

Transparency Report 2024

Ernst & Young (Cambodia) Ltd.



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



Shape the future
with confidence

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Message from EY leaders



Tran Dinh Cuong
Chairman
Ernst & Young (Cambodia)
Ltd.

About this report

Welcome to the Transparency Report 2024 of Ernst & Young (Cambodia) Ltd. (EY Cambodia). This report serves as an important mechanism for us to communicate with investors of the companies we audit, audit committee chairs and members, regulators and other stakeholders.

The EY Cambodia Transparency Report 2024 complies with the Prakas No. 019 on Management of Accounting and Auditing Profession Licenses issued by Non-Bank Financial Services Authority (the Regulation) and covers the fiscal year ended 30 June 2024 as well as any more recent relevant events.

This report goes above and beyond regulatory requirements and offers insights into how we've invested in quality and our distinctive EY culture, how we're committed to continuous improvement to address instances where we may have fallen short of the high standards we expect of ourselves, and how we're preparing for the future to consistently provide high-quality, independent and objective audit and assurance services.



Sinratana Lan
Director
Ernst & Young (Cambodia)
Ltd.

Our commitment to audit quality

The business world relies on trust and confidence. Our Assurance practice plays a critical role in protecting the public's trust and confidence in capital markets, which in turn drives investment and economic growth. Providing high-quality audit and assurance services is our core objective and an important way of fulfilling the EY purpose of building a better working world.

The execution of high-quality audits is a top priority for EY Cambodia and starts with independence, objectivity and integrity. It involves professional skepticism, compliance with professional standards and due professional care. A central part of the EY quality improvement framework is the root cause analysis which includes network-wide and engagement-level matters. EY Cambodia leaders thoroughly evaluate the points raised during internal and external inspections to identify areas where audit quality can be improved.

A responsive set of actions has been developed and is being deployed to address the most pervasive areas of findings and root causes from inspections. Developing responsive actions to inspection findings is a key aspect of the System of Quality Management as well as holding EY people accountable through the EY accountability frameworks. Some specific responses related to audit execution include the introduction of a new guided workflow for audit teams to execute risk assessment process and further deployment of centers of excellence on complex auditing topics.

EY Cambodia continues to identify areas for continuous improvement to take quality to the next level. EY Cambodia's annual evaluation conclusion as of 30 June 2024 was that the System of Quality Management provides reasonable assurance that the objectives of the System of Quality Management are being achieved. You can find more detail on this in the **System of Quality Management** section of this report.

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

All in is the EY global strategy and ambition to shape the future with confidence and drive purposeful growth, together. The global strategy will create new value for EY stakeholders and cement the position of EY as a leader in professional services. You can learn more about this global strategy and the multi-year EY audit transformation journey in the **infrastructure supporting quality** section. In this section, you will also learn how we continue to transform the way EY Cambodia teams provide audits to meet changing business needs and stakeholder expectations. At the heart of this transformation is driving consistency in how the EY audit methodology is applied, how we manage audits and how we use innovative technology. This commitment includes the EY investment of more than US\$1b in a next-generation Assurance platform which aims to reinforce trust, transparency and transformation.

At EY Cambodia, the following activities are continuously embraced to uphold audit quality:

- Initiatives to improve audit quality in 2024, including initiatives to address results of monitoring the System of Quality Management
- Developments in the audit environment, e.g., regulator or government initiatives
- Changes in the country's PIE clients, e.g., key wins
- Interactions with audit regulators
- Interactions with other financial reporting stakeholders
- Impact of other external events and trends

Quality driven by EY people and culture

We have a steadfast commitment to creating an environment in which EY Cambodia people can thrive. This includes recruiting, training and retaining talented individuals, but also building future-focused skills and experiences. You can learn more about the investments in EY people's well-being and development in the **Resources** section. We believe these investments made through coaching, training, and additional on-the-job support will help EY Cambodia people obtain and enhance the complex skill sets involved in performing today's audits and empower them to be intentional about their careers and give them skills to become the next generation of leaders.

Quality is not only driven by technical aspects, but also by actions and behaviors. EY seeks to uphold a culture of integrity and accountability, where everyone is responsible for aiming to achieve the highest standards. The culture of EY is supported by the values of the EY people who:

- Demonstrate integrity, respect, teaming, and inclusiveness
- Act with energy, enthusiasm, and courage to lead
- Build relationships based on doing the right thing

This starts with a strong tone at the top. In the **Governance and leadership** section, you can learn more about the EY culture of integrity and principles set out in the EY Global Code of Conduct.

Throughout this report we refer to results from the March 2024 employee listening survey [People Pulse Survey] and 2024 Quality Survey, which are both globally distributed. The Quality Survey informs us about EY people's perceptions of the culture of quality, including the tone at the top, and in relation to providing day-to-day activities. The listening survey [People Pulse Survey] provides insights about EY people's experience and potential areas of future investment to enhance their experience and work environment.

The EY vision for society and planet

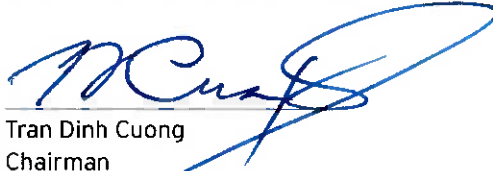
The way businesses embrace sustainability issues is integral to their resilience and creating long-term value for a diverse range of key stakeholders. How they react and report on these matters is also a crucial component for building confidence and trust in a company. EY is committed to sustainability through reducing the carbon footprint of the organization and through supporting clients on their sustainability journeys. Read more about how EY teams can help guide organizations through the complexity of environmental, social and governance (ESG) reporting in the **Nonfinancial reporting section** of the report.

As a proud participant in the United Nations Global Compact (UNGC), EY is committed to advancing the Sustainable Development Goals (SDGs), and to aligning strategy and operations with the UNGC Ten Principles. This means continuing to embed responsibility, inclusiveness and sustainability more deeply in everything EY does.

Through EY Ripples, EY people are devoting their time to SDG-focused projects, bringing together the combined skills, knowledge and experience of the global EY network in pursuit of one shared vision: to positively impact 1 billion lives by 2030.

EY remains on track to deliver existing decarbonization targets, set in 2021, and will reduce absolute emissions by 40% across Scopes 1, 2 and 3 by FY25, against an FY19 baseline, consistent with the EY 1.5C Science Based Target. EY remains committed to a "net zero" target and working on the next phase of the EY science-based decarbonization plan. EY Cambodia is doing its part in achieving these goals. For further information about the EY vision for the future, please see the **Creating long-term value for society** section of the report and the EY Value Realized 2024.

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.



Tran Dinh Cuong
Chairman
Ernst & Young (Cambodia) Ltd.

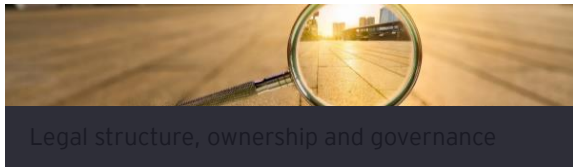


Lan Sinratana
Director
Ernst & Young (Cambodia) Ltd.



About us

About us



Ernst & Young (Cambodia) Ltd. is a single-member private limited company organized in Cambodia and is a member firm of Ernst & Young Global Limited, a UK company limited by guarantee (EYG). In this report, we refer to ourselves as “EY Cambodia” “we”, “us” , or “our” refers collectively to the global organization or the member firms of EYG.

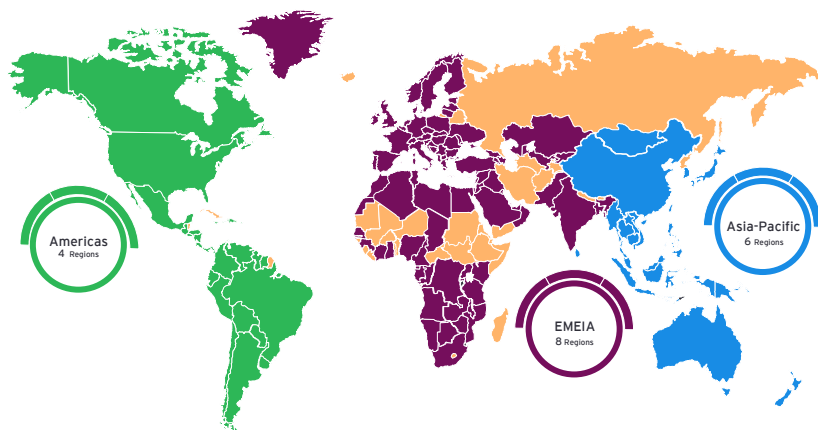
EY member firms are grouped into three geographic Areas: Americas; Asia-Pacific; and Europe, Middle East, India and Africa (EMEIA). The Areas comprise multiple Regions. Regions are groupings of member firms along geographical lines with the exception of the Financial Services Organization (FSO) Regions, which comprise the financial services activities of the relevant member firms within an Area.

