

# Transparency Report 2025

EY Canada



The better the question. The better the answer.  
The better the world works.



Shape the future  
with confidence

# Contents

<b>Message from our leaders.....</b>	<b>3</b>
<b>About us .....</b>	<b>4</b>
Legal structure, ownership and governance .....	5
Network arrangements.....	6
<b>System of Quality Management.....</b>	<b>9</b>
<b>Components of our System of Quality Management .....</b>	<b>13</b>
System of Quality Management risk assessment process.....	14
Governance and leadership .....	14
Relevant ethical and legal requirements.....	15
Client and engagement acceptance and continuance .....	18
Engagement performance.....	19
Resources.....	22
Information and communication .....	28
System of Quality Management monitoring and remediation .....	28
<b>Infrastructure supporting quality .....</b>	<b>32</b>
<b>Independence practices .....</b>	<b>37</b>
<b>Revenue and remuneration .....</b>	<b>41</b>
Financial information.....	42
Partner remuneration.....	42
<b>Appendix 1: List of PIE audit clients .....</b>	<b>43</b>
EY Canada PIE audit clients.....	44
<b>Appendix 2: Approved EY member firms .....</b>	<b>45</b>





## Message from our leaders



**Alycia Calvert**

EY Canada  
Chair and CEO



**Zahid Fazal**

EY Canada  
Managing Partner,  
Assurance Services



**Eric Spiekman**

EY Canada  
Professional Practice  
Director

### About this report

Welcome to EY Canada's Transparency Report 2025.

Audit quality is our top priority. We understand the enormous trust that is placed in us as independent auditors, and we embrace our responsibility to perform audits that promote trust and confidence in financial reporting and capital markets. As leaders, we set clear expectations for the quality of work our professionals do each day, and we foster a culture of integrity, accountability and continuous improvement based on strong ethics and our shared values of respect, teaming and inclusiveness.

We are continuing to invest in audit quality through Audit transformation with our multi-year \$1 billion USD investment in technology and talent- an initiative that is redefining how we perform audits, develop our people, and serve our clients. The three key elements of this transformation include a modern approach, streamlined processes and an AI-powered platform. By embedding standardized risks, guided workflows, and AI-powered tools into our methodology, we are driving greater consistency across engagements, elevating audit quality, and enriching the overall audit experience.

Our auditors approach their work with a continuous improvement mindset, which we call the EY Way, which moves us forward as we continue to innovate and perform work earlier in the audit, while providing a distinctive experience for our clients and our people. We are leveraging the skills and experience of our people and technology to perform a streamlined, risk-based audit and provide timely sector insights. We recognize the need to constantly evolve to address the dynamic risks faced by the companies that we audit, and we continue to engage with stakeholders to address topics such as technology transformation, the evolving fraud landscape, cybersecurity, sustainability and other technology-related matters to shape the audit of the future.

We embrace the transparency objectives of the European Union's Regulation 537/2014 (the Regulation), which requires Canadian statutory auditors of public interest entities (PIEs) to publish annual transparency reports. The EY Canada Transparency Report 2025 complies with the Regulation and covers the fiscal year ended 27 June 2025, as well as any more recent relevant events.

This report discusses our compliance with the requirements of International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*. The standard requires audit firms to design, implement and monitor a system of quality management and to annually evaluate that system. Based on our latest evaluation, we concluded that as of 30 June 2025, our System of Quality Management provides reasonable assurance that the system's objectives are being achieved. You can find more details on this in the [System of Quality Management](#) section of this report.

This report is intended to be read in conjunction with EY Canada's annual audit quality report, which can be found [here](#). EY Canada publishes an audit quality report voluntarily to provide more information about how we manage our Canadian audit practice, support our people, and take actions to improve audit quality and maintain our independence.

We encourage all EY stakeholders - including clients and their investors, audit committee members and regulators - to continue to engage with us on our strategy as well as any of the matters covered in this report.



## About us

# About us



In Canada, Ernst & Young LLP (Ernst & Young Canada) is an Ontario, Canada, limited liability partnership. Ernst & Young Canada\* is wholly owned by its Canadian partners who are Chartered Professional Accountants. It is a Canadian member firm of Ernst & Young Global Limited, a UK company limited by guarantee (EYG). In this report, we refer to ourselves as “Ernst & Young Canada,” “EY Canada,” “we,” “us” or “our.” EY refers collectively to the global organization of the member firms of EYG.

\*A separate entity, Ernst & Young L.P., a Manitoba (Canada) limited partnership, provides the services of its non-chartered professional accountant limited partners to Ernst & Young LLP pursuant to a services agreement. All professional services, including the services of all non-CPAs, are provided through Ernst & Young LLP.

EY member firms are grouped into three geographic Areas: Americas; Asia-Pacific; and Europe, Middle East, India and Africa (EMEIA). The Areas comprise multiple Regions. Regions are groupings of EY member firms along geographical lines. As of 1 July 2025, EY reorganized its Region structure and now has 10 Regions, reflecting the combination of certain previously existing Regions.

EY Canada is part of the Americas Area. Within the Americas Area, there were four Regions and, as of 1 July 2025, the Americas area comprises two Regions and EY Canada represents one of those Regions.

Ernst & Young Canada is a member of Ernst & Young Americas LLC (EY Americas), the coordinating entity for the Americas Area. EY Americas facilitates the coordination of EY member firms in the Americas Area and cooperation between them, but it does not control them. EY Americas is a member firm of EYG, has no financial operations and does not provide any professional services.

Equity partners and principals (referred to collectively as “partners”) of the EY member firms in the Americas are also members of EY Americas.

The coordinating body for EY Americas is the Americas Operating Executive (AOE). It oversees the execution of EY global strategy in the Americas and comprises leaders from the member firms in the Americas.



## Americas Ethics Oversight Board

With membership drawn from the EY Americas leadership, the service lines and the EY member firms that make up the Americas Area, the Americas Ethics Oversight Board (AEOB) strives to maintain an environment that encourages all EY people to act responsibly, including reporting potential misconduct without fear of retaliation. The AEOB, and related regional bodies, also evaluate the findings of investigations, and disciplinary actions taken by the EY Americas member firms involving alleged or actual violations of the Global Code of Conduct or other ethical standards applicable to the EY Americas member firms, and their partners and employees for fair and consistent enforcement and imposition of consequences for violations thereof.

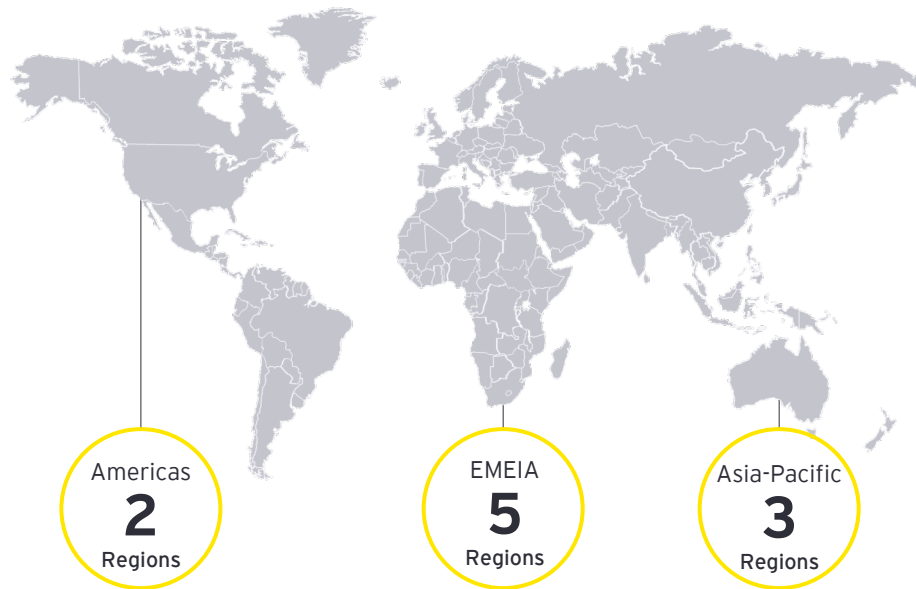


## Governance of Ernst & Young Canada

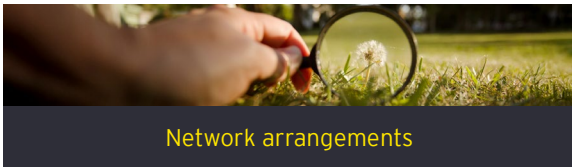
The business and affairs of Ernst & Young Canada are managed by its Chair/Chief Executive Officer supported by its Executive Committee and overseen by the Canadian Partner Forum. The Executive Committee consists of the senior management of Ernst & Young Canada, including the Chair/Chief Executive Officer, the Service Line Managing Partners of our four service lines, and certain other members as the Chair/Chief Executive Officer may determine from time to time.

Among other matters, the Executive Committee is responsible for certain partner matters (for example, partner admissions, separations, disciplinary matters and earnings allocations). The Canadian Partner Forum acts in an advisory role to the Chair/Chief Executive Officer on matters of policy, strategy, operational matters, partner-related matters, marketing and other matters as requested. Among other matters, key responsibilities of the Canadian Partner Forum include ratifying significant and material changes to the organization and structure of Ernst & Young Canada and ratifying the appointment, reappointment or removal of the Chair/Chief Executive Officer.

## EY Areas and Regions\*



\*Figures are as of 1 July 2025



### Network arrangements

EY is a global leader in assurance, tax, strategy and transactions, and consulting services. Worldwide, nearly 400,000 EY people in over 145 countries share a commitment to building a better working world, united by shared values and an unwavering commitment to quality, integrity and professional skepticism. In today's global market, the seamless integrated EY approach is particularly important in providing high-quality multinational audits, which can span nearly every country in the world.

This approach enables EY member firms to develop and draw upon the range and depth of experience required to perform such diverse and complex audits.

EYG coordinates the various activities of the EY member firms and promotes cooperation among them. EYG does not provide services, but its objectives include the promotion of exceptional high-quality client service by EY member firms worldwide. Each EY member firm is a separate legal entity. Each EY member firm's obligations and responsibilities, as a member of EYG, are governed by the regulations of EYG and various other agreements.

As part of the **All in** strategy, EY streamlined its structure, moving from 18 regions to 10 as of 1 July 2025. EY Canada is one of those 10 regions. The new structure will help enable future focused investments, including those related to EY's audit

transformation journey. For EY Canada's audit clients, we believe that the new structure will further support the multidisciplinary approach that their audits require, with access to the same high-quality, consistent, and connected range of services across Assurance and other EY service lines.

The structure and principal bodies of the global EY organization, described below, reflect the principle that EY, as a global organization, has a common shared strategy.

At the same time, the EY network operates on a Regional level within the Areas. This operating model allows for greater focus on stakeholders in the Regions, permitting member firms to build stronger relationships with clients and others in each country, and be more responsive to local needs.



### Global Governance Council

The Global Governance Council (GGC) is a key governance body of EYG. It comprises one or more representative(s) from each Region, other at-large representatives from any member firm and independent non-executives (INEs). The Regional representatives, who otherwise do not hold senior management roles, are elected by their Regional Partner Forums (RPFs). The GGC advises EYG on policies, strategies, and the public interest aspects of its decision-making. The GGC approves, in some instances upon the recommendation of the Global Executive (GE), certain matters that could affect EY. Up to six global INEs are appointed from outside EY.

The global INEs are senior leaders, either from the public or the private sector, and reflect diverse geographic and professional backgrounds. They bring to the global organization, and the GGC, the significant benefit of their varied perspectives and depth of knowledge. The global INEs also form a majority of the Public Interest Sub-Committee of the GGC. The role of the Public Interest Sub-Committee includes public interest aspects of decision-making and dialogue with stakeholders, issues raised under whistleblowing policies and procedures, and engagement in quality and risk management discussions. The global INEs are nominated by a dedicated committee, approved by the GE and ratified by the GGC.

The GE brings together EY leadership functions, service lines and geographies. It is chaired by the Chair and CEO of EYG and includes its Global Managing Partners of Client Service, Business Enablement, Growth & Innovation and Business Administration & Risk; the Area Managing Partners; the global functional leaders for Talent, Clients & Industries, Strategy, and Alliance & Ecosystems; the leaders of the global service lines – Assurance, Consulting, Strategy and Transactions, and Tax; and the Chair of the Growth Markets Council.

