloitte Holding B.V., is paid to the members of Coöperatief Deloitte U.A. through Stichting Financiering Deloitte (as further explained in the following paragraph). The net result for the year after management fee and corporate income tax is to be paid by Coöperatief Deloitte U.A. to the members as distribution of profits.

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.

Financing structure and Stichting Financiering Deloitte

In addition to the members' capital, members of Coöperatief Deloitte U.A. (and the previous shareholders of Deloitte Holding B.V.) finance Deloitte with subordinated loans. These loans are provided through Stichting Financiering Deloitte.

Payments of management fees by virtue of the Associate Agreement and other payments (with exception of distribution of profits) to members also take place through Stichting Financiering Deloitte.

Up to May 30, 2016, Stichting Financiering Deloitte has re-issued the brought-in loans to Deloitte Holding B.V.; starting from May 31, 2016 these loans are re-issued to Coöperatief Deloitte U.A. These loans are subordinated to all creditors and lender banks.

As part of the restructuring, Coöperatief Deloitte U.A. as shareholder of Deloitte Holding B.V. contributed €70 million of these subordinated loans into Deloitte Holding B.V. via an additional paid in capital contribution, the rest of the partner subordinated loans received from Stichting Financiering Deloitte are issued to Deloitte Holding B.V. as subordinated loans. On May 31, 2017 €10 million of the capital contribution

was repaid to Coöperatief Deloitte U.A. and, in return, received as subordinated loans.

Stichting Financiering Deloitte was established by the (former-) Deloitte partners, members of Coöperatief Deloitte U.A. as an entity to protect the interests of the members collectively from a financing perspective should a calamity arise that could affect the members. The control over Stichting Financiering Deloitte lies with the members who have the right at all times to elect and dismiss its board members. Consequently, Stichting Financiering Deloitte is not controlled by Coöperatief Deloitte U.A. group and therefore is not included in these consolidated financial statements. For further information on Stichting Financiering Deloitte, reference is made to note 7.

The liabilities on the balance sheet of Stichting Financiering Deloitte contain long-term and short-term subordinated loans from members which for the same amounts and under the same conditions are provided to Deloitte. Other current liabilities are short-term deposits and interests to be paid which are equal to the current liabilities owed to Stichting Financiering Deloitte by Deloitte.

Acquiring control over Stichting InterNos

Until last year, Stichting InterNos was responsible for the settlement of former goodwill rights. This foundation was partly financed by Stichting Financiering Deloitte, which has been authorised by the members to withhold a proportion of the management fee (former Associate Fee) due to these members to finance Stichting InterNos. Until May 23, 2016 Stichting InterNos was not part of the Coöperatief Deloitte U.A. group of companies

and therefore was not included in the consolidated financial statements.

After a review of the Coöperatief Deloitte U.A. group structure and the Stichting InterNos structure during the 2015/2016 financial year, it was recommended to further optimise the current structure. Specifically, to simplify the structure, also for possible future collaboration with other Deloitte member firms, on March 29, 2016, the members voted on a restructuring of the group and Stichting InterNos. This combined with the Stichting InterNos Board agreeing to the restructuring. On May 23, 2016, with the conditions for restructuring being met, Deloitte Holding B.V. was appointed as sole board member of Stichting InterNos and gained control thereof.

This change in Board composition resulted in Deloitte Holding B.V. controlling Stichting InterNos with Stichting InterNos being consolidated into Deloitte Holding B.V. and Coöperatief Deloitte U.A. respectively. Subsequent to the change in control of Stichting InterNos, the Board voted to legally merge Stichting InterNos into Deloitte Holding B.V.

On July 1, 2016 the members of Coöperatief Deloitte U.A. approved the legal merger between Stichting InterNos and Deloitte Holding B.V. and, after the approval of the court, the legal merger was finalised on December 9, 2016.

Accounting consequences of the restructuring

As explained in more detail in the previous section, Stichting InterNos is a vehicle with a sole purpose for the ultimate owners of Deloitte Holding B.V. and Coöperatief Deloitte U.A. in settling certain rights of former partners/shareholders.

On May 24, 2016, the members of Coöperatief Deloitte U.A. approved the restructuring of Stichting InterNos. On May 23, 2016, Deloitte Holding B.V. was appointed as the sole board member of Stichting InterNos and therefore obtained control over Stichting InterNos.

Since the collectivity of members of Coöperatief Deloitte U.A. and Stichting InterNos are identical the restructuring merely concerns an internal change of the organisational structure that affects the legal structure under common control, the legal merger is recognised under the carry over accounting method, applying book values in accordance with Coöperatief Deloitte U.A.'s accounting policies.

Effect consolidation Stichting InterNos on Coöperatief Deloitte U.A. balances:	
	(in € thousands)
Long-term Bank loan	66,800
Repayment on long-term bank loan in following year	6,000
Total bank loan	72,800
Cash	(1,596)
Write-off to equity	71,204
Deferred tax	(17,801)
Net effect on equity	53,403

On May 31, 2016, Stichting InterNos balances included prepayments on settlements with former partners/shareholders of €72.8 million and total bank liabilities of €72.8 million. Coöperatief Deloitte U.A. as the parent of Deloitte Holding B.V. assumed

and consolidated the assets and liabilities of Stichting InterNos with approximately €53 million (net of deferred tax) being written-off to equity. As a consequence, this restructuring had a negative impact of approximately €53 million on equity of Coöperatief Deloitte U.A.

As of financial year 2016/2017 the members have agreed to retain yearly €6.9 million (€5.3 million after tax) of future annual Coöperatief Deloitte U.A.'s earnings until such time that the equity reduction caused by the restructuring is recovered.

As part of the restructuring, Coöperatief Deloitte U.A. as shareholder of Deloitte Holding B.V. contributed €60 million of the subordinated loans into Deloitte Holding B.V. via an additional paid in capital contribution, the rest of the partner subordinated loans received from Stichting Financiering Deloitte are issued to Deloitte Holding B.V. as subordinated loans.

Given the change in control in May 2016, the profit and loss account of Stichting InterNos is excluded for the period prior to the change of control. For the financial year 2016/2017, the impact on the profit and loss account resulting from the restructuring of Stichting InterNos is a decrease in management fee members of approximately €11 million partly offset by an increase in financial expenses of approximately €4 million. Furthermore the members of Coöperatief Deloitte U.A. agreed to retain the difference of approximately €5.3 million after deduction of €1.8 million corporate income tax as group equity, therefore the restructuring does not have a cash flow impact for the members.

Deloitte Holding B.V. is in compliance with all its bank covenants.

Group relationships

As a result of obtaining all the shares of Deloitte Holding B.V., as of June 1, 2015 Coöperatief Deloitte U.A. is the ultimate parent of Deloitte Holding B.V. and its subsidiaries. After this transaction the consolidated financial statements of Coöperatief Deloitte U.A. are a continuation of the existing group of Deloitte Holding B.V. (including comparatives). As a result of this, Deloitte publishes her consolidated financial statements at the level of Coöperatief Deloitte U.A. In these consolidated financial statements Deloitte refers to Coöperatief Deloitte U.A. and its subsidiaries. For a list of subsidiaries required by articles 2:379 and 2:414 of the Netherlands Civil Code reference is made to the notes to the company balance sheet.

Basis of consolidation

The financial data of entities that form part of the group are included in the consolidated financial statements of Coöperatief Deloitte U.A. The consolidated financial statements have been prepared using the accounting principles for valuation and for determining results of Coöperatief Deloitte U.A. The company financial statements of Coöperatief Deloitte U.A. are included in the financial statements. The financial data of the group companies are included in full in the consolidated financial statements, eliminating intra-group relationships and transactions. Newly acquired group companies are consolidated from the date of their acquisition. The assets, provisions and liabilities of these acquired group companies are valued at the fair value on that date. The goodwill paid is capitalised and amortised over the useful economic life. Results from participating interests that have been disposed are included in the consolidation until the date that control ceases.

General accounting principles used for the preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with the requirements of Title 9, Book 2 of the Netherlands Civil Code. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention, unless presented otherwise. Income and expenses are allocated to the year to which they relate. Profits are only recorded if they have been realised on the balance sheet date. Losses originating before the end of the year under review are taken into consideration if they were known before the financial statements were prepared. All amounts in the financial statements are shown in thousands of euros, unless stated otherwise.

Going concern

As explained in the previous paragraphs, the acquisition of Stichting InterNos had a negative impact of approximately €53 million on equity of Coöperatief Deloitte U.A. As of financial year 2016/2017 the members have agreed to retain yearly €6.9 million (€5.3 million after tax) of future annual Deloitte Holding B.V.'s earnings until such time that the equity reduction caused by the restructuring is recovered. Including subordinated loans, the positive capital base of the group amounts to €93,306 (May 31, 2016 €82,651).

The restructuring is a non cash event and does not impact the liquidity of the group. Deloitte Holding B.V. continues to have positive equity as a basis to distribute its earnings annually to Coöperatief Deloitte U.A. Furthermore in financial year 2016/2017 and financial year 2015/2016 Coöperatief Deloitte U.A.

generated €132 million and €153 million respectively in operating cash flow with approximately between €7 million and €10 million in annual investments. For financial year 2017/2018 and the years to follow the same level of net cash inflow is expected.

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

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

Changes in accounting policies

This year there have been no changes in accounting policies.

Estimates

In applying the principles and policies for drawing up the financial statements, different estimates and judgments are made that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the true and fair view required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

Operational leasing

The company may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

Financial instruments

Financial instruments are both primary financial instruments (such as receivables and debts) and derivative financial instruments (derivatives). The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet the information on the fair value is disclosed in the notes to the 'Contingent assets and liabilities'.

Primary financial instruments

For the principles of primary financial instruments, reference is made to the recognition per balance sheet item of the 'Principles for the valuation of assets and liabilities'.

Derivative instruments (derivatives)

Financial derivatives whose underlying value is not listed are recognised at cost. If the fair value is lower than the cost price or negative as at balance sheet date, the derivative is written down to the lower fair value and recognised in the profit and loss account, unless cost price hedge accounting has been applied. When determining the lower fair value the effect of current interest is not taken into account.

Hedge accounting

The group applies hedge accounting based on individual documentation per individual hedge relationship. The group documents how the hedge relations suit the risk management goals, the hedge strategy and the expectation in respect of the hedge's effectiveness.

The effective part of derivatives that have been assigned for cost price hedge accounting is valued at cost. By comparing the critical comparative features of the hedge instrument with the critical features of the hedged position on balance sheet date, it is determined whether there is an indication for ineffectiveness. In the event the critical features of the hedge instrument and the critical features of the hedged position are not equal, this is an indication that the cost price hedge contains an ineffective part. In that case a quantitative ineffectiveness measurement is carried out by comparing the cumulative change of the fair value of the hedge instrument with the cumulative change of the fair value of the hedged position since the designation of the hedge relationship. Ineffectiveness is recognised in the profit and loss account if and insofar as the quantitative ineffectiveness measurement shows a (cumulative) loss.

Foreign currencies

The functional currency of the company and its group companies is the euro. Receivables, liabilities and obligations in foreign currencies are translated at the exchange rate prevailing as of the balance sheet date. Transactions in foreign currencies during the period under review are recognised in the financial statements at the rates of exchange at transaction date. Exchange-rate gains and losses arising from such translations are taken to the profit and loss account.

Principles for the valuation of assets and liabilities

Intangible fixed assets

Goodwill and other intangible fixed assets paid for companies acquired from third parties are included under intangible fixed assets. Goodwill and other intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged at a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year.

Capitalised development costs included under intangible fixed assets are amortised over their estimated useful life of approximately 5 years on a straight line basis, and as applicable, reduced by impairment losses. Development costs comprises direct labour cost and the attributable share of other direct operating costs.

Tangible fixed assets

Tangible fixed assets are valued at acquisition cost or production cost, less accumulated depreciation and, where applicable, impairment losses. Depreciation is based on the estimated useful life of the asset and calculated using the straight-line method based on the cost, taking account of any residual value. The asset starts to depreciate from the date that it is taken into use. Tangible 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. Grants for the purchase of (tangible) fixed assets are deducted from the investment and amortised through depreciation.

Financial fixed assets

The financial fixed assets comprise participating interests and amounts owed by participating interests and loans. The participating interests over which significant influence is being exercised on business and financial policy are valued at net asset value. The other participating interests are valued at cost, taking into account where necessary any impairment losses. Upon initial recognition amounts owed by participating interests and loans are valued at fair value and then valued at amortised cost, less provisions deemed necessary for the risk of non-collectability.

Deferred tax assets are presented under the financial fixed assets to the extent it is probable that the

temporary tax differences can be realised in due course. These deferred tax assets are valued at nominal value and have a predominantly long-term character.

Impairment of fixed assets

On each balance sheet date, the company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined. An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the fair value less cost to sell and the value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement. The amount of an impairment loss incurred on financial assets stated at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If, in a subsequent

period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised through profit or loss.

Receivables, prepayments and accrued income

Receivables are initially recognised at fair value and subsequently valued at amortised cost, less provisions deemed necessary for the risk of non-collectability. Unbilled amounts for client work is valued at the estimated realisable value of services already performed but not yet invoiced, less advance payments invoiced.

Cash

Cash represents cash at bank and is valued at face value and is at the free disposal of the group, unless stated otherwise.

Pension schemes

Deloitte has a defined contribution plan for all active employees. Contributions payable to the pension plan administrator are recognised as an expense in the profit and loss account. Contributions payable or prepaid contributions as at year-end are recognised under current liabilities and accruals, and receivables

and prepayments, respectively. A provision is formed for liabilities other than the contributions payable to the pension plan administrator if, as at the balance sheet date, the group has a legal or constructive obligation towards the pension plan administrator, if it is probable that settlement of these liabilities will lead to an outflow of resources and if a reliable estimate can be made of the amount of the liabilities. The provision for additional liabilities to the pension plan administrator is based on a best estimate of the amounts required to settle these liabilities at the balance sheet date, applying established actuarial methods and assumptions. For back service liabilities for a closed group former employees faced with total or partial disability status ("Arbeidsongeschiktheid") a provision is maintained. The provision is carried at present value with the discount rate before taxation reflecting the current market rate. The actuarial calculations for pension provisions include an estimated future annual increase of the pension entitlements by 1.0% (prior year 1.0%). A discount rate is set at 0.96% (prior year 0.96%).

