

# Our Marketplace agenda

## Introduction

Deloitte's Marketplace agenda seeks to ensure responsibility right through our supply chain – including the quality of the work we provide to our clients, how we interact with our suppliers and how we contribute to the regulatory and professional agenda.

## Respecting our clients

In a bid to further improve the work we do; following each engagement, we seek to capture significant post-assignment feedback from our clients. Our innovative feedback programme is always based on face-to-face interviews with clients. Rather than having a questionnaire or template for the interviews, they consist of conversations based on several key topics and are entirely tailored to the particular client's expectations and the extent of their relationship with Deloitte.

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**Deloitte is unique amongst the Big Four as our feedback programme is always based on face-to-face interviews with clients.**

Deloitte's client service assessment team has a strong mandate from the firm's Executive to reflect our clients' views and facilitate action: the team reports directly into our Managing Partner for Quality. The programme helps us to develop quality relationships with our clients and to gain a better understanding of their perspectives and changing needs.

## Delivering quality

As a firm, we have a responsibility to our clients, our people, our regulators and to the communities in which we live and work. This is reflected in our approach to quality.

For our clients, the need for high-quality services and solutions is paramount. Added to this, we recognise that robust corporate governance is vital for effective capital flows and for building confidence and trust in the markets from companies, Government, investors and consumers. The need for the highest levels of quality assurance has never been greater.

All of our services are built on our reputation for quality and our ability to deliver first-class solutions to complex clients and markets. Our robust policies, procedures and methodologies are then complemented by strong quality controls, a challenging programme of review and risk monitoring, as well as our primary asset: the quality of our people, and the reputation built on that. These are underpinned by a strongly consultative culture.

## Leadership commitment

Our focus on quality is reflected in the level of attention and commitment given by our most senior partners. Our Senior Partner and Chief Executive, John Connolly, recognises the critical importance of quality to our clients, our regulators and our people, and sees this as a personal priority. In addition, he has appointed senior members of our Executive to take responsibility for our quality and risk management agendas.

Vassi Naidoo is our Managing Partner, Quality and has responsibility for our overall Quality Agenda. This has three strands: clients, infrastructure and people. Vassi looks at all elements of our practice to ensure we are upholding and delivering the very highest quality standards across these three strands, all of which ultimately have to be delivered through the attitudes and behaviours of our people.

## The Deloitte Code

- **Honesty and integrity** – we act with honesty and integrity.
- **Professional behaviour** – we operate within the letter and the spirit of applicable laws.
- **Competence** – we bring appropriate skills and capabilities to every client assignment.
- **Objectivity** – we are objective in forming our professional opinions and the advice we give.
- **Confidentiality** – we respect the confidentiality of information.
- **Fair business practices** – we are committed to fair business practices.
- **Responsibility to society** – we recognise and respect the impact we have on the world around us.
- **Respect and fair treatment** – we treat all our colleagues with respect, courtesy and fairness.
- **Accountability and decision making** – we lead by example, using our shared values as our foundation.

## Embedding quality in our people

We use a variety of processes, tools and approaches to ensure our people have the skills and attitudes to uphold our quality standards. The Deloitte Code provides guidance for our people about the specific standards of behaviour we expect throughout our organisation.

In addition, our people undertake a set of mandatory training courses to ensure they have the knowledge and skills required within the framework of our competency and performance management model. All of our partners and people are supported in their quality, compliance, risk management and anti-money laundering obligations by appropriate technical and other training programmes. Our online independence and ethics learning programme is undertaken by everyone in the firm, using real-life examples to translate independence and ethical questions into practical actions. Additionally, our telephone helplines allow our people to request information, ask questions or report issues confidentially to senior members of the Practice Protection Group.

We also provide our people with a set of internal processes and tools that help ensure they meet our independence and compliance responsibilities. Our engagement compliance and client database systems are all internally developed and comprise cutting edge solutions to the complexity of regulatory requirements; the tools are designed to be intuitive to use while facilitating compliance, reporting and monitoring. We assess whether potential new engagements are consistent with maintaining independence and managing any potential conflicts of interest. We also monitor partner and staff personal investments to ensure we safeguard the independence and objectivity of Deloitte, our people and our engagement teams.