The GE and the GGC approve nominations for the Chair and CEO of EYG and appointments of the Global Managing Partners and Area Managing Partners. The GGC also ratifies the appointments of all other persons who are members of the GE. The GE's responsibilities include the promotion of global objectives and the development, approval and, where relevant, implementation of:

- Global strategies and plans
- Common standards, methodologies and policies to be promoted within EY member firms
- People initiatives, including criteria and processes for admission, evaluation, development, and reward and retirement of partners
- Quality improvement plan and protection programs
- Proposals regarding regulatory matters and public policy
- Policies and guidance relating to member firms' service of international clients, business development, and markets and branding
- EY development funds and investment priorities
- EYG's annual financial reports and budgets
- GGC recommendations on certain matters

The GE is also updated regularly on priorities related to the System of Quality Management and on issues that may require their attention.

The GE also has the power to mediate and adjudicate disputes between EY member firms.



#### Global Practice Group

The Global Practice Group brings together the members of the GE, and the leaders from the service lines, geographies, sectors and functions. It seeks to promote a common understanding of EY strategic objectives and helps drive consistency of execution across the organization.



#### EY member firms

Under the regulations of EYG, EY member firms commit themselves to pursue EY objectives, such as the provision of high-quality services worldwide. To that end, the member firms undertake the implementation of global strategies and plans, and work to maintain the prescribed scope of service capability. They are required to comply with common standards, methodologies and policies, including those regarding audit methodology, System of Quality Management, risk management, independence, knowledge sharing, talent and technology.

Above all, EY member firms commit to conducting their professional practices in accordance with applicable professional and ethical standards, and all applicable requirements of law. This commitment to integrity and doing the right thing is underpinned by the EY Global Code of Conduct and EY values.

Besides agreeing to comply with the regulations of EYG, EY member firms enter into several other agreements covering aspects of their membership in the EY organization, such as the right and obligation to use the EY name and share knowledge among EY member firms.

EY member firms are subject to reviews to evaluate adherence to EYG requirements and policies governing issues, such as independence, risk management, audit methodology and talent. EY member firms unable to meet quality commitments and other EYG membership requirements may be subject to termination from the EY organization.

EY’s values are guiding principles that shape our culture, behaviour and decisions. Our values define who we are:

**Our values: who we are**

1

People who demonstrate integrity, respect, teaming and inclusiveness

2

People with energy, enthusiasm and the courage to lead

3

People who build relationships based on doing the right thing





# System of Quality Management

# System of Quality Management

We completed our third annual evaluation conclusion of our System of Quality Management as of 30 June 2025 in line with the requirements of the International Standard on Quality Management (ISQM 1).

The System of Quality Management emphasizes EY Canada's dedication to transparency, continuous improvement, and adherence to rigorous standards in the performance of audits.

The System of Quality Management also reinforces the culture of quality and tone at the top, clearly defining leadership responsibilities and accountabilities related to quality.



## Our role as auditors

Stakeholders need confidence in the capital markets to make important decisions that drive economic growth. Auditors play a critical role in building this confidence through their ability to validate and interpret data objectively and independently. In this way, audit quality plays a crucial role in creating long-term value for all stakeholders.

Providing high-quality audits has never been more important than in today's environment, due to increased complexity, characterized by continuing globalization, rapid movement of capital and the impact of technological changes. We continue to invest in our System of Quality Management and to promote enhanced objectivity, independence, and professional scepticism. These are fundamental to the execution of high-quality audits. Designing, implementing and operating an effective System of Quality Management is essential to these efforts.

At EY Canada, our role as auditors is to provide assurance on the fair presentation of the financial statements of the companies audited. We bring together qualified teams to provide audit services, drawing on our broad experience across industry sectors and services. We continually strive to improve quality and risk management processes, so that the quality of our service is at a consistently high level.

While the market and stakeholders continue to demand high-quality audits, they also demand an increasingly effective and efficient way to provide audit services. EY continues to look for ways to improve the effectiveness and efficiency of its audit methodology and processes, while improving audit quality.



## Designing, implementing and operating a System of Quality Management

EY Canada has taken a proactive and risk-based approach to its System of Quality Management, with a focus on mitigating risks that may have an impact on audit quality. The System of Quality Management is supported by strong governance from firm leadership, which drives a culture where our professionals understand the importance of doing the right thing. In the audit practice, that means executing every audit with professional scepticism and due care, independence, and objectivity in accordance with professional standards. Quality and integrity are the bedrocks of the audit practice.

The System of Quality Management is monitored to identify deficiencies that require implementation of corrective actions and provide the basis for annually evaluating the overall effectiveness of the System of Quality Management.

The EY Canada System of Quality Management is supported by EY Canada policies and by a global framework that is leveraged across the entire network of member firms to promote engagement quality and operating effectiveness. The global framework is scalable and adaptable based on the facts and circumstances of the member firm. This is especially important in a global economy where many audits are transnational and involve the use of other EY member firms.

EY member firms use certain global policies, technologies, strategies and programs in the design, implementation and operation of the EY member firm's System of Quality Management. The purpose of these resources is to support EY member firms and their people.

EY Canada's approach to the risk assessment process includes input and feedback from across its service lines, functions, and geographies to develop new or update existing quality objectives, quality risks and responses (including System of Quality Management controls). In completing our risk assessment and in our design and development of quality objectives, risks and responses, EY Canada reviewed the global framework and considered Canada specific facts and circumstances, including the nature and operating characteristics of EY Canada, the types of engagements performed and systemic trends from monitoring activities within the System of Quality Management.



## System of Quality Management roles

To enable the design, implementation, and operation of EY Canada's System of Quality Management, individuals are assigned to System of Quality Management roles. The individuals in these roles have the appropriate experience, knowledge, influence and authority, and sufficient time to fulfil their System of Quality Management roles and are accountable for fulfilling their responsibilities.

Accountability frameworks outline how individuals will be held accountable for their System of Quality Management related responsibilities, as well as other quality-focused activities, and how the responsibilities link to their performance ratings.

Key roles within the System of Quality Management include:

**Ultimate responsibility and accountability:** The EY Canada Chair and CEO is the individual assigned ultimate responsibility and accountability for the System of Quality Management including evaluating and concluding on its effectiveness.

**Operational responsibility for the System of Quality Management:** The Canadian Assurance Managing Partner is the individual assigned operational responsibility for the System of Quality Management. This includes overseeing the remediation process and recommending the System of Quality Management annual evaluation conclusion to the EY Canada Chair and CEO. The Assurance Managing Partner, who remains accountable, assigns an SQM Operation Leader to assist them in fulfilling their System of Quality Management-related responsibilities. A SQM Operations Committee has been formed, chaired by the Assurance Managing Partner. The purpose of the SQM Operations Committee is to oversee the operation of the System of Quality Management. The SQM Operations Committee includes the SQM Operations Leader, leaders within the service lines (Assurance, Tax, Consulting and Strategy and Transactions), and leaders within the various functions (Independence, Risk Management, Talent, Professional Practice and Assurance Quality Enablement).

**Operational responsibility for compliance with independence requirements:** The Canadian Independence leader is the individual assigned operational responsibility for compliance with independence requirements.

**Operational responsibility for monitoring the System of Quality Management:** The Canadian Professional Practice Director is the individual assigned operational responsibility for monitoring the System of Quality Management. This includes

overseeing the monitoring process and concurring with or proposing changes to the recommended System of Quality Management annual evaluation conclusion. The Canadian Professional Practice Director, who remains accountable, assigns an SQM Monitoring Leader to assist them in fulfilling their System of Quality Management-related responsibilities. An SQM Oversight Committee chaired by the Canadian Professional Practice Director was established to oversee the monitoring processes and activities of the System of Quality Management. The SQM Oversight Committee includes the SQM Monitoring Leader, EY Canada Chair and CEO, Canadian Assurance Managing Partner, Canadian Professional Practice Director, Canadian Assurance Quality Enablement Leader, Canadian Independence Leader, Canadian Risk Management Leader, Chief Ethics Officer, and General Counsel.



## Effectiveness: Annual evaluation conclusion as of 30 June 2025

The EY Canada Chair and CEO, on behalf of EY Canada, is required to evaluate the System of Quality Management on an annual basis, as of 30 June, and conclude on its effectiveness.

This evaluation is based on whether EY Canada's System of Quality Management provides reasonable assurance that:

- EY Canada and its people are fulfilling their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and engagements are being conducted in accordance with such standards and requirements.
- Reports being issued by the member firm and engagement partners are appropriate in the circumstances.

The evaluation of the effectiveness of the System of Quality Management is focused on the present (i.e., as of 30 June); however, the evaluation uses information gathered from monitoring activities performed over a period of time. The evaluation considered the results of the following:

- Tests of System of Quality Management controls
- Internal and external engagement inspections
- Other monitoring activities

Professional judgment is used in evaluating the results of monitoring activities, including in determining whether findings, individually or in combination with other findings, rise to the level of a deficiency. Any deficiencies identified require a root cause analysis to be performed and a quality improvement plan to be developed. Further,

deficiencies are evaluated to determine the severity and pervasiveness of the deficiency. If a severe deficiency was identified, a member firm would need to assess whether the effect of the deficiency was corrected, and the actions taken by 30 June 2025 were effective, in determining its System of Quality Management annual evaluation conclusion.



System of Quality Management  
annual evaluation conclusion  
as of 30 June 2025

The annual evaluation conclusion for EY Canada as of 30 June 2025 is that the System of Quality Management provides reasonable assurance that the objectives of the System of Quality Management are being achieved.

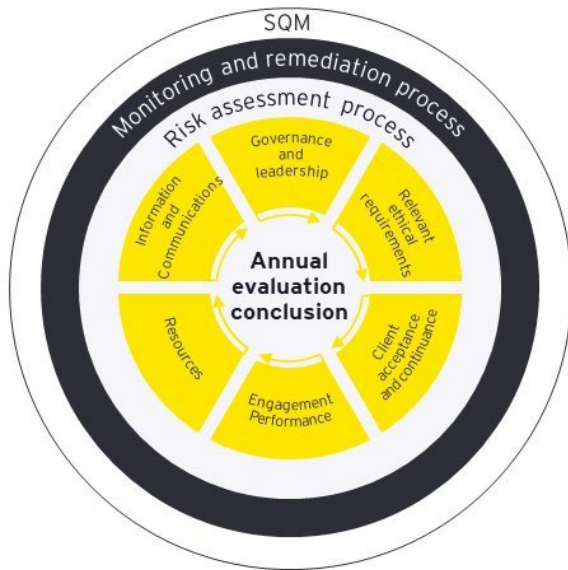




## Components of our System of Quality Management

# Components of our System of Quality Management

In the following sections, the principal components of our System of Quality Management are outlined:



EY Canada has designed and implemented a risk assessment process to establish quality objectives, identify and assess quality risks, and design and implement responses to address the quality risks as required by ISQM 1. The risk assessment process is executed annually to drive consistency in the execution of EY Canada's System of Quality Management.

In order to drive consistency while providing EY member firms with an approach that is scalable and adaptable based on the facts and circumstances of the member firm, Global System of Quality Management baseline Quality Objectives, Quality Risks and Responses ('SQM baselines') have been developed by representatives of EY Global Leadership (including Global Assurance Leadership) based on input from functional and service line groups at the Global, Area and Region level. EY member firms have the responsibility to evaluate the SQM baselines and determine if the SQM baselines need to be supplemented or adapted by the EY member firm to be appropriate for use (e.g., additional quality risks, customization of responses).

EY Canada reviewed the SQM baselines and performed the following:

- Accepted or rejected the Global baseline Quality Risks after appropriate analysis of our facts and circumstances. In the case of a rejection of Global baseline Resources and Key Controls, a preliminary discussion with the Area System of Quality Management Leadership is required.
- Together with the Area System of Quality Management Leadership, identified the level of execution of Global baseline Key Controls.
- Customized accepted Global, Area and Region baseline Key Controls.

The review of the SQM baselines considered the facts and circumstances of EY Canada, including, the nature and operating characteristics of EY Canada, the types of engagements performed and systemic trends from monitoring activities within the SQM.



Tone at the top

EY Canada's leadership is responsible for setting the right tone at the top and demonstrating EY's commitment to serve the public interest by performing audits that promote confidence in financial reporting. While the tone at the top is vital, EY people also understand that quality and professional responsibility start with them and that within their teams and communities, they are leaders too. EY shared values, which inspire EY people and guide them to do the right thing, and the EY commitment to quality are embedded in who we are and in everything we do.

The EY culture strongly supports collaboration and places special emphasis on the importance of consultation in dealing with complex or subjective accounting, auditing, reporting, regulatory and independence matters.

**The consistent stance of EY Canada has been that no client or external relationship is more important than the Firm's professional reputation and the ethics and integrity of each of our professionals.**

The EY approach to business ethics and integrity is contained in the EY Global Code of Conduct and other policies and is embedded in the EY culture of consultation, training programs and internal communications. Senior leadership reinforces the importance of performing quality work, complying with professional standards, adhering to EY policies and leading by example. EY Canada has a Chief Ethics Officer who oversees strategic planning for our ethics programs and operations to drive a culture that strives for the highest standards of conduct in all that we do. In addition, EY member firms assess the quality of professional services provided as a key metric in evaluating and rewarding EY professionals.

