

Report from the Supervisory Board

The year 2008/2009 brought major challenges as conditions in the market deteriorated, affecting the financial performance of the firm. Deloitte Netherlands implemented comprehensive measures and initiatives to navigate through the downturn and continues to drive forward its LEAP strategy for the period up to 2011.

There were notable operational achievements in the year, including the successful launch of innovative integrated service offerings (ISOs), major client wins and stronger market positions in key market segments. Deloitte continues to invest in the strategic development of its people with a new three-year HR and recruitment strategy to consolidate its leadership in the market.

As a Supervisory Board we underline the importance of a strong matrix structure to manage and further develop the practice both in the Netherlands and internationally. Bringing together deep sector knowledge, technical capabilities and excellent client service skills will drive the LEAP strategy of the firm.

Selection of members of the Executive Board in September 2009

In June 2009, Deloitte Touche Tohmatsu (DTT) announced the appointment of Jan Dalhuisen as Regional Managing Partner for Deloitte EMEA (Europe, Middle East and Africa). As a result, Jan Dalhuisen will step down per September 2009 as Deloitte Netherlands Board Member responsible for clients & markets. For the past seven years he has successfully driven the transformation of Deloitte, first in the role of CFO/COO and later as Vice-Chairman and CCMO.

This appointment underlines the importance of the contribution of Deloitte Netherlands to the DTT network.

The Supervisory Board will make recommendations to the shareholders regarding the succession of Jan Dalhuisen as a member of the Executive Board.

Management development

Attracting and developing talented people are critical and long-term success factors for the firm. We strongly support the 'Woman Partner/Director Programme' which is an initiative of the Executive Board to implement a coaching programme specifically focused on female managers and directors to further develop as successful practitioners and potential candidates for senior positions in the firm.

Through this programme the firm aims to increase the percentage of female partners/directors from 4% in 2007/2008 to 8% in 2011.

Relationships between functions, industries and regions

Deloitte is managed as a matrix organisation. With the implementation of a dedicated clients & markets portfolio at the Executive Board level the firm has found a balance in managing the approach to the market and managing the technical and personal capabilities of the partners and staff along the lines of functions.

The degree in which the firm will be able to set and manage the priorities in each of the dimensions in a balanced way will be vital for the long-term success of the firm. The LEAP approach has aligned the strategic efforts of the firm on the critical strategic areas of the firm. The execution is highly embedded in the matrix structure of the firm, covering every relevant market segment.

Focus on people

As part of the Executive Board's renewed focus on people leadership, a three-year people strategy was launched in the year while greater efforts were made in employee engagement through a dedicated people survey. On this occasion the survey reflected employees' desire to improve work/life balance and to see better performance metrics implemented. It is noted that the same survey recognised the firm's strong leadership and management.

A central goal of the LEAP strategy is to be the leading firm in its field, based on top quality. Towards this end, important efforts were made to preserve and attract top talent throughout the reorganisation process.

The Board endorses the approach of the Executive Board to limit a further reduction of the number of partners and staff and create instead more alignment in the remuneration system, with the profitability of the firm as a whole, in order to retain our talented people as much as possible. This approach will maximise the growth potential of the firm once economic circumstances improve and the demand in the market for our services increases.

Corporate Responsibility & Sustainability

CR&S made steady progress in the year with a focused programme with measurable aims and targets to be achieved by 2011. These include performance indicators and initiatives in the areas of people, clients, the environment and the wider society.

Development of results

The financial performance of the firm was affected by the economic downturn in the market that accelerated towards the end of the financial year 2008/2009. During 2008/2009 significant efforts have been made to reduce cost levels and increase the flexibility in the cost structure.

With the launch of new services, focused on addressing specific demands in the market for advice and support on strategic repositioning, financing, cost reduction and rightsizing of the organisation, the firm has been able to respond to the changing environment.

We note that cooperation between the functions continued to strengthen through successful integrated service offerings that helped deliver a truly multifunctional approach to our client's needs.

The Supervisory Board would like to take this opportunity to thank all partners and employees for their hard work and commitment during these difficult times.

Innovation

Deloitte has successfully positioned itself as one of the leading market innovators. Dozens of innovative products and service offerings were introduced into the market in 2008/2009, which accounted for significant new revenues.