Vassi Naidoo summarises: “Over the past year, we have continued to improve a number of our processes and working practices that are integral to our business strategy. By gaining feedback from our clients through independent client service assessments, we have taken actions to enhance the value of the services we deliver and address any concerns raised. We remain committed to ensuring the highest quality in our professional work and in all we do.”

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## £1,000

The bonus given to all our people for achieving £2billion revenue in two years.

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# Our Marketplace agenda

## **Ethics, Integrity and Practice Protection**

Gerry Paisley, Managing Partner of Practice Protection, is responsible for overseeing the firm's ethics, compliance and risk management processes. Alongside the Senior Partner and the Board he works with our National Compliance, Independence and Ethics partner to set the strategy and priorities for our ethics and compliance programme.

We have well-established systems and procedures to help safeguard the objectivity of our people and the firm, to avoid conflicts of interest and to comply with ethical and other applicable standards. The release of revised ethical standards this year has added to the complexity of these considerations, requiring a constant balance between the straightforward approach outlined in the Deloitte Code and the increasing levels of regulation and professional requirements in this area.

Gerry Paisley comments: "We take our regulatory obligations extremely seriously, and adopt an approach that whole-heartedly embraces the spirit as well as the letter of regulation. We are confident that they are demonstrated through the tone set by the leaders of our practice and the behaviour and actions of our people."

Our Practice Protection Group comprises regulatory compliance, risk management, anti money laundering, information security, and internal audit specialists providing an all-round function to support the management of quality and risk across the firm.

The importance of maintaining confidentiality around client and other information is continually emphasised – and our approach to encryption, ethical walls, clear desk policy and secure storage devices all underpin this commitment. Our policies require all confidential information held on firm laptops to be encrypted while our people are expected to take the utmost care with such information; whether in hard copy or electronic form. We have supported this through significant investment in a new document management system to refine our working practices.

## **Quality and risk management framework**

Our quality and risk framework is embedded in all parts of our business. Its primary purpose is to underpin our commitment to quality, integrity and ethical behaviour throughout our business, whilst establishing that the responsibility for quality sits with those who deliver service to our clients. Engagement partners remain fully responsible for the quality of the services they provide. Where those services are regulated, they are conducted by persons who are individually authorised by the appropriate regulatory body and who are supported by a partner in each of the service lines who assumes responsibility for the reporting and oversight of quality and risk management issues and who are senior members of each service line's management team.

## **Audit quality**

As a leading auditor of UK public interest entities, we have also published our annual Transparency Report. This report, which is available from our website, gives more information on our firm and our approach to delivering audit quality, including our structure and governance, independence procedures and practices and our systems of quality control.

### Making an active contribution

A number of Deloitte practitioners contribute actively to the regulatory, legislative and professional agenda. This allows us to make a valuable contribution to the environment in which our business operates, reflecting the needs of market participants.

**Russell Collins**, Deloitte's UK Financial Services industry leader, has for the past three years been a member of the Financial Services Practitioner Panel – a statutory body representing the interests of the Financial Services industry in the UK regulatory framework. The main remit of the Practitioner Panel is to provide input to the FSA from the industry in order to help it meet its statutory objectives, comply with the principles of good regulation and represent the interests of practitioners.

**Caroline Gardner** is a director in the Financial Services advisory team at Deloitte, leading strategic marketing and consumer projects across a wide range of financial services markets. Caroline has provided advice to Government, trade and consumer bodies, as well as to financial services providers and distributors. She has 20 years experience of understanding consumer dynamics in the financial services arena.

**Keith Leslie**, a partner in Deloitte's Public Sector practice, served as external reviewer of the UK Government's Climate Change programme. This review was sponsored by the Cabinet Office and the Prime Minister's Delivery Unit and entailed assessing the effectiveness of the programmes in place to deliver the UK's emissions reduction targets for 2010 and 2020. The principal customers for the review were Mike Anderson, the Director-General for Climate Change and Willy Rickett, the Director-General for Energy. The review recommended a number of actions to improve the effectiveness of the climate change programme's overall leadership, programme management and engagement with the delivery chain, i.e. industry and households.