EY Cambodia is part of the Asia-Pacific Area, which comprises member firms in 23 countries and is a member of Ernst & Young Asia-Pacific Limited (Asia-Pacific Limited). Within the Asia-Pacific Area, there are six Regions. EY Cambodia is part of the Asean Region.

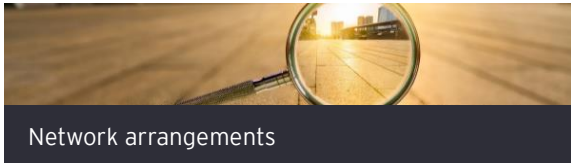
Asia-Pacific Limited, a Hong Kong company limited by guarantee, is the coordinating entity for the EY member firms in the Asia-Pacific Area. Asia-Pacific Limited facilitates the coordination of these firms and cooperation between them, but it does not control them. Asia-Pacific Limited is a member firm of EYG, has no financial operations and does not provide any professional services.

Each Region elects a Regional Partner Forum (RPF), whose representatives advise and act as a sounding board to regional leadership. The partner elected as Presiding Partner of the RPF and, depending on the size of the Region, also other members of the RPF serve as the Region’s representative(s) on the Global Governance Council (see page 8).

EY Areas and Regions*



*Figures are as of 1 July 2024



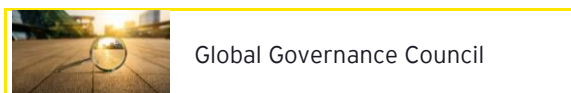
EY is a global leader in assurance, tax, strategy and transactions, and consulting services. Worldwide, nearly 400,000 EY people in over 145 countries share a commitment to building a better working world, united by shared values and an unwavering commitment to quality, integrity and professional skepticism. 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 seamless integrated approach supports 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.

The structure and principal bodies of the global 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.



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 RPFs for a three-year term, with the ability to be reappointed for one additional three-year term. Since 1 July 2024, though, the GGC representatives of EY US are members of its elected Governing Board. 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 Global Executive (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 leader for Talent; the leaders of the global service lines – Assurance, Consulting, Strategy and Transactions, and Tax.

The GE also includes the Global Vice Chair – Markets, the Global Vice Chair – Strategy, the Chair of the Emerging Markets Committee, as well as a representative from the Emerging Markets.

The GE and the GGC approve nominations for the Chairman and CEO of EYG and appointments of the Global Managing Partners. The GE also ratifies appointments of Global Vice Chairs who are members of the GE. The GGC ratifies the appointments of any Global Vice Chair who serves as a member 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 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, GE committees, regional leaders, and sector leaders. It seeks to promote a common understanding of EY strategic objectives and helps drive consistency of execution across the organization.



EY member firms

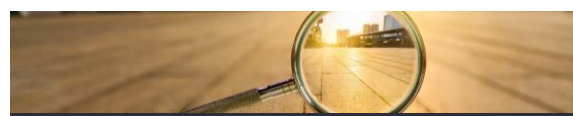
Under the regulations of EYG, EY member firms commit themselves to pursue EY objectives, such as the provision of high-quality services worldwide. To that end, the member firms undertake the implementation of global strategies and plans, and work to maintain the prescribed scope of service capability. 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 (see page 19).

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 are unable to meet quality commitments, and other EYG membership requirements may be subject to termination from the EY organization.



Creating long-term value for society

Faced with the urgent and interconnected challenges of climate change and social inequality, we believe businesses must go further, faster, to build a better working world – to accelerate the transition to a new economy – one where business, people and planet thrive. This new economy will be socially just, economically inclusive and environmentally regenerative by design.

EY, as an organization, is effecting change at scale by building alliances, forging collaboration and rallying everyone and every part of the business to take part. EY continues to focus on creating, protecting and measuring long-term value for EY people, EY clients, and society. It is by integrating all these dimensions that EY fulfils its purpose of building a better working world.

From advising governments on how to build more sustainable and inclusive economies, to encouraging businesses to focus and report on their creation of long-term value for all stakeholders, EY services already play a vital role in this. However, more can and must be done as all stakeholders define their roles in this journey.

As a proud participant in the United Nations Global Compact (UNGC) since 2009, EY is committed to integrating the UNGC Ten Principles and the UN Sustainable Development Goals (SDGs) into EY strategy, culture and operations. As the regulatory reporting landscape evolves, EY is preparing for sustainability reporting requirements such as those required by the EU Corporate Sustainability Reporting Directive (CSRD) and the standards of International Sustainability Standards Board (ISSB).

Among other things, this commitment to long-term value is reflected in:



Global Corporate Responsibility and Sustainability governance

The Corporate Responsibility Governance Council (CRGC) includes seven members of the GE and represents a cross-section of EY senior leaders across geographies. The CRGC coordinates the EY Global Corporate Responsibility function, which operationalizes the EY Ripples program (an EY corporate responsibility program, which is anchored in a long-term goal for EY to positively impact 1 billion lives by 2030 through: supporting the next-generation workforce, working with impact entrepreneurs, accelerating environmental sustainability), drives greater transparency by coordinating nonfinancial reporting and progresses leading practices toward other sustainability programs. The EY Global Corporate Responsibility function is led by the EY Global Corporate Responsibility Leader, who reports to a GE member and sits on the EY Global Sustainability Executive.

The EY Global Sustainability Executive includes leaders across EY service lines, sectors, industry, and geographies, who are responsible for setting the strategy around EY value-led sustainability offerings which are provided by member firms to EY clients. It is chaired by the EY Global Vice Chair - Sustainability, with representatives from across the global EY organization including the EY Global Climate Change and Sustainability Services Leader.



EY People and Sustainability

Through training, engagement, and investment in technology tools, EY infuses sustainability across all areas of the organization. Opportunities to engage, learn and develop are core to the EY talent proposition and vital for EY to develop and evolve services to emerging issues in ESG. The EY goal is to build expertise and sustainability fluency, while engaging and enabling EY people.

In FY24, EY accelerated sustainability learning across the organization: over 3,477 Sustainability Badges were awarded to Assurance professionals - equating to over 53,129 learning hours - on the EY free to access, structured learning courses on sustainability including learning on climate change, the circular economy, and sustainable finance. A dedicated Sustainability and ESG learning series that targeted member firm Partners, Principals and Director employee level Assurance professionals attracted over 7,217 learners. Key to infusing sustainability across wider EY, over 21,855 EY Assurance professionals have completed the EY sustainability literacy program including Sustainability Now and 4,189 have completed Sustainable Finance Now explainer courses. The EY Sustainability Master's program is unique and free to access for EY people. A second cohort of 8 EY Assurance professionals completed the Masters in 2024.

EY culture embeds opportunities to learn, challenge and engage across the full spectrum of issues. Sustainability @ EY - an internal community of action has more than 5,000 members.

A new internal Sustainability Leaders network engages with over 900 leaders on a monthly and quarterly basis to brief them on key developments for EY capabilities and in the wider sustainability agenda and enables EY to share regional and local perspectives on how sustainability is influencing client and policy agendas. An employee led, ground up community of over 3,700 represent the eco-innovators of the EY organization, opening up new avenues to challenge EY and for EY people to learn and exchange experiences on sustainability's impact on people and EY businesses.



The EY social impact ambition

Through [EY Ripples](#), EY people are devoting their time to Sustainable Development Goals (SDGs) focused projects, bringing together the combined skills, knowledge and experience of the global EY network in pursuit of one shared vision: to positively impact 1 billion lives by 2030. In FY24 more than 168,000 EY people shared their time and skills on EY Ripples projects, positively impacting 64 million lives. Since EY Ripples launched in 2018, EY has positively impacted more than 192 million lives. So far in 2024, EY has made cash investments in the sum of US\$102 million into projects dedicated to strengthening communities, and EY people contributed 934,000 hours to a variety of initiatives and in-kind projects.

