

# Transparency Report 2024

EY US



Shape the future  
with confidence

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## Message from our leaders



**Julie A. Boland**  
US Managing Partner  
Ernst & Young LLP



**Dante D'Egidio**  
US Vice Chair – Assurance  
Ernst & Young LLP

### About this report

Welcome to the Transparency Report 2024 of Ernst & Young LLP (EY US).

Audit quality is our top priority. We understand the enormous trust that is placed in us as independent auditors, and we embrace our responsibility to perform audits that promote confidence in financial reporting.

The European Union's Regulation 537/2014 (the Regulation) requires statutory auditors of EU public interest entities (PIEs) to publish annual transparency reports. The EY US Transparency Report 2024 complies with the Regulation and covers the fiscal year ended 28 June 2024 as well as any more recent relevant events.

This report discusses our compliance with the requirements of International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*. The standard requires audit firms to design, implement and monitor a system of quality management and to annually evaluate that system. Based on our latest evaluation, we concluded that as of 30 June 2024, our System of Quality Management provides reasonable assurance that the system's objectives are being achieved.

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

We encourage all EY stakeholders to continue to engage with us on our strategy and any of the matters covered in this report.

Julie A. Boland  
US Managing Partner  
Ernst & Young LLP

Dante D'Egidio  
US Vice Chair – Assurance  
Ernst & Young LLP

**EY purpose:** Building a better working world

EY is committed to doing its part in building a better working world.

The audits provided by EY people help build trust and confidence in business and the capital markets. EY auditors serve the public interest by providing high-quality, analytics-driven audits with independence, integrity, objectivity and professional scepticism.

In so doing, EY helps create new value for EY clients, people, and other stakeholders in a fast-changing world.





## About us

# About us



In the US, Ernst & Young LLP and its affiliate Ernst & Young U.S. LLP are limited liability partnerships organized in Delaware and are member firms of Ernst & Young Global Limited (EYG), a UK company limited by guarantee. In this report, we refer to ourselves as “EY US,” “we,” “us” or “our.” EY refers collectively to the global organization of 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 EY member firms along geographical lines with the exception of the Financial Services Organization (FSO) Regions in the Asia-Pacific and EMEIA Areas, which comprise the financial services activities of the relevant member firms within an Area.

EY US is part of the Americas Area. Within the Americas Area, there were seven Regions; as of 1 July 2024, that number was reduced to four through a combination of Regions.

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

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

The coordinating body for EY Americas is the Americas Operating Executive (AOE). It oversees the execution of EY global strategy in the Americas and comprises the Americas Area Managing Partner; the Americas Deputy Managing Principal; the Area Chief Client Officer; the Area Functional Leaders for Ethics and Compliance, Finance, Talent and Strategic Execution; the Area Leaders for Assurance, Consulting, Strategy and Transactions, and Tax; and the Area Leaders for Industry Groups.

Each service line elects a Partner Advisory Forum, whose representatives advise and act as a sounding board for leadership. The partner elected as Presiding Partner of the Forum, along with other members of the Forum previously served on the Global Governance Council (GGC) (see page 6). Since 1 July 2024, EY US has been represented on the GGC by members of its Governing Board.



## Ethics oversight board

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

The US Ethics Oversight Committee comprises the EY US members of the AEOB and one US Partners and Principals Council (PPC) representative. It was established to promote fairness, consistency and best practices within EY US with regard to investigations and disciplinary actions under the EY Global Code of Conduct and other ethical and conduct standards applicable to EY US.



## EY US governance

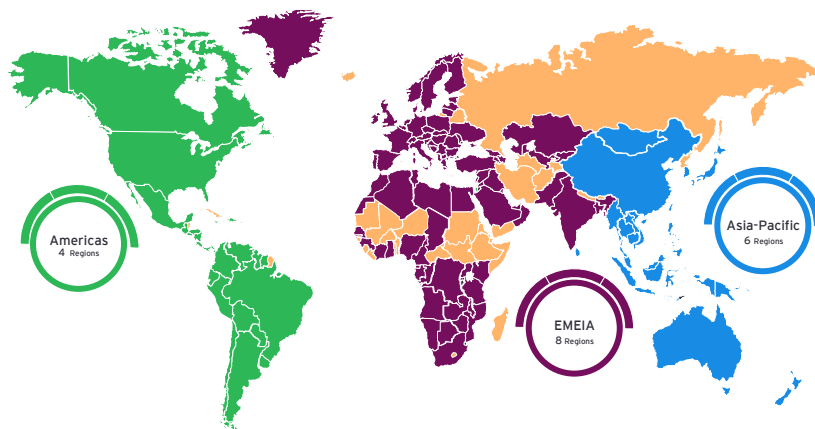
EY US has modernized its governance framework to further promote accountability and transparency. On 1 July 2024, a new US Governing Board was appointed to provide oversight of the Managing Partner. The US Governing Board is responsible for evaluating the performance and setting the compensation of the US Managing Partner. The 11-member Governing Board comprises 10 elected partners and principals, plus the US Managing Partner, who also sits on the US Management Committee.