Provisions

Provisions are recognised for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is probable that an outflow of resources will be required and a reliable estimate can be made. Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. Provisions for pension are valued on the basis of actuarial principles. The

other provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise. If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

The provisions relate to professional liability, pensions, reorganisations, unoccupied premises contracts and dismantling costs and occupational disability. The provision for professional liability relates to the liabilities from claims. This provision is calculated per claim based on the estimated future expenditure, including the cost of obtaining legal advice, subject to a maximum amount per claim equal to the uninsured own risk. The provision for unoccupied premises relates to offices not used or that will not be used in the short-term and is calculated based on the term of vacancies and possible rent-free periods. This provision is calculated at net present value using a discount rate of 0.3% (prior year 0.3%). The provision for the dismantling costs is based on management's best estimate. The provision for reorganisation is based on the cost of staff redundancies, in accordance with the reorganisation plan. The actuarial calculations for pension provisions include an estimated future annual increase of the pension entitlements by 1.0% (prior year 1.0%). A discount rate is set at 0.96% (prior year 0.96%). 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 Deloitte is covering her own-risk and regarding to own-risk for the Health Law, former personnel who left disabled or got disabled within 28 days after leaving the company. A provision has been formed for the amount expected to be due in the future, the provisions include an estimated future annual increase of the disability entitlements by 2.0% (prior year 2.0%). A discount rate is set at 0.5% (prior year 1.4%). Amounts paid concerning disabled personnel are deducted from this provision.

Long-term liabilities

Long-term liabilities have a term of more than one year. Liabilities falling due within one year are considered to be current liabilities. Loans are initially valued at fair value and subsequently at amortised cost.

Principles for determining the net results

Concept of profit and taxation

Under the General Terms and Conditions of Deloitte, the Rules on Financial Relationships and the Associate Agreements, Deloitte Holding B.V. is obliged to pay out management fees to the members of Coöperatief Deloitte U.A. The management fees for services rendered are generally recognised as operating costs

in the profit and loss account. The management fees are presented separately as the last item in the profit and loss account. Presenting the management fees as last item in the profit and loss account provides the necessary insight of the results the members are entitled to. Such presentation is commonly used in the professional services industry in The Netherlands. The management fees to be paid to members through Stichting Financiering Deloitte are treated as operating expenses for tax purposes. As a consequence the amount of corporate income tax paid is based on results after deducting management fees, reference is made to note 15. The management fees members receive are subject to corporate income tax, whereas the distribution of profits they receive are exempt for corporate income tax.

Net turnover

Net turnover represents the amounts chargeable for services rendered during the year and includes the cost of work that Deloitte subcontracts to others. The services rendered are recognised when it becomes likely that they will be realised, with due recognition of arrangements made with clients regarding services to be billed as the work progresses. Where it becomes likely that total project costs will exceed total project revenues, the losses are recognised immediately in the profit and loss account and in work in progress in the balance sheet.

Operating expenses

Operating expenses are calculated on a historical basis and allocated to the year to which they relate.

Share in result of non-consolidated associated companies

For participating interests over which a significant influence is being exercised on business and financial policy, the result amounts to the share in the result of these participating interests that is attributable to the company. This result is determined on the basis of the accounting principles of Coöperatief Deloitte U.A. For participating interests over which no significant influence on business and financial policy is being exercised, any dividend received is treated as financial income.

Taxation

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.

Principles for preparation of the consolidated cash flow statement

The cash flow statement is prepared using the direct method. Cash consists of the balance of cash and cash equivalents. Tax on profits, interest received and paid, and dividends received are included under cash flow from operating activities. The acquisition cost for acquired group companies is included under cash flow from investment activities. Existing cash and cash equivalents of these group companies are deducted from the acquisition cost. Transactions with Stichting Financiering Deloitte and members are considered to be part of the financing activities.

Notes to the specific items of the consolidated balance sheet

1) Intangible fixed assets

A summary of the movements of intangible fixed assets is presented below:

in € thousands	Goodwill *)	Development costs **)	Other tangible fixed assets	Total
Acquisition cost as of June 1, 2016	35,305	8,697	6,500	50,502
Accumulated amortisation and impairments as of June 1, 2016	(30,220)	(3,083)	(3,095)	(36,398)
Book value as of June 1, 2016	5,085	5,614	3,405	14,104
Amortisation	(2,675)	(60)	(957)	(3,692)
Impairment ***)	-	(5,554)		(5,554)
Book value as of May 31, 2017	2,410	-	2,448	4,858
Accumulated amortisation and impairments as of May 31, 2017	(32,895)	(8,697)	(4,052)	(45,644)
Acquisition cost as of May 31, 2017	35,305	8,697	6,500	50,502
Amortisation percentages	6%-20%	20%	14%-20%	

*) Goodwill and other tangible fixed assets are amortised over the period where related economic benefits are expected to be realised on the bases of the businesscase the investment was decided on. This results in amortisation periods for goodwill and other tangible assets of 5 (20%), 7 (14 2/7%) and 15 (6 2/3%) years.

**) Development cost relates to product development,

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

2) Tangible fixed assets

The movements in the tangible fixed assets are as follows:

in € thousands	Leasehold improvements, fixtures and fittings	Office equipment	Other fixed assets	Fixed assets under construction	Total
Acquisition cost as of June 1, 2016	68,599	24,271	46,201	6,115	145,186
Accumulated depreciation and impairments as of June 1, 2016	(32,978)	(13,101)	(33,923)	-	(80,002)
Book value as of June 1, 2016	35,621	11,170	12,278	6,115	65,184
Additions	1,458	944	7,706	(6,076)	4,032
Book value of assets disposed of	(599)	(30)	(1,336)	-	(1,965)
Depreciation	(4,757)	(1,768)	(6,755)	-	(13,280)
Book value as of May 31, 2017	31,723	10,316	11,893	39	53,971
Accumulated depreciation and impairments as of May 31, 2017	(34,674)	(13,916)	(34,867)	-	(83,457)
Acquisition cost as of May 31, 2017	66,397	24,232	46,760	39	137,428
Depreciation percentages	6%-20%	6%-20%	12%-50%		

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.

Additions in fixed assets under construction primarily relates to the replacement of laptops in June 2016.

3) Financial fixed assets

A summary of the movements in the financial fixed assets is presented below:

in € thousands	Other participating interests **)	Deferred tax *)	Other receivables, prepayments and accrued income **)	Total
Book value as of June 1, 2016	734	19,125	5,536	25,395
Movements:				
Additions	72	176	2,797	3,045
Interest accrual	-	-	158	158
Impairment	-	-	(117)	(117)
Dividend received	(41)	-	-	(41)
Share in result of participating interests	41	-	-	41
Repayments	-	(2,578)	(3,077)	(5,655)
Exchange rate differences	-	-	(18)	(18)
Book value as of May 31, 2017	806	16,723	5,279	22,808

*) Deferred tax mainly relates to temporary tax differences of € 16,021 on assets of former Stichting InterNos which have been written-off to equity and are deductible for corporate income tax. The temporary tax differences of € 16,021 are expected to be settled annually until financial year 2025/2026.

***) The other participating interests are minority interests of 12% in Nautilus Indemnity Holdings Ltd, established in the Bermudas, 0.3% in Deloitte University EMEA CVBA, established in Belgium and 12.4% in Deloitte CIS Limited via a 31% participating interest in IHC Interposed Holding Company 1 S.A.S., established in France, a 40% shareholder of Deloitte CIS Limited. The addition relates to a 5% participating interest in Deloitte GES ERDC Ltd, established in England. All minority interests are valued at cost or lower realisable value.

Other receivables mainly relates to receivables from IHC Interposed Holding Company 1 S.A.S., a shareholder of Deloitte CIS Limited for which there is no collateral. The initial repayment term is 20 years as of 2010, the original amount of the loan is \$4,120, impairment \$2,120, net value \$2,000, and accrued income relating to incentives granted in the connection with entering into sub-rental agreements for office buildings. The incentives are related to the sub-rental agreements and are therefore amortised over the term of the sub-rental agreement, of which €960 is settled in 2017/2018.

It was concluded that given related uncertainties on repayment, an impairment on the investment and on the loan has been recorded for €117.

4) Receivables, prepayments and accrued income

in € thousands	May 31, 2017	May 31, 2016
Accounts receivable *)	156,950	144,508
Unbilled amounts for client work **)	59,471	49,589
Corporate income tax	-	3,301
Other receivables, prepayments and accrued income	12,196	9,054
	228,617	206,452

*) The provision for the risk of non-collectability of accounts receivable is €2,257 (May 31, 2016 €3,159)

***) Unbilled amounts for client work contains €29,813 (May 31, 2016 €35,336) for which installments billed exceed the project revenue earned. There are no receivables unbilled amounts and prepayments with an original term of more than one year.

5) Group equity

Statement of changes in equity of the legal entity as part of the group equity over 2016/2017

in € thousands	Capital accounts*)	Legal reserves	Other reserves	Result for the year	Total
Shareholders' equity as part of group equity as of June 1, 2016	6,400	5,614	(59,017)	11,854	(35,149)
Consolidated net result after taxation				20,955	20,955
Total comprehensive income				20,955	
Movement in equity					
Profit distribution prior financial year			30	(11,854)	(11,824)
Received payments regarding former Stichting InterNos write-off to equity			82		82
Movement in capital accounts due to changes in members' capital	175				175
Movement in capitalised costs**)		(5,614)	5,614		-
Total movement of equity	175	(5,614)	5,726	(11,854)	(11,567)
Members' equity as part of group equity as of May 31, 2017	6,575	-	(53,291)	20,955	(25,761)

*) The members' capital classifies as puttable instruments, in accordance with RJ 290,808 these rights are classified as equity.

**) Also see note 1 Financial fixed assets for reference.

For a detailed explanation on the group equity reference is made to the notes to the members' equity in the company financial statements.

For an explanation of the capital base (group equity and subordinated loans) see note 7.

6) Provisions

in € thousands	Professional liability	Unoccupied premises/ dismantling costs*)	Reorganisation**)	Pensions	Occupational disability	Total
Balance as of June 1, 2016	2,148	1,972	2,374	374	1,247	8,115
Additions	2,351	142	112	-	802	3,407
Charged	(1,521)	(404)	(2,425)	-	(56)	(4,406)
Released	(207)	0	(61)	(44)	(698)	(1,010)
Balance as of May 31, 2017	2,771	1,710	-	330	1,295	6,106

With the exception of the provisions for reorganisation the expected term of the provisions is mostly over one year.

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

**) The reorganisation provision includes provisions for individual severance pays.

7) Long-term liabilities

Subordinated loans

Stichting Financiering Deloitte

The subordinated loans can be specified as follows:

in € thousands	May 31, 2017		May 31, 2016	
	Total	Interest rate	Total	Interest rate
Subordinated loans Stichting Financiering Deloitte after deduction of repayments in the following year	119,067	4.00%	117,800	4.00%

Repayment commitments included under current liabilities can be specified as follows:

in € thousands	May 31, 2017		May 31, 2016	
Subordinated loans Stichting Financiering Deloitte	5,913		3,325	

Members who enter into an Associate Agreement with Deloitte are obliged to grant a subordinated loan to Stichting Financiering Deloitte. In turn this foundation grants a subordinated loan for the same amount and under the same conditions to Deloitte. The subordination relates to all third party creditors and banks. The loans amount to €119,067 as per May 31, 2017 (May 31, 2016: €117,800) and are subordinated to all existing and future liabilities of Deloitte and, together with the group equity, make up the capital base of Deloitte.

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.

Bank loans

Deloitte has bank loans provided by ING Bank and Rabobank, each participating for 50%. In May 2017, a renewal of the credit agreement took place. After repayments to date, the loans amount to €66,800 as of May 31, 2017. On a yearly basis €6,000 will be repaid until May 31, 2022 at which time the remaining €42,800 is due for redemption. The repayment of €6,000 due May 31, 2018 is included in the current liabilities. It's expected that remaining bank loans of €42,800 will be extended for another four years. An arrangement fee of €123 has been deducted from the bank loans and will be amortised over five years.

The interest on the loans is equal to 6 months Euribor-rate increased by a surcharge between 1.25% and 1.75%. An interest rate swap was entered into resulting in an effective interest rate on the loans

of 3.03% (excluding surcharge). Market value of the interest rate swap as of May 31, 2017 is negative €10,190 (May 31, 2016 negative € 12,642). The interest rate swap is based on the bank loans amount of €66,800 as of May 31, 2017 and will reduce with €6,000 annually until at May 31, 2026 the remaining €18,800 will mature. It's expected Deloitte will be able to renew its bank loans for the remaining amount, after annual €6,000 repayments, every five years until at May 31, 2026 the remaining €18,800 will be redeemed.

The interest rate swap is designated in an effective hedge relationship with the bank loans and is therefore not recognised on the balance sheet.

Deloitte also has a credit agreement with ING Bank and Rabobank, the maximum credit facility according

to this agreement is a revolving loan facility of €75 million, including current account facilities. The credit facility is partly used to provide guarantees, the remaining €71 million is not used as of May 31, 2017.

As a security for the amounts owed to credit institutions, the current account facility and the bank loans various covenants have been agreed regarding the balance sheet and the result ratios as well as certain security covenants, including a negative pledge covenant and granting of securities in the event of

default under the credit agreement. As of May 31, 2017 Deloitte was in compliance with the covenants in the credit agreements. The securities agreed consist of the joint and several liability of Deloitte Accountants B.V., Deloitte Belastingadviseurs B.V., Deloitte Consultancy Holding B.V., Deloitte Consulting B.V., Deloitte Financial Advisory Services B.V., Deloitte Group Support Center B.V., Ctrl B.V., Deloitte Forensic & Dispute Services B.V., Deloitte Risk Advisory B.V., Deloitte Benefits & Pension Advisory B.V., Deloitte Legal B.V. and Deloitte Accountancy & Advies B.V.

Deferred income

Deferred income relates to incentives received in the connection with entering into rental agreements for new office buildings and operational lease contract for cars and copying/printing machines. The incentives are related to the rental agreements and the operational lease contract and are therefore amortised over the term of the rental agreement and the operational lease contract.