To measure the culture of quality across EY member firms and provide EY Canada with valuable insights into the perceptions of the culture of quality, including tone at the top, collaboration, and workload management and ethical behavior, a Global Quality Survey is conducted annually. The results of the Quality Survey contribute to identifying areas where EY Canada is doing well and where more actions may be required. The 2025 Quality Survey results indicate that EY people recognize the tone at the top set by leadership demonstrates commitment to quality and that EY Canada recognizes and values contributions to quality. The recognition of our strong culture of consultation, coaching and continuous quality improvement is also reflected in the results of the Quality Survey.



### Global Code of Conduct

We promote a culture of integrity among EY professionals as well as those working with EY. The EY Global Code of Conduct provides a clear set of principles that guide our actions and our business conduct and are to be followed by all EY people. The EY Global Code of Conduct is divided into five categories:

1. Working with one another
2. Working with clients and others
3. Acting with professional integrity
4. Maintaining our objectivity and independence
5. Protecting data, information and intellectual capital

Through EY policies and procedures designed to support compliance with the EY Global Code of Conduct and through frequent communications, we strive to create an environment that encourages all EY people to act responsibly, including reporting misconduct without fear of retaliation.



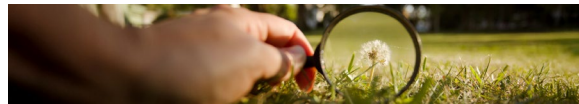
### Accountability frameworks

The accountability frameworks of EY are a set of policies and frameworks that put quality into action and outline how EY Partners, and leaders will be held accountable for meeting their quality-focused responsibilities and how the responsibilities link to their performance ratings.

The global accountability framework is applicable to all EY Partners no matter their role, service line or location. Supplementing this framework are two additional frameworks:

- An Assurance specific framework
- A framework covering individuals in leadership roles which is applicable for all service lines and functional leadership roles.

Collectively, these three accountability frameworks set clear expectations for quality and compliance to maintain the confidence that external stakeholders place in EY.



### Relevant ethical and legal requirements



### Compliance with the Global Code of Conduct

The EY Global Code of Conduct provides guidance on EY people's actions and business conduct. EY Canada is committed to complying with applicable laws and regulations, and EY values underpin our commitment to doing the right thing. This important commitment is supported by several policies and procedures, explained in the paragraphs below.



### Independence

Compliance with relevant ethical requirements, including independence, is a key element of the System of Quality Management. It involves determining that we are independent in fact, as well as appearance, in accordance with the applicable standards. The ethical and independence requirements relevant to EY audits and professional services are included in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA

Code). We also comply with local ethical requirements or professional standards in the jurisdiction of our audits and professional services. Refer to the Independence Practices section for information on policies, tools and processes relating to maintaining independence.



#### Non-compliance with laws and regulations

In accordance with the IESBA Code, EY has adopted a policy designed to meet its obligations with respect to non-compliance with laws and regulations (NOCLAR). The policy covers obligations with respect to non-compliant activity by clients or EY people, as relevant to their respective business activities.

In addition to the NOCLAR reporting obligations, EY may be required to make certain reports to relevant authorities regarding possible misconduct by clients – actual or suspected. Where such obligations exist, reports are made in accordance with local laws.



#### Global Compliance Office

While specific legal and regulatory compliance requirements are managed by specialists and EY member firms, given the local applicability of laws and regulations, EY has a Global Compliance Office to oversee the design and implementation of compliance programs, responsive to legal and regulatory requirements.

The topics currently in-scope of the Global Compliance Office are Artificial Intelligence (AI) compliance, data compliance, conflicts of interest, financial crime, Independence, and Corporate Social Responsibility and Sustainability (CSR) compliance. These topics have been identified based on the common issues they present to the member firms within the EY network.

The Global Compliance Office also has a role in coordinating and monitoring compliance with the laws, regulations and EY policies related to the key global compliance topics. The three objectives of monitoring are to:

1. Provide assurance of the operational effectiveness of controls tested.
2. Identify opportunities for continuous improvement.
3. Identify instances of non-compliance for referral to risk management.

The Global Compliance Office is led by the Global Chief Compliance Officer, a role that reports to the

Global Managing Partner - Business Administration and Risk.

EY Canada has appointed a Chief Compliance Officer. This person is responsible for understanding the compliance requirements at the member firm level, for working with compliance specialists to design and implement compliance programs that are responsive to those requirements and for reporting to member firm leadership the compliance performance at the local level.



#### Whistleblowing

The EY Ethics Hotline provides EY people, clients and others outside of the organization with a means to confidentially report activity that may involve unethical or improper behavior, and that may be in violation of professional standards or otherwise inconsistent with the EY shared values or Global Code of Conduct. Globally, the hotline is operated by an external organization that provides confidential and, if desired, anonymous hotline reporting.

When a report comes into the EY Ethics Hotline, either by phone or internet, it receives prompt attention by the member firm's legal function or ethics team. Depending on the content of the report, appropriate individuals from Risk Management, Talent or other functions may also be involved in addressing the report.



#### Integrity in learning

EY provides EY people with a comprehensive program of learning to support quality and professional development. Integrity in learning is foundational to that program. EY Canada supports our people to meaningfully engage with the learning program and makes clear that there will be consequences for any breaches of integrity.



#### Anti-bribery

The EY Global Anti-bribery Policy provides EY people with direction on certain unethical and illegal activities. It emphasizes the obligation to comply with anti-bribery laws and provides a definition of what constitutes bribery. It also identifies reporting responsibilities when bribery is discovered. In recognition of the growing global impact of bribery



and corruption, efforts have been sustained to continue to embed anti-bribery measures across EY.



#### Insider trading

Securities trading is governed by many laws and regulations, and EY people are obliged to comply with applicable laws and regulations regarding insider trading. This means EY people are prohibited from trading in securities while in possession of material non-public information.

The EY Global Insider Trading Policy reaffirms the obligation of EY people not to trade in securities when in possession of insider information, provides detail on what constitutes insider information and identifies with whom EY people should consult if they have questions regarding their responsibilities.



#### Economic and Trade Sanctions

It is important that EY member firms and EY people comply with the ever-changing rules with respect to international Economic and Trade Sanctions. EY monitors Sanctions issued in multiple geographies both prior to business relationships being accepted and as they continue. Guidance is provided to EY people on impacted relationships and activities.



#### Anti-money laundering

EY Canada has obligations under applicable anti-money laundering (AML) regulations when it is acting as a financial intermediary. Consistent with the EY global guidance on AML, EY Canada has implemented policies and procedures designed to meet these obligations. EY people are trained on their responsibilities under the regulations and provided guidance on who to consult when they have questions.



#### Data protection and confidentiality

The EY Data Protection & Confidentiality Global Policy, EY Binding Corporate Rules Program and related EY policies sets out principles and minimum standards to be applied to the collection, use and protection of all information that EY has responsibility for, including personal data relating to

current, past and prospective EY professionals, clients, suppliers and business associates, as well as other information considered confidential to clients, third parties or the EY organization. This policy is consistent with the requirements of the European Union's General Data Protection Regulation (GDPR), and other applicable laws and regulations concerning data protection and privacy in addition to relevant professional standards providing a framework for confidentiality. EY's Binding Corporate Rules are approved by UK and EU regulators and overseen by the EY Global Chief Privacy Officer, they further provide a legal mechanism facilitating the movement of personal data within the EY network.

In addition, EY teams are committed to the responsible use of personal and confidential data in AI technologies in accordance with applicable laws, regulations, and professional standards that apply to the use and management of AI systems and associated data.



#### Data Stewardship Office

EY recognizes that data not only requires stringent protection but is also a valuable resource that can help drive innovation and create value. The EY Data Stewardship Office (DSO) is a response to the need for enhanced data governance and alignment across EY member firms, Service Lines, and Accounts.

The purpose of the DSO is to coordinate first-line risk and control functions, as well as to serve as a centralized resource to enable business accountability for managing and governing data throughout its lifecycle and consistent implementation of, and adherence to the EY Global Data Protection (DP) and Information Security Policies and Guidance, through integration with EY member firms, service lines and account teams.



#### Rotation and long association

EY Canada complies with the long association and partner rotation requirements of the IESBA Code, the CPA Code of Professional Conduct of the various provincial institutes of the Chartered Professional Accountants in Canada (CPA Code), as well as the U.S. Securities and Exchange Commission (SEC), where applicable. EY Canada supports audit partner rotation because it provides a fresh perspective and promotes independence from company management, while retaining experience and knowledge of the business. Audit partner rotation, combined with independence requirements and independent audit

oversight, helps strengthen independence and objectivity, and is an important safeguard of audit quality.

For PIEs that are not SEC issuers, the EY Global Independence Policy requires the lead engagement partner, the engagement quality reviewer and other audit partners who make key decisions or judgments on matters significant to the audit, (together, the key audit partners), to be rotated after seven years. For a new PIE, (including a newly listed company), key audit partners may remain in place for an additional two years before rotating off the team if they have served the company for six or more years prior to the listing.

Under the IESBA Code upon completing the maximum service period for rotation, a key audit partner may not lead or coordinate professional services to the PIE company we audit until after completing a cooling-off period. This period is five years for a lead audit engagement partner, three years for an engagement quality reviewer and two years for other partners subject to rotation. For Canadian Reporting Issuer audit clients, the cooling-off period is five years for both the lead audit engagement partner and the engagement quality reviewer.

For US SEC issuer audit clients, including foreign private issuers, the lead audit engagement partner and the engagement quality reviewer can serve a maximum of five years followed by a five- year cooling- off period. Other audit engagement team partners subject to SEC rotation are required to rotate off after seven years, with a cooling-off period of two years.

In addition to the key audit partner rotation requirements applicable to PIE audit clients, EY has also established a long association safeguards framework. This is consistent with the requirements of the IESBA Code and includes consideration of the threats to independence created by the involvement of EY professionals over a long period of time and a safeguards framework to address such threats.

We have processes in place to effectively monitor compliance with internal rotation, and requirements for audit partners and other EY professionals who have had a long association with the audited entity.



External rotation

For public interest entities, we comply with the external audit firm rotation requirements of Article 17 (1) of the EU Audit Regulation.



Client and engagement acceptance and continuance



Global policy on client and engagement acceptance and continuance

The EY global policy on client and engagement acceptance and continuance sets out principles for EY member firms to determine whether to accept a new client, a new engagement with an existing client, or to continue with an existing client or engagement. These principles are fundamental to maintaining quality, managing risk, protecting EY people and meeting regulatory requirements. The EY global policy on client and engagement acceptance and continuance is an example of a policy issued by EYG to help ensure the adherence to EY values and to drive consistency in the System of Quality Management.

The objectives of the policy are to:

- Establish a rigorous process for evaluating risk and making decisions on whether to accept or continue clients or engagements
- Meet applicable independence requirements
- Identify and deal appropriately with any conflicts of interest
- Identify clients or engagements that pose heightened risk
- Highlight clients or engagements that are inconsistent with EY values
- Require consultation with designated EY professionals to identify additional risk management procedures for specific high-risk factors
- Comply with legal, regulatory and professional requirements
- Determine that the intended engagement is within the EY Service Framework and does not involve a prohibited service

In addition, the EY global policy on conflicts of interest defines global standards for addressing categories of potential conflicts of interest and a process for identifying them. It also includes provisions aimed at mitigating potential conflicts of interest as quickly and efficiently as possible, using appropriate safeguards. Such safeguards may include obtaining client consent to act for another party where a conflict of interest may exist, establishing separate engagement teams to act for two or more parties, implementing appropriate separations between engagement teams or declining an engagement to avoid an identified conflict.

The EY global policy on conflicts of interest and associated guidance considers the increasing complexity of engagements and client relationships, and the need for speed and accuracy in responding to clients. They also align with the latest IESBA Code.



#### Putting policy into practice

We use the EY Process for Acceptance of Clients and Engagements (PACE), to coordinate client and engagement acceptance and continuance activities in line with global, service line and EY member firm policies. PACE takes users through the acceptance and continuance requirements and is aligned to the professional standards needed to assess both business opportunities and associated risks. PACE is an example of technological resources made available to EY member firms across the globe intended to drive consistency.

The process for acceptance or continuance of clients and engagements includes consideration of the engagement team's assessment of risk factors across a broad range of categories such as industry, management's attitude, internal controls, audit complexity and related parties.

As part of this process, we consider the risk characteristics of a prospective client or engagement, and the results of due diligence procedures. Before taking on a new client or engagement, we also determine whether we can commit sufficient and appropriate resources to provide quality services, especially in highly technical areas, and if the services the client is requesting are appropriate for us to provide. The approval process provides that new listed entity audit engagements may not be accepted without an approval by the Canadian Assurance Managing Partner and the Canadian Professional Practice Director.