The partners and principals on the US Governing Board were elected by their peers, after being nominated by a committee that was also elected by the partners and principals. Seven of the US Governing Board members are certified public accountants (CPAs), including the US Managing Partner.

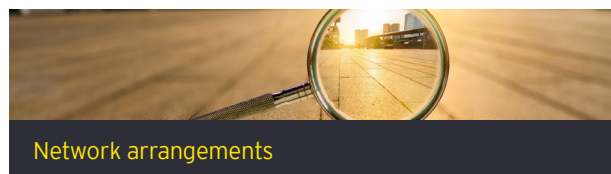
The US Management Committee now manages the operations of EY US and executes the Firm's strategies. The US Management Committee currently has 18 members and comprises of the Managing Partner; the Deputy Managing Principal; the Chief Client Officer; the US Service Line Vice Chairs for Assurance, Consulting, Strategy and Transactions, and Tax; the US Chief Ethics and Compliance Risk Officer; the Vice Chairs of Office of Strategic Execution, Finance and Operations, and Talent; and the Industry

Group Leaders of Consumer & Health Industry, Government & Public Sector Industry, Technology, Media & Telecommunications Industry, Financial Services Organization Industry, Industrials & Energy Industry, Private Equity Industry; and the US Diversity, Equity & Inclusiveness Officer. EY US also redesigned its PPC, which now advises both the US Governing Board and the US Management Committee.

### EY Areas and Regions\*



\* Figures are as of 1 July 2024. EY does not have a presence in countries or territories highlighted in orange.



#### Network arrangements

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

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

EYG sets strategy for the global network. 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.



#### Global Governance Council

The Global Governance Council (GGC) is a key governance body of EYG. It comprises one or more representatives from each Region, other at-large representatives from any member firm and independent non-executives (INEs). The Regional representatives, who otherwise do not hold senior management roles, are elected by their Regional Partner Forums for a three-year term, with the ability to be reappointed for one additional three-year term. Since 1 July 2024, the GGC representatives of EY US also 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.



### Independent non-executives

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



### Global Executive

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; and 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 Chair and CEO of EYG and appointments of the Global Managing Partners. The GE also approves 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.

EY's 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

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

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

For more information, see the EY US audit quality report.



# System of Quality Management

We operate a system of quality management and perform an annual evaluation of its effectiveness, as required by ISQM 1.



## Our role as auditors

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

Providing high-quality audits has never been more important than in today's environment, due to increased global complexity, characterized by continuing globalization, rapid movement of capital and the impact of technological changes. We continue to invest in our System of Quality Management and to promote enhanced objectivity, independence and professional 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.

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



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

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 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 new or update existing global baseline minimums, including quality objectives (based on ISQM 1 requirements), quality risks and responses (including System of Quality Management controls) assumed to be applicable to EY member firms.

A Global System of Quality Management Operational Leader and Global System of Quality Management Monitoring and Analysis Leader were appointed to help EY member firms improve quality. 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.

EY member firms, including EY US, 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
- Determine if they need to be supplemented by the member firm to be appropriate for use

EY US is also preparing to implement the new Public Company Accounting Oversight Board (PCAOB) standard, QC 1000, *A Firm's System of Quality Control*, which is effective 15 December 2025. Starting in fiscal year 2026, we will be evaluating our quality control system under both the PCAOB standard and ISQM 1.



### System of Quality Management roles

To enable the design, implementation, and operation of EY US' 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 US System of Quality Management. For those individuals in EY member firm or leadership roles, there are accountability frameworks that 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.