Through EY Ripples, EY collaborates with clients and shared purpose organizations on social impact initiatives on a pro-bono basis, to synergistically drive action towards the UN SDGs.

TRANSFORM, one of the flagship initiatives of EY, embodies this ethos. Led by Unilever, EY and the UK Foreign, Commonwealth and Development (FCDO), TRANSFORM unites corporates, donors, investors, and academics to help scale visionary impact enterprises across Africa, Asia and beyond. To date, TRANSFORM has funded c.125 projects in enterprises across 17 countries, and over 150 EY people have volunteered to support enterprises transform's network.

In 2024, EY formally incorporated Disaster Response into the organization's strategic priorities. This enhanced the EY methodology for assessing the Disaster Response impact to encompass all forms of aid, including volunteer efforts, donations and in-kind contributions.

As part of an ongoing [social impact alliance with Microsoft](#), EY continues to roll out the Green Skills Passport to unemployed youth, who are not in education or training. Pilots show that 61% of those completing the course plan to apply for green jobs and 43% plan to enroll in a university degree in sustainability or take more related classes. The Green Skills Passport is now available in ten countries, achieving 41,000+ course completions.

Impact entrepreneurs use innovative business models to bring about life-changing initiatives in local communities, but they frequently need support to deliver their programs at scale. In FY24, EY hosted events at global forums to help forge and strengthen SDG-aligned partnerships between large companies, impact entrepreneurs and NGOs. At ChangeNOW, EY hosted an artificial intelligence (AI) for Social Innovation event exploring the role of the private sector in unlocking AI for social innovation. EY also signed the Schwab Foundation for [Social Entrepreneurship Rise Ahead Pledge](#), committing to increase the EY investment in social innovation.

The equitable use of AI offers tremendous potential to create positive social change. EY is a [Building Partner with data.org](#), working with a global community of practitioners to advance the use of data in the social impact community. EY are also an active member of the [TeachAI community](#), joining Microsoft on the Advisory Board and supporting key initiatives. With Teach For All, EY have developed capacity building for a network of 15,000 teachers, providing generative AI (GenAI) curriculum. As part of the [Technovation AI Forward Alliance](#), EY teams are providing mentoring and coaching to empower 25 million girls and young women through AI, coding and entrepreneurship education.



The EY decarbonization ambition

EY remains on track to deliver on the existing decarbonization targets, set in 2021. EY will reduce absolute emissions by 40% across Scopes 1, 2 and 3 by 2025, against an FY19 baseline, consistent with the EY 1.5C Science Based Target. [A seven-point plan](#) outlined how EY would focus action by:

1. Reducing business travel emissions, with a target to achieve a 35% reduction by 2025 against the FY19 baseline
2. Reducing overall office electricity usage, and procuring 100% renewable energy for remaining needs, earning RE100 membership by 2025
3. Structuring electricity Power Purchase Agreements (PPAs) to introduce more renewable electricity than EY consumes into national grids
4. Using nature-based solutions and carbon-reduction technologies to remove from the atmosphere or offset more carbon than emitted, every year
5. Providing engagement project teams with tools that enable them to calculate, then work to reduce, the amount of carbon emitted in carrying out their work for the client
6. Requiring 75% of EY suppliers, by spending, to set science-based targets by no later than FY25
7. Investing in EY services and solutions that help clients decarbonize their businesses and provide solutions to other sustainability challenges and opportunities

The EY refreshed environmental strategy will expand the existing decarbonization targets and nature

positive practices to meet evolving market expectations and science-based standards. EY remains committed to a “net zero” target and are currently working on the next phase of the EY science-based decarbonization plan. Please refer to the [EY Environment Report](#) for more details.



Working with clients on sustainability

For over 20 years, EY has a proven track record of evolving its skills, services and solutions to meet client needs, and the evolving understanding of the science, and its implications for society. EY sustainability services are designed to challenge and support EY clients in seeing the bigger picture: managing risk, reducing cost and complexity, spurring innovation, building trust and achieving measurable results.

EY combines deep sustainability and sector knowledge at a global scale, with regional and geographically relevant teams. Increasingly EY services are examining the systems level change needed to help enable EY clients to create grounded plans for the near and long term.

EY teams serve clients in many ways:

- Specialist sustainability skills led services, including nature and biodiversity, sustainability tax, financing and incentives and climate risk
- Regulatory and reporting services to support complex and evolving requirements across multiple jurisdictions
- Strategy and transformation focused on multi-disciplinary, and sector specific sustainability led transformation, spanning strategy, operations, risk, technology, data, talent and finance
- Sustainability infused services, where the EY wider end-to-end portfolio can respond to sustainability triggers and pathways for clients
- Climate-related reporting, including development of programs to support nonfinancial reporting and disclosures of their performance in alignment with regulatory reporting requirements (e.g., CSRD, California Climate Corporate Data Accountability Act (CCDAA) and voluntary reporting frameworks (e.g., TCFD, ISSB, CDP, GRI)

Helping EY clients set ambitious goals and rigorously plan, invest and track their delivery is where EY can have the greatest impact on the transformation needed to respond to the climate and nature crises. EY sustainability services are provided to clients both through a dedicated team for core ESG and sustainability challenges and through the entire range of traditional EY services.

EY services also include informing and supporting stakeholders in the development of standards including supporting the ISSB, European Financial Reporting Advisory Group (EFRAG), Taskforce on Nature-related Financial Disclosures (TNFD) and Taskforce on Climate-related Financial Disclosures.



System of Quality Management

System of Quality Management

In 2023, the implementation of International Standard on Quality Management 1 (ISQM 1) in EY was finalized and for the first time, EY member firms evaluated their System of Quality Management and concluded its effectiveness. ISQM 1 facilitated the implementation of a formalized system of quality management from the prior system of quality controls.

This year, a Global System of Quality Management Operational Leader and Global System of Quality Management Monitoring and Analysis Leader were appointed, capitalizing on the implementation of ISQM 1 to help EY member firms improve quality. The Global System of Quality Management Operational Leader is focused on further developing a robust and consistent System of Quality Management for all EY member firms to adopt with the ability for EY member firms to customize based on local considerations. The Global System of Quality Management Monitoring and Analysis Leader is focused on understanding themes and learnings from monitoring activities to help EY member firms proactively address risks and continuously improve their System of Quality Management and audit quality.

The System of Quality Management presented here also meets the requirements of the International Standards on Quality Control (ISQC 1), issued by the International Auditing and Assurance Standards Board (IAASB).



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, providing the appropriate level of challenge. 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 global complexity, characterized by continuing globalization, rapid movement of capital and the impact of technological changes. EY Cambodia's reputation for providing high-quality professional audit services independently and objectively is fundamental to our success as independent auditors. We continue to invest in our System of Quality Management and to promote enhanced objectivity, independence, and professional

skepticism. 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 Cambodia, 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.

EY works to understand where EY member firms' audit quality may not be up to their own expectations and those of stakeholders, including independent audit regulators. This includes seeking to learn from external inspections, internal inspections and other monitoring activities, and to identify the root causes of adverse quality occurrences to enable a continual improvement of audit quality.



Designing, implementing and operating a System of Quality Management

ISQM 1 requires a proactive and risk-based approach to managing quality by requiring member firms to design, implement and operate a System of Quality Management. ISQM 1 also requires evaluating, at least annually, the System of Quality Management.

ISQM 1 includes robust requirements for the governance, leadership and culture of professional accountancy firms, and requires a risk assessment process to focus the firm's attention on mitigating risks that may have an impact on engagement quality. It also requires extensive monitoring of the System of Quality Management to identify deficiencies that require the implementation of corrective actions and to provide the basis for evaluating the overall effectiveness of the System of Quality Management.

ISQM 1 outlines an integrated and iterative approach to the System of Quality Management based on the nature and circumstances of the firm and the engagements it performs. It also takes into consideration the changes in the practice and the

different operating models of the firms (e.g., use of technology, network and multidisciplinary firms).

The EY approach is to design, implement and operate a System of Quality Management that is consistently applied across the entire network of member firms to promote engagement quality and operating effectiveness. This is especially important in a global economy where many audits are transnational and involve the use of other EY member firms.