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Gerry Paisley, Managing Partner of Practice Protection



# Our Marketplace agenda



## **Barnardo's reveals new ways to help children living in poverty**

In 2008, one high profile area of pro bono support was in our work with Barnardo's to produce an analysis of policy options to reduce child poverty in the UK. The aim of this report has been to move forward the debate on whether and how the Government can meet its 2010 Public Service Agreement (PSA) target to halve child poverty. Barnardo's will be using the findings of this analysis to influence its discussion with the Government in the run up to the pre-budget report 2008.

The report, 'How to Halve Child Poverty by 2010: Options for Redirecting Resources to Reduce Child Poverty':

- analyses the impact of the 2008 10p compensation package on child poverty;
- recommends a recycling of resources already spent supporting families; and
- suggests three policy options, any of which could help the Government to meet their 2010 target to halve child poverty

Child poverty in the UK impacts the lives of 2.9 million young people. It is vitally important that child poverty is recognised as a crucial issue by political parties across the western world, following the leadership shown in the UK on this issue. Deloitte's extensive experience in this field has enabled Barnardos to set out a range of viable policy options that can take the Government ever closer to delivering on that ambition.

Barnardos chief executive Martin Narey said: "When the Government invested £2.7 billion to compensate losers of the 10p tax rate abolition, the benefit to families in poverty was, essentially, zero. Barnardo,s recognises that it would be glib to demand additional money be spent to meet the target at a time of economic difficulty. This is why we are encouraging Gordon Brown to be prudent and redirect existing resources to achieve his goal. Spending decisions aren't easy, but surely, when it comes to children living in poverty in our country, there is no choice."

## **Pro bono**

Deloitte offers support through the technical skills and talents of our people, through our pro bono programme. Our programme works with selected charities and causes with which Deloitte is already associated, serving to deepen the commitment and understanding between us, and making a valuable contribution to the not for profit sector.

"Pro bono consulting offers us an opportunity to add real value to our community using our core consulting skills" – Marcus Boyle, Consulting Corporate Responsibility Partner



## **A new HR vision for World Vision**

With a mandate to transform HR from a support function to a value creator and build world class people capability across the organisation, World Vision turned to Deloitte for support in a range of Consulting expertise including HR Transformation expertise from the People and Change practice and Shared Services expertise from Strategy and Operations.

"This was a hugely rewarding engagement for me, both from a personal and a professional perspective. Helping to support their leadership team in resolving these fundamental questions and launching what everyone hopes will be a new and successful HR vision to take World Vision forward has been rewarding for the sole reason that our work will enable World Vision employees deliver even better support to those parts of the world where it is desperately needed." Mike Friend, Consulting Manager, Pro Bono team member

"We would not have got this far without you all. Thank you very much – each of you have showered us with generosity of time, and capability and heart." Bessie Vaneris, Strategic Director, Global HR, World Vision Inc.

### Partnering with our suppliers

#### Ensuring ethics and responsibility throughout our supply chain

Deloitte has an Ethical and CR Procurement policy with an associated questionnaire which our procurement teams have been trained to implement. This policy has a grading facility to quantify the environmental impact of our suppliers. This forms part of the overall assessment process for the selection of suppliers.

We endeavour to work attentively with our chosen suppliers to ensure they meet appropriate standards. In 2009, we will be increasing the percentage of our suppliers subject to annual review of these standards from 20 to 25%.

### The Deloitte Academy

The business of Deloitte is to deliver leading-edge professional services across the full spectrum of business needs, but we do recognise our wider responsibility to make a contribution to the effectiveness of management and governance. Our response is the Deloitte Academy.

The Deloitte Academy has been designed to provide support and guidance to boards, individual directors and company secretaries in this complex environment. Membership of the Academy is free to directors and company secretaries of public companies. Through membership they have access to a wide-ranging programme of technical briefings, education and training on a variety of subjects.

The programme draws on the deep technical expertise of our firm combined with our broad practical experience, organised into a curriculum that can be customised to fit the specific needs of individual directors.

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