These initiatives are the result of the important resources that have been allocated to fostering innovation in a structured way so that new ideas are constantly being originated, developed and taken to the market.

Spotlight on Small and Medium-sized Enterprises (SME)

The firm continued to strengthen its important SME focus, with several initiatives – both internal and external – developed and rolled out during the year, aimed at ensuring that Deloitte professionals have the right skills and training to address the unique requirements of this market. The SME businesses have long been an important sector for Deloitte. Given the changing market circumstances the firm has put a lot of effort into adopting its business model to serve this market in a competitive way thereby capitalising on the unique capabilities of Deloitte as a firm.

During 2008/2009 the SME practice has made bold progress in both fine-tuning the required skill-set of our people and developing new market propositions to position Deloitte as a high-quality business partner to serve our clients with a broad range of accounting and advisory services. The Board is convinced that this new approach and spirit will lead the firm to market leadership in this segment.

Objectives

While conditions in the market have changed markedly for the worse, the Supervisory Board remains positive about the LEAP strategy of the firm and continues to endorse its main objectives; quality leadership and growth in the market combined with attracting, developing and retaining the best people.

“Deloitte has successfully positioned itself as one of the leading market innovators.”

Deloitte SE

Deloitte Société Européenne (Deloitte SE), a regional unit focused on cross-border co-operation to serve regional and global client in a seamless way. Over the last year the focus was predominantly on collaboration to win and retain key clients and on regional recruiting efforts to strengthen industry teams. A start was made with regional leadership development training and cost saving feasibility studies.

Governance

Independence and guaranteed quality of service continue to be important themes for the Supervisory Board. Deloitte applies the Dutch corporate governance code voluntarily. The best practice provisions of the code are applied as far as possible in agreement with the principle of “comply or explain”.

A number of provisions in the Dutch code are not applicable to Deloitte, given that Deloitte Holding BV is a closed company whose shares are all in the hands of the shareholding companies, owned by partners who have signed a so-called “Associate Agreement” with Deloitte Holding BV. In the year under review, the Supervisory

Board has worked according to the best-practice provisions of the Dutch Corporate Governance Code, insofar as the Board deemed these to be relevant. The various committees of the Supervisory Board have worked and prepared the decision-making of the Supervisory Board in line with these principles.

Composition of the Supervisory Board

On 14 July 2009, we learned of the unexpected death of our Chairman, Erik Beelaerts van Blokland. Erik had served as Chairman on the Supervisory Board since 2002. His dedication, professional insights and warm style made Erik a unique leader and a key driver in the development of Deloitte Netherlands. We are deeply saddened by his passing and greatly appreciative and grateful for his contribution.

On 27 April 2009, Mrs. Tineke Bahlmann resigned from her position in the Supervisory Board in order to avoid any conflicts of interest in accepting a position as Supervisory Board member of ING Bank.

We would like to express our appreciation for Tineke's contribution to the Board of Deloitte and we wish her all the best in her new and prestigious position at ING Bank.

Composition of the Supervisory Board of Deloitte Holding BV

External members

- Erik Beelaerts van Blokland (Chairman until 14 July 2009)
- Arie Verberk (Chairman as from 22 July 2009)
- Tineke Bahlmann (until 27 April 2009)
- Hans Kombrink

Internal Members

- Rob Slot (Vice-Chairman)
- Frits Barnard
- Jan Buné

Composition of the committees of the Supervisory Board

Partners Committee

- Erik Beelaerts van Blokland (Chairman until 14 July 2009)
- Tineke Bahlmann (until 27 April 2009)
- Frits Barnard
- Jan Buné

Remuneration Committee

- Erik Beelaerts van Blokland (Chairman until 14 July 2009)
- Tineke Bahlmann (until 27 April 2009)
- Rob Slot

The Remuneration Committee examined the performance of the members of the Executive Board, both individually and as a team. The Committee advised the Supervisory Board regarding the Executive Board members' remuneration for the financial year 2008/2009 and the partner categories for the financial year 2009/2010.

Audit Committee

- Arie Verberk (Chairman)
- Jan Buné
- Hans Kombrink

The Audit Committee has analysed and discussed on a monthly basis the financial performance of the firm against budget in the year under review as well as the outcome and the process for preparing the budget for the next financial year.