To achieve this purpose, EY member firms have access to certain policies, technologies, strategies and programs to be used 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.

For example, the EY approach to the required risk assessment process includes input and feedback from across EY service lines, functions, and geographic areas to develop global baseline minimums, including quality objectives (based on ISQM 1 requirements), quality risks and responses (including System of Quality Management key controls) assumed to be applicable to EY member firms. In addition, global tools have been developed to support the System of Quality Management processes.

EY member firms, including those in Cambodia, are ultimately responsible for the design, implementation, and operation of their System of Quality Management, and have the responsibility to:

- Evaluate policies, technologies, strategies, programs and baseline quality objectives, quality risks and responses provided to them, and
- Determine if they need to be supplemented by the member firm to be appropriate for use (e.g., if the policy needs to be amended to comply with local laws and regulations or if it is necessary to translate the content into local language).



System of Quality Management roles

To enable the design, implementation, and operation of Cambodia 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 fulfill their System of Quality Management roles and are accountable for fulfilling their responsibilities.

System of Quality Management roles and responsibilities are defined in the Global System of Quality Management policies to drive consistency in the execution of the EY Cambodia System of Quality Management. For those individuals in EY member

firm or regional leadership roles, there are accountability frameworks which outline how they 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 Country Managing Partner 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 Country 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 Country Managing Partner. The Country Assurance Managing Partner, who remains accountable, assigns a Country System of Quality Management Operational Leader to assist them in fulfilling their System of Quality Management-related responsibilities. A System of Quality Management Operational Committee chaired by the Country Assurance Managing Partner was established to oversee the operational responsibility of the System of Quality Management. The System of Quality Management Operational Committee generally includes the Country System of Quality Management Operational Leader, service line leaders, functions leaders (Independence, Risk Management, Talent, Technology, Professional Practice, Assurance Quality Enablement and Quality Service Lines) and leaders from the FSO.

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

Operational responsibility for monitoring the System of Quality Management: The Country Quality Enablement leader 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 Country Quality Enablement leader, who remains accountable, assigns a Country System of Quality Management Monitoring Leader to assist them in fulfilling their System of Quality Management-related responsibilities. A System of Quality Management Oversight Committee chaired by the Country Professional Practice Director was established to

oversee the monitoring processes and activities of the System of Quality Management. The System of Quality Management Oversight Committee includes the Country System of Quality Management Monitoring Leader, Service Line Quality Leaders, Country Professional Practice Director, Country Independence Leader, Risk Management Leader, FSO leader.



Effectiveness: Annual evaluation conclusion as of 30 June 2024

The Country Managing Partner, on behalf of EY Cambodia, is required to evaluate the System of Quality Management on an annual basis, as of 30 June 2024, and conclude on its effectiveness. The evaluation process is executed annually based on the Global System of Quality Management Annual Evaluation policy.

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

- EY Cambodia 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 Partners in Charge (PICs) are appropriate in the circumstances.

The evaluation of the effectiveness of the System of Quality Management utilizes information gathered from monitoring activities performed over a period. The evaluation considered the results of the following:

- Tests of System of Quality Management key controls.
- Internal and external engagement inspections.
- Other monitoring activities (e.g., tests of EY Cambodia and its people's compliance with ethical requirements related to independence, issues reported through the Ethics hotline).

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 2024

were effective, in determining its System of Quality Management annual evaluation conclusion.



System of Quality Management annual evaluation conclusion as of 30 June 2024

The annual evaluation conclusion for EY Cambodia as of 30 June 2024 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, we describe the components of the System of Quality Management, which EY Cambodia follows:

- System of Quality Management risk assessment process
- Governance and leadership
- Relevant ethical and legal requirements
- Client and engagement acceptance and continuance
- Engagement performance
- Resources
- Information and communication
- System of Quality Management Monitoring and Remediation process



EY Cambodia 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 based on Global System of Quality Management policies.

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 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. Global System of Quality baselines include:

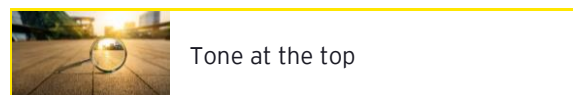
- System of Quality Management baseline Quality Objectives
- System of Quality Management baseline Quality Risks
- System of Quality Management baseline Responses
 - System of Quality Management baseline Resources (e.g., Global policies or technologies that mitigate an EY System of Quality Management baseline Quality Risk)
 - System of Quality Management baseline Key Controls to be designed and implemented to mitigate an EY System of Quality Management baseline Quality Risk

Global System of Quality Management baselines are presumed to be applicable to every member firm performing ISQM 1 engagements. EY member firms have the responsibility to evaluate the Global System of Quality Management baselines and determine if the Global System of Quality Management 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 Cambodia reviewed the Global System of Quality Management baselines and performed the following:

- Accepted or rejected the Global baseline Resources and Key Controls after appropriate analysis of our facts and circumstances. In the case of rejection of Global baseline Resources and Key Controls, preliminarily discussed with the Area SQM Leadership is required.
- Together with the Area SQM Leadership, identified the level of execution of Global baseline Key Controls.
- Customized accepted Global, Area and Region baseline Key Controls.

The review of the Global System of Quality Management baselines considered the facts and circumstances of EY Cambodia, including, the nature and operating characteristics of EY Cambodia, the types of engagements performed and systemic trends from monitoring activities within the System of Quality Management.

In addition to reviewing the Global System of Quality Management baselines, EY Cambodia determined if additional quality objectives, quality risks or responses were necessary.



EY Cambodia's leadership is responsible for setting the right tone at the top and demonstrating the EY commitment to building a better working world through behavior and actions. 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. We believe it is important to determine that engagement teams and the entities they audit follow consultation advice, and we emphasize this when necessary.

The consistent stance of EY Cambodia has been that no client or external relationship is more important than the ethics, integrity and reputation of EY.

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. In addition, EY member firms assess the quality of professional services provided as a key metric in evaluating and rewarding EY professionals.

In order to measure the quality culture across EY member firms and provide EY Cambodia 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 was first launched in April 2023. The results of the 2024 Quality Survey were used to identify areas where EY Cambodia was doing well and where more actions may be required. The 2024 Quality Survey results indicate that EY people recognize that the tone at the top set by leadership demonstrates commitment to quality and that EY Cambodia 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. Yet, the results also indicate that more still needs to be done to improve our culture around workload management.



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 our procedures 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. Overall, the results of the March 2024 employee listening survey [People Pulse Survey] indicated that participants felt they could meet expectations while maintaining ethics and integrity and believe decisions made by leaders are consistent with the EY values and Code of Conduct.

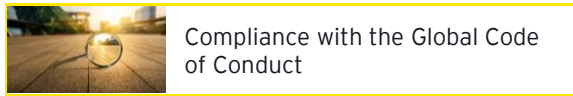
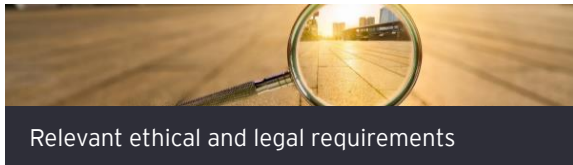


Accountability frameworks

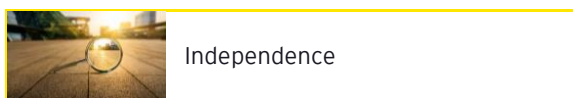
The accountability frameworks of EY are a set of policies and frameworks that put quality into action and outline how EY Partners, Principals, Associate Partners, Executive Directors, Managing Directors, Directors and leaders will be held accountable for their System of Quality Management related responsibilities as well as other quality focused activities and how the responsibilities link to their performance ratings.

The global accountability framework is applicable to all EY Partners, Principals, Associate Partners, Executive Directors, Managing Directors, Directors no matter their role, service line or location. There is an Assurance specific framework which supplements the global accountability framework, referenced above. In addition, two incremental accountability frameworks cover individuals in leadership roles at the member firm and regional levels, which are applicable for all service lines and functional leadership roles.

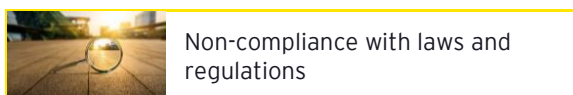
All the accountability frameworks set clear expectations for quality to maintain the confidence that external stakeholders place in EY. The frameworks outline criteria for ensuring an individual's quality rating is appropriately considered in their performance rating.