In our client and engagement continuance process, we evaluate our ability to continue providing a quality service. The lead audit engagement partner, together with our Assurance leadership, annually evaluates the relationship with the entities we provide audit or assurance services to determine whether continuance is appropriate.

As a result of this review, certain audit engagements are identified as requiring additional oversight procedures during the audit (close monitoring), and some audit relationships are discontinued. As with the client and engagement acceptance process, our Canadian Assurance Managing Partner and the Canadian Professional Practice Director are involved in the continuance process.



#### Engagement performance

The EY global organization is investing more than US\$1b in next-generation Assurance technology as part of the continued EY commitment to EY member firms providing high-quality audits. This investment reflects the EY commitment to building trust and confidence in the capital markets, and in economies the world over.

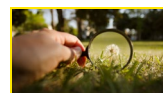


#### The Role of Technology

The latest phase of the \$1b (USD) technology investment introduces a series of AI-powered capabilities to accelerate audit transformation and bring AI to scale to support the 160,000+ EY audit engagements around the world. This builds on the strength of the existing leading-edge audit technology suite – integrating advanced technologies under one seamless AI-powered platform while also driving transformation by harnessing:

- Next-generation data-access capabilities and advanced analytics
- Artificial Intelligence at scale
- An elevated user experience

In 2025, the global EY organization released a further 30 new and enhanced Assurance technology capabilities, bringing the total to more than 100 new capabilities or enhancements since the launch of our four- year technology investment program.



#### Spotlight on driving quality through technology

##### Next-generation data-access capabilities and advanced analytics

Advanced data capabilities help to drive quality by supporting the analysis of entire data populations – supporting data-driven auditing that is embedded into our methodology. The EY Helix global analytics suite (EY Helix) already supports the use of mature analytics throughout the audit – allowing EY teams to drill down on the right data at the right time and better understand the audited company and its risk landscape. By further integrating advanced analytics directly into the workflow of the EY audit platform, EY Canvas, we deliver data to the user at the point of need, significantly elevating their experience. Enhancing data capture and analysis capabilities helps to provide further confidence in a high-quality

audit by widening the range of data used to obtain audit evidence.

#### AI at scale

New AI capabilities include EYQ Assurance Knowledge, which uses Generative AI (GenAI) to help with detailed searches and summarization of accounting and auditing content. By integrating EYQ Assurance Knowledge directly into the EY Canvas workflow, 140,000 EY assurance professionals are equipped with GenAI that also provides responses based on the profile and context of the audit engagements for companies served, including geography, industry and complexity.

Additional capabilities include a new release of the EY Intelligent Checklists with AI, which uses GenAI to recommend responses to questions in disclosure checklists, and EY Financial Statement Tie Out, which supports audit professionals with accuracy and integrity checks of financial statements. These AI-powered capabilities are developed and deployed in alignment with the EY organization's nine principles of Responsible AI.

#### An elevated user experience

A leading-class experience helps to drive quality by facilitating highly integrated and consistently executed audits worldwide. Our EY Canvas audit platform sits at the centre of the audit experience today, supporting effective coordination, consistent documentation and easier collaboration between EY teams and companies around the world. Guided workflows, data and knowledge are integrated into the platform.



#### Quality at the core of technology development

The efforts of EY to provide this next-generation Assurance technology platform are consolidated under a global transformation program. This program includes standardized protocols that are adhered to with regard to technology concept creation, development and deployment. Multiple stakeholders are involved in this effort, including global and Area representatives from Professional Practice, the Global Assurance Quality Network and EY Technology.

New Assurance technology concepts are presented to a global committee of these stakeholders for evaluation based on several benefit criteria including quality, value for EY professionals and value for EY clients. If the committee believes that a concept lacks sufficient attributes under these and other criteria, the concept is rejected or adjustments are made, and the concept is re-presented to the committee.

Stringent testing throughout the development cycle, including with end users, is a prerequisite for the release of any audit technology. The Assurance technology is then presented for release to global Assurance service line leadership once this extensive testing, including piloting, is completed, feedback is evaluated and incorporated, and the necessary certification is complete.



#### Technology-enabled methodology

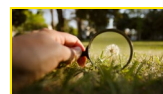
Companies are leveraging technology to develop new systems and processes for business management, as well as analyzing more data to inform business decisions. This trend is facilitating a more data analysis-driven and risk-based approach to the audit, which means that full populations of data can be analyzed and focuses the auditor's attention on the complete transaction flow and process.

The embedded data-driven approach of the EY Global Audit Methodology (EY GAM) enhances the auditor's preliminary risk assessment and helps enable the auditor to challenge those conclusions throughout the various phases of the audit. The auditor can reassess risk based on what is identified in the data, which creates an audit flow that is iterative in nature.



#### Addressing the risk of technology over-reliance

EY has procedures, policies, and enablement in place pertaining to the responsible use of audit tools and technology, including AI-enabled technologies, and to mitigate the risk of over-reliance by the audit professional. In addition, EY GAM emphasizes applying appropriate professional scepticism and supervision and review in the execution of audit procedures. EY audit tools and technology, including AI-powered technology, are designed to provide support for the audit team's procedures to address risks of material misstatement, but not replace the important role of the professional in applying their experience and judgment to reach a conclusion.



#### Emerging risks

Both traditional and emerging risks can have an impact on financial statements, and the auditor's approach should continuously evolve to address both types of risks. Emerging risks include changing macroeconomic and geopolitical conditions, evolving client use of technology (such as AI), cybersecurity



risks, climate risks and event-specific client developments. Audit teams may also involve specialists to address areas of emerging risk, including specialists in environmental, social and governance (ESG) matters, cybersecurity or AI.



#### Addressing fraud risks in the audit

As organizations become increasingly complex and more digital dependent, there is a need to enhance the auditor's efforts to identify and respond to risks of material misstatement due to fraud, as well as the auditor's response to identified or suspected fraud.

EY leverages data to identify and respond to the risk of fraudulent financial reporting. For example, auditors increasingly use data analytics to identify unusual transactions and patterns of transactions that could indicate a heightened risk of fraud. In addition to access to Forensic specialists, EY tools and processes are available to help EY teams identify and respond to the risk of fraud. These include:

- **Document Authenticity Tool**, which tests for alterations to selected electronic documents using a variety of techniques and helps to identify when a document provided as audit evidence may have been altered, tampered with or modified.
- **Journal Entry Fraud Risk Analyzer (JEFRA)**, which tests each journal entry selected for characteristics associated with an elevated risk of management override and identifies entries for incremental consideration.
- **Short seller report alert process**, which monitors and distributes reports globally to audit teams and leadership.



#### Reviews of audit work

EY policies describe the requirements for timely and direct audit executive participation, as well as the level of review required for the work performed and the requirements for documenting the work performed and conclusions reached. Supervisory members of an audit engagement team perform a detailed review of the audit documentation for technical accuracy and completeness. Audit executives and engagement partners perform a second-level review to determine the adequacy of audit work as a whole and the related accounting and financial statement presentation. Where appropriate, and based on risk, a tax professional reviews the significant tax and other relevant working papers. For listed and certain other companies, an engagement quality reviewer (described below in the Engagement

quality reviews section) reviews important areas of accounting, financial reporting and audit execution, as well as the financial statements of the audited entity and the auditor's report.

The nature, timing and extent of the reviews of audit work depend on many factors, including:

- Risk, materiality, subjectivity and complexity of the subject matter
- Ability and experience of audit engagement team members preparing the audit documentation
- Level of the reviewer's direct participation in the audit work
- Extent of consultation employed

EY policies also describe the critically important role of the Partner-in-charge (PIC) in managing and achieving quality on the audit and reinforcing the importance of quality to all members of the audit team, including component auditors.



#### Consultation requirements

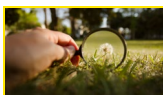
EY consultation policies are built upon a culture of collaboration, whereby EY audit professionals are encouraged to share perspectives on complex accounting, auditing and reporting matters.

Consultation requirements and related policies are designed to involve the right resources, so that audit teams reach appropriate conclusions.

**The EY culture of consultation supports audit teams to provide seamless, consistent and high-quality services that meet the needs of audited entities, their governance bodies and all stakeholders.**

For complex and sensitive matters, there is a formal process requiring consultation outside of the audit engagement team with other EY professionals who have more relevant experience, primarily Professional Practice and Independence professionals. In the interests of objectivity and professional skepticism, EY policies require members of Professional Practice, Independence and certain others to recuse themselves from the consultation if they currently serve, or have recently served, the entity to which the consultation relates. In these circumstances, other appropriately qualified individuals would be assigned.

EY policies also require that all consultations are documented, including written concurrence from the person or persons consulted, to demonstrate their understanding of the matter and its resolution.



## Engagement quality reviews

EY engagement quality review policies, which are in accordance with ISQM 2, Engagement Quality Reviews, address the audits that are subject to engagement quality reviews and the qualifications of engagement quality reviewers, with training and enablement supporting the execution of the engagement quality review. Engagement quality reviewers are experienced EY professionals with significant subject-matter knowledge. They are independent of the engagement team and provide an objective evaluation of the significant judgments the engagement team made, and the conclusions reached thereon. The performance of an engagement quality review, however, does not reduce the responsibilities of the PIC for the engagement and its performance. In no circumstances may the responsibility of the engagement quality reviewer be delegated to another individual.

The engagement quality review spans the entire engagement cycle, including planning, risk assessment, audit strategy and execution. Policies and procedures for the performance documentation of engagement quality reviews provide specific guidelines on the nature, timing and extent of the procedures to be performed, and the required documentation evidencing their completion. In all circumstances, the engagement quality review is completed before the auditor's report is dated.

Engagement quality reviews are performed by audit partners in compliance with professional standards for audits of all listed companies, and certain other entities. The Canadian Assurance Managing Partner and Canadian Professional Practice Director approves the assignment of the engagement quality reviewer for audits of listed companies.



## Engagement team resolution process for differences of professional opinion

EY has a culture that encourages and expects EY people to speak up, without fear of reprisal, if a difference of professional opinion arises or if they are uncomfortable about a matter relating to an engagement. Policies and procedures are designed to empower members of an audit engagement team to raise any disagreements relating to significant accounting, auditing or reporting matters.

The nature of the EY culture is made clear to people as they join an EY member firm, and we continue to promote a culture that reinforces a person's responsibility and authority to make their own views heard and seek out the views of others.

Differences in professional opinion that arise during an audit are generally resolved at the audit engagement team level. However, if any person involved in the discussion of an issue is not satisfied with the decision, EY policies require that they refer to the next level of authority until an agreement is reached or a final decision is made, including consultation with Professional Practice if required.

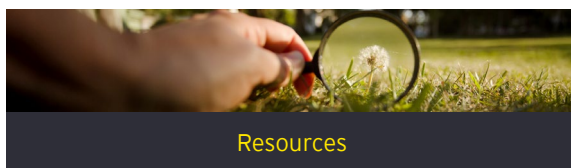
Furthermore, if the engagement quality reviewer makes recommendations that the PIC does not accept or the matter is not resolved to the reviewer's satisfaction, the auditor's report is not issued until the matter is resolved.

Differences in professional opinion that are resolved through consultation with Professional Practice are appropriately documented.



## Records retention

The Records and Information Retention and Disposition Global Policy and related local policies support and build upon provisions within the EY Global Code of Conduct regarding acting with professional integrity in terms of documenting work and respecting intellectual capital. This policy and the Global Retention Schedule (GRS) establish records and information management (RIM) requirements for the management of records and information and documents ("records and information") throughout their life cycle including the requirement to securely discard or delete records for which the retention period has expired, unless special and acceptable circumstances apply. This policy, and the GRS and RIM requirements are in accordance with applicable professional standards and are based on regulatory, legal, and business requirements and obligations, and they apply to all engagements and EY people and addresses Canadian legal requirements, applicable to the creation and maintenance of working papers, relevant to the work performed.



## Resources

There is continued EY investment in resources. Resources defined by ISQM1 include intellectual, technological and human resources.



## Audit methodology

The EY Global Audit Methodology (EY GAM) provides a global framework for providing high-quality audit services through the consistent application of thought processes, judgments and procedures in all audit engagements, regardless of size. EY GAM also requires compliance with relevant ethical requirements, including independence from the audited entity. Making risk assessments; reconsidering and modifying them as appropriate; and using these assessments to determine the nature, timing and extent of audit procedures are fundamental to EY GAM. The methodology also emphasizes applying appropriate professional skepticism in the execution of audit procedures. EY GAM is based on International Standards on Auditing (ISAs) and is supplemented to comply with the Canadian auditing standards (CAS) and regulatory or statutory requirements and, where applicable, with the Public Company Accounting Oversight Board (PCAOB) requirements.