8) Current liabilities, accruals and deferred income

Current liabilities, accruals and deferred income can be specified as follows:

in € thousands	May 31, 2017	May 31, 2016
Salaries and other personnel costs *)	53,543	59,450
Accounts payable	40,896	35,509
Tax and social security contributions	39,056	40,482
Management fees to be paid to members	34,658	14,498
Repayments on long-term loans in the following year **)	11,913	9,325
Deferred income short-term	4,943	4,730
Stichting Financiering Deloitte	238	1,731
Liabilities for pensions	-	374
Other liabilities and accruals	16,946	18,160
	202,193	184,259

*) The profit sharing to be paid to personnel decreased from €41 million to €35 million.

***) Repayments on long-term loans in the following year contains €6 million bank loan repayment due May 31, 2017 and €5,913 short-term subordinated loans to be repaid to Stichting Financiering Deloitte.

Off-balance sheet commitments

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.

These future (minimum lease) payments amount to:

in € thousands	May 31, 2017	May 31, 2016
Within 1 year	65,000	64,000
Between 1 and 5 years	120,000	124,000
After 5 years	77,000	91,000
	262,000	279,000

Facility services

As of 1 December 2006 Deloitte outsourced facility services to a third party. Related staff was transferred to the new service provider. The contract was renewed for 3 months as of June 2017 pending contract negotiations. Deloitte has undertaken to re-employ the former employees (approx 40) or to employ them with a succeeding facility supplier if the contract is not renewed.

Membership

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

Guarantees

Stichting Financiering Deloitte

Members who enter into an Associate Agreement with Deloitte 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 Deloitte. The subordination relates to all third party creditors and banks. The loans amount to €119,067 as per May 31, 2017 (May 31, 2016: €117,800) and are subordinated to all existing and future liabilities of Deloitte and, together with the group equity, make up the capital base of 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. Deloitte 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 Deloitte, 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

Deloitte has indemnified the members of the Supervisory Board from the financial consequences of claims from third parties (including defense costs) resulting from or related to the supervisory task of the members of the Supervisory Board and to the extent the insurance of Deloitte does not cover matters concerned.

Bank guarantees

Bank guarantees amounting to approximately €3,983 (May 31, 2016 €3,983) have been issued to third parties.

Other guarantees

Following past acquisitions guarantees have been agreed for the maximum amount of €10,779 (May 31, 2016: €10,779) on balance sheet date. Nationale Borg issued guarantees on behalf of the material subsidiaries of Deloitte to Tax-authorities covering the own-risk of the Return to Work (Partially Disabled)

Regulation (“WGA”). As security for these guarantees the material subsidiaries of Deloitte issued a joint and several liability undertaking.

Claims

Claims have been submitted against the legal entities that belong to the Deloitte organisation in the Netherlands for alleged poor performance of activities. A strong defense will be mounted against these claims. The Deloitte organisation has professional indemnity insurance for claim coverage. If considered necessary, provisions will be formed to cover the difference between any potential claims and the related insurance payment.

Financial instruments

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.

Exchange rate risk

Exchange rate 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.

Interest rate risk

Interest rate risks relate mainly 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.

Liquidity Risk

Liquidity risk is the risk that Coöperatief Deloitte U.A. will be unable to meet its financial liabilities as they fall due. Liquidity risks arises from the ongoing financial obligations of Deloitte, including settlement of financial liabilities such as trade and other payables, as well as bank loans and subordinated loans of members. Deloitte’s liquidity management policy is to ensure as far as possible that there are sufficient liquid funds available to be able to meet its liabilities when due without incurring unacceptable losses or damaging its reputation. The aim of Deloitte’s treasury policy is to ensure that there are sufficient funds available to finance day-to-day activities. Deloitte has a

credit agreement with ING Bank and Rabobank, since May 2017 the maximum credit facility is a revolving loan facility of €75 million, including current account facilities. The credit facility is partly used to provide guarantees, the remaining €71 million is not used as of May 31, 2017.

Credit risk

Inherent to the nature of Deloitte’s activities is its exposure to credit risk. These risks mainly regard uncollectable debts on debtors, for which adequate provisions have been recognised. The risk of non-collectability is mainly restricted by the multitude and diversity of parties owing to the group.

Fair value

Unless stated otherwise, the estimated fair value of the financial instruments included in the balance sheet as of May 31, 2017 approximate their book value.

For disclosure of the market value of the interest rate swap see note 7 bank loans.

Notes to the specific items on the consolidated profit and loss account

9) Net turnover:

The net turnover breaks down over the functions as follows:

in € thousands	2016/2017	2015/2016
Audit	223,944	219,073
Tax & Legal	190,802	185,515
Consulting	211,126	193,762
Risk Advisory	128,100	113,492
Financial Advisory Services	58,510	70,516
Support/Other	1,551	2,967
	814,033	785,325

Net turnover is mainly realised in the Netherlands.

10) Salaries and social security charges:

in € thousands	2016/2017	2015/2016
Salaries *) **)	290,520	286,723
Social security charges	38,064	35,149
Pension costs	21,046	21,449
	349,630	343,321

*) Salaries contains €921 costs of reduction in personnel headcount (2015/2016 €2,675).

***) Salaries contains €2,353 (2015/2016 €1,475) fixed remuneration of the Executive Board

Workforce

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

	2016/2017				2015/2016			
	Partners	Fee earners	Support Staff	Total	Partners	Fee earners	Support Staff	Total
Audit	78	1,498	27	1,603	80	1,452	23	1,555
Tax & Legal	65	732	17	814	68	708	18	794
Consulting	51	972	8	1,031	47	878	8	933
Risk Advisory	27	610	8	645	22	518	6	546
Financial Advisory Services	21	230	1	252	22	217	1	240
Support/Other	16	20	666	702	11	35	694	740
	258	4,062	727	5,047	250	3,808	750	4,808

Virtually all employees are based in the Netherlands.

11) Amortisation of intangible and depreciation of tangible fixed assets

in € thousands	2016/2017	2015/2016
Intangible fixed assets:		
Amortisation	3,692	4,779
Tangible fixed assets:		
Depreciation	13,280	13,440
	16,972	18,219

12) Other operating expenses

Other operating expenses can be specified as follows:

in € thousands	2016/2017	2015/2016
Staff cars	40,229	39,894
Accommodation costs	30,286	31,668
Employee benefits	27,867	25,576
International member firm fees	16,473	15,761
Office costs	8,050	10,532
Other costs	41,907	47,461
	164,812	170,892

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

in € thousands	2016/2017	2015/2016
Audit of the financial statements *)	318	174
Other audits *)	111	107
Tax advisory services	-	-
Other non-audit services	-	-
	429	281

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

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

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

in € thousands	2016/2017	2015/2016
Minimum lease payments	46.436	45.403
Sublease receipts	(3.680)	(3.189)
	42.756	42.214

13) Financial income and expenses

in € thousands	2016/2017	2015/2016
Interest income and similar income	859	941
Interest paid and similar costs	(10,803)	(5,855)
Changes in value of receivables forming part of the financial fixed assets *)	(117)	(2,050)
	(10,061)	(6,964)

*) see note 3 for reference

14) Taxation on the result from ordinary activities

The corporate income tax due has been calculated as follows:

in € thousands	2016/2017		2015/2016	
25% of the taxable amount		5,591		5,945
Adjustments prior years	(507)		500	
Movement deferred tax assets/(liabilities)	2,578		(746)	
		2,071		(246)
Taxation according to the profit and loss account		7,662		5,699

The effective tax burden is 25% and can be broken down as follows:

	2016/2017		2015/2016	
	%	in € thousands	%	in € thousands
Result before taxation and management fee		144,881		115,317
Management fee members of Coöperatief Deloitte U.A. *)		(116,264)		(97,764)
Result before taxation		28,617		17,553
Tax burden based on Dutch nominal rate	25%	7,154	25%	4,388
Application local, nominal rates (higher/lower rates)	0%	(10)	0%	(10)
Non-tax deductible costs	2%	528	4%	831
Exempted income	0%	(10)	0%	(10)
Prior financial years tax income	0%	-	3%	500
	27%	7,662	32%	5,699

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

*) The management fee will be taxed at the member level.

The consolidation of assets and liabilities of Stichting InterNos in 2015/2016 resulted in approximately €71.2 million of goodwill being written-off to equity. This goodwill is deductible for corporate income tax, therefore €17.8 million temporary tax differences were added as deferred tax resulting in a net write-off to equity of €53.4 million. These temporary tax differences of €16.0 million (May 31, 2016: €17.8 million) are expected to be settled annually until financial year 2025/2026.

Deloitte has an agreement with the tax authorities regarding a minimum taxable amount of 7% of the capital accounts of the members of Coöperatief Deloitte U.A.

15) Management fee members of Coöperatief Deloitte U.A.

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. The net result after management fee and corporate income tax is proposed to be paid by Coöperatief Deloitte U.A. to the members as distribution of profits. The management fee is taxable for members. The distribution of profits is non-taxable for members, because Deloitte pays corporate income tax based on the result before taxation.

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.

For the year 2015/2016 the management fee is before deduction of €10,463 distributed to former Stichting InterNos.

The members distribution can be specified as follows:

in € thousands	2016/2017	2015/2016
Result before management fee and taxation	144,881	115,317
Management fee members of Coöperatief Deloitte U.A,	(116,264)	(97,764)
Result before taxation	28,617	17,553
Corporate income tax	(7,662)	(5,699)
Net result after taxation	20,955	11,854
Proposed deduction of profits for compensation of negative equity	(5,340)	-
Proposed profit distribution to members	15,615	11,854
Management fee distributed to members	116,264	97,764
Proposed profit to be distributed to members	15,615	11,854
Total proposed distribution to members	131,879	109,618
Average number of members in fte's *)	255	249
Average management fee and proposed profit distribution before tax per member	568	463

*) Members of the Executive Board who received a fix remuneration 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. Deloitte has transactions with the members for which the nature and scope are disclosed in the notes to the consolidated financial statements.

As the management fee is paid to the members of Coöperatief Deloitte U.A. the management fee is recognised as cash flow used for financing activities in the cash flow statement.

16) Notes to the specific items on the consolidated cash flow statement

The acquiring of control over Stichting InterNos

The acquiring of control over Stichting InterNos in 2015/2016 is a non-cash transaction and comprises bank loans of €66,800 long-term and €6,000 short-term, also deferred tax of €17,801 and a resulting negative equity of €53,403, the received cash of €1,596 is displayed as cash received from acquired companies below net cash flow.

Investments in tangible fixed assets

Under the investments in tangible fixed assets only those investments are presented where cash and cash equivalents were spent. In 2015/2016 investments amounting €3,088, mainly related to new laptops, were paid after the end of the financial year.

Segmented information

The aggregated operating segments of Deloitte comprises of Audit, Tax & Legal, Consulting, Risk Advisory and Financial Advisory Services which engages business activities for external clients and Support/Other which mainly provides internal services. All operating segments' operating results are reviewed regularly by the Executive Board to assess their performance for which there is discrete financial information available.

Segment results that are reported to the Executive Board include items directly attributable to a segment. Corporate costs, such as cost of fixed assets, accommodation-, office-, IT- and innovation expenses are the responsibility of the Support/Other segment and are allocated on a reasonable basis to the five business segments.

As Deloitte mainly operates in the Netherlands, there is only one geographic segment. The pricing of transactions between the different segments 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 segmented information.

Segmented profit and loss account for the period for the period June 1, 2016 to May 31, 2017

in € thousands	Audit	Tax & Legal	Consulting	Risk Advisory	Financial Advisory Services	Support/ Other	Elimination	Total
Net turnover	223,944	190,802	211,126	128,100	58,510	1,551	-	814,033
Net turnover between segments	19,382	4,914	10,921	12,723	1,659	147,760	(197,359)	-
Own production capitalised	-	-	-	-	-	-	-	-
Other operating income	-	-	-	-	-	1,777	-	1,777
Total operating income	243,326	195,716	222,047	140,823	60,169	151,088	(197,359)	815,810
Costs of subcontracted work and other external costs	41,838	35,971	40,305	38,429	8,227	25,650	(66,648)	123,772
Salaries and social security charges *)	102,690	66,739	82,854	49,569	19,102	42,890	(14,214)	349,630
Amortisation of intangible and depreciation of tangible fixed assets	940	1,037	1,656	-	-	13,339	-	16,972
Impairments	-	-	-	5,374	-	349	-	5,723
Other operating expenses	69,114	47,859	47,473	29,478	12,463	74,922	(116,497)	164,812
Total operating expenses	214,582	151,606	172,288	122,850	39,792	157,150	(197,359)	660,909
Operating result	28,744	44,110	49,759	17,973	20,377	(6,062)	-	154,901
Share in result of non-consolidated associated companies	-	-	-	-	-	41	-	41
Financial income and expenses	(3,822)	(6,189)	(4,494)	(2,218)	(746)	7,408	-	(10,061)
Result before management fee and taxation	24,922	37,921	45,265	15,755	19,631	1,387	-	144,881

*) The cost of Executive Assistants, which are allocated to the business categories are included

Segmented balance sheet as of May 31, 2017

in € thousands	Audit	Tax & Legal	Consulting	Risk Advisory	Financial Advisory Services	Support/ Other	Elimination	Total
Assets								
Fixed assets								
Intangible fixed assets	-	233	4,625	-	-	-	-	4,858
Tangible fixed assets	-	-	-	-	-	53,971	-	53,971
Financial fixed assets	71	78	-	-	-	132,726	(110,067)	22,808
	71	311	4,625	-	-	186,697	(110,067)	81,637
Current assets								
Accounts receivable	36,299	46,848	38,591	21,049	7,744	6,419	-	156,950
Unbilled amounts for client work	6,091	24,176	18,527	8,390	4,845	25	(2,583)	59,471
Other current assets	3,674	473	136	441	11,502	114,765	(37,246)	93,745
	46,064	71,497	57,254	29,880	24,091	121,209	(39,829)	310,166
Total assets	46,135	71,808	61,879	29,880	24,091	307,906	(149,896)	391,803
Equity and liabilities								
Capital base	11,483	31,868	35,836	14,136	16,744	93,306	(110,067)	93,306
Provisions	2,469	1,047	58	16	146	2,370	-	6,106
Liabilities, accruals and deferred income	32,183	38,893	25,985	15,728	7,201	212,230	(39,829)	292,391
Total equity and liabilities	46,135	71,808	61,879	29,880	24,091	307,906	(149,896)	391,803