The EY Global Code of Conduct provides guidance about EY actions and business conduct. EY Cambodia complies 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.

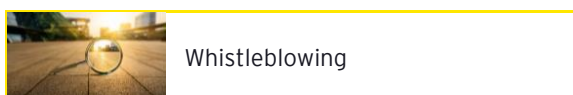


Compliance with relevant ethical requirements, including independence, is a key element of the System of Quality Management. It involves determining that we are independent in fact, as well as appearance. The ethical requirements relevant to EY audits and professional services are included in the International 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 codes in the jurisdiction of EY audits and professional services. Refer to the Independence Practices section for information on policies, tools and processes relating to maintaining independence.



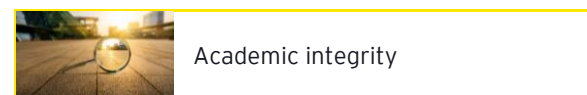
In accordance with the IESBA Code, EY has adopted a policy designed to meet its obligations with respect to non-compliance with laws and regulations (NOCLAR). The policy covers obligations with respect to non-compliant activity by clients or EY people, as relevant to their respective business activities.

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.

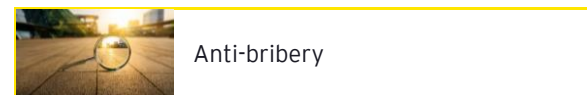


The EY Ethics Hotline provides EY people, clients and others outside of the organization with a means to confidentially report activity that may involve unethical or improper behavior, and that may be in violation of professional standards or otherwise inconsistent with the EY shared values or Global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

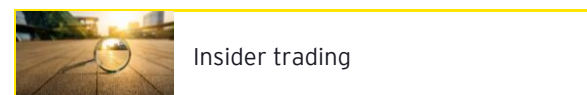
When a report comes into the EY Ethics Hotline, either by phone or internet, it receives prompt attention by the member firm's ethics team. Depending on the content of the report, appropriate individuals from Risk Management, Talent or other functions are also involved in addressing the report.



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



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.



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 Cambodia is classified as an obliged entity under applicable anti-money laundering (AML) regulations. Consistent with the EY global guidance on AML, EY Cambodia has implemented policies and procedures designed to meet these obligations, including Know Your Client (KYC) procedures, risk assessments and suspicious activity reporting. EY people are trained in their responsibilities under the regulations and provided guidance on who to consult when they have questions.



Data protection and confidentiality

The 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 member firms, through local policy may further strengthen applicable protections due under local law. The EY Binding Corporate Rules are approved by UK and EU regulators, and further provide a legal mechanism facilitating the movement of personal data within the EY network.



Rotation and long association

EY Cambodia complies with the audit partner rotation requirements of the IESBA Code, and the independence requirements under Cambodian Law

on Accounting and Auditing and regulations issued by the Accounting and Auditing Regulator (ACAR), National Bank of Cambodia (NBC), Securities and Exchange Regulator of Cambodia (SERC) and Insurance Regulator of Cambodia (IRC) as well as the U.S. Securities and Exchange Commission (SEC), where required. EY Cambodia 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, 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.

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.

Where the required cooling-off period for the lead audit engagement partner established by the local legislative body or regulator is less than five years, the higher of that cooling-off period or three years may be substituted for the otherwise required five-year cooling-off period. This jurisdictional exception for the lead audit engagement partner may only be applied for audit periods beginning prior to 15 December 2023.

In addition to the key audit partner rotation requirements applicable to PIE companies we audit, EY has 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.

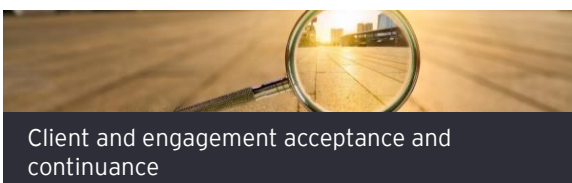
We employ processes to effectively monitor compliance with internal rotation, and requirements for audit partners and other EY professionals who have had a long association with the audited entity.



External rotation

EY Cambodia follows local rotation requirements applicable to different types of entities under relevant sectors below:

- Banks and Financial institutions
- Insurance companies
- Listed and securities entities
- All other incorporated entities
- Not-for-profit organizations



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

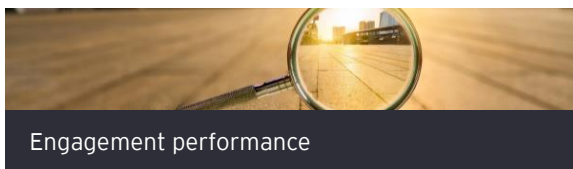
We use the EY Process for Acceptance of Clients and Engagements (PACE), an intranet-based system, for coordinating client and engagement acceptance and continuance activities in line with global, service line and EY member firm policies. PACE takes users through the acceptance and continuance requirements and identifies the policies and references to 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 audit engagements may not be accepted without approval by representatives from Professional Practice Director (PPD) and Assurance Managing Partner (AMP) teams at a Country, Region and Area level, as applicable.

In the EY annual client and engagement continuance process, we evaluate our services and ability to continue providing a quality service. The 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 evaluation, 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 PPD and AMP are involved in the continuance process and should agree for the continuance to occur.



Engagement performance

There is EY investment of 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 EY investment in technology is building on the strength of the existing leading-edge audit technology suite – integrating advanced technologies under one seamless platform while driving transformation by harnessing:

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

In 2024, the global EY organization released a further 25 new Assurance technology capabilities, supported by an expanded alliance with Microsoft, bringing the total to 45 releases during the first half of this four-year program. These releases are deployed across EY and include globally scaled artificial intelligence (AI). These AI-enabled capabilities – leveraging publicly available and EY-generated data – are directly, seamlessly integrated with EY Canvas to support EY Assurance professionals in assessing risk. EY is also introducing new AI-enabled capabilities in predictive analytics; content search and summarization; and document

intelligence, including financial statement tie-out procedures.

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 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 EY Canvas, EY sets a strong foundation to expand the use of AI at scale and significantly elevates user 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, including both disaggregated and nonfinancial data.

AI at scale

AI at scale and other intelligent capabilities help to drive quality by standardizing processes and leveraging data to provide risk guidance and relevant recommendations to EY teams. Existing smart automation capabilities, such as EY Intelligent Checklists and EY Financial Statement Tie-out, automate and enhance routine audit activities, which helps efforts to be refocused on higher-risk areas. Looking ahead, guided workflow and other enhancements will take this to the next level, using the knowledge and learnings of other EY teams to support deeper risk focus and continued confidence in a high-quality audit.

An elevated user experience

A leading-class experience helps to drive quality by facilitating highly integrated and consistently executed audits worldwide. EY Canvas sits at the center of the audit experience today, supporting effective coordination, consistent documentation and easier collaboration between EY teams and companies around the world. Integrating a guided workflow, data and knowledge under a single platform empowers EY teams to access all the capabilities involved in providing high-quality audits while also empowering company users with new features to better understand the status of the audit.

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.

Robust 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 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 to encourage 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, the EY Global Audit Methodology emphasizes applying appropriate professional skepticism in the execution of audit

procedures. The design of EY audit tools and technology, including AI-enabled technology, is intended 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. The Risk Center of Excellence continues to develop tools to enhance the ability to monitor and address emerging risks in the audit portfolio. Audit teams may also involve specialists to address areas of emerging risk, including specialists in ESG, cybersecurity or AI.



Fraud

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 is committed to addressing stakeholders' questions about the auditor's responsibilities with respect to fraud.

EY sees new opportunities to leverage data to identify and respond to the risk of fraudulent financial reporting. For example, auditors increasingly use data analytics to identify unusual transactions and their patterns that could indicate a heightened risk of fraud. There are EY tools and processes being developed that 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.
- **Adverse media searches**, which identify articles indicative of fraud or non-compliance risk. Selected articles are distributed internally for further consideration.
- **Enhanced forensics metrics**, which use data to identify indicators of elevated risk of fraud based on application of machine learning techniques to historical financial statement data sets, providing audit teams with the ability to enhance their assessment of fraud risks through specific account-level focus.