EY GAM is one example of an intellectual resource made available to EY member firms to drive consistency in the execution of audit engagements.

Using EY Atlas, an EY auditor is presented with EY GAM, which is organized by topic, and is designed to focus the audit strategy on the financial statement risks, and the design and execution of the appropriate audit response to those risks. EY GAM consists of two key components: requirements and guidance; and supporting forms and examples. The requirements and guidance reflect both auditing standards and EY policies. Examples in EY GAM supplement the requirements and guidance with leading practice illustrations.

EY GAM specifically distinguishes the requirements and guidance that apply to audits of listed entities and public interest entities.

The results of internal and external inspections, engagement team coaching activities, and other sources, provide insight into the quality of EY audits. This feedback loop is critical to understanding what quality-driven activities are most important to drive our future success, and whether those initiatives are proving effective in remediating prior deficiencies.

Specific consideration is given to whether changes in audit methodology are warranted to address challenges occurring in practice that are observed through these activities.

EY continues to develop the methodology to address changes and revisions in auditing and other professional standards and changes within entities' financial reporting processes, and to enhance

guidance related to matters that are important to entities' stakeholders, such as climate-related risks, cybersecurity risk and the entity's use of emerging technologies within their operations or financial reporting processes (e.g., automation, AI, blockchain).

In addition, current and emerging developments are monitored, and timely audit planning and execution communications are issued. These communications emphasize areas noted during inspections as well as other key topics of interest to local audit regulators and the International Forum of Independent Audit Regulators (IFIAR).



## Nonfinancial reporting

EY Canada provides assurance services on a wide range of nonfinancial, or sustainability, reporting. The EY Sustainability Assurance Methodology (EY SAM) provides a global framework for the application of a consistent approach to all EY assurance engagements on sustainability information. EY SAM provides for the delivery of high-quality assurance services through the consistent application of thought processes, judgments and procedures in all engagements, regardless of the level of assurance required. EY SAM is also adaptable to the nature of both sustainability reporting and the criteria applied by the reporting entity in producing that report.

EY SAM emphasizes applying appropriate professional skepticism in the execution of procedures, taking into consideration the changing landscape in sustainability reporting and criteria. EY SAM is based on the International Standards on Assurance Engagements, Assurance Engagements other than Audits or Reviews of Historical Financial Information, (ISAE 3000) and is supplemented in Canada to comply with local assurance standards.

EY has developed guidance, training and monitoring programs and processes used by EY member firm professionals to execute such services consistently and effectively. This includes the EY Climate Change and Sustainability Services – a dedicated team of sustainability professionals.

Guidance has also been developed for audit teams to assess the impact of climate risk on financial reporting under International Financial Reporting Standards (IFRS) or other financial reporting frameworks. The Global, Area, Regional and Country PPDs, EY quality functions and IFRS desks, together with other finance and sustainability professionals, who work with teams in each member firm, are knowledgeable about the changing regulatory

nonfinancial reporting landscape, EY people, clients and processes. They are readily accessible to support Assurance engagement teams.

There is continued EY investment in resources (human, intellectual and technological) for assurance engagements on sustainability reporting prepared in compliance with IFRS Sustainability Disclosure Standards or the European Sustainability Reporting Standards (ESRS).

Additionally, EY quality management- related processes aim to address such aspects as the engagement acceptance process, training and accreditation requirements, and resource assignments specifically related to assurance services over nonfinancial reporting matters.

EY provides input to a number of public and private initiatives to improve the quality, comparability and consistency of nonfinancial reporting, including climate risk. These activities take place at a global, regional and national level.



#### Certification of technology

EY has a stringent certification process to verify that automated tools and techniques used in audit engagements are fit-for- purpose, and EY people have the appropriate competencies to use the solution.

Certification addresses a range of aspects, including that the solution has a clear audit evidence objective, was appropriately tested, that methodology, enablement and learning are available to support its application and relevant legal and regulatory requirements have been managed (e.g., data privacy).



#### Employee value proposition (EVP)

The EY employee value proposition (EVP) is the promise we make to our employees in return for working at EY Canada. The EY workforce is changing continually, and we are in a dynamic and competitive talent market, where EY people now want different things from their workplace. What we promise in an EVP matters more than ever.

As part of the new EY strategy, the EVP has been updated to reflect that every employee can “shape your future with confidence.” This signals a step change from enabling an exceptional EY experience to providing the opportunities to develop, empower and fuel extraordinary EY people.

EY Canada is committed to investing in our most valuable asset – our people – to help ensure we keep our promise to them. Delivering on the EVP in turn helps us to drive further advances in audit quality, creating real value and insights for entities that are audited by us.

In FY25, EY is focused on activating the new EVP primarily through two globally consistent signal commitments: **Career Agility** and **Thrive Time**.

**Career Agility** is about empowering employees to shape their future with confidence, leveraging the full extent of our reach and resources to achieve their career goals. This means supporting EY employees exploring a personalized, flexible career path encompassing a range of different roles and experiences across geographies, assignments, industries and service lines. To support the career aspirations of our people we are introducing 360 careers in fiscal year 2026 which allows our audit professionals to gain diversified experience within our assurance advisory and tax practices.

**Thrive Time** is focused on personal growth. We are committed to building a culture where employees are enabled and supported to carve out dedicated time for personalized growth activities including learning new skills, focusing on wellbeing, and engaging with the communities in which we live and work.



#### Attracting and recruiting talent

With the number of young people pursuing careers in accounting and audit declining, competition for talent with the optimal skill set has never been higher. Attracting the next-generation of high-quality auditors remains a top priority for EY. This is also an industry-wide priority.

In response to this challenge, the Global Public Policy Committee (GPPC), which brings together leaders from the six largest international accounting networks (BDO, Deloitte, EY, Grant Thornton, KPMG, and PwC) to focus on public policy issues facing the global multidisciplinary accounting profession, launched the Attractiveness of the Profession (AotP) workstream. One of the AotP initiatives seeks to develop narratives about the positive attributes of the profession - with the goal of driving long-term sector strength by developing an early-stage talent pipeline that benefits the entire profession.

To expand the careers talent pipeline and reach broad and diverse audiences globally, EY launched the audit virtual work experience program for university and college students who are at early stages of their studies and are looking to explore future career paths. The purpose is to connect with students and



showcase the audit work that EY teams carry out across the globe, in a direct and informal way, with the aim of building a network with our future talent from the early stages of their academic journey. Students taking this virtual job simulation are more likely to apply, have an interview and be successful in securing an opportunity in EY audit teams.

EY Canada retains a strong network of recruiters and continues to educate and upskill them regarding the key areas of focus for EY businesses, current trends and hot topics in assurance so that they are armed with the information to talk to candidates. EY Canada also continues to work on talent attraction initiatives with the purpose of networking with new and diverse audiences that we didn't have the opportunity to connect with via the traditional channels and innovate in the ways we communicate with and attract our future talent. EY Canada is working with the Canadian Centre for Audit Quality (CCAQ) to enhance audit quality as well as on initiatives to improve the attractiveness of the profession.

EY is using AI, to help screen CVs (in line with EY AI principles and always with humans as decision makers), enabling recruiters to accelerate the review and interview process, offering an overall better candidate experience, and better-quality candidates to fill the vacancies faster.

To recruit people who fit with the EY culture, it is important to consider not only technical excellence, but also other attributes and skills, such as communication skills, high ethical standards and the ability to collaborate in high-performing teams. All joiners are expected to live up to high standards of integrity, and to have strong business acumen and leadership potential.



#### Retention and focus on wellbeing

Having recruited the talent, retaining it within the organization is a key contributor in providing high-quality audits. With a retention rate of 80.4% for the fiscal year ending June 2025 we continue to experience a low rate of voluntary turnover. EY people have always wanted to achieve the right balance between their professional and personal lives, but the younger workforce generations are much quicker to take action if their desired level of flexibility or wellbeing is not met. An increasingly important talent priority has been a focus on wellbeing and improving the day-to-day experience of EY people.

The overarching goal is to embed a wellbeing culture through the commitment of leadership to provide the financial, physical, emotional and social support that

enables EY people to be the best they can be. This can manifest in the provision of flexible working arrangements, recognition programs, mental health awareness and wellbeing, learning and development, plus much more.

In practice, this also includes equitably balancing work allocations and breaking down barriers that have previously prevented EY professionals from setting and adhering to healthy boundaries. There is a stronger focus on experience management, scheduling auditors onto engagements, where they can find opportunities to expand their knowledge as part of longer-term career progression. 88% of EY auditors in Canada indicate that the work they do challenges their abilities and allows them to continue to learn and develop new skills. The better the organization can support EY people's wellbeing, the more likely it is to provide them with compelling reasons to continue their career journey within the EY network.



#### The Audit Academy

Changing environments mean that investments in exceptional talent need to be agile. Audit teams already bring together an increasingly diverse set of skills and this trend will only accelerate as new technologies are adopted, and the role of the audit professional continues to evolve. Skill sets will need to be further enhanced to encompass new competencies, such as data visualization, and new areas, such as the analysis of nonfinancial information (for example, rapidly changing sustainability standards).

EY audit professionals also need to understand and assess the risks and considerations associated with these technologies, particularly as companies implement new systems and generate new data that impact financial and non-financial reporting, such as processes dealing with cryptocurrencies or greenhouse gas emissions.

This is addressed through the Audit Academy, the EY global learning program for auditors. It builds auditors' core skill sets and evolves over time, for example to complement those core skills with the new capabilities needed to support the EY Digital Audit.

Every year, the content and focus of the Audit Academy is adjusted to address new technologies and strategic priorities that promote audit quality. In addition, inspection and quality review findings are reviewed regularly to assess and address root causes, and the conclusions are then fed into the Audit Academy curriculum as part of the annual

maintenance. Any recommended changes are agreed with Assurance leadership and then approved by the EY Global Audit Learning Steering Committee.

Teams can be sure that they are receiving leading-class and globally consistent core learning. The Audit Academy encourages and empowers individuals to apply professional skepticism, think critically and provide exceptional client service. It creates an agile skillset that allows learners to adjust to changes in regulation, adoption of emerging technologies or the use of new data analytics tools and techniques or the appropriate use of AI.

The Audit Academy is designed to provide flexibility in deployment, through a blend of on-demand content and simulation or case study-based learning that can be deployed either physically or virtually.

EY Canada requires audit professionals to obtain at least 20 hours of continuing professional education each year and at least 120 hours over a three-year period. Of these hours, eight hours each year and 48 hours over a three-year period must cover technical subjects.

In total, during the fiscal year ending June 27 2025, EY Canada audit professionals averaged 83 hours of learning, well in excess of the minimum requirements. Whilst the majority of these hours relate to technical accounting and auditing subject matter, others support the development of broader skills, such as those described in the next section.

In the 2025 Quality Survey, 83% of respondents said they received sufficient training and development to enable them to provide quality audits or other assurance engagement.



#### EY Badges and Partner Learning

In addition to audit specific learning, EY provides a broad curriculum of content that covers legal, ethical and compliance related topics (such as Independence, Values and Information Security) as well as other skills such as Wellbeing, Coaching, Counselling, Teaming, and Business Development. To encourage the building of new skills, the EY Badges program enables EY professionals to gain future-focused skills including robotic process automation, teaming, innovation and cybersecurity, as well as other capabilities that are in high demand, such as AI and sustainability. EY Badges is a self-directed learning initiative that supplements a substantial program of core structured training for auditors.

Allied to EY Badges is the EY Tech MBA and Masters in both Business Analytics, AI and Data and Sustainability. These are online qualifications

awarded by Hult International Business School, a triple-accredited university, that are available free of charge to all EY people.

There are also a variety of learning programs that have been developed specifically for EY member firm partners. These are available to all EY member firm partners worldwide and cover topics including AI, Inspirational Leadership, Disruptive Technology, and Sustainability. These are supplemented by high-touch, immersive programs for selected groups of partners on topics such as Client Leadership and Disruptive Technology, and there are also regular learning programs on audit-specific topics such as risk assessment and fraud.



#### Personalized careers with diverse experiences

As the workforce becomes more diverse in terms of background, skill sets, experiences and education, EY member firms are implementing more flexible career paths for all EY professionals.

Offering an agile and flexible career path that includes acceleration for the highest performers is vital in attracting new, diverse talent and in helping to develop and retain the existing workforce.

Promotions aim to focus on EY people's skills, not the number of years in a post.



#### Mobility

One of the most powerful experiences EY member firms can offer their people is to work across cultures and borders. EY member firms provide a variety of on-demand mobility solutions. The global mobility platform, Mobility4U, makes international mobility accessible to EY professionals across all service lines and ranks up to and including senior managers, with a focus on developmental opportunities for EY people. Mobility can also be prompted by specific needs in a region, service line or sector, and for member firm partners and future leaders to support key business objectives.