Segmented profit and loss account for the period for the period June 1, 2015 to May 31, 2016

in € thousands	Audit	Tax & Legal	Consulting	Risk Advisory	Financial Advisory Services	Support/ Other	Elimination	Total
Net turnover	219,073	185,515	193,762	113,492	70,516	2,967	-	785,325
Net turnover between segments	17,627	6,051	12,855	12,344	1,829	159,053	(209,759)	-
Own production capitalised	-	-	-	254	-	-	82	336
Other operating income	290	60	-	-	-	2,234	-	2,584
Total operating income	236,990	191,626	206,617	126,090	72,345	164,254	(209,677)	788,245
Costs of subcontracted work and other external costs	40,759	32,703	40,469	36,465	21,978	21,933	(63,108)	131,199
Salaries and social security charges *)	104,479	67,034	76,723	42,940	19,112	47,908	(14,875)	343,321
Amortisation of intangible and depreciation of tangible fixed assets	940	1,403	1,772	-	-	14,104	-	18,219
Impairments	-	183	978	-	-	1,156	-	2,317
Other operating expenses	77,061	51,622	48,577	29,586	13,641	82,099	(131,694)	170,892
Total operating expenses	223,239	152,945	168,519	108,991	54,731	167,200	(209,677)	665,948
Operating result	13,751	38,681	38,098	17,099	17,614	(2,946)	-	122,297
Share in result of non-consolidated associated companies	-	-	-	-	-	(16)	-	(16)
Financial income and expenses	(3,915)	(6,257)	(4,289)	(1,783)	(1,186)	10,466	-	(6,964)
Result before management fee and taxation	9,836	32,424	33,809	15,316	16,428	7,504	-	115,317

*) The cost of Executive Assistants, which are allocated to the business categories are included

Segmented balance sheet as of May 31, 2016

in € thousands	Audit	Tax & Legal	Consulting	Risk Advisory	Financial Advisory Services	Support/ Other	Elimination	Total
Assets								
Fixed assets								
Intangible fixed assets	940	1,270	6,280	5,374	-	240	-	14,104
Tangible fixed assets	-	-	-	-	-	65,184	-	65,184
Financial fixed assets	81	5	-	-	-	114,166	(88,857)	25,395
	1,021	1,275	6,280	5,374	-	179,590	(88,857)	104,683
Current assets								
Accounts receivable	39,071	38,440	33,712	17,106	13,822	2,973	(616)	144,508
Unbilled amounts for client work	6,726	28,841	11,565	2,397	422	-	(362)	49,589
Other current assets	1,147	351	575	209	6,959	117,589	(47,873)	78,957
	46,944	67,632	45,852	19,712	21,203	120,562	(48,851)	273,054
Total assets	47,965	68,907	52,132	25,086	21,203	300,152	(137,708)	377,737
Equity and liabilities								
Capital base	7,859	27,820	27,035	12,239	13,904	82,651	(88,857)	82,651
Provisions	2,366	1,612	201	17	295	3,624	-	8,115
Liabilities, accruals and deferred income	37,740	39,475	24,896	12,830	7,004	213,877	(48,851)	286,971
Total equity and liabilities	47,965	68,907	52,132	25,086	21,203	300,152	(137,708)	377,737

Company financial statements

Company balance sheet as of May 31, 2017

(before result appropriation)

Assets in € thousands	Note	May 31, 2017	May 31, 2016
Fixed assets			
Financial fixed assets	[1]	95,076	82,476
Current assets			
Receivables and prepayments	[2]	6,246	6,832
		101,322	89,308
Equity and liabilities in € thousands	Note	May 31, 2017	May 31, 2016
Members' equity			
Capital accounts *)	[3]	6,575	6,400
Legal reserve		-	5,614
Other reserves		(53,291)	(59,017)
Result for the year		20,955	11,854
		(25,761)	(35,149)
Long-term liabilities			
Subordinated loans Stichting Financiering Deloitte *)	[4]	119,067	117,800
Current liabilities and accruals			
	[5]	8,016	6,657
		101,322	89,308

[] The figures between brackets refer to the corresponding note to the company financial statements.

*) The members' equity and the subordinated loans represent the capital base €93,306 (May 31, 2016 €82,651).

Company profit and loss account for the period June 1, 2016 to May 31, 2017

in € thousands	2016/2017	2015/2016
Net turnover	782	516
Costs of subcontracted work and other external costs	290	-
Salaries and social security charges	241	206
Other operating expenses	251	293
Total operating expenses	782	499
Operating result	-	17
Share in results of participating interests	23,080	11,854
Financial income and expenses	(2,834)	(17)
Result before taxation	20,246	11,854
Corporate income tax	709	-
Result after taxation	20,955	11,854

Notes to the company financial statements

General accounting principles for the preparation of the financial statements

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. For an explanation of the general accounting principles used in the preparation of the financial statements, the policies for valuation of the assets and liabilities and for determining the result, as well as for the notes to the various company assets and liabilities and the results reference is made to the notes to the consolidated financial statements, unless stated otherwise.

Financial fixed assets

Participating interests in group companies are carried at net asset value, determined on the basis of group accounting principles.

Members' equity

The membership rights classify as puttable instruments. In accordance with RJ 290.808 these rights are classified as equity.

Net turnover

The net turnover relates to the management fee received from Deloitte Holding B.V.

Costs of subcontracted work and other external costs

Costs of subcontracted work and other external costs relates to cost for work from subsidiaries

Salaries and social security charges

Salaries and social security charges includes remuneration of the external members of the Supervisory Board.

Notes to the specific items on the balance sheet

1) Financial fixed assets

A summary of the movements in the financial fixed assets is presented below:

in € thousands	Participating interests in group companies	Receivables from group companies	Total
Book value as of June 1, 2016	34,601	47,875	82,476
Movements:			
Additions: repayment of equity	82	-	82
Repayment of share premium	(10,000)	10,000	-
Issued loans	-	12,475	12,475
Share in result of participating interests	23,080	-	23,080
Dividend received	(11,854)	-	(11,854)
Repayments	-	(4,945)	(4,945)
Repayments on long-term loans in following year	-	(6,238)	(6,238)
Book value as of May 31, 2017	35,909	59,167	95,076

Amounts owed by group companies are unsecured subordinated loans.

On May 31, 2017 Coöperatief Deloitte U.A. received a repayment of share premium of €10,000 from Deloitte Holding B.V. and provided the same amount as subordinated loans to Deloitte Holding B.V. These transactions are all non-cash transactions and settled in current accounts.

Additions relates to received payments by Deloitte Holding B.V. from partners regarding former Stichting InterNos write-off to equity.

Consolidated companies

The following subsidiaries are included in the consolidated financial statements:

Name	Registered office	Share in the issued capital May 31, 2017
Deloitte Holding B.V.	Rotterdam	100%
-Deloitte Accountants B.V.	Rotterdam	100%
-Deloitte Belastingadviseurs B.V.	Rotterdam	100%
- Deloitte Belastingadviseurs New York B.V.	Rotterdam	100%
- Deloitte Belastingadviseurs Hong Kong B.V.	Rotterdam	100%
- Deloitte Legal B.V.	Rotterdam	100%
-Deloitte Consultancy Holding B.V.	Rotterdam	100%
- Deloitte & Touche Acquisition B.V.	Rotterdam	100%
- Deloitte Consulting B.V.	Amsterdam	100%
-Deloitte Innovation Holding B.V.	Rotterdam	100%
- Deloitte Innovation B.V.	Rotterdam	100%
- PXR B.V.	Rotterdam	100%
- Deloitte Innovation Sales B.V.	Rotterdam	100%
-Deloitte Financial Advisory Services B.V.	Rotterdam	100%
- Deloitte Benefits & Pension Advisory B.V.	Rotterdam	100%
-Deloitte Group Support Center B.V.	Rotterdam	100%
- Deloitte Education B.V.	Rotterdam	100%
- Deloitte Group Support Center Overseas Services B.V.	Rotterdam	100%
-Deloitte Risk Advisory B.V.	Rotterdam	100%
- Deloitte Forensic & Dispute Services B.V.	Amsterdam	100%
-Deloitte Accountancy & Advies B.V.	Rotterdam	100%
- Ctrl B.V.	Amsterdam	100%
-Deloitte Overseas Projects I B.V.	Rotterdam	100%
-Deloitte Overseas Projects II B.V.	Rotterdam	100%
-Deloitte Overseas Projects III B.V.	Rotterdam	100%
-Stichting Deloitte Impact Foundation	Rotterdam	

Changes in the financial year under review

On December 9, 2016, Stichting InterNos legally merged with Deloitte Holding B.V.

Other changes

On June 1, 2016 Deloitte Risk Services B.V. changed its name into Deloitte Risk Advisory B.V.

On Augustus 25, 2016 Stichting Deloitte Fair Chance Foundation changed its name into Stichting Deloitte Impact Foundation.

Company newly founded

- Deloitte Innovation Sales B.V. as of June 1, 2016

Companies liquidated

- Deloitte Salarisverwerking B.V. as of December 1, 2016
- Vivens Groep B.V. as of March 13, 2017
- Vivens ICT B.V. as of March 13, 2017
- Vivens CRM B.V. as of March 13, 2017

2) Receivables and prepayments

in € thousands	May 31, 2017	May 31, 2016
Repayments on long-term loans in following year	6,238	3,500
Corporate income tax	-	3,301
Other receivables and prepayments	8	31
	6,246	6,832

Annual interest is charged on the current accounts owed by group companies at approximately 1.1% (prior year 1.8%).

There are no receivables or prepayments with an original term longer than 1 year.

3) Members' equity

Capital accounts

Members' capital of €25 per member.

On May 31, 2017 there are 263 members, resulting in a total capital account of €6,575.

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

	Total number of members	Total members' capital in € thousands
Balance as of June 1, 2016	256	6,400
New memberships during the financial year	24	600
Retired memberships during the financial year	(17)	(425)
Balance as of May 31, 2017	263	6,575

Legal reserve

During the financial year 2016/2017 Coöperatief Deloitte U.A. impaired capitalised developments costs for project Enterprise Strategy Programme through its wholly owned subsidiary Deloitte Group Support Center B.V. and for project Brisq through its wholly owned subsidiary Deloitte Risk Advisory B.V. for the amount to € 5.6 million. In accordance with article 389.6 Title 9, Book 2 of the Netherlands Civil Code a legal reserve for associated companies has been recognised for the amounts which cannot be distributed due to legal reserves developments costs of subsidiaries. Due to the absence of available undistributed profits and as stipulated by RJ 240.230 the amount of the legal reserve has been charged to the Other reserves, resulting in a positive amount.

The movements in the legal reserves for associated companies are as follows:

in € thousands"	Legal reserve
Balance as of June, 1 2016	5,614
Movements:	
Amortisation/Impairments of capitalised costs subsidiaries	(5,614)
Balance as of May 31, 2017	-

Other reserves

The movements in the other reserves are as follows:

in € thousands"	Other reserves
Balance as of June, 1 2016	(59,017)
Movements:	
Movement in legal reserves	5,614
Profit distribution prior financial year	30
Change in equity of Deloitte Holding B.V. due to received payments regarding former Stichting InterNos write-off to equity *)	82
Balance as of May 31, 2017	(53,291)

*) On May 23, 2016 Deloitte Holding B.V. obtained control over former Stichting InterNos, therefore Deloitte Holding B.V. assumed the assets and liabilities of Stichting InterNos with approximately €53,403 (net of deferred tax) being written-off to equity. This former goodwill of Stichting InterNos is considered a prepayment to members regarding their capital (goodwill) repayments to former partners and is therefore stated as prepayment of equity resulting in a negative equity. In 2016/2017 €82, after deduction of corporate income tax, is received from former partners regarding former Stichting InterNos repayments.

Also see note 1 Financial fixed assets for reference and notes to the consolidated financial statements, general sections Acquiring control over Stichting InterNos and Accounting consequences of the restructuring and Going concern section.

4) Long-term liabilities

The long-term liabilities can be specified as follows:

in € thousands	May 31, 2017		May 31, 2016	
	Total	Interest rate	Total	Interest rate
Subordinated loans Stichting Financiering Deloitte after deduction of short-term repayment commitments	119,067	4,00%	117,800	4,00%

5) Current liabilities and accruals

in € thousands	May 31, 2017	May 31, 2016
Repayments on long-term loans in following year	5,913	3,325
Corporate income tax	305	-
Stichting Financiering Deloitte	238	-
Current accounts owed to group companies	145	3,288
Other liabilities and accruals	1,415	44
	8,016	6,657

Off-balance sheet commitments

Fiscal unity

The legal entity and its wholly-owned subsidiaries make up a fiscal unity for corporation tax and V.A.T. purposes and for that reason are jointly and severally liable for the tax payable by the fiscal unity as a whole.

Guarantees

Stichting Financiering Deloitte

Members who enter into an Associate Agreement with Deloitte 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 €119,067 as per May 31, 2017 (May 31, 2016: €117,800) and are subordinated to all existing and future liabilities of Deloitte and, together with the group equity, make up the capital base of 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. Deloitte 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 Deloitte, 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

Coöperatief Deloitte U.A. 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 cooperative does not cover matters concerned.

Other notes to the financial statements

Average number of employees

During 2016/2017, 0 employees were employed on a full-time basis (2015/2016: 0).

Remuneration of members of the Executive Board and the Supervisory Board

The remuneration of members of the Executive Board comprises an Associate Fee plus a fixed expense allowance. As of October 1, 2015 the members of the Executive Board receive a fixed annual Associate Fee, chair €800 and members €650, plus fixed expense allowance. This remuneration also includes pension allowance.