Reviews of audit work

EY policies describe the requirements for timely and direct senior professional 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. Senior audit executives and engagement partners perform a second-level review to determine the adequacy of the 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 public interest entities (PIEs) 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 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 issues. In the 2024 Quality Survey, 86% of respondents said the EY culture of collaboration encourages them to seek advice and support.

As the environment in which EY member firms work has become more complex and connected around the globe, the EY culture of consultation has become even more important to help EY member firms reach the appropriate conclusions for entities that they audit on a timely basis. 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 and documentation of engagement quality reviews provide specific guidelines on the nature, timing and extent of the procedures to be performed, and the required documentation evidence 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, all public interest entities and those considered to need close monitoring. The Country AMP (or Country Audit Leader) and Country PPD approve the assignment of the engagement quality reviewer to each applicable engagement.



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 support and builds 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, 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 EY Cambodia 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 the 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 in EY Cambodia to comply with the local Cambodia auditing standards and regulatory or statutory 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.

When relevant data is available and extracted from the entity into EY Helix global analytics suite, the embedded data-driven approach of EY GAM focuses on simplifying tasks and improving connection from one audit procedure to the next by leveraging full populations of entity data. The ability to analyze disaggregated data using EY Helix enhances audit teams' understanding of the entity's business and helps teams focus on the identification of entity-specific risks, key transactions and trends and anomalies that may be indicators of misstatement or fraud. Audit procedures, including risk assessment and substantive procedures start with a data-first mindset, by analyzing relevant financial and nonfinancial data and supplementing this with traditional audit techniques such as inquiries, observations and inspection.

Using EY Atlas, an EY auditor is presented with EY GAM, 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.

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). EY audit engagement teams are provided methodology, guidance and resources to identify and respond to unique risks arising from macroeconomic and geopolitical conditions, climate-related matters, cybersecurity risk and technology disruption.

Other enhancements have been made to address implementation experiences and external and internal inspection results.

Recently, EY GAM was updated for the requirements of ISA 600 (Revised), Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors) and revisions to the International Ethics Standards Board for Accountants' Code of Ethics to address independence considerations in a group audit. A suite of enablement to implement the revised requirements was issued.

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 member firms provide assurance services on a wide range of nonfinancial information and reporting-related information. The EY Sustainability Assurance Methodology (EY SAM) provides a global framework for the application of a consistent approach to all assurance engagements on sustainability information (ESG). 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 the ESG reporting, and the criteria applied by the reporting entity in producing that report.

The methodology emphasizes applying appropriate professional skepticism in the execution of procedures inclusive of the changing landscape in ESG reporting and criteria. EY SAM is based on the International Standards on Assurance Engagements (ISAEs) and is supplemented in EY Cambodia to comply with local assurance standards and regulatory or statutory requirements.

As part of our and other EY member firms' obligation for high-quality assurance services related to nonfinancial reporting, 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, the improved 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 robust certification process to help ensure technology used in audit engagements is fit-for-purpose (i.e., that the solution meets its objectives, is appropriate for use in the audit circumstances and that 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, has been 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).



Diversity, equity and inclusiveness

The EY long-standing commitment to building high-performing, diverse, equitable and inclusive teams is especially important in audit, where diverse perspectives drive professional skepticism and critical thinking. A more diverse, equitable and inclusive environment helps drive better decision-making, stimulates innovation, and increases organizational agility.

The EY DE&I (Diversity, Equity, and Inclusiveness) journey has been ongoing for many years. While substantial progress has been made under the global

strategy, EY remains focused on DE&I throughout the organization. The Global Executive (GE) has made a commitment to EY people and the market to accelerate DE&I through signing the [GE DE&I Statement](#). This reinforces that DE&I is a key business lever, and holds EY member firms accountable for progress, starting with the tone at the top.

There has been a particular focus on promoting gender diversity over recent years. Thirty-seven percent of new audit EY member firm partners around the globe, promoted on 1 July 2024 were women and a strong pipeline of female leadership has been built, supported by 52.8% of all audit hires by EY member firms across the globe in 2024 being female. In 2024, 63.2% of EY Cambodia's new hires are female.

Audit professionals by rank that are women*

30%

Partners or principals and executive directors

47%

Senior managers and managers

54%

Seniors and staff

*As of 1 July 2024 (Global EY organization)

Inclusive organizations maximize the power of all differences. Employees need to feel they are working for an organization that not only values them as individuals and their contributions but also sees differences as strengths. Fostering this sense of belonging is critical to help attract the most talented individuals and help EY professionals stay motivated and engaged. In the March 2024 employee listening survey [People Pulse Survey], 82% of EY auditors said the EY organization provides a work environment where they feel free to be themselves.

Leaders across EY make DE&I a priority and it is a key metric across all the organization's talent management programs. To enable greater accountability, the Global DE&I Progress Report is a key tool used to drive consistent actions and reporting across EY, in support of the ambition and strategy of EY. We continue to see collective progress across the organization, as well as see areas where we can focus efforts and close gaps to ensure EY people have access to inclusive, equitable experiences.

As a global organization, EY has an opportunity to address the impact of inequities and injustice and push for progress within EY and beyond. The creation of the EY Global Social Equity Task Force (GSET) heightened the commitment to an elevated and ongoing focus on social equity, which is about clearing obstacles, building more inclusive environments, and enabling access to resources and opportunities. Social equity means that we aim for each person at EY Cambodia to have access to the

resources and opportunities they need, given different starting points. It also means removing barriers to opportunities and inclusive experiences, that may lead to inequitable outcomes. EY believes businesses have direct influence to address these gaps and build a better working world, through teaming, inclusive behavior, and the equitable assignment of work, as well as how performance evaluation, advancement and appointment decisions are made.

EY values are guiding principles that shape our culture, behavior 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



Employee value proposition

The EY employee value proposition (EVP) is the promise we make to our employees in return for working at EY Cambodia. 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 Cambodia 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.



Attracting and recruiting talent

In a world with a decreasing talent pipeline in accounting and audit, where the number of students graduating with a relevant degree continues to drop, competition for talent with the optimal skill set has never been higher. Finding the next generation of high-quality auditors remains a top priority for EY. This is also a top priority for several professional

accounting bodies, highlighting this is a factor the profession as a whole needs to work together to address.

EY retains a strong global 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 is also exploring several recruitment innovation platforms and talent attraction initiatives with the purpose of networking with new and diverse audiences that EY didn't have the opportunity to connect with via the traditional channels and innovate in the ways EY communicate with and attract our future talent.

For example, work is being done to develop an audit virtual work experience program, with the support of an external vendor. This program is designed primarily for university and college students who are at early stages of their studies and are looking to explore future career paths. The purpose of this program is to connect with students and showcase the work EY teams do in audit across the globe, in a direct and informal way, with the aim to build a network with our future talent from the early stages in 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 has now embedded AI to source and identify talent, enabling candidates to upload their CV and help them find potential opportunities across EY. AI is used to help screen CVs, 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 – 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. Retention can vary based on external drivers, such as market conditions, but at 78% in June 2024, the global audit retention rate is at a higher level than before the COVID-19 pandemic.

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. Currently, 36% of EY auditors now work remotely two or more days per week, a figure that is stabilizing as a working norm.

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 well-being 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. 71% of EY auditors agree that work experiences needed for career progression are assigned equitably, according to the March 2024 employee listening survey [People Pulse Survey].

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 means 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 coding and data visualization, and new areas, such as the analysis of nonfinancial information (for example, rapidly changing ESG 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 reporting, such as business models dealing with cryptocurrencies.

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 Assurance 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.

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 Cambodia 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, 40% (eight hours each year and 48 hours over a three-year period) must cover technical subjects related to accounting and auditing. In addition, audit professionals who are members of Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA) and licensed by ACAR are required to meet Continuing Professional Development (CPD) requirements of KICPAA on an annual basis. Active member auditors are required to meet at least 20 hours for input-based CPD and 20 hours for output-based CPD.

In total, during the financial year to 30 June 2024, EY audit professionals globally undertook 9.1m hours of learning (compared with 8.8m hours for the previous year), averaging 89.7 hours each, well more than the minimum requirements. Whilst some of these incremental 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 2024 Quality Survey, 84% of respondents said they received sufficient training and development to enable them to provide quality audits or other assurance engagements, up 5% from 2023.



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, Counseling, 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 artificial intelligence 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 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.