The US Managing Partner has ultimate responsibility and accountability for the System of Quality Management, including evaluating and concluding on its effectiveness. The US Vice Chair – Assurance has operational responsibility for the System of Quality Management. Other leaders are responsible for monitoring the System of Quality Management and compliance with independence requirements.



### Effectiveness: annual evaluation conclusion as of 30 June 2024

The US Managing Partner, on behalf of EY US, is required to evaluate the System of Quality Management on an annual basis, as of 30 June, 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 US' System of Quality Management provides reasonable assurance that:

- EY US 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 EY US are appropriate in the circumstances.

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

- Tests of System of Quality Management controls
- Internal and external engagement inspections
- Other monitoring activities (e.g., tests of EY US and its people's compliance with ethical requirements related to independence, evaluation of quality criticisms made by external regulators relevant to the System of Quality Management, 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. Further, deficiencies are evaluated to determine the severity and pervasiveness of the deficiency. If a severe deficiency is 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 US 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 principal components of our System of Quality Management:

- 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 US 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 throughout the assessment period to address any new risks that may arise.

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. 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 US reviewed the Global System of Quality Management baselines and considered the facts and circumstances of EY US, including the nature and operating characteristics of EY US, the types of engagements performed and systemic trends from monitoring activities within the System of Quality Management. Further, EY US performed its own analysis and developed its own objectives, risks and responses.



Tone at the top

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

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

The 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.

To measure the quality culture across EY member firms and provide EY US with valuable insights, EY US participates in the EY Global Quality Survey. The 2024 Quality Survey results indicate that EY US people recognize that the tone at the top set by leadership demonstrates commitment to quality and that EY US 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. The results nevertheless indicate that we have more work to do.



EY US has also completed a firmwide culture survey, which identified strengths and vulnerabilities. Following that assessment, our leaders are developing a roadmap for change, including in the area of accountability. While the culture assessment highlighted our clear commitment to quality, we believe our plan will positively impact the quality of all of our services, including audits.



#### 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

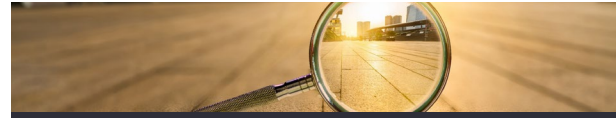
Through our procedures to support compliance with the EY Global Code of Conduct and through frequent communications, we strive to create an environment that encourages all EY people to act responsibly, including reporting misconduct without fear of retaliation. Overall, the results of the March 2024 employee listening survey indicated that EY US participants felt they could meet expectations while maintaining ethics and integrity and believe decisions made by leaders are consistent with EY's values and Code of Conduct.



#### Accountability frameworks

The EY accountability frameworks are policies that put quality into action and describe how EY Partners, Principals, Managing Directors, and Directors (PPMDDs) are held accountable for meeting their quality-focused responsibilities and how these responsibilities link to performance ratings. The EY accountability frameworks set expectations for quality to maintain the confidence that external stakeholders place in EY. The accountability frameworks are anchored in our Global Code of Conduct.

Our accountability frameworks are based on the EY Global accountability frameworks, but are tailored to incorporate US specific business, ethical, legal and regulatory considerations. The US Accountability Framework for professionals associated with an audit include additional audit quality considerations, underscoring EY's commitment to performing high-quality audits.



#### Relevant ethical and legal requirements



#### Compliance with the Global Code of Conduct

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



#### Independence

Compliance with relevant independence requirements is a key element of the System of Quality Management. It involves determining that we are independent in fact, as well as appearance, in accordance with the applicable standards. The independence requirements relevant to EY audits and professional services are included in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code). We also comply with local independence requirements or codes in the jurisdiction of EY audits and professional services, including the US Securities and Exchange Commission (SEC) and PCAOB auditor independence requirements. Refer to the *Independence practices* section for information on policies, tools and processes relating to maintaining independence.



#### Non-compliance with laws and regulations

In accordance with the IESBA Code, EY has adopted a policy designed to meet its obligations with respect to noncompliance with laws and regulations (NOCLAR). The policy covers obligations with respect to noncompliant 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.



### Whistleblowing

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

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



### Integrity in learning

EY provides EY people with a comprehensive program of learning to support quality and professional development. Integrity in learning is foundational to that program. EY US supports our people to meaningfully engage with the learning program and makes clear that there are consequences for breaches of integrity while participating in these programs.



### Anti-bribery

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



### Insider trading

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



### Data protection and confidentiality

The EY Binding Corporate Rules Program and related EY policies set 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. 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 US complies with the audit partner rotation requirements of the SEC or the IESBA Code. EY US supports audit partner rotation because it provides a fresh perspective and promotes independence from company management, while retaining the rest of the engagement team's 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 US public company audits, the SEC requires the lead engagement partner and the engagement quality reviewer to rotate off the audit after five years. Other audit partners are required to rotate off the audit after seven years. Upon completing the maximum service period for rotation, a partner may not perform any professional services for the public company audit client until completing a cooling-off period of five or two years, depending on their role.

For PIEs other than US public companies, the EY Global Independence Policy is based on the IESBA Code which is different from the US specific requirements in certain instances. 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 for 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.

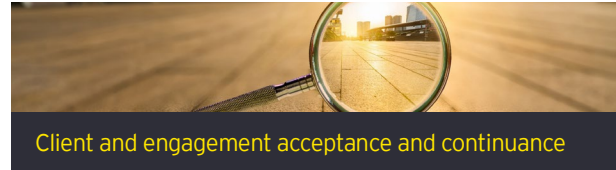
In addition to the key audit partner rotation requirements, EY has established a long association safeguards framework. This is consistent with the requirements of the IESBA Code and includes consideration of the threats to independence created by the involvement of EY professionals over a long period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

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



#### Client and engagement acceptance and continuance



#### Global policy on client and engagement acceptance and continuance

The EY global policy on client and engagement acceptance and continuance sets out principles for EY member firms to determine whether to accept a new client, a new engagement with an existing client, or to continue with an existing client or engagement. These principles are fundamental to maintaining quality, managing risk 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 involvement 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 IESBA Code.



#### Putting policy into practice

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

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

Certain audit engagements are identified as requiring additional oversight procedures during the audit (close monitoring), and some audit relationships are discontinued.



#### Engagement performance

There is EY global investment of more than \$1 billion 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
- Artificial intelligence (AI) at scale
- An elevated user experience

In 2024, the global EY organization released 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 in various stages of deployment across EY and include globally scaled AI. EY is also developing 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 our methodology. The EY Helix global analytics suite (EY Helix) already supports the use of mature analytics throughout the audit, allowing EY teams to drill down on the right data at the right time and better understand the company and its risk landscape. We have integrated parts of EY Helix directly into the global audit platform, EY Canvas, to expand the use of data and improve the 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*

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 and feedback collection throughout the development cycle, including with end users, is a prerequisite for the release of any audit technology.



### 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 enablement and learning are available to support its application, and relevant legal and regulatory requirements have been managed (e.g., data privacy).

### 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 pertaining to the responsible use of audit tools and technology, including AI-enabled technologies, and to mitigate the risk of over-reliance by the audit professional. In addition, 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 environmental, social and governance (ESG) matters, 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 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 that help EY teams identify and respond to the risk of fraud.



### Reviews of audit work

EY policies describe the requirements for timely and direct audit executive participation, as well as the level of review required for the work performed and the requirements for documenting the work performed and conclusions reached. Supervisory members of an audit engagement team perform a detailed review of the audit documentation for technical accuracy and completeness. Audit executives and engagement partners perform a second-level review to determine the adequacy of 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 workpapers.

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

For listed and certain other companies, an engagement quality reviewer (described below in the *Engagement quality reviews* section) performs an objective evaluation of certain audit matters, including significant judgments and conclusions made by the team.

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



### Consultation requirements

EY consultation policies are built upon a culture of collaboration, whereby EY audit professionals are encouraged to share perspectives on complex accounting, auditing and reporting issues. In the 2024 Quality Survey, 85% of EY US audit respondents said our culture of collaboration encourages them to seek advice and support.

**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.**

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

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 appropriate subject-matter knowledge. They provide an objective evaluation of the significant judgments the audit 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 audit 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 evidencing their completion. In all circumstances, the engagement quality review is completed on or before the date of the auditor's report.

The assignment of the engagement quality reviewer is approved by leadership, in accordance with EY US policy.



#### 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 of 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 it 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.

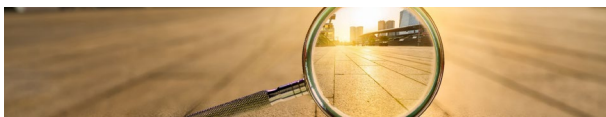
Differences of professional opinion that are resolved through consultation with Professional Practice are appropriately documented.



#### Records retention

The Records and Information Retention and Disposition Global Policy supports 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 throughout their life cycle, including the requirement to securely discard or delete records for which the retention period has expired, unless special and acceptable circumstances apply.

This policy and the GRS and RIM requirements are in accordance with applicable professional standards and are based on regulatory, legal, and business requirements and obligations. They apply to all engagements and EY people, and address US legal requirements applicable to the creation and maintenance of workpapers.



## Resources

EY US is investing \$1 billion over three years in talent and technology. We are raising salaries for early-career CPA-track professionals and broadening their experiences, as discussed further in our audit quality report.



### Attracting and recruiting talent

To address the profession-wide issue of a declining pipeline of CPAs, we are significantly increasing salaries for early-career CPAs. This will put accounting majors on par with other business majors and make joining the profession more attractive, while positioning EY as the preferred accounting firm to launch and build a career. We're also expanding opportunities for our campus recruits to develop the skills they will need to become business leaders.



### Retention and focus on wellbeing

Retaining talent in the organization is a key contributor to providing high-quality audits.

An increasingly important talent priority has been a focus on wellbeing and improving the day-to-day experience of EY people. The overarching goal is to embed a wellbeing culture through the commitment of leadership to provide the financial, physical, emotional and social support that enables EY people to be the best they can be.



### Professional development

EY US requires audit professionals to obtain at least 40 hours of continuing professional education (CPE) each year. Of these hours, 16 must cover technical subjects related to accounting and auditing.

In addition, 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 in topics including robotic process automation, teaming, innovation and cybersecurity, as well as other capabilities that are in high demand, such as AI and sustainability. EY Badges is a self-directed learning initiative that supplements a substantial program of core structured training for auditors.

Our people can also earn an EY Tech MBA or Master's in either Business Analytics or 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.



### Performance management

The EY US performance management framework supports our people's careers, inspires their growth and recognizes the value they bring to EY US. Through defined global and local key performance indicators (KPIs), ongoing feedback, counselor insights and conversations, it 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.

The performance management framework extends to PPMDDs 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 PPMDDs' goals and performance is the cornerstone of the evaluation process. An EY member firm partner's goals are required to reflect various global and local priorities across six metrics, the most important one being quality.



### Engagement

The employee listening 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” that 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 and innovation and societal impact.



#### 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 US to comply with the PCAOB and American Institute of Certified Public Accountants (AICPA) auditing standards and regulatory or statutory requirements.

When relevant data is available, our teams use the data-driven approach in EY GAM, which 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 our EY Helix analytics suite 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, which is organized by topic and is designed to focus the audit strategy on the financial statement risks, and the design and execution of the appropriate audit response to those risks. EY GAM consists of two key components: requirements and guidance; and supporting forms and examples. The requirements and guidance reflect both auditing standards and EY policies. Examples in EY GAM supplement the requirements and guidance with leading-practice illustrations.

EY 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 its 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.

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

The EY Sustainability Assurance Methodology (EY SAM) provides a global framework for the application of a consistent approach to all EY Assurance engagements on sustainability information.

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, Region and Country Professional Practice Directors, 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).



#### Knowledge and internal communications

EY US 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 *US GAAP vs IFRS: the basics*, *Financial Reporting Developments* and *Technical Lines*
- ▶ Accounting and Auditing News – a weekly update covering assurance and independence policies, developments from standard-setters and regulators, and internal communications
- ▶ 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 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.

EY US' policies require leadership approval of the assignment of individuals to specific audit roles, typically leadership roles on an engagement. 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 fulfill their engagement responsibilities, and, when applicable, are in compliance with auditor rotation regulations.

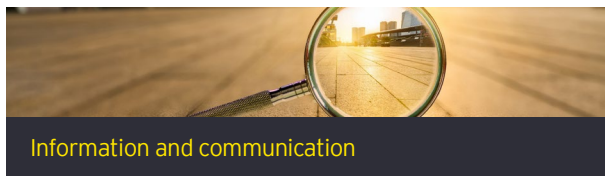


#### Service delivery centers

Global Delivery Services (GDS) is an