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

in € thousands	2016/2017	2015/2016
P.J. Bommel	839	790
E.M. Robbe (since June 1, 2016)	767	-
M. van Vliet	691	675
C.J.G.M. de Boer (until May 31, 2016)	-	673
M.J. van der Vegte (until September 30, 2015)	-	251
W.L. Smit (until September 30, 2015)	-	250
R.A.J. Roovers (until September 30, 2015)	-	250
M. Beelen (until September 30, 2015)	-	249
S.H.C. Heuts (until September 30, 2015)	-	248
Total	2,297	3,386
Number of members of the Executive Board in FTE's	3	5

The external members of the Supervisory Board were remunerated as follows:

in € thousands	2016/2017	2015/2016
F.G.H. Deckers	82	70
F. Eelkman Rooda	54	44
J.P. Rijdsdijk	54	44
V.G. Moolenaar (as of November 1, 2016)	34	-
A.F. van der Touw (until September 30, 2016)	14	44
Total	238	202
Number of external members of the Supervisory Board per May 31,	4	4

Appropriation of result for the financial year June 1, 2015 until May 31, 2016

The annual report 2015/2016 was adopted in the general meeting of members held on September 17, 2016. The general meeting of members 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, 2016 until May 31, 2017

The Executive Board proposes, with the approval of the Supervisory Board, that of the result for the financial year 2016/2017 amounting to €20,955, after deducting €5,340 to compensate negative equity, €15,615 is to be distributed as profits. While noting that Coöperatief Deloitte U.A. has a negative equity as

of May 31, 2017, the financial year 2016/2017 results and financial year 2017/2018 plan forms a sound basis for profit distribution.

The financial statements do not yet reflect this proposal.

Subsequent events

On June 1, 2017 the Deloitte NWE LLP a limited liability partnership, registered in London, United Kingdom, became a member of Coöperatief Deloitte U.A.

Also Deloitte has become a member of the North West Europe memberfirm as of June 1, 2017. NWE membership forms a base to better serve our clients, more opportunities for our people, bundeling innovation and streamlining operations. The primary focus being on the market and further investments in the business.

Rotterdam, July 18, 2017

Executive Board

P.J. Bommel (Chair)
E.M. Robbe
M. van Vliet

Supervisory Board

F.G.H. Deckers (Chair)
F.E. Eelkman Rooda
E.C. Meijer
V.G. Moolenaar
J.P. Rijdsdijk

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Preface

This annex contains the disclosures that are relevant in the context of our GRI G4 In accordance – comprehensive option. The inclusion of this information reflects our continued support for the work of Global Reporting Initiative and the UN Global Compact that is endorsed by Deloitte.

We disclose sustainability related information on three levels:

1. In the Integrated Annual Report: where possible, we have included a page reference;
2. Directly in the GRI Reference Table: in some case a short reply or data is provided in the GRI Reference Table itself;
3. In the section “Selected information”: where we have done so, we refer to the page number(s) concerned.

GRI Reference Table

General standard disclosures

GRI	Description	Reference/answer	Omissions	UNGC
STRATEGY AND ANALYSIS				
G4-1	Statement from the organisation's most senior decision-maker	Integrated Annual Report, pages 18-29	No omissions	
G4-2	Description of key impacts, risks and opportunities	Integrated Annual Report, pages 42-46 and 90-93	No omissions	
ORGANISATIONAL PROFILE				
G4-3	Name of the organisation	Integrated Annual Report, cover	No omissions	
G4-4	Primary brands, products and services	Integrated Annual Report, page 84	No omissions	
G4-5	Location of the organisation's headquarters	Integrated Annual Report, page 165	No omissions	
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	Integrated Annual Report, page 7	No omissions	
G4-7	Nature of ownership and legal form	Integrated Annual Report, page 84	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
G4-8	Markets served (including geographic breakdown, sectors served and types of customers and beneficiaries)	Integrated Annual Report, pages 18-29	No omissions	
G4-9	Scale of the organisation, including: Total number of employees Total number of operations Net sales Total capitalisation broken down in terms of debt and equity Quantity of products and services provided No omissions	Integrated Annual Report, pages 97-99 and 116-117	No omissions	
G4-10	a. Total number of employees by employment contract and gender b. Total number of permanent employees by employment type and gender c. Total workforce by employees and supervised employees and by gender d. Total workforce by region and gender e. Portion of work performed by self-employed workers, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors f. Significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	Annex 2: GRI table and related sustainability information, pages 154-155	The number of self-employed workers is not material hence not reported. There is no seasonality in our employment numbers	Principle 4
G4-11	Percentage of total employees covered by collective bargaining agreements	Deloitte has its own, company specific compensation and benefits agreement, established in agreement with the Works Council (Ondernemingsraad). It is laid down in our Compensation, Benefits & Pension Agreement that is part of each employee contract.	No omissions	Principle 3
G4-12	Description of the organisation's supply chain	Our suppliers deliver goods and services that are critical to our organisation. This is further secured by our internal procurement department. To safeguard independence towards our clients, our Risk & Reputation Leadership Office is always involved in major procurement processes. We aim to have a positive impact through our procurement and prevent negative (in-)direct side effects. To this end, all our major suppliers are invited to sign our Supplier Code of Conduct.	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
G4-13	<p>Significant changes during the reporting period regarding the organisation's size, structure, ownership or it's supply chain, including:</p> <ul style="list-style-type: none"> • Changes in the location of, or changes in operations, including facility openings, closings and expansions • Changes in the share capital structure and other capital formation, maintenance and alteration operations • Changes in the location of suppliers, the structure of the supply chain or in relationships with suppliers, including selection and termination 	<p>Integrated Annual Report, pages 98-100</p> <p>During the reporting year, we have closed our office in Venlo. Over the reporting year, we slightly reduced our office space from 86,921 m2 in 2015/2016 to 84,818 m2 on average</p> <p>Integrated Annual Report, page 7</p> <p>There are no major changes in the location of our suppliers, the structure of the supply chain or in relationships with suppliers, including selection and termination</p>	No omissions	Principle 7 Principle 8
COMMITMENTS TO EXTERNAL INITIATIVES				
G4-14	How the precautionary approach or principle is addressed by the organisation	Our potential environmental impact is addressed by monitoring and managing our greenhouse gas emissions with focus on reduction in CO2 emissions caused by mobility. See also our Integrated Annual Report, page 73	No omissions	
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives that the organisation subscribes or which it endorses	Annex 2: GRI table and related sustainability information, pages 155-156	No omissions	
G4-16	<p>Membership of associations (such as industry associations) and national or international advocacy organisations in which the organisation:</p> <ul style="list-style-type: none"> • Holds a position on the governance body • Participates in projects or committees • Provides substantial funding beyond routine membership dues • Views membership as strategic 	Annex 2: GRI table and related sustainability information, pages 155-156	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17	a. Entities included in the organisation's financial statements or equivalent documents b. Disclosure of entities included in the financial statements or equivalent documents that are not covered by the report	Integrated Annual Report, page 129	No omissions	
G4-18	a. Explanation of the process for defining the report content and Aspect Boundaries b. Explanation of how the organisation has implemented the Reporting Principles for Defining Report Content	Integrated Annual Report, page 7	No omissions	
G4-19	Material aspects identified in the process for defining report content	Integrated Annual Report, page 36	No omissions	
G4-20	For each material aspect, report the Aspect Boundary within the organisation, as follows: <ul style="list-style-type: none"> • Report whether the Aspect is material within the organisation • If the Aspect is not material for all entities within the organisation (as described in G4-17), select one of the following two approaches and report either: <ul style="list-style-type: none"> • The list of entities or the group of entities included in G4-17 for which the Aspect is not material or • The list of entities or the group of entities included in G4-17 for which the Aspect is material • Report any specific limitation regarding the Aspect Boundary within the organisation 	Integrated Annual Report, pages 7 and 35-36	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: <ul style="list-style-type: none"> • Report whether the Aspect is material outside of the organisation • If the Aspect is material outside of the organisation, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified • Report any specific limitation regarding the Aspect Boundary outside the organisation 	Integrated Annual Report, pages 7 and 35-36	No omissions	
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	Integrated Annual Report, page 7	No omissions	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	Energy, CO2, waste, supply chain responsibility, indirect economic impact, employment and human rights investments are no longer identified as material topics,	No omissions	
STAKEHOLDER ENGAGEMENT				
G4-24	Provide a list of stakeholder groups engaged by the organisation	Integrated Annual Report, page 34	No omissions	
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	Integrated Annual Report, page 33	No omissions	
G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	Integrated Annual Report, pages 32-36	No omissions	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	Annex 2: GRI table and related sustainability information, pages 157-160	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
	REPORT PROFILE			
G4-28	Reporting period (such as fiscal or calendar year) for information provided	Integrated Annual Report, pages 6-7	No omissions	
G4-29	Date of most recent previous report (if any)	Integrated Annual Report, page 6	No omissions	
G4-30	Reporting cycle (such as annual, biennial)	Integrated Annual Report, pages 6-7	No omissions	
G4-31	Provide the contact point for questions regarding the report or its contents	Integrated Annual Report, page 20	No omissions	
G4-32	a. Report the 'in accordance' option the organization has chosen b. Report the GRI Content Index for the chosen option c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines	Integrated Annual Report, page 7 Integrated Annual Report, Annex 2 Integrated Annual Report, Annex 3	No omissions	
G4-33	a. Report the organisation's policy and current practice with regard to seeking external assurance for the report b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report	Integrated Annual Report, page 7 Integrated Annual Report, Annex 3 Integrated Annual Report, Annex 3 The findings of the external auditor (PwC) have been discussed with a representative from the Executive Committee, in the Audit Committee and in the Supervisory Board	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
GOVERNANCE AND ETHICS				
G4-34	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Integrated Annual Report, pages 8-11 and 83-88	No omissions	
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Integrated Annual Report, pages 83-88	No omissions	
G4-36	Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	Sustainability falls under the responsibilities of our Chief Operations Officer who is a member of the Executive Board	No omissions	
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	Integrated Annual Report, page 34 Stakeholder consultation takes place throughout the firm and the results are reported back to the Executive Board both in formal manners (strategic dashboard) and informal manners.	No omissions	
G4-38	Report the composition of the highest governance body and its committees by: <ul style="list-style-type: none"> • Executive or non-executive • Independence • Tenure on the governance body • Number of each individual's other significant positions and commitments, and the nature of the commitments • Gender • Membership of under-represented social groups • Competences relating to economic, environmental and social impacts • Stakeholder representation 	Integrated Annual Report, pages 8-11 and 83-88	No omissions	Principle 6
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organisation's management and the reasons for this arrangement)	The chairman of the Executive Board (Mr Peter Bommel) is the Managing Partner in the Netherlands. The chairman of the Supervisory Board (Mr Floris Deckers) holds no executive responsibilities within Deloitte.	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
G4-40	<p>Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including:</p> <ul style="list-style-type: none"> • Whether and how diversity is considered • Whether and how independence is considered • Whether and how expertise and experience relating to economic, environmental and social topics are considered • Whether and how stakeholders (including members) are involved 	<p>Integrated Annual Report, pages 14-15 and 83-88</p> <p>Integrated Annual Report, page 86 All partners and employees are required to confirm their independence on an annual basis. These confirmations are checked using random testing. Candidates for the Executive Board are required to be seasoned experts. Due to the strategic nature of the board's tasks this always entails significant knowledge of either the national economy and/ or the broader business environment of Deloitte. Having such in-depth knowledge is thus inherent to being a board member. Members of the Executive Board are appointed by the General Meeting of Members of Coöperatief Deloitte U.A.</p>	No omissions	
G4-41	<p>Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum:</p> <ul style="list-style-type: none"> • Cross-board membership • Cross-shareholding with suppliers and other stakeholders • Existence of controlling shareholder • Related party disclosures 	<p>Integrated Annual Report, page 86 As an Audit firm, we maintain strict policies and procedures regarding independence. All members of the Supervisory Board, partners and employees are required to confirm their independence on an annual basis. These confirmations are checked using random and selective testing. In addition, all partners and employees are required to disclose their private holdings and financial investments including those that their direct dependants hold</p>	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	Integrated Annual Report, pages 86-87	No omissions	
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	There are no specific programmes in this area	No omissions	
G4-44	<p>a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment</p> <p>b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organisational practice</p>	<p>Integrated Annual Report, pages 14-15 As the members of our Supervisory Board are independent and required to complete our Independence Self-Assessment on an annual basis.</p> <p>Integrated Annual Report, pages 83-88</p>	No omissions	
G4-45	<p>a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes</p> <p>b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities</p>	<p>Integrated Annual Report, pages 83-90</p> <p>See G4-37</p>	No omissions	
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics	Integrated Annual Report, pages 86-88 and 90-92	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	The Executive Board meets in principle every week to discuss all issues relevant to Deloitte. Meetings of the Supervisory Board have taken place 9 times in the reporting year (also see Integrated Annual Report, pages 12 and 65)	No omissions	
G4-48	Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered	Our Finance Lead, who is a member of the Executive Committee, is responsible for the preparation of the Integrated Annual Report. Sign-off takes place in the Supervisory Board.	No omissions	
G4-49	Report the process for communicating critical concerns to the highest governance body	<p>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.</p> <p>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.</p>	No omissions	
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	Critical concerns are raised on Board level and the ethical incidents are reported on page 82 of the Integrated Annual Report.	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
G4-51	<p>a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:</p> <ul style="list-style-type: none"> • Fixed pay and variable pay: • Performance-based pay • Equity-based pay • Bonuses • Deferred or vested shares • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees <p>b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives</p>	<p>Integrated Annual Report, pages 15 and 134</p> <p>Integrated Annual Report, page 134</p> <p>No such bonuses or payments have occurred</p> <p>No termination payments have occurred Integrated Annual Report, page 13</p> <p>All partners, including the members of the Executive Board are responsible for their own retirement provisions. Employees take part in the Deloitte pension scheme</p> <p>Annual Report 2014/2015, pages 15, 57, 86 and 134</p>	No omissions	
G4-52	<p>Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organisation</p>	See G4-51	No omissions	
G4-53	<p>Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable</p>	Integrated Annual Report, page 57	No omissions	
G4-54	<p>Report the ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country</p>	The ratio within Deloitte is 8.8	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
G4-55	Report the ratio of percentage increase in annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	The income of the highest paid individual increased with 6.2% in 2016/2017. At the same time the increase of the average income for partners and employees increased with 1.6%.	No omissions	
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Integrated Annual Report, pages 80-82	No omissions	
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organizational integrity, such as helplines or advice lines	Integrated Annual Report, pages 80-82	No omissions	
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Integrated Annual Report, pages 80-82	No omissions	