Regarding the 2008/2009 financial statements, the Audit Committee has discussed with the Executive Board the financial results for the year, including the financial position of the firm. In addition the committee has discussed the findings and observations of the internal and external auditors on the accounts and the underlying procedures, systems and controls.

The committee has submitted a report to the Supervisory Board as a whole on its findings. The 2008/2009 financial statements were discussed in a meeting of the entire Supervisory Board together with the Executive Board and in the presence of the internal and the external auditors. The Supervisory Board advised the General Meeting of Shareholders to approve the 2009/2010 budget and the 2008/2009 annual accounts.

The Audit Committee also discussed the reports by the internal auditor on compliance with legislation and regulation and the report of the external auditor on the sustainability reporting of the firm. Furthermore the Audit Committee has discussed with management the internal in-control statements on the key processes in the firm.

Nominations and Appointments Committee (convened as required)

- Erik Beelaerts van Blokland (Chairman until 14 July 2009)
- Hans Kombrink
- Jan Buné

With the tragic and unexpected death of Erik Beelaerts van Blokland as Chairman of the Supervisory Board and the recent resignation of Mrs. Tineke Bahlmann as a member of the Supervisory Board, the Board will propose to the shareholders selected candidates to succeed Erik Beelaerts van Blokland and Tineke Bahlmann.

Rotterdam, 29 July 2009

Supervisory Board:

A. Verberk (Chairman as from 22 July 2009)

R.J. Slot (Vice-Chairman)

F.G. Barnard

J.G.C.M. Buné

J.C. Kombrink

Members of the Supervisory Board

Arie Verberk (b. 1943)

Chairman as from 22 July 2009

Term of office: 2008/2012

Profession/principal employment

CEO of Martinair until 2008, Chair at University of Amsterdam.

External positions and activities

Chairman of the Supervisory Board of:

- The Royal Dutch Mint
- Developing Cy oost N.V.
- HVC Alkmaar
- Het Parool
- PCM Holding B.V.

Member of the Supervisory Board of:

- Nedstaal
- Maison van den Boer

Chairman of the Board Museum Space Expo

Hans Kombrink (b. 1946)

Member

Term of office: 2004/2008

Profession/principal employment

From 1994 to 2002, Hans Kombrink served as Alderman in Rotterdam in charge of urban planning, land and art and later served as Acting Mayor of Zaanstad (until January 2005).

External positions and activities

- Former MP, former member of the Executive of the Dutch Labour Party (PvdA), former State Secretary for Finance, former Director-General of the Ministry of Defence
- Member of the Supervisory Board of S.B. National Pilot Service
- Member of the Supervisory Board of Humanitas
- Chairman of various cultural institutes
- Chairman of the Advisory Board of VSB-fonds
- Chairman of the Netherlands Institute of Psychologists

Rob Slot RC (b. 1953)

Vice-Chairman

Term of office: 2006/2010

Profession/principal employment

Partner at Deloitte Financial Advisory Services BV, Amsterdam. Rob Slot is a specialist adviser on collaboration processes in spatial management. His experience is predominantly in the field of Public/Private Partnerships (PPPs) and he has extensive contacts with construction companies, project developers, housing corporations and public authorities.

External positions and activities

Part-time faculty member, MSc programs in Building Management

Frits Barnard (b. 1960)

Member

Term of office: 2007/2011

Profession/principal employment

Partner at Deloitte Belastingadviseurs BV, Amsterdam. Frits Barnard serves Dutch and international businesses, specializing in tax audits and international tax advice. He performs and guides complex fiscal litigation.

External positions and activities

Member of the Examinations Board for Tax Law, Dutch Federation of Tax Advisers.

Jan Buné (b. 1953)

Member

Term of office: 2008/2012

Profession/principal employment

Partner at Deloitte Accountants BV, Amsterdam. Jan Buné leads the audit practice of Deloitte in the financial services sector in the Netherlands. He also leads the CFO Programme of Deloitte in the Netherlands and has a coordinating role for this programme at an EMEA level in DTT. The CFO Programme is focused on positioning Deloitte as a thought leader on topics relevant to CFOs and Non Executive Directors.

External positions and activities

He is a speaker at seminars on the role of the CFO.