As of 30 June 2024, over 53,500 EY Badges had been awarded to current EY audit professionals, including 15,500 in analytics and data strategy alone. In addition, more than 31,000 EY Badges have been awarded to people who have since left EY.

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 Artificial Intelligence, 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. For example, promotion decisions are moving away from a traditional annual

cycle as EY introduces more "agile promotions," where career progression takes place when an individual is ready, and there is a business need, rather than at set times in the year.

Recognizing, however, that individuals often have different career expectations, EY people are provided the necessary tools and processes to manage their own progression their way. As evidence, in the 2024 Quality Survey, 90% of participants said that any relevant learning is encouraged as part of their career development to enable them to provide quality audits and other assurance services, up 2% from 2023.



Mobility

One of the most powerful experiences EY member firms can offer their people is to work across cultures and borders. We know that people join EY for exceptional and diverse experiences, with 89% of EY member firms' new hires in EY Assurance being motivated by joining a highly globally integrated organization.

EY member firms provide a variety of on-demand mobility solutions and programs. The global mobility platform, Mobility4U, provides EY professionals with a single point of entry to undertake opportunities worldwide that provide a developmental experience and facilitate the sharing of specific knowledge and skills. In parallel there is a focus on strategic mobility programs for member firm partners and future leaders, which support key business imperatives.

In addition to geographic mobility, EY member firms are increasingly able to offer virtual mobility experiences. These provide the benefits of working cross-border with new teams and enable EY people to expand their global mindset and networks.

A recent mobility return on investment analysis showed that international experience increased retention (+15%) and positively impacted career opportunities. Ninety-five percent of mobility assignees reported a positive impact on career one year post assignment, 93% of assignees said their international assignment experience was exceptional and 97% would recommend an EY mobility assignment.

With regards to EY Cambodia, 81% of assignees reported a positive impact on career once year post assignment. 92% of assignees said their internal assignment experience was exceptional and 94% would recommend an EY mobility assignment.



Performance management

The EY performance management framework, LEAD, supports EY people's careers, inspires their growth and recognizes the value they bring to EY Cambodia. 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 center 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 are 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. EY audit professionals want to feel that their employer cares about their progress and job satisfaction. 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, and the March 2024 EY employee listening survey [People Pulse Survey] showed that 75% of audit professionals had a

favorable attitude in terms of engagement. For EY Cambodia, 82% of respondents mentioned that their works give them a sense of personal accomplishment.

Listening to the views and concerns of EY people is a key element in increasing engagement. The EY employee listening strategy gives EY people a voice at every step of their EY experience, so that we know what they need and what EY Cambodia can do to help build exceptional experiences. Understanding the evolving perspectives and experiences of EY people is essential to delivering our EVP.

The employee listening survey [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.

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, innovation and ESG societal impact.



Knowledge and internal communications

In addition to professional development and performance management, EY 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
- Global Accounting and Auditing News – a weekly update 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

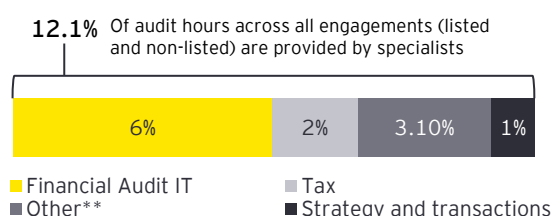


Formation of audit engagement teams

The assignment of EY professionals to an audit engagement is made under the direction of our Cambodia 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 ESG, may perform work in their field that is used by the audit engagement team to assist in obtaining sufficient appropriate audit evidence.

Audit hours provided by specialists*



*As of 1 July 2024 (Global EY Organization)

**Included within Other are valuation specialists, actuaries and forensics specialists.

EY Cambodia's policies require the approval of the assignment of individuals to specific audit roles by our Cambodia Assurance leadership and PPD. This is carried out, among other things, to make sure that the EY professionals leading audits possess the appropriate competencies (e.g., the knowledge, skills, abilities) and licenses to fulfil their engagement responsibilities, and, when applicable, are in

compliance with auditor rotation regulations.



Service delivery centers

Global Delivery Services (GDS) is an integrated network of EY service delivery centers that provide services to support EY member firms. In an era of unprecedented change, 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 hundreds of customized and scalable services that provide greater value for the EY organization. As part of its audit transformation journey, EY Assurance services plan to increase their use of specialized teams to drive higher-quality outcomes, including GDS.



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 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

The System of Quality Management monitoring and remediation process is the cornerstone of the EY process to monitor the System of Quality Management, including audit quality. The objective of

EY Cambodia's System of Quality Management monitoring and remediation process is to:

- Provide relevant, reliable and timely information about the design, implementation and operation of EY Cambodia'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 EY Cambodia's System of Quality Management is evaluated to conclude on the effectiveness in achieving the objectives of the EY Cambodia'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, for example and not exhaustive:
 - Tests of EY Cambodia and its people's compliance with ethical requirements related to independence
 - Quality criticisms 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, which is a global intellectual resource provided to drive consistency in the execution of the EY Cambodia's System of Quality Management. The monitoring and remediation process is coordinated and monitored by representatives of Global PPD, with oversight by Cluster, Region, Area, and Global Assurance leadership.



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 the EY Country's System of Quality Management include determining whether the System of Quality Management key controls:

- Were designed, implemented and operated in accordance with Control Owner's understanding and documentation thereof
- Were operated on a timely basis by the Control Owner/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 Cambodia's System of Quality Management that are designed, implemented and operated at the Cluster, Region, 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 control over the development and maintenance of these resources. These controls form part of an EY member firm's System of Quality Management, and EY Cambodia 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.

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

The approach to testing controls at the Cluster, Region, 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 and through other information about the design, implementation, and operation of Global key controls. EY Cambodia obtains and evaluates the results of testing provided by the Cluster, Region, Area or Global, as relevant, including evaluating whether there are findings relevant to the System of Quality Management.



Audit quality reviews (AQR)

EY Cambodia executes the Global AQR program, reports result and develops responsive action plans. The Global AQR program involves inspection of completed audit engagements. It is a monitoring activity complying with the requirements and guidelines in the ISQM 1 and is supplemented, where necessary, to comply with EY Cambodia professional standards and regulatory requirements. It also aids EY Cambodia'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 partner in charge, including others functioning as PIC on a cyclical basis between three and five years, including elements of unpredictability. The engagements reviewed each year are selected on a risk-based approach covering a cross-section of EY Cambodia's auditing practice. The Global AQR program includes detailed risk-focused file reviews covering a sample of listed and non-listed audit engagements, and public interest entities and non-public interest entities, to measure compliance with internal policies and procedures; EY GAM requirements; and relevant local professional standards and regulatory requirements. It also includes reviews of a sample of non-audit assurance engagements performed by audit teams. These measure compliance with the relevant professional standards, and internal policies and procedures that should be applied in executing non-audit assurance services.

The Global AQR program also informs us of our compliance with regulatory requirements, professional standards, and policies and procedures.

AQR reviewers and team leaders are selected for their skills and professional competence in accounting and auditing, and their industry specialization. Audit reviewers are supported by other specialists, such as FAIT (IT audit), TARAS (tax), Forensics or Digital or other technical (e.g., sector or subject matter) for the review team to possess sufficient relevant knowledge and experience to conduct an effective AQR. Team leaders and reviewers are independent of the engagements and teams they are reviewing and are normally assigned to inspections outside of their home location.

The Global AQR program is supplemented by a program that covers inspections of other assurance and related services engagements regardless of the service line performing the work. This is referred to as the Other Assurance Quality Review (OAQR) program.

The results of the AQR and OAQR processes are summarized globally (including for Areas and Regions), along with any key areas where the results

indicate that continued improvements are required. Measures to resolve audit quality matters noted from the Global AQR program, external quality assurance reviews and peer reviews are addressed by Assurance leadership and our PPD. These programs provide important practice monitoring feedback for our System of Quality Management.



External quality assurance reviews

EY Cambodia's Audit practice and our registered statutory auditor is subject to inspection by the ACAR. As part of its inspections, the regulator evaluates and reviews the firm's quality control systems and selects engagements.

The last quality assurance inspection by ACAR took place in 2022. The outcome of the last inspection is not available to the public. The outcome of the last inspection is satisfactory.