Specific standard disclosures

Material topic	(GRI) Aspect	DMA	(GRI) Indicators	Omissions and , if applicable, reason for omission	UNGC
Quality	Quality of Services	Integrated Annual Report, pages 40, 52-57	G4-PR3 G4-PR4 G4-PR5	No omissions No omissions No omissions	
	Client satisfaction	Integrated Annual Report, page 40	G4-PR5	No omissions	
	Credibility/trust	Integrated Annual Report, page 40, 52-57	% regulatory reviews that are satisfactory % DTTL practice reviews on norm	No omissions No omissions	
	Privacy	Integrated Annual Report, page 56-57	G4-PR8	No omissions	
	Data security	Integrated Annual Report, pages 56-57	# Data leaks reported to authorities	No omissions	
	Reviews by supervisory authorities	Integrated Annual Report, pages 23, 27-28	% regulatory reviews that are satisfactory	No omissions	
Ethics & integrity	Ethical standards	Integrated Annual Report, pages 80-82	# of ethical incidents reported to the Executive Board	No omissions	1, 2
	Integrity	Integrated Annual Report, pages 80-82	Only qualitative	No omissions	1, 2
	Anti-corruption	Integrated Annual Report, pages 80-82	G4-SO3 G4-SO4 G4-SO5	No omissions Omission No omissions	10
Talent	Diversity	Integrated Annual Report, pages 61-63	G4-LA12	No omissions	6
	Training & education	Integrated Annual Report, pages 54-55, 60	G4-LA9 G4-LA10	No omissions No omissions	6
	Career development	Integrated Annual Report, pages 58-60	G4-LA11	No omission	6
	Health & safety	Integrated Annual Report, page 64	G4-LA5 G4-LA6 G4-LA7 G4-LA8	No omissions No omissions No omissions No omissions	6

Material topic	(GRI) Aspect	DMA	(GRI) Indicators	Omissions and , if applicable, reason for omission	UNGC
Economic performance	Growth	Integrated Annual Report, pages 66-69	G4-EC1	No omissions	
			G4-EC2	No omissions	
			G4-EC3	No omissions	
			G4-EC4	No omissions	
			Average profitability in growth areas	No omissions	
			Revenue growth in corporate advisory	No omissions	
	Internationalisation	Integrated Annual Report, pages 74-76	Integration into a North Western European firm on the basis of connected autonomy	No omissions	
	Cost reduction	Integrated Annual Report, pages 72-73	Total overhead costs / fee earner FTE Relative position in international network with regard to operational metrics	No omissions	
	Environmental management	Integrated Annual Report, page 73	Only qualitative	No omissions	7, 8, 9
Innovation	Bringing new service offerings to market	Integrated Annual Report, pages 66-69	% of revenues from innovative offerings	No omissions	
Impact on society	Corporate citizenship	Integrated Annual Report, page 65	time spent on volunteering as % of direct hours	No omission	
	Social impact	Integrated Annual Report, pages 42-48	Only qualitative	No omissions	

GRI performance indicators

GRI Code	Description	Reference or direct answer	Omissions and, if applicable, reason for omission	UNGC
Economic				
G4-EC1	Direct economic value generated and distributed	Integrated Annual Report, page 159	No omissions	
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	No risks related to climate change have been identified hence there are no foreseeable financial implications	No omissions	
G4-EC3	Coverage of the organization's defined benefit plan obligations	Integrated Annual Report, pages 103, 109 and 114	No omissions	
G4-EC4	Financial assistance received from government	We received € 98,818 in government support (WBSO subsidy)	No omissions	
Social: Labour practices and decent work				
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Deloitte does not have formal joint-management-worker health and safety committees. When necessary, health and safety policy and related issues are discussed in the Works Council	No omissions	3
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Integrated Annual Report, page 64	No omissions	
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Due to the nature of our work, all our employees run risks of Repetitive Strain Injuries (RSI). As opportune or necessary we take measures to limit this risk and impact.	No omissions	
G4-LA8	Health and safety topics covered in formal agreements with trade unions	We have no formal agreements with trade unions	No omissions	3
G4-LA9	Average hours of training per employee by gender, and by employee category	Integrated Annual Report, page 55	No omissions	6
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Integrated Annual Report, page 60 We manage career endings on a case-by-case basis depending on the circumstances and the needs of the employee	No omissions	6

GRI Code	Description	Reference or direct answer	Omissions and, if applicable, reason for omission	UNGC
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Integrated Annual Report, page 160	No omissions	6
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Integrated Annual Report, pages 9, 11, 61-63 and 38-39 and 86	No omissions	6
Social: Society				
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Integrated Annual Report, page 82. Our risk assessment showed no significant risks related to corruption	No omissions	10
G4-SO4	Communication and training on anti-corruption policies and procedures	Integrated Annual Report, page 82. Due to technical difficulties, we had to pause our learning activities and are therefore presently unable to supply a percentage on anti-corrup-tion training. We will restart our learning in 2017/2018 and fully comply with this indicator next year.	Omission	10
G4-SO5	Confirmed incidents of corruption and actions taken	Integrated Annual Report, page 82	No omissions	10
Social: Product responsibility				
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant products and service categories subject to such information requirements	Due to the nature of our business, this indicator is not applicable to Deloitte	No omissions	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Due to the nature of our business, this indicator is not applicable to Deloitte	No omissions	
G4-PR5	Results of surveys measuring customer satisfaction	Integrated Annual Report, page 40	No omissions	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Integrated Annual Report, pages 56-57	No omissions	

Selected information

G4-10

Employment and turnover¹

	2016/2017	2015/2016	2014/2015
Average FTE's	5,047	4.808	4.521
Average headcount	5,409	5.182	4.876
Total experienced hires (incl. partners)	333	347	311
• < 30 years old	131	132	117
• 30 - 40 years old	141	167	139
• 40 - 50 years old	48	44	45
• > 50 years old	13	4	10
Total partner hires	9	12	8
Total graduate hires	546	583	507
• < 30 years old	520	555	486
• 30 - 40 years old	17	22	13
• 40 - 50 years old	6	4	8
• > 50 years old	3	2	0
Total internship	549	583	543
Total exits	796	742	646
• < 30 years old	325	287	245
• 30 - 40 years old	299	313	284
• 40 - 50 years old	120	87	63
• > 50 years old	52	55	54
Total divestments	0	0	0

¹ Due to a change in definition, the data for graduate hires, internships and exits in 2016/2017 cannot be compared to the information for the preceding years.

Part-time / Full time population (%)

	Full-time 2016/2017	Full-time 2016/2017	Part-time 2015/2016	Full-time 2015/2016
Population of Fee-earners	17%	83%	18%	82%
Population of Support	46%	54%	48%	52%
Population of Deloitte	21%	79%	23%	77%

Headcount male / female (excl. internships)

Employment category	2016/2017	Male	Female	2015/2016	Male	Female
Partners	260	235	25	253	231	22
Directors	287	240	47	258	221	37
Senior managers	589	446	143	590	452	138
Managers	758	556	202	727	529	198
Aspirant / Jr. Managers	1,478	947	531	1,402	895	507
Other Staff	1,718	852	866	1,637	804	833
Interns	320	204	116	315	198	117

G4-15 and G4-16

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 (GCCCI), and the Global Reporting Initiative (GRI). Wherever possible, we translate these initiatives into local activities and initiatives and share our knowledge and experience with other member firms and our clients.

- Our support for these commitments enables us to:
- Have an understanding of sustainability initiatives undertaken by other member firms and identify opportunities to leverage and learn from these activities
- Translate the commitments made by DTTL to the UNGC, World Economic Forum's PACI Principles and Global Corporate Citizenship Initiative and the GRI, into activities for Deloitte Netherlands
- Set targets for Deloitte Netherlands.

UN Global Compact (UNGC)

The UNGC is a voluntary international network of corporations, UN agencies, trade unions and non-governmental organisations that supports ten universal principles. Deloitte has made a public pledge to promote corporate responsibility in the areas of human rights, labour, the environment and anti-corruption.

The Netherlands Network of the UNGC is an initiative of Dutch business leaders that aims to further the contribution of private business – within its sphere of influence – to sustainable development. We actively participated in the Steering Committee of the Netherlands Network. This Integrated Annual Report also serves as the annual communication on progress regarding the UNGC.

GRI

We are an organisational stakeholder of the Global Reporting Initiative (GRI) and have published external sustainability reports based on the GRI Reporting Guidelines for a number of years. Due to our continued support, we were awarded inclusion in the GRI Gold community.

In 2012, Deloitte Netherlands launched the GRI Taxonomy which allows sustainability reporters to report on

sustainability in an XBRL format. This gives users of the report the chance to compare and analyse data electronically. Additionally, the electronic format can assist the reporting organisation in the data collection phase, as XBRL can be linked with existing data information systems that the reporting organisation may use.

MVO Nederland

We are an active member of the network of Sustainably Responsible Organisations (MVO) in the Netherlands.

World Economic Forum

Deloitte supports the World Economic Forum and its initiatives. In 2015, Deloitte continued to focus on the role of business in society; a theme that was originally introduced in 2012 and has consistently been built on since then. This year we specifically focused on the role that business can play in solving big issues in collaboration with other stakeholders.

International Integrated Reporting Council (IIRC)

Deloitte has joined the IIRC, an international body that aims to develop standards for integrated reporting. Integrated Reporting is a new approach to corporate reporting

that demonstrates the linkages between an organization's strategy, governance and financial performance and the social, environmental and economic context within which it operates. By reinforcing these connections, Integrated Reporting can help business to take more sustainable decisions and enable investors and other stakeholders to understand how an organisation is really performing. On an international level, Deloitte is part of both the Council and the Working Group..

Nederlandse Klimaat Coalitie

In 2015/2016, Deloitte joined the Dutch Climate Coalition, a group of organisations that have vowed to work towards zero emissions. Our CEO Peter Bommel joined a group of influential politicians, scientists and business leaders on the Train to Paris for the final negotiations during the climate summit.

G4-27

Issues raised by our stakeholders

Our stakeholders voice their views and expectations. In the table below, we list the main expectations and issues per stakeholder group. We also provide our response to these expectations and issues and indicate how we address them in our strategy.

In our Strategy 2020, we have identified six business priorities. The numbers in the table below refer to the number of the business priority:



1. Ensure quality



2. Become the number one career destination



3. Accelerate growth and innovation



4. Improve client portfolio



5. Establish lean operations



6. Seek internationalisation

Stakeholder	Issues / expectations	Deloitte response	Links to business priorities
Our clients and their shareholders	<ul style="list-style-type: none"> - Trustworthy partner - High value products and services - Fair price - Quality, integrity and independence - Undisputed reputation 	<ul style="list-style-type: none"> - Investment in long-term relationships - Quality and teaming - Cost optimisation programmes - Internationalisation allowing cross border service delivery 	1, 3, 4, 5, 6
Our partners	<ul style="list-style-type: none"> - Return on investment - Lead teams that make an impact that matters on the client - Business synergies, being able to find required additional expertise within the firm - Being part of a network that provides, develops, challenges, teaches and coaches 	<ul style="list-style-type: none"> - Cooperative model for decision-making - Global network of resources, enabling each partner to be successful in his or her professional domain - Strong partnership culture, both in business and as colleagues for life 	1, 2, 3, 4, 5, 6
Our professionals	<ul style="list-style-type: none"> - Challenging projects - Personal, professional and leadership development - Rewarding and healthy work-life balance - To have a collective impact with personal strengths 	<ul style="list-style-type: none"> - Working in diverse and multidisciplinary teams - Continuous learning - A diverse client portfolio - Deloitte FIT programme 	1, 2, 3, 6
Graduates	<ul style="list-style-type: none"> - Learning and coaching - Professional and leadership development - Recognition and reward - High moral standards 	<ul style="list-style-type: none"> - Working in diverse and multidisciplinary teams - Continuous learning and on-the- job coaching - Competitive reward package - Investments in ethics and sustainability 	1, 2, 3, 6
Deloitte network	<p>Serve global and local clients in accordance with global policies and procedures</p> <p>Contribute to global revenues</p> <p>Build knowledge and experience that can be applied globally</p>	<ul style="list-style-type: none"> - We are a top ten member firm in terms of revenues - We contribute to the local network in areas like innovation, knowledge sharing, international management positions and client service collaboration - We maintain strict procedures to comply with all relevant global policies 	1, 3, 4, 6

Stakeholder	Issues / expectations	Deloitte response	Links to business priorities
Regulators	<ul style="list-style-type: none"> - Improve audit quality - Reduce risks of auditing failures - Enhance public trust in the audit profession 	<ul style="list-style-type: none"> - Investments in a culture of the highest quality and compliance, with high levels of awareness and the right tone at the top - Full cooperation in case of investigations - Open and transparent communication 	1, 4
Society	<ul style="list-style-type: none"> - Deliver high quality services in both audit and advisory - Uphold high norms regarding ethics, integrity and independence 	<ul style="list-style-type: none"> - Quality as number one priority across the business - Significant investments in culture, processes and procedures that strengthen ethics, integrity and independence - Showing leadership by proactive participation in public debates, a.o. on ethical taxing and the future of audit - Open and transparent communication and dialogue 	1, 4
Media, Opinion leaders and NGOs	<ul style="list-style-type: none"> - Open, transparent and relevant communication 	<ul style="list-style-type: none"> - Issue and stakeholder focused reporting (Integrated Annual Report, Transparency Report) - Sharing insights through sector and industry reports 	1, 2, 3, 6
Financial institutions	<ul style="list-style-type: none"> - Secure partnership with Deloitte when providing loans or insuring our business risks - Trust in audit opinions regarding organisations in their portfolio 	<ul style="list-style-type: none"> - Long-term contracts within the regulatory boundaries related to issues such as independence - Open and transparent communication and dialogue 	1, 3, 4, 5
Suppliers	<ul style="list-style-type: none"> - A fair chance to do business with Deloitte - Long-term partnership that is mutually beneficial 	<ul style="list-style-type: none"> - Long-term open relationships with suppliers that support our vision, and are able to provide an optimal mix in quality, service, continuity and price - Strict maintenance of regulatory requirements regarding independence 	1, 3, 5

Stakeholder	Issues / expectations	Deloitte response	Links to business priorities
Competitors	<ul style="list-style-type: none"> - Level playing field - Ethical market behaviour - Maintaining a quality system that prevents events that affect the reputation of the industry as a whole 	<ul style="list-style-type: none"> - Significant investments in a culture of compliance, with high levels of awareness and the right tone at the top - We welcome a level playing field and differentiate through a culture of innovation and unique combinations of skills and competencies - We analyse the market in which we operate and assess to what extent activities of our competitors reflect on us and our reputation. 	1, 2, 3, 4, 5, 6

G4-EC1

Component	€ (x 1.000.000)	Explanation
Direct economic value generated		
Revenues	815,8	Net sales plus revenues from Financial investments and sales of assets
Economic value distributed		
Operating costs	311,0	Payments to suppliers, non-strategic investments, royalties, and facilitation payments
Employee wages and benefits	347,6	Total monetary outflows for employees (current payments, not future commitments)
Payments to providers of capital	10,1	All financial payments made to the provider of the organization's capital
Payments to government	7,7	Gross taxes
Community investments	2,3	Voluntary contributions and investment of funds in the broader community (includes donations)
Economic value retained		
Economic value generated less economic value distributed	137,2	Investments, equity release, etc.