A recent mobility return on investment analysis showed that international experience positively impacted career opportunities. Seventy-six percent of mobility assignees reported a positive impact on career one year after an assignment, 92% of assignees said their international assignment experience was exceptional and 98% would recommend an EY mobility assignment.



## Performance management

The EY Canada performance management framework, LEAD, supports EY people's careers, inspires their growth and recognizes the value they bring to EY Canada. Through defined global and local key performance indicators (KPIs), ongoing feedback, counselor insights and conversations, LEAD helps align individuals with the EY strategy and enables a focus on the future. An individual's dashboard provides a view of their year-to-date feedback and comments about their engagement performance, including feedback related to quality, risk management and technical excellence. At year end, individuals receive an outcome, called a category, based on aggregated feedback, progress against KPIs and contributions to EY via counselor and leader insights. The category serves as one input to compensation and reward programs.

At the centre of the framework are conversations between counselee and counselor, covering topics such as feedback, career aspirations, creating an inclusive and equitable environment and pursuing learning and new experiences. These conversations help to identify opportunities for further development and to build future-focused skills.

The performance management framework extends to partners, principals, executive directors and directors (PPEDDs), and applies to all EY member firms around the world. It reinforces the global business agenda by continuing to link performance to wider goals and values. The process includes goal setting, ongoing feedback, personal development planning and an annual performance review, all tied to partners' recognition and reward. Documenting PPEDDs' goals and performance is the cornerstone of the evaluation process. An EY member firm partner's goals are required to reflect various global and local priorities across six metrics, the most important one being quality.



## Engagement

Employee engagement is a vital sign of success in building the right culture. Understanding the ambitions, concerns and pressures faced by EY people makes it possible to provide a better environment in which they can flourish.

Engagement levels are regularly monitored through a variety of channels. The EY People Pulse survey is run three times per year to gather feedback on key elements that drive engagement and retention. Each survey focuses on different strategic drivers

(e.g., Careers, Learning and skills) and includes other relevant topics. We continue to experience a high engagement score of 78% which has had a positive impact on retention.

The EY Team Experience Survey is another critical element of the employee listening strategy, aimed at improving and unifying the day-to-day experience for engagement teams. Eligible team members provide feedback on their experience of an engagement across a variety of questions, rated on a five-point scale. This feedback provides actionable insights and pathways for tangible change at the engagement team level.

EY Assurance runs an initiative known as "Global Voices" which unites up to 200 high-performing junior assurance professionals from across the world and all sub-service lines. Its purpose is to empower and engage the EY member firms' workforces by seeking their feedback on a wide range of topics of strategic importance, to broaden leadership perspectives.

Leadership teams are increasingly engaged and motivated to understand the group's perspectives on business-critical challenges like talent retention, technology, AI and innovation.



## Knowledge and internal communications

EY Canada understands the importance of providing audit teams with up-to-date information to help them perform their professional responsibilities. There is significant EY investment in knowledge and communication networks to enable the rapid dissemination of information to help EY people collaborate and share best practices. Some EY resources and tools include:

- EY Atlas, which includes local and international accounting and auditing standards, as well as interpretive guidance
- Publications such as International GAAP, IFRS developments and illustrative financial statements
- Frequent updates covering assurance and independence policies, developments from standard-setters and regulators, as well as internal commentary thereon
- Practice alerts and webcasts, covering a range of global and country-specific matters, designed for continuous improvement in EY member firms' Assurance practices.

For more information, see the [EY Canada audit quality report](#).



### Formation of audit engagement teams

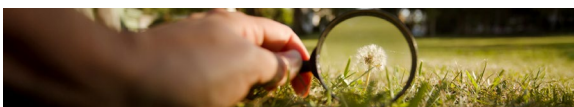
The assignment of EY professionals to an audit engagement is made under the direction of our Assurance leadership. The factors considered when assigning EY people to audit teams include engagement size and complexity; engagement risk; specialized industry knowledge and experience; timing of work; continuity; and opportunities for on-the-job training. For more complex engagements, consideration is given to whether specialized or additional knowledge is needed to supplement or enhance the audit engagement team.

In many situations, EY professionals with experience in a specialized area of accounting or auditing, such as tax or information technology, are assigned as part of the audit engagement team to assist in performing audit procedures and obtaining sufficient appropriate audit evidence. Additionally, internal specialists who have knowledge outside of accounting or auditing, such as forensics, asset valuation, actuarial analysis and sustainability, may perform work in their field that is used by the audit engagement team to assist in obtaining sufficient appropriate audit evidence.



### Service delivery centres

Global Delivery Services (GDS) is an integrated network of EY service delivery centres that provide services to support EY member firms. GDS continues to develop flexible business models and innovative ways to support other EY member firms and their evolving needs. Across all disciplines, GDS teams combine broad technical knowledge with a focus on innovation, automation and process improvement to create customized and scalable services that provide greater value for the EY organization.



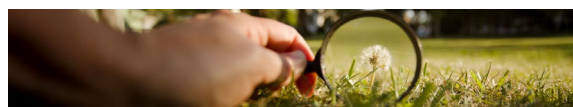
### Information and communication

The information and communication component focuses on obtaining, generating or using information and communicating relevant and reliable information, to enable the design, implementation and operation of the System of Quality Management. The quality objectives within the component address the effective two-way communication between:

- EY people
- Member firms within the EY network

- External parties
- Service providers

Effective two-way communication is essential to the operation of the System of Quality Management and the performance of audit engagements. The Global System of Quality Management policy provides the requirements for EY member firms to communicate internally and externally about the EY member firm's System of Quality Management. EY has a culture that encourages and expects EY people to communicate relevant and reliable information to the EY member firms to enable the System of Quality Management.



### System of Quality Management monitoring and remediation

EY Canada has established an SQM monitoring and remediation process to:

- Provide relevant, reliable and timely information about the design, implementation and operation of EY Canada's System of Quality Management
- Provide a basis for the identification of deficiencies
- Take appropriate actions to respond to any identified deficiencies

Information obtained from the monitoring and remediation process about the design, implementation and operation of the System of Quality Management is evaluated to conclude on the effectiveness in achieving the objectives of the EY Canada's System of Quality Management.

System of Quality Management monitoring activities include evaluating:

- Tests of System of Quality Management key controls
- Internal and external engagement inspections
- Other monitoring activities such as:
  - Tests of compliance with ethical requirements related to independence
  - Quality observations made by external regulators relevant to the System of Quality Management
  - Issues referred from the Ethics hotline

The monitoring and remediation process is executed annually based on the Global System of Quality Management Monitoring and Remediation policy.





### Tests of System of Quality Management key controls

System of Quality Management key controls have been designed and implemented to mitigate quality risks. The objective of performing tests of System of Quality Management key controls within EY Canada's System of Quality Management includes determining whether the System of Quality Management key controls:

- Were designed, implemented and operated in accordance with the Control Owner's understanding and documentation thereof
- Were operated on a timely basis by the Control Owner and Control Operator specified in the design of the System of Quality Management key control
- Resulted in the timely resolution of any matters (information accumulated) identified
- Were based on reliable information (i.e., information used in the performance of the System of Quality Management key control is complete and accurate, if applicable)

Individuals testing System of Quality Management key controls are competent, objective and independent of the control owners and control operators.

In addition to controls that exist at the EY member firm level, there may be controls within EY Canada's System of Quality Management that are designed, implemented and operated at the Area or Global level. For example, Global Functions and Service Lines provide policies (e.g., EY Global Audit Methodology) and technologies (e.g., EY Canvas, PACE) to EY member firms. Global Functions and Service Lines have controls over the development and maintenance of these resources. These controls form part of an EY member firm's System of Quality Management, and EY Canada remains responsible for determining how those controls are used in its System of Quality Management, including any actions necessary to implement or supplement such controls and determining the impact of the results of testing of those controls on its System of Quality Management.

The testing of these controls is performed at the Area, or Global level, as relevant.

The approach to testing of controls at the Area and Global level follows the same requirements and guidance set forth in the Global System of Quality Management Monitoring and Remediation policy. Prior to testing starting, information is provided to the EY member firms which includes an overview of the controls to be tested, the approach to testing, and information about who will be performing testing, including how to allow an EY member firm to

assess their competence and objectivity. For example, testing performed over Global controls is performed by individuals independent of the control owners and operators under the supervision of the Global System of Quality Management Monitoring and Analysis Leader.

Information about the results of testing is also shared with the EY member firms through Results of Monitoring Activities memos, which include any potential deficiencies and an appendix with the final testing attributes, and through other information such as the list of findings. EY Canada obtains and evaluates the results of testing provided by the Area and Global, as relevant, including evaluating whether there are findings relevant to the System of Quality Management.



### Audit quality reviews (AQR)

EY Canada executes an Audit Quality Review (AQR) Program in accordance with the Global AQR program, and reports results and develops responsive action plans. The AQR program involves inspection of completed audit engagements. The AQR program evaluates the design and operating effectiveness of the firm's quality control policies and procedures. This ensures the firm is complying with the requirements and guidelines in ISQM 1 and is supplemented, where necessary, to comply with EY Canada professional standards and regulatory requirements. It also aids EY Canada's ongoing efforts to identify areas where we can improve our performance or enhance our policies and procedures.

Audit quality reviews include the inspection of at least one completed engagement for each PIC on a cyclical basis, including elements of unpredictability. The engagements reviewed each year are selected using a risk-based approach covering a cross-section of EY Canada's auditing practice. The AQR program includes detailed risk-focused file reviews covering a sample of listed and non-listed audit engagements to measure compliance with internal policies and procedures; EY GAM requirements; and relevant local professional standards and regulatory requirements.

AQR reviewers and team leaders are selected for their skills and professional competence in accounting and auditing, and in certain instances, their industry specialization. They are required to be independent of the engagements and teams they review and are assigned to inspections outside of their home location.

The AQR program is supplemented by a program that covers inspections of review engagements, other assurance engagements and related services

engagements regardless of the service line performing the work. This is referred to as the Other Assurance Quality Review (OAQR) program. This program measures compliance with the relevant professional standards, and internal policies and procedures that should be applied in executing other assurance and related services.

The results of the AQR and OAQR processes are summarized globally, along with any key areas where the results indicate that continued improvements are required. Measures to resolve audit quality matters noted from the AQR program and regulatory inspections are addressed by Canadian Assurance leadership and the Canadian Professional Practice Director. These programs provide important practice monitoring feedback for our System of Quality Management and continuing quality improvement efforts.



External quality assurance reviews

EY Canada's audit practice is subject to annual inspection by the Canadian Public Accountability Board (CPAB) for audits of Canadian public companies. As part of its inspections, CPAB reviews completed audit engagements and evaluates EY Canada's system of quality management. The most recent inspection report on EY Canada was issued by CPAB on January 30, 2025. Information on CPAB can be found at [cpab-ccrc.ca](https://cpab-ccrc.ca).

In addition, EY Canada's audit practice is subject to inspection by the PCAOB for audits of US SEC issuers. As part of its inspections, the PCAOB evaluates the firm's system of quality management and reviews completed audit engagements. The most recent inspection report on EY Canada was issued by the PCAOB on July 24, 2025.

Information on the PCAOB, along with publicly available inspection reports, can be found at [pcaobus.org](https://pcaobus.org). The public portions of the PCAOB's reports describe the procedures performed during the inspections and certain observations regarding audit performance.

We value the regulatory inspections process as it provides the firm, along with our internal monitoring activities, valuable insights into the quality of EY audits. These insights help us to effectively execute high-quality audits as we thoroughly evaluate the matters raised during the inspections to identify areas where we can improve audit quality and the relevance to the System of Quality Management. Audit engagements with significant findings and certain other engagements are subject to root cause analysis (see next section).



Engagement-level root cause analysis and action plans

Engagement-level root cause analysis is a central part of EY Canada's System of Quality Management, providing an in-depth assessment of the root causes that underlie an engagement's positive or negative inspection outcome. The findings of each root cause are analyzed in detail. This analysis enables a better understanding of the drivers behind both positive and negative outcomes. It also allows us to focus on key behaviours that drive positive and high-quality results, a process that is fundamental to continuous improvement.

In conjunction with the performance of engagement-level root cause, we assess whether the matters are indicative of pervasive issues in our System of Quality Management and develop responsive action plans for remediation when necessary.



Identifying and assessing System of Quality Management deficiencies and performing root cause

Findings are information about the design, implementation and operation of the System of Quality Management which indicates that one or more deficiencies may exist. EY Canada evaluates each finding or aggregation of findings considering the relative importance of the finding(s) to determine whether a deficiency exists. Potential findings identified, and their assessment are reviewed by the System of Quality Management Oversight Committee.