We respect and benefit from the ACAR inspection process. We thoroughly evaluate the points raised during the inspection to identify areas where we can improve audit quality and the relevance to the System of Quality Management. Engagements with significant findings and certain other engagements are subject to root cause analysis (see next section). Together with the AQR process, external inspections provide valuable insights into the quality of EY audits. These insights help us to effectively execute high-quality audits.

Visit www.acar.gov.kh for information on ACAR.



Engagement-level root cause analysis and action plans

Engagement-level root cause analysis is a central part of the EY Cambodia'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. Analyzing this research enables a better understanding of the drivers behind both positive and negative outcomes. It also allows us to focus on key behaviors 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, EY member firms are responsible for assessing whether the matters are indicative of pervasive issues in their System of Quality Management and developing responsive action plans for remediation.



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. Findings are accumulated from the performance of monitoring activities at the Member Firm, Region, Area, or Global level. EY Cambodia 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 on a regular basis 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 Cambodia 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 Operational Committee and are reviewed by the System of Quality Management Oversight Committee to help ensure the appropriateness of the actions designed.



Infrastructure supporting quality

Infrastructure supporting quality



Strategy

All in is the EY global strategy and ambition to shape the future with confidence and drive purposeful growth, together. The world's organizations and EY clients face more complex and inter-connected issues than ever before, and through **All in**, EY is helping EY stakeholders anticipate and navigate these challenges and opportunities - so they can shape the world, not be shaped by it. The global strategy will create new value for EY stakeholders and cement the EY organization's position as a leader in professional services. Meanwhile, the EY purpose of building a better working world continues to inspire EY people to use EY knowledge, skills and experiences to support the communities in which they live and work.

EY Assurance services have also embarked on a multi-year journey of bold changes across audit teams, processes and technology. Through this transformation, EY continues to harness the inherent strengths of its EY member firms' greatest asset in providing exceptional client service and building trust - EY people. By enhancing their skills and experiences, while also transforming the way EY teams work (guided by intuitive methodology and tailored enablement and putting data and technology at the center of the assurance services they provide), they better deliver on the EY purpose of serving the public interest.

There is EY investment of more than US\$1b in next-generation Assurance technology as part of its continued commitment to providing high-quality audits. This investment is building on the strength of the existing leading-edge audit technology suite while also harnessing next-generation data-access capabilities and advanced analytics, AI at scale and elevated user experience. Through a data-driven approach, enabled by the transformation and integration of digital technology capabilities, EY teams will continue to provide high-quality audits with independence, integrity, objectivity and professional skepticism.

AI at scale and other intelligent capabilities will help to drive quality by standardizing processes and leveraging data to provide risk guidance and relevant recommendations to EY teams. EY member firms remain future-focused as they transform, including ever-more sophisticated data analytics and efficiently providing greater insight in support of the high-quality audits that are valued by the entities that EY member firms audit and the capital markets. By applying leading-edge technologies, EY Assurance services teams will contribute meaningfully to the overall EY purpose of building a better working world.



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:

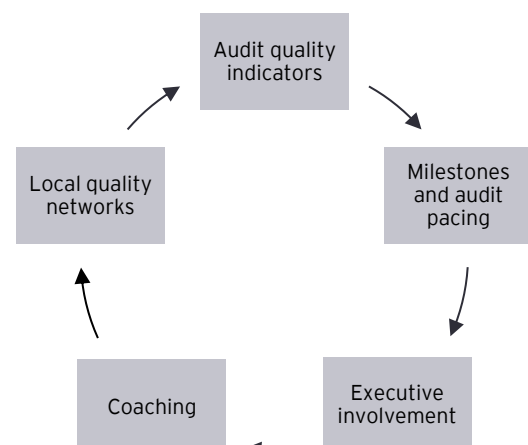
- The Global System of Quality Management network
- Quality leaders within the non-Assurance service lines

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 (the Network) is instrumental in serving as:

- Experienced change agents who effectively communicate changes coming and the rationale behind the changes and positively influence behaviors
- 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:



Monitoring Audit Quality Indicators (AQIs)

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 AQIs. 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 AQIs include both leading and lagging quality-related indicators and include metrics related to inspection results, audit pacing/execution and resource demands/workforce planning. Each AQI 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.

Examples of EY AQIs include:

- Internal and external inspection results
- Adherence to engagement pacing milestones and executive involvement
- Actual vs. planned headcount
- Completeness of longer-term workforce planning and audit scheduling

The global AQI dashboard helps to inform the leadership at all levels of the EY organization about whether actions are having the intended effect, and provides an early warning where intervention is warranted, helping improve audit quality.

Monitoring adherence to pacing milestone

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. A well-paced, well-organized audit can result in a less stressful work environment. Teams that work collaboratively to set a manageable pace for the audit by tackling issues and clearing review notes in real time report higher morale overall, as well as a sense of personal ownership and accomplishment for the individual auditor.

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 them with project management.

Designing and providing in-flight coaching

More than 1,500 engagements a year receive some form of coaching under a globally provided program. This coaching is principally directed at those areas where there have been more pervasive inspection findings as well as those areas impacted by new or revised auditing standards.

Coaching can be directed at audit teams utilizing new technology and automated tools and techniques to evaluate the proficiency with which the engagement teams are utilizing the technology. In the 2024 Quality Survey, 80% of respondents said they receive timely on-the-job coaching and feedback.

Observations from these coaching engagements are discussed with the audit teams and for items identified of more significance, local representatives from the Global Assurance Quality Network assist engagement teams in addressing the observations prior to the issuance of the auditor's report.

Designing and deploying enablement for new technology

Working with technology product owners and the GPPG, the Global Assurance Quality Network designs and deploys enablement to assist audit teams in utilizing the automated tools and techniques as designed. This enablement is deployed to engagement teams and supported in local practices by the respective representatives of the quality network.

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 the EY global audit methodology.

Over the past year, significant focus was placed on implementing ISA 600 (Revised) Audits of Group Financial Statements (Including the Work of Component Auditors) and changes made to the EY engagement risk assessment process. For these initiatives, specific classroom learning was developed and deployed, and enhanced functionality was built into EY Canvas to facilitate a guided workflow for executing an engagement risk assessment and local methodology networks activated to support engagement teams on the ground.



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 Global Audit Methodology 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 Global Audit Methodology
- 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 Country PPD has operational responsibility for monitoring the System of Quality Management of the member firm. 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 on 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.

EY member firm professionals are appointed to lead risk management initiatives (supported by other staff and professionals), including coordinating with the service lines on such matters.

When 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 provide a higher degree of proactiveness especially in identifying emerging risks before they cause significant impact, and the prioritization of risks by each member firm. For example, this allows the EY Global Security team and Region Security Manager network to work directly with their respective member firm crisis management teams in preparing for the most likely threats by incorporating training and advanced stages of readiness to its crisis management networks.

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. Additionally, these escalation matrixes and subsequent action item checklists go beyond traditional workforce life and safety issues by delving into factors that could impact a member firm’s ability to effectively conduct business.

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 Cambodia 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 Cambodia and our people to comply with the independence standards applicable to specific engagements, e.g., the IESBA Code of Ethics and independence requirements of our Cambodia law 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 Cambodia.

EY Cambodia 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 readily accessible and easily searchable on the EY intranet.

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



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. It includes all audit clients and their affiliates, including listed audit clients, other public interest audit clients and private audit clients, but can also include other types of attest or assurance clients. 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 they hold becomes proscribed, EY professionals receive a notice and are required to dispose of the security. Identified exceptions are reported through an independent 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 Cambodia 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. 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. For the 2024 testing cycle, EY Cambodia tested 2 partners and 1 manager.



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 22), GIS (see page 43), 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 made available to EY member firms 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 with 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.



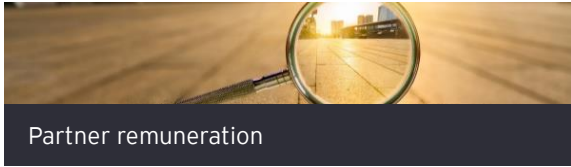
Audit committees and oversight of independence

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 EY standards for audit committee communications, as well as the pre-approval or pre-concurrence of non-audit services, as applicable.



Remuneration

Remuneration



Quality is at the center of the EY strategy and is a key component of EY performance management systems. EY Cambodia partners are evaluated and compensated based on criteria that include specific quality and risk management indicators. Equally, when EY Cambodia 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 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 behaviors 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

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

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