G4-LA11

% of employees receiving regular performance & career development reviews

	2016/2017	2015/2016	2014/2015
Total	78%	77%	79%
By gender			
Male	78%	76%	79%
Female	79%	78%	81%
By category			
Partners	45%	42%	39%
Directors	94%	96%	92%
Senior managers	97%	95%	96%
Managers	96%	96%	98%
Aspirant / Jr. Managers	94%	93%	94%
Other Staff	67%	66%	63%

*All partners are reviewed on an annual basis. Allocation in partner category takes place every two years and the figures stated in the table refer to this allocation

Other information

G4-LA1

Employee Exits

Employment category	Turnover male	Turnover % male	Turnover female	Turnover % female
Partners	16	6.8%	1	4.0%
Directors	18	7.5%	3	6.5%
Senior managers	74	16.6%	20	14.0%
Managers	93	16.7%	49	24.3%
Aspirant / Jr. Managers	176	18.6%	90	17.0%
Other Staff	110	12.9%	146	16.9%

G4-LA3

Return to work and retention rates after parental leave, by gender

	2016/2017		2015/2016	
	Male	Female	Male	Female
Employees who were entitled to parental leave	3,480	1,929	3,330	1,852
Employees who took parental leave	63	99	65	131
Employees returning from parental leave	25	47	19	61

Of the 27 Male, 54 Female returning to work in FY15, ultimo FY16 still 18 Male, 29 Female were still employed, this is 67% Male, 54% Female

Ecological footprint

Mobility related emissions

	2016/2017	2015/2016	2014/2015	Related emissions 2017
Mobility				
Total kilometres driven by lease cars	92,464,532 km	97,312,625 km	93,250,713 km	
Number of lease cars	3,340	3,259	3,069	
- electric cars (incl plug-in hybrids)	387	213	XX	
Kilometres/lease car	27,686 km	29,860 km	30,385 km	
Total petrol consumption	3,343.928 l	3,170,625 l	3,499,430 l	9,296 tonnes
Total diesel consumption	2,299,725 l	2,527,930 l	2,410,966 l	7,210 tonnes
Total LPG consumption	0 l	0 l	0 l	
Total kilometres travelled by air*	42,407,780 km	37,781,182 km	29,070,464 km	5,170 tonnes
Kilometres by air per FTE	8,403 km	7,858 km	6,430 km	
Total kilometres travelled by train	8,608,149 km	6,559,840 km	4,388,302 km	258 tonnes
Train kilometres/FTE	1,705 km	1,364 km	971 km	
CO ₂ emissions intensity**	153 g CO ₂ /km	154 g CO ₂ /km	170 g CO ₂ /km	
Totals				
Total CO ₂ emissions	21,935 tonnes	21,752 tonnes	21,563 tonnes	

* The data for air travel exclude tickets that were purchased on behalf of DTTL.

** This is the sum of all mobility-related CO₂ emissions divided by the total distance travelled by car, plane or train by Deloitte partners and employees

Basis of Reporting

The information presented in this report is collected from various online and offline, internal and external resources. In many cases, interviews with partners and employees took place in order to write the text. For the data, a variety of systems were used, including but not limited to our SAP systems and specific project data.

Strategic KPIs

In calculating the value of our strategic KPIs, we have applied the following data definitions:

The amount disclosed for expenses on Innovation on page 4 relates to the operating expenses of our innovation related cost centers, mainly focussed on IT.
 Total client satisfaction: the average registered response of clients to rate overall client satisfaction in CSAs, or in cases where no response to this questions has been registered, to rate the overall relationship. CSAs are performed among the largest clients per industry selected by Deloitte and are performed by present or retired partners.

Total client quality: the average registered response of clients to rate overall quality of services in CSAs, or in cases where no response to this questions has been registered, the average registered score of selected questions on quality. CSAs are performed among the largest clients per industry selected by Deloitte and are performed by present or retired partners.

% DTTL practice reviews on norm: Number of DTTL practice reviews on norm as a percentage of all DTTL practice reviews received in the reporting year. During a DTTL practice review, the overall compliance with function specific DTTL policies is assessed.

% regulatory reviews that are satisfactory: % of regulatory reviews (reviews issued by PCAOB, AFM, NBA, ADR, and Inspectie OCW), of which the results were communicated in the reporting year that are

satisfactory as a percentage of all regulatory reviews issued in the reporting year.

employer of choice in relevant ranking: ranking in the benchmark study performed by Universum for the category Business/Commercial in the Netherlands.

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

Revenue growth in corporate advisory: growth in all functions excluding Audit for the market segments Private Sector Industries (PSI) and Financial Services (FSI) as compared to the performance in 2014/2015.

Average profitability in growth areas: relative client service contribution percentage of Corporate Advisory (all functions excluding Audit for the market segments Private Sector Industries and Financial Services).

% of revenues from innovative offerings: Percentage of revenues of selected innovative business units in total internal revenues. In line with the vision from DTTL, we apply a factor 2 multiplier to calculate the effect from innovative service offerings on regular services. Offerings in scope of this indicator are identified at the start of the reporting year, comparatives are not adjusted since the determination of what is innovative is set on a yearly basis.

Total overhead costs / fee earner FTE: total overhead costs including central support and Function costs as defined by our Fit for Growth programme divided by the total number of fee earners in expressed in FTE.
 Relative position in international network with regard to operational metrics: earnings as % of net revenues for the DTTL member firms in scope of the international benchmark on the basis of the June-April figures (11 months).

Integration into a North Western European firm on the basis of connected autonomy: Deloitte NWE established Y/N.

Talent data

Lost days is the total of absent planned work days in one year.

Sickness leave is calculated by dividing the number of lost days by the total planned work days in one year.

Ecological footprint

The data included in the ecological footprint table of this Annex is gathered through a number of means:

- Total kilometres driven by lease cars as well as the number of lease cars in use are obtained from our supplier
- Total litres of petrol, diesel and LPG are obtained from our supplier. For conversion of petrol to CO2 emissions we used the most recent conversions as published by SKAO. For the current report these conversions are published in the Handboek CO2 Prestatieladder 2.2 (www.skao.nl):
 Petrol: 1 litre equals 2.78 kilogrammes CO2
 Diesel: 1 litre equals 3.135 kilogrammes CO2
 LPG: 1 litre equals 1.86 kilogrammes CO2
 As we do not separately monitor business trips, commuting and private use of lease cars, our data includes all these elements.
- For the conversion of fuel consumption to MJ, we used the following conversions as mentioned in the GRI G3.1 protocol for EN3, except in the case of LPG where we have opted for a locally accepted conversion value:
 Natural gas: caloric value per m3 is 39,01 MJ
 Petrol: caloric value per litre is 32.256 MJ
 Diesel: caloric value per litre is 35.964 MJ
 LPG: caloric value per litre is 24 MJ
- Total kilometres travelled by plane are obtained from our travel agents. It is standing policy that we use the most recent conversion factors. Hence, for the

calculation of the related CO2 emissions, we have used the 2013 conversion factors as provided by DEFRA (www.defra.gov.uk) using a classification that distinguishes economy, premium economy, business class and first class and categorises air travel in domestic, short-haul international and long-haul international flights. For the various subgroups, the following CO2 conversions are used:
 Domestic average: 0.1583 kg CO2/kilometre per passenger
 Short-haul international average: 0.0933 kg CO2/

kilometre per passenger
 Short-haul international economy class: 0.0889 kg CO2/kilometre per passenger
 Short-haul international business class: 0.1334 kg CO2/kilometre per passenger
 Long-haul international average: 0.1098 kg CO2/kilometre per passenger
 Long-haul international economy class: 0.0802 kg CO2/kilometre per passenger
 Long-haul international premium economy class: 0.1283 kg CO2/kilometre per passenger

Long-haul international business class: 0.2325 kg CO2/kilometre per passenger
 Long-haul-international first class: 0.3207 kg CO2/kilometre per passenger

- The total kilometres travelled by train are obtained from our supplier Nederlandse Spoorwegen. For the calculation of related CO2 emissions, we used a conversion factor of 0.030 kg CO2/kilometre per passenger as published by Nederlandse Spoorwegen.

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Groningen
 Eemsgolaan 15
 9727 DW Groningen

Maastricht
 Amerikalaan 110
 6199 AE Maastricht Airport

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Annex 3: Other information

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Other information

Appropriation of result according to articles of association

“In Article 18 of the Cooperative’s articles of association the following has been presented concerning the appropriation of result:

1. The profit is fully distributed to the Members.
2. The General Meeting decides on appropriation of the profit based on a proposal by the Executive Board approved by the Supervisory Board. Profit will be distributed after adoption of the financial statements evidencing that this is permissible.
3. Based on a proposal by the Executive Board approved by the Supervisory Board, the General Meeting may decide to distribute to the Members profit of the current fiscal year.
4. If the Cooperative sustains a loss in any fiscal year, the Executive Board will submit to the General Meeting a proposal approved by the Supervisory Board regarding treatment of the loss. The General Meeting will take a decision with respect to treatment of the loss following the proposal submitted by the Executive Board as referred to in the first sentence of this paragraph. If losses have been charged to the capital accounts, no profit will be distributed until such losses have been made up.

Independent auditor's report

To: the general meeting of members and supervisory board of Coöperatief Deloitte U.A.

Report on the financial statements 2016/2017

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Coöperatief Deloitte U.A. as of May 31, 2017, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2016/2017 of Coöperatief Deloitte U.A., Rotterdam ('the Company'). The financial statements include the consolidated financial statements of Coöperatief Deloitte U.A. and its subsidiaries (together: 'the Group') and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as of May 31, 2017;
- the consolidated and company profit and loss account for the year then ended;
- the notes, comprising a summary of the accounting policies and other explanatory information.
- The financial reporting framework that has been applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our

responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

Independence

We are independent of Coöperatief Deloitte U.A. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Dutch Code of Ethics for Professional Accountants - a regulation with respect to independence) - and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics for Professional Accountants - a regulation with respect to rules of professional conduct).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview and context

Coöperatief Deloitte U.A. is the head of a group of companies that provides audit, tax & legal, financial advisory services and consulting, as well as other forms of professional financial services. The group comprises of several components and therefore we considered our group audit scope and approach as set out in 'The scope of our group audit' section. We paid specific attention to the areas of focus driven by the operations of the company, as set out below.

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where management made subjective judgements, for example in respect of significant accounting estimates that involved making

assumptions and considering future events that are inherently uncertain. In the estimates paragraph within the financial statements the company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty.

Given the significance and the estimation uncertainty in the valuation of the unbilled amounts for client work, we considered this to be a key audit matter as set out in the 'Key audit matters' section of this report. Furthermore, given the complexity of the professional liability and reputation risks involved, we also considered the provision for professional liabilities to be a key audit matter.

In view of the high level of automation of the Company's financial processes, the effectiveness of the IT general controls is important as a basis for our audit. As these controls consist of a combination of automated controls and manual controls including data-analysis, judgment by management is necessary to evaluate their overall effectiveness. Due to the importance of these controls on our audit approach, and the management judgments involved, we consider this to be a key audit matter.

Besides the key audit matters, other areas of focus were the valuation of the accounts receivable balances, the coverage and financing of the negative equity and the related disclosures.

As in all of our audits, we also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud. We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a professional services company. Where possible and

considered relevant for our audit, we tested the operating effectiveness of IT general controls ('ITGCs') and application controls. We therefore included specialists in the area of IT in our team.

The outlines of our audit approach were as follows:

Materiality

- Overall materiality: €7,280,000 which represents 5% of profit before tax and management fee of members of Coöperatief Deloitte U.A.

Audit scope

- We have audited the Group's 9 main entities, all located in The Netherlands, using a full scope audit approach.
- The group audit team performed all audit work.
- Audit coverage: 98% of consolidated revenue and 98% of consolidated total assets.

Key audit matters

- Valuation of unbilled amounts for client work
- Professional liability provision
- Audit of IT general controls

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit of the financial statements'. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	€7,280,000
How we determined it	5% of profit before tax and management fee of members of Coöperatief Deloitte U.A.
Rationale for benchmark applied	We have applied this benchmark based on our analysis of the common information needs of users of the financial statements. On this basis we believe that profit before tax and management fee of members of Coöperatief Deloitte U.A. is an important metric for the financial performance of the company.
Component materiality	To each component in our audit scope, we, based on our judgement, determined a materiality level per component that is less than our overall group materiality. The range of materiality allocated across components was between €745,000 and €4,750,000.

We also take (possible) misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €360,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

PwC's first year as auditor of Coöperatief Deloitte U.A.

Prior to becoming the company's auditors, we developed a comprehensive transition plan commencing in September 2016 to understand the connection between the company's strategy, the related business risks and the way these impact the company's financial reporting and internal controls framework. Our transition plan included, among others:

- Close interaction with the previous auditor, including a process of file review and formal hand over procedures as prescribed by our professional standards.
- Active knowledge sharing with the Company's Executive Board and Audit Committee, the business, finance, and internal audit functions to understand their perspectives on the business, (emerging) risks and key findings from their work.
- Attendance of the general meeting of members on September 17, 2016 in which the 2015/2016 financial statement were approved.
- Evaluation of key accounting and audit matters from prior years.
- Review of management's internal control documentation to assist us in obtaining an understanding of the company's financial reporting and business processes.

We discussed and agreed our audit plan with the Audit Committee in December 2016 and we discussed the status, progress and key findings from our audit process on a quarterly basis.

The scope of our group audit

Coöperatief Deloitte U.A. is the parent company of a group of entities, all of which are domiciled in The Netherlands. The financial information of this group is included in the consolidated financial statements of Coöperatief Deloitte U.A.

For Coöperatief Deloitte U.A. and the entities in the group the audit team performed all audit work since the accounting is performed at one location. As a result no use was made of other auditors. The audit team selected group entities and specific balances within the group for which an audit of financial information was considered necessary. Our group audit focussed on the following significant components:

- Deloitte Accountants B.V.
- Deloitte Belastingadviseurs B.V.
- Deloitte Consulting B.V.
- Deloitte Financial Advisory Services B.V.
- Deloitte Group Support Center B.V.
- Deloitte Risk Advisory B.V.

These six components were subjected to audits of their complete financial information as those components are individually significant to the group. Additionally, three components were selected for audit procedures to achieve appropriate coverage on financial line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	98%
Total assets	98%
Profit before tax and management fee of members of Coöperatief Deloitte U.A.	99%

None of the remaining components represented more than 1% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

By performing the procedures above we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters. The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming

our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

Key audit matter

How our audit addressed the matter

Valuation of the unbilled amounts for client work

Refer to note 4 of the financial statements

The valuation of unbilled amounts for client work was important to our audit since it is based on assumptions and therefore requires management estimates that are complex and inherently subjective in nature. The valuation of unbilled amounts for client work also has an impact on revenue recognition. The unbilled amounts for client work at 31 May 2017 amount to €59.5 million.

The management estimates include, among others, the estimate of expected results of current engagements based on an estimate of time and costs to be incurred and the collectability of unbilled amounts.

We evaluated the process and internal controls within Deloitte relating to the valuation of the unbilled amounts for client work and tested operational effectiveness of the internal controls which were considered relevant for our audit such as the quarterly confirmation of the responsible assignment partner(s) for the valuation of his or her projects and first and second line monitoring controls on the projects. We determined that we could rely on these internal controls for the purpose of our audit.

We also performed substantive audit procedures regarding the valuation of the unbilled amounts for client work. Among others, we tested a sample of manual entries recorded on the general ledger accounts related to unbilled amounts for client work and we performed a data-analysis with respect to cost transfer(s) between projects and tested exceptions. Also, for a sample of projects we tested the estimated cost to complete by obtaining supporting evidence. Furthermore, for a sample of projects, we checked the recorded fees including overruns and scope changes with the supporting (client) documentation (i.e. contracts).

Key audit matter

How our audit addressed the matter

Professional liability provision

Refer to note 6 and 8 in the financial statements

The completeness and accuracy of the provision recognised and contingent liabilities disclosed for professional liability is a key audit matter in our audit because they are based on assumptions that require estimates that are complex and inherently subjective in nature. Given the magnitude of potential claims, an individual case could have a significant effect on the financial statements.

Assessing the completeness and accuracy of this provision and the disclosures for contingent liabilities as at balance sheet date requires professional judgement. This mainly relates to the criteria for recognising a provision and the accuracy and completeness of the provision and disclosures.

If Coöperatief Deloitte U.A. or one of its group companies receives claims for compensation related to alleged damages, these are generally covered by professional liability policies (insurance policies). The legal defence expenses are also covered by the insurance policies.

The impact of legal claims from third parties on operating result is limited if claims are covered by the insurance policies. However, the impact can increase significantly in case of claims which fall outside the scope of insurance policies or if the amount involved exceeds the maximum coverage of the insurance policies.

We have performed, amongst others, the following procedures:

- Understanding of the Company's regulatory and contractual obligations with respect to professional liability.
- Obtained and read the Company's insurance arrangements related to professional liability.
- Attended meetings of the audit committee of Deloitte where the professional liability matters were discussed including claims received, as well as on the results of internal and external (regulatory) investigations.
- Assessed the completeness of registered claims by discussing the claims with the internal legal counsel, validating that registered claims are consistent with the partner confirmations, a review of legal expenses, internet research, reading the minutes of meetings of the Company's executive board and supervisory board and reading the correspondence with regulators and the insurer.
- Understanding and assessing the facts and circumstances and decisions made by the Group upon reacting to specific matters noted.
- Evaluating the company's assessments of the accounting impact of claims received, including related insurance coverage, and the relating financial statements provisions and disclosures.
- The accuracy and completeness of the amounts provided for per claim were substantively tested for a sample of the claims by assessing if the correct insurance coverage was applied, if applicable, and validating the assumptions used by management, for example by reviewing verdicts in court cases, correspondence with counterparties and information obtained from the external lawyer.

Our procedures did not identify material misstatements in the level of provisions to be recorded or disclosures provided in the financial statements.

Audit of IT general controls

Deloitte operates various IT systems, processes and procedures that are important for the continuity of its business operations and for the reliability of its financial reporting. The Company therefore relies on an effective design and operation of its IT general controls including access control and segregation of duties. As these controls consist of a combination of automated controls and manual controls including data-analysis, management judgment is necessary to evaluate, on an overall basis, their effectiveness. Due to the importance of these controls on our audit approach, and the management judgments involved, we consider this to be a key audit matter.

Our audit approach was designed in such a way that internal controls regarding the general IT environment would be effective.

We evaluated Deloitte's IT environment in which time recording, billing and accounting is performed, including the change management and restricted access procedures in place.

We also evaluated the design and tested operational effectiveness of the IT general controls of the Company's financial systems which were considered relevant for our audit. Where situations were identified where controls needed improvement Deloitte has set up mitigation- and remediation procedures. We have evaluated these procedures and performed (additional) testing as appropriate with satisfactory results.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of the chapters our year at a glance, about this report, report from the supervisory board, report from the executive board, our interactions with stakeholders, making an impact that matters, our strategy, our way of working and the annexes which includes the GRI table and related sustainability information, the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code and the key numbers in value creation by stakeholder category.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the directors' report and the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Coöperatief Deloitte U.A. on 17 September 2016 by the supervisory board following the passing of a resolution by the general meeting of members held on 17 September 2016. This was our first year as auditors of the company.

Responsibilities for the financial statements and the audit

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has

no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements. The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, July 18, 2017

PricewaterhouseCoopers Accountants N.V.

Original has been signed by F.P. Izeboud RA

Appendix to our auditor's report on the financial statements 2016/2017 of Coöperatief Deloitte U.A.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We provide 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 determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Assurance-report of the independent auditor

To: the general meeting of members and supervisory board of Coöperatief Deloitte U.A.

Assurance-report on the sustainability information 2016/2017

Our opinion

In our opinion, the sustainability information 2016/2017 in the Integrated Annual Report 2016/2017 of Coöperatief Deloitte U.A., Rotterdam, presents, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to sustainability; and
- the events and achievements related thereto for the year ended 31 May 2017;

in accordance with the Sustainability Reporting Guidelines version G4 of GRI and the internally applied reporting criteria as described in the sections 'About this report' (pages 6 to 7) and 'Basis of reporting' (pages 164 to 165) of the Integrated Annual Report 2016/2017.

What we have audited

The sustainability information in the Integrated Annual Report 2016/2017 contains a representation of the policy and business operations of Coöperatief Deloitte U.A., Rotterdam (hereafter: Deloitte) regarding sustainability and the events and achievements related thereto for the year 2016/2017.

We have audited the sustainability information for the year ended 31 May 2017, as included in the following sections in the Integrated Annual Report 2016/2017 ("the sustainability information") of Deloitte:

- Our year at glance (pages 4 to 5);
- About this report (pages 6 to 7);

- Report from the Executive Board (pages 18 to 29), excluding paragraph In control statement (page 29);
- Our interactions with stakeholders (pages 32 to 36);
- Making an impact that matters (pages 37 to 48);
- Our Strategy (pages 51 to 76)
- Our way of working (pages 79 to 93) excluding paragraphs Roles and responsibilities and Risk Management (pages 83 to 93).

The sustainability information contains several links to external sources or websites and are not part of the sustainability information. Therefore, we do not provide assurance over information outside of this sustainability information.

The basis for our opinion

We conducted our assurance engagement in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' ('Assurance engagements on corporate social responsibility reports'). This engagement is aimed to obtain reasonable assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the audit of the sustainability information and the assurance engagement' of this assurance-report.

Independence and quality control

We are independent of Deloitte in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Dutch Code of Ethics for Professional Accountants – a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics for Professional Accountants – a regulation with respect to Rules of Professional Conduct).

We apply the "Nadere voorschriften accountantskantoren ter zake van assurance opdrachten (RA)" (Dutch detailed rules for auditing firms on assurance engagements) and accordingly maintain a comprehensive system of quality control including documented

policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reporting criteria

Deloitte developed its reporting criteria on the basis of the Sustainability Reporting Guidelines version G4 of GRI, as disclosed in the sections 'About this report' (pages 6 to 7) and 'Basis of reporting' (pages 164 to 165) of the Integrated Annual Report 2016/2017. The information in the scope of this assurance engagement needs to be read and understood in conjunction with these reporting criteria. Management is responsible for selecting and applying these reporting criteria. The absence of a significant body of established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Inherent limitations

The sustainability information includes prospective information such as expectations on ambitions, strategy, plans and estimates based on assumptions. Inherently, the actual results are likely to differ from these expectations, due to changes in assumptions. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

Responsibilities for the sustainability information and the assurance-engagement

Responsibilities of management and the supervisory board

The management of Deloitte is responsible for the preparation of the Integrated Annual Report in accordance with the Sustainability Reporting Guidelines version G4 of GRI and the internally applied reporting criteria as disclosed in the sections 'About this report' (pages 6 to 7) and 'Basis of reporting' (pages 164 to 165) of the Integrated Annual Report 2016/2017, including the identification of stakeholders and the definition of material subjects. The choices made by management regarding the scope of the sustainability information in the Integrated Annual Report 2016/2017 and the reporting policy are summarized in the sections 'About this report' (pages 6 to 7) and 'Basis of reporting' (pages 164 to 165) of the Integrated Annual Report 2016/2017. Management is responsible for determining that the applicable reporting criteria are acceptable in the circumstances.

Management is also responsible for such internal control as it determines is necessary to enable the preparation of the Integrated Annual Report that is free from material misstatement, whether due to fraud or errors.

The supervisory board is responsible for overseeing the company's reporting process on the Integrated Annual Report 2016/2017.

Our responsibilities for the audit of the sustainability information

Our responsibility is to plan and perform the audit engagement to obtain sufficient and appropriate assurance information to provide a basis for our opinion.

Our audit has been performed with a high, but not absolute level of assurance. This means we may not have detected all material misstatements.

Misstatements may arise due to fraud or error and are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the sustainability information. The materiality affects the nature, timing and extent of our audit and the evaluation of the effect of identified misstatements on our opinion.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the assurance engagement, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our main procedures include:

- Identifying and assessing the risks of material misstatement of the sustainability information, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Performing an external environment analysis and obtaining insight into relevant social themes and issues, relevant laws and regulations and the characteristics of the organization.
- Evaluating the appropriateness of the reporting policy and its

consistent application, including the evaluation of the results of the stakeholders' dialogue and the reasonableness of management's estimates.

- Interviewing management (or relevant staff) at corporate level responsible for the sustainability's strategy and policy.
- Evaluating the design and implementation and testing the operating effectiveness of the reporting systems and processes related to the information in the sustainability information.
- Interviewing relevant staff at corporate level, responsible for providing the information in the sustainability information, carrying out internal control procedures on the data and consolidating the data in the Integrated Annual Report.
- Testing relevant data, internal and external documentation and relevant underlying transactions on a sample basis, to determine the reliability of the information presented in the sustainability information.
- Evaluating the overall presentation, structure and content of the sustainability information, including the disclosures.
- Assessing the consistency of the sustainability information and the information in the Integrated Annual Report not in scope for this assurance report.
- Assessing whether the sustainability information has been prepared 'in accordance' with the Sustainability Reporting Guidelines version G4 of GRI.

Amsterdam, July 18, 2017

PricewaterhouseCoopers Accountants N.V.

Original has been signed by F.P. Izeboud RA

Annex 4: key numbers of our value creation per stakeholder category

Regulators



Formal meetings
with AFM

Society



2,048

Legally required
audit performed



13,840

Hours spent on Deloitte
Impact Foundation Projects



283 m

Taxes paid by Deloitte

Clients and their stakeholders



13,000

Number of clients

Media, opinion leaders & NGOs



41

Press releases in 2015/2016



99

Publications available



2

Reports explaining Deloitte's
strategy & performance

Suppliers*



€ 163 m

Total supplier spend



85%

Spend in accordance

Our people



5,409

Average headcount



350 m

Compensation & benefits
in euros



260

Partners
(Average headcount)



€ 93.3 m

Capital provided by
partners May, 2017



24

Newly appointed
partners in 2016/2017

Financial institutions



€ 814.0 m

Turnover in millions
of euros



€ 154.9 m

Operating result in
millions of euros



\$ 36.8 Bn

Turnover of our
global network in 2015/2016

Graduates



>879

New hires
(Excl. interns)



62.1%

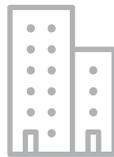
Graduate new hires as %
of total hires

Competitors

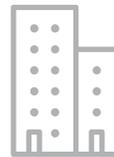
Relative size in turnover (base 2015/2016)



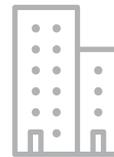
1. Deloitte



2. PwC



3. EY

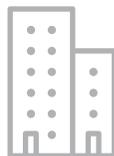


4. KPMG

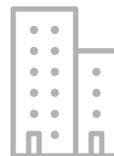
Relative size in FTE (base 2015/2016)



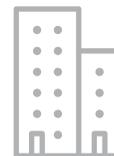
1. Deloitte



2. PwC



3. EY



4. KPMG



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