If any deficiencies are identified, a root cause process is executed to determine the root cause, to assess the severity and pervasiveness of the deficiency, and to develop responsive actions.

Representatives from Area and Global Professional Practice and Assurance Leadership teams meet periodically to review the results of the monitoring activities and the assessment of findings and deficiencies to drive consistency in the application of the framework for identifying and assessing findings and evaluating deficiencies and performing root cause as described in the Global System of Quality Management Monitoring and Remediation policy.



#### System of Quality Management Quality Improvement Plans

For any identified deficiencies, EY Canada quality improvement plans are developed, which includes:

- Correcting the effect of the identified deficiency
- Remediating identified deficiencies in a timely manner
- Evaluating the effectiveness of the remediation actions

Quality improvement plans are developed by the System of Quality Management Operations Committee and are reviewed by the System of Quality Management Oversight Committee to help ensure the appropriateness of the actions designed. Subsequently, we monitor the effectiveness of the remedial actions implemented.



## Infrastructure supporting quality



# Infrastructure supporting audit quality



## Strategy

Audit quality is a foundational element of the **All in** global strategy with the ambition to shape the future with confidence and drive purposeful growth to create new value for EY people, clients and stakeholders. With its **All in** global strategy, EY recognizes its responsibility to perform audits in accordance with standards that govern our profession and maintain the confidence placed in EY by the capital markets and companies EY audits.

EY Canada is on a multi-year transformation journey to drive audit quality and enhance the experience of our clients and our people. Key elements of that strategy include leveraging AI and other technology, fostering a continuous improvement mindset, embracing centralization and standardization, simplifying and streamlining our audits, expanding career development opportunities for our people and reinforcing the cornerstones of our culture.



## Global Assurance Quality Network

The Global Assurance Quality Network and the Global Professional Practice Group (GPPG) work in tandem to support the delivery of quality audits. Supporting these two functions, additional quality focus is driven by:

- The Global System of Quality Management network
- Quality leaders within the non-Assurance service lines

The EY Global Assurance Quality Network is a group of senior Assurance leaders around the world who support EY member firm engagement teams and practice leaders in the execution of high-quality audits.

The Global Assurance Quality Network is instrumental in serving as:

- Experienced change agents who effectively communicate changes coming and the rationale behind the changes and positively influence behaviours.
- Dedicated methodology leaders who can guide engagement teams in their execution of audit strategies and answer technical questions.
- Risk management leaders who can oversee audit portfolios and remain alert to signs of execution or client risk and positively intervene when necessary.

- Operational drivers who can enforce policies and support the system of quality management through activities such as monitoring adherences to pacing milestones, monitoring the level of executive involvement and assessing partner workloads, and eliminating optionality to drive global consistency.

The Global Assurance Quality Network drives a focus on audit quality through:

### The Global Assurance Quality Network drives a focus on audit quality through:



## Monitoring Key Performance Indicators (KPIs)

In addition to understanding the overall System of Quality Management annual results, Assurance leadership monitors the execution of the EY strategy and quality priorities through a combination of metrics or KPIs. While no single reportable metric or set of metrics can be viewed as a sole indicator of audit quality, a set of metrics can be used to give an indication of audit quality.

Supported by strong global integration of tools, practices and policies, country specific data is accumulated monthly on a variety of topics. The KPIs include both leading and lagging quality-related indicators and include metrics related to inspection results, audit pacing/execution and resource demands/workforce planning. Each KPI is measured against established geographically specific and global targets, with outliers requiring an evaluation and remediation plan. The AQIs are also aligned to the EY

accountability framework to reinforce priorities for the country leadership network and are subject to an annual review to help ensure they remain relevant and responsive to quality initiatives. They include external and internal inspection results; milestones performance, which helps audit teams stay on pace with their execution; people surveys; retention rates; actual vs. planned headcount and deployment of mandatory learning.

The global KPI dashboard helps to inform the leadership at all levels of the EY organization about whether actions are having the intended effect or whether additional actions are needed.



#### Monitoring adherence to pacing milestones

Effective project management helps audit teams to stay focused on the risks that matter most across the audit cycle, better balancing the workload by allocating the right amount of time to complete the right tasks and involving executives in a timely way.

Milestones set completion due dates for important phases of the audit, and when used effectively, Milestones help to avoid time compression during the peak busy season.

Additionally, project management encourages auditors to be more thoughtful and intentional at every stage of the audit, accelerating learning and development as well as creating a more meaningful experience along the way. The focus on project management in the global audit platform, EY Canvas, is powered by the Milestones program. Facilitated through dashboards in EY Canvas and the EY Canvas Reporting Hub, Milestones breaks the audit cycle down into specific tasks, with dates and steps designed to help achieve timely completion, and appropriate supervision and review. Adherence to Milestones is monitored via AQIs, and the intervention with audit teams when Milestones are not achieved is an element of the System of Quality Management of EY.



#### Usage of EY Canvas Client Portal requests

EY Canvas allows EY teams to send clients requests for documents used to support the audit or for work to be performed by internal audit, as permitted by local laws and regulations. Clients work on the requests, upload documents and respond by using EY Canvas Client Portal. Clients can see requests that have been assigned to them or to the group(s) of which they are a member (e.g., accounting, payroll or

internal audit). EY Canvas Client Portal also has several features available to assist clients with project management.



#### Quality Network Coaching

Our Quality Network focuses on proactively improving audit quality by coaching our audit teams, performing workpaper reviews, advising our teams on audit methodology matters, providing training, and executing various risk management and quality control procedures.

Professionals in our Quality Network have frequent contact with teams to identify and proactively address emerging issues. Areas of focus have included, teams' use of data in our audits, audits of internal control over financial reporting, targeted audit areas, and higher risk engagement attributes such as significant business combinations or an initial public offering.



#### Designing and deploying enablement for new technology

Working with technology product owners and the GPPG, the Global Assurance Quality Network designs and deploys enablement and local implementation plans to assist EY audit teams in utilizing the automated tools and techniques as designed. The enablement and implementation support is activated by local quality networks.

The enablement is designed to be intuitive and easily consumable (e.g., short videos) while bridging the technology with methodology, thus explaining the audit rationale behind the technology. Through the Global Assurance Quality Network's working relationship with the technology leadership team and the GPPG, the mandatory usage of certain automated tools and techniques is agreed on prior to release.



#### Designing and deploying enablement to address new or revised auditing standards and methodology enhancements

Working with the GPPG and other stakeholders, the Global Assurance Quality Network works to develop and deploy enablement to support the adoption of new or revised auditing standards as well as enhancements made to EY GAM.

Implementation plans are co-developed by representatives of the Global Assurance Quality Network and local member firm quality networks and

consist of activating champion and coaching networks to support the implementation and lead post-deployment the continuous feedback loop.



### Professional Practice

The GPPG is a worldwide network of dedicated technical subject-matter professionals in corporate reporting and assurance standards who consult on accounting, auditing and financial and nonfinancial reporting matters. They also perform various quality management oversight and monitoring roles, and risk management activities.

The GPPG develops accounting and auditing guidance, learning and quality oversight policies used by the EY network, and the tools and enablement used by EY audit professionals to execute audits consistently and effectively.

The Global Vice Chair of Professional Practice, referred to as the Global Professional Practice Director (Global PPD), is overseen by the Global Vice Chair of Assurance and works to establish global audit quality control policies and procedures. Each of the Area PPDs as well as the Global Delivery Service PPD is overseen by the Global PPD and the related Area Assurance Leader. This helps provide greater assurance to the objectivity of audit quality and consultation processes.

The Global PPD oversees the development of the EY GAM and related audit policies and technologies so that they are consistent with relevant professional standards and regulatory requirements. The GPPG also oversees the development of the guidance, training and monitoring programs, and processes used by audit professionals to execute audits consistently and effectively.

Additionally, the GPPG develops accounting and auditing guidance to respond to event-specific issues such as geopolitical conflicts and economic volatility.

The Global, Area, Regional and Country PPDs, together with other professionals who work with them in each member firm are readily accessible for consultation with audit teams.

Additional resources often augment the GPPG, including professionals focused on:

- Internal-control reporting and related aspects of the EY GAM
- Accounting, auditing and risk issues for specific topics, industries and sectors
- General engagement matters and how to work effectively with those charged with governance

Further, the Canadian Professional Practice Director has operational responsibility for monitoring the System of Quality Management of EY Canada. This includes concurring with or proposing changes to the recommended System of Quality Management annual evaluation conclusion. The System of Quality Management monitoring process is coordinated and monitored by representatives of the GPPG.



### Risk Management

Risk Management (RM) coordinates organization-wide activities designed to help EY people meet global and local compliance responsibilities and support client-facing teams in providing quality and exceptional client service. Responsibility for high-quality service and ownership of the risks associated with quality is placed with the EY member firms and their service lines.

Among other things, the Global RM Leader helps monitor the identification and mitigation of these risks, as well as other risks across the organization as part of the broader enterprise risk management (ERM) framework. The ERM priorities are communicated to EY member firms.

The Global RM Leader is responsible for establishing a consistent risk management framework around the globe and enabling the EY member firms to manage risk across the EY organization.

The EY Canada RM function is responsible for risk management across the Canadian firm and implements the global risk management framework in Canada supplemented by incremental local risk management processes as appropriate, including coordinating with the service lines on such matters.

During the year EY Canada has continued to focus on data protection, privacy, compliance and ethics within risk management, including building capacity in these areas to address rapidly evolving risks, including those associated with AI.

When significant events that present risks occur, Global Risk Management, in coordination with other Global functions, actively seeks input from EY member firms on lessons learned from both crisis management and business continuity standpoints. This after-action review process allows EY to evolve planning around its crisis response and management of crises at the EY member firm and global levels.

Such reviews enable a higher degree of proactiveness especially in identifying emerging risks before they cause significant impact, and the prioritization of risks by each member firm.

Additionally, Global Risk Management continues to focus on business resiliency in business continuity planning efforts in the EY organization. A key component of this approach is the recognition that many crises do not just “happen”; there are usually indicators of escalating factors as a crisis unfolds. This approach allows EY member firms to begin addressing mitigation of risks while continuing to carry on “business as usual” at the very early stages of a potential business impact situation. The creation of “escalation matrixes” around several ongoing and high-chance geopolitical events allow EY member firm and Region risk management crisis management teams to respond more rapidly and more effectively as events escalate.

These changes are allowing EY member firms to navigate significant crises more effectively via a prepared holistic approach.

The Global Data Protection and Confidentiality Policy sets out requirements when handling sensitive and restricted information, including personal data. EY member firms have a continuing responsibility to communicate local changes in law or regulation, reflecting the ever-changing landscape of restrictions on the use of data. The Global Data Protection and Confidentiality Policy was developed in accordance with applicable law, regulatory frameworks (such as the GDPR), and relevant professional standards. The policy provides clarity for EY member firms and their employees and connects to related policies and guidance on information security, records retention, social media utilization, and other data protection-related topics.



## Cybersecurity

Managing the risk of major and complex cyber-attacks is a part of conducting business for all organizations. While no systems are immune from the threat of cyber-attacks, EY Canada is vigilant in the steps it takes to secure and protect client data.

The EY approach to cybersecurity is proactive and includes the implementation of technologies and processes necessary to manage and minimize cybersecurity risks around the globe. EY information security and data protection programs, consistent with industry practices and applicable legal requirements, are designed to protect and defend against unauthorized access to systems and data.

There is a dedicated team of cybersecurity specialists, who constantly monitor EY systems and respond to cyber-attacks globally.

Beyond technical and process controls, all EY people are required to annually affirm in writing their

understanding of the principles contained in the EY Global Code of Conduct and their commitment to abide by them. There are also required security awareness learning activities. Various policies outline the due care that must be taken with technology and data, including, but not limited to, the Global Information Security Policy, and the Global Acceptable Use of Technology Policy. EY cybersecurity policies and processes recognize the importance of timely communication.

EY people receive regular and periodic communications, reminding them of their responsibilities outlined in these policies and of general security awareness practices.





## Independence practices

# Independence practices

The EY Global Independence Policy requires EY Canada and our people to comply with the independence standards applicable to specific engagements (e.g., the IESBA Code; the CPA Code; SEC, PCAOB rules and regulations). The EY Global Independence Policy is an example of a policy issued by EYG to enable the operation of the SQM and the performance of ISQM 1 engagements.

We consider and evaluate independence with regard to various aspects, including our financial relationships and those of EY people; employment relationships; business relationships; the permissibility of services we provide to companies we audit; applicable firm and partner rotation requirements; fee arrangements; audit committee pre-approval or pre-concurrence, as applicable; and partner remuneration and compensation.

**Failure to comply with applicable independence requirements will factor into decisions relating to a person's promotion and compensation, and may lead to disciplinary measures, including separation from EY Canada.**

EY Canada has implemented EY global applications, tools and processes to support us, our professionals and other employees in complying with independence policies.



EY Global Independence Policy

The EY Global Independence Policy contains the independence requirements for EY member firms, EY people, and other professionals. It is a robust policy predicated on the IESBA Code and supplemented by more stringent requirements in jurisdictions where prescribed by the local legislative body, regulator or standard-setting body. The policy also contains guidance designed to facilitate an understanding and the application of the independence rules.

The EY Global Independence Policy is an Intellectual resource provided by a Global Function to drive consistency in the System of Quality Management.

The EY Global Independence Policy and the Canadian Supplement to the EY Global Independence Policy set forth the requirements for EY Canada and its professionals with respect to the most common independence matters and is designed to comply with or exceed the applicable independence requirements

of SEC Rule 2-01 of Regulation S-X, the PCAOB independence standards, the IESBA Code and the CPA Code.



Global Independence System

The Global Independence System (GIS) is an intranet-based tool that helps EY people identify the entities from which independence is required and the independence restrictions that apply. The tool includes family-tree data relating to audit clients and their affiliates, other entities for which independence restrictions apply, and other entities for which there are no independence restrictions. Family-tree data is updated by client-serving engagement teams. The entity data includes notations that indicate the independence requirements that apply to each entity, helping EY people determine the type of services that can be provided or other interests or relationships that can be entered into.

GIS is an example of a technological resource made available to EY member firms to drive consistency in the System of Quality Management.



Global Monitoring System

The Global Monitoring System (GMS) is another important global tool that assists in identifying proscribed securities and other impermissible financial interests. EY professionals ranked as manager and above are required to enter details about all securities they hold, and those held by their immediate family, into the GMS. When a proscribed security is entered or if a security an EY professional holds becomes proscribed, EY professionals receive a notice and are required to dispose of the security.

Identified exceptions are reported through an independence incident reporting system for regulatory matters.

GMS also facilitates quarterly and annual confirmation of compliance with independence policies, as described below. GMS is an example of a technological resource made available to EY member firms to drive consistency in the System of Quality Management.



### Independence compliance

EY processes and programs are aimed at enabling and monitoring compliance with independence requirements of EY member firms and their people.

These include the following activities, programs and processes.



### Independence confirmation

Annually, EY Canada is included in an Area-wide process to confirm compliance with the EY Global Independence Policy and process requirements, and to report identified exceptions, if any.

All EY client-serving professionals at the ranks of manager through partner, and certain others based on role or function, are required to confirm compliance with independence policies and procedures quarterly (annually for those client-serving professionals below the manager rank). In addition, all EY professionals are required to confirm compliance with the EY Global Code of Conduct annually.



### Independence compliance reviews

EY conducts internal procedures to assess member firm compliance with independence matters. These reviews include aspects of compliance related to non-audit services, business relationships with the companies that EY member firms audit and financial relationships of EY member firms.



### Personal independence compliance testing

Each year, the EY Global Independence team establishes a program for personal independence compliance testing (PICT), which is an audit of an individual's compliance with the requirement to report financial interests in GMS. As part of the PICT, the selected individuals will provide account statements and other documentation of their financial interests, which are then compared to information reported in GMS as of the relevant period being tested to determine if there are unreported interests and relationships. Any unreported interests or relationships are evaluated with consequences assigned as deemed appropriate. In the most recent reporting year, we tested Canadian Partners and

other professionals for their compliance with our independence policies, as part of EY Canada's system of quality control.



### Non-audit services

EY enables and monitors compliance with professional standards, laws and regulations governing the provision of non-audit services to audited entities through a variety of mechanisms. The enablement includes the use of tools, such as PACE (see page 19), GIS (see page 38) and the Service Offering Reference Tool (SORT) (see below), and training. The monitoring includes required procedures completed during the performance of audits and internal inspection processes, such as the Global Compliance Engagement Testing. There is also a process in place for the review and approval by Independence professionals of certain non-audit services in advance of accepting the engagement.



### Global independence learning

EY develops and deploys independence learning programs for EY people. All EY client-facing professionals, and certain other professionals based on role or function, are required to participate in annual independence learning to help maintain independence from the companies EY member firms' audit.

**The goal is to help EY people understand their responsibilities and to enable each of them, and their member firms, to be free from interests that might be regarded as incompatible with objectivity, integrity and impartiality in serving an audit client.**

The annual independence learning program covers independence requirements, focusing on recent changes to policy, as well as recurring themes and topics of importance. Timely completion of annual independence learning is required and is monitored.

In addition to the annual learning program, independence awareness is promoted through events and materials, including new-hire programs and core service line curricula.

The annual independence learning program is an intellectual resource provided by a Global Function to drive consistency in the System of Quality Management.



### Service Offering Reference Tool

Service Offering Reference Tool (SORT) serves as the master list of approved EY services. We assess and monitor our portfolio of services on an ongoing basis to determine whether they are permitted by professional standards, laws and regulations, and to make sure that we have the right methodologies, procedures and processes in place as new service offerings are developed. We restrict services from being provided that could present undue independence or other risks.

SORT further provides EY people with information about EY service offerings. It includes guidance on which services can be provided to audit and non-audit clients, as well as independence and other risk management matters and considerations.

SORT is an example of a technological resource EY member firms use to drive consistency in the System of Quality Management.



### Business Relationships Independence Data Gathering and Evaluation

EY people are required to use Business Relationships Independence Data Gathering and Evaluation (BRIDGE) in many circumstances to identify, evaluate and obtain advance approval of a potential business relationship with an audit client, thereby supporting compliance of EY independence requirements.

BRIDGE is an example of a technological resource made available to EY member firms to drive consistency in the System of Quality Management.



### Audit committees and oversight of independence

We recognize the important role audit committees and similar corporate governance bodies undertake in the oversight of auditor independence. Empowered and independent audit committees perform a vital role on behalf of shareholders in protecting independence and preventing conflicts of interest. We are committed to robust and regular communication with audit committees or those charged with governance. Through the EY quality review programs, we monitor and test compliance with standards requiring certain audit committee communications, as well as the pre-approval or pre-concurrence of non-audit services, as applicable.

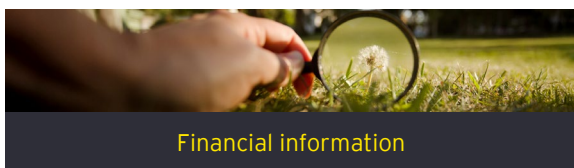
For more information, see the [EY Canada audit quality report](#).





## Revenue and remuneration

# Revenue and remuneration

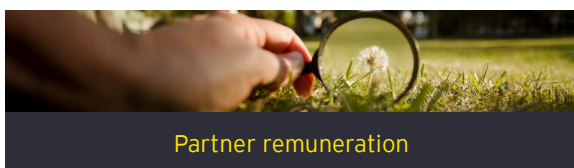


## Financial information

Revenue includes expenses billed to clients, and revenues related to billings to other EY member firms. Revenue amounts disclosed in this report include revenues from both audit and non-audit clients.

**Financial information for the period ended on 27 June 2025 expressed in Canadian dollars**

Service	Revenue (in millions)	Percentage
Audits and directly related services for companies we audit listed in EU	\$19	1%
Other audits and directly related services (excl clients listed in EU)	\$567	21%
Non-audit services provided to companies we audit listed in EU	\$3	-
Non-audit services provided to other entities (excl clients listed in EU)	\$2,077	78%
<b>Total revenue</b>	<b>\$2,666</b>	<b>100%</b>



## Partner remuneration

Quality is at the centre of the EY strategy and is a key component of EY performance management systems. EY Canada partners are evaluated and compensated based on criteria that include specific quality and risk management indicators. Equally, when EY Canada partners do not adhere to quality standards, remedial actions are taken. These may include performance monitoring, compensation adjustment, additional training, additional supervision or reassignment – or, in instances of repeated or particularly serious non-compliance, separation from EY.

Please see the Accountability Frameworks section of this report to better understand how the frameworks outline criteria for measuring alignment between an individual's overall performance rating and their quality rating.

EY policies prohibit evaluating and compensating lead audit engagement partners and other key audit partners on an engagement based on the sale of non-audit services to companies they audit. This reinforces to EY partners their professional obligation to maintain independence and objectivity.

Specific quality and risk performance measures have been developed to account for:

- Providing technical excellence
- Living the EY values as demonstrated by behaviours and attitude
- Demonstrating knowledge of, and leadership in, quality and risk management
- Complying with policies and procedures
- Complying with laws, regulations and professional duties

The EY partner compensation philosophy calls for meaningfully differentiated rewards based on a partner's level of performance, as measured within the context of the performance management framework. Partners are assessed annually on their performance in providing high-quality, exceptional client service and EY people engagement, alongside financial and market metrics.

**We operate under a system that requires quality to be a significant consideration in a partner's overall year-end rating.**

To recognize different market values for different skills and roles, and to attract and retain high-performing individuals, the following factors are also considered when we determine our partners' total reward:

- Experience
- Role and responsibility
- Long-term potential

For more information, see the [EY Canada audit quality report](#).



## Appendix 1: List of PIE audit clients

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In the fiscal year that ended June 27, 2025, EY Canada performed audits of the following PIEs whose transferable securities are admitted to trading on a regulated market within the EU:

- Canadian Imperial Bank of Commerce
- Questerre Energy Corporation



## Appendix 2: Approved EY member firms



## Appendix 2: Approved EY member firms



List of approved EY member firms in an EU or EEA member state

As of 30 June 2025, the following EY member firms are approved to carry out statutory audits in an EU or EEA member state:

Member State	Statutory auditor or audit firm
<b>Austria</b>	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
<b>Belgium</b>	EY Assurance Services SRL
	EY Bedrijfsrevisoren SRL
	EY Europe SRL
<b>Bulgaria</b>	Ernst & Young Audit OOD
<b>Croatia</b>	Ernst & Young d.o.o.
<b>Cyprus</b>	Ernst & Young Cyprus Limited
	Ernst & Young CEA (South) Services Ltd
	Ernst & Young CEA (South) Holdings Plc
<b>Czech Republic</b>	Ernst & Young Audit, s.r.o.
<b>Denmark</b>	EY Godkendt Revisionspartnerselskab
<b>Estonia</b>	Ernst & Young Baltic AS
	Baltic Network OU
<b>Finland</b>	Ernst & Young Oy
<b>France</b>	Auditex
	Ernst & Young Audit
	Ernst & Young et Autres
	EY & Associés
	EY France
<b>Germany</b>	EY GmbH & Co.KG Wirtschaftsprüfungsgesellschaft
	Ernst & Young Heilbronner Treuhand-GmbH Wirtschaftsprüfungsgesellschaft
	EY Revision und Treuhand GmbH Wirtschaftsprüfungsgesellschaft
	TS GmbH Wirtschaftsprüfungsgesellschaft
	Schitag Schwäbische Treuhand GmbH Wirtschaftsprüfungsgesellschaft
	EY Deutschland GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
	EY Verwaltungs-GmbH Wirtschaftsprüfungsgesellschaft
	EY-Parthenon GmbH Wirtschaftsprüfungsgesellschaft
<b>Greece</b>	Ernst & Young (Hellas) Certified Auditors Accountants S.A.

Member State	Statutory auditor or audit firm
Hungary	Ernst & Young Könyvvizsgáló Korlátolt Felelősségű Társaság
Ireland	Ernst & Young Chartered Accountants
Italy	EY S.p.A.
Latvia	Ernst & Young Baltic SIA
Liechtenstein	Ernst & Young AG, Basel
	EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany
	Ernst & Young AG, Vaduz
Lithuania	Ernst & Young Baltic UAB
Luxembourg	Ernst & Young Luxembourg
	EYL Luxembourg
	Ernst & Young
Malta	Ernst & Young Malta Limited
Netherlands	EY Accountants B.V
Norway	Ernst & Young AS
Poland	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością
	Ernst & Young Usługi Finansowe Audyt spółka z ograniczoną odpowiedzialnością
	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością Finance spółka komandytowa
	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa
Portugal	Ernst & Young Audit & Associados–SROC, S.A.
Romania	Ernst & Young Assurance Services SRL
	Ernst & Young Support Services SRL
Slovakia	Ernst & Young Slovakia, spol. s r.o.
Slovenia	Ernst & Young d.o.o.
Spain	ATD Auditores Sector Público, S.L.U
	Ernst & Young S.L.
Sweden	Ernst & Young AB

Total turnover for the year ended on 30 June 2025 for these EY member firms, resulting from statutory audits of annual and consolidated financial statements was approximately EUR 2.8 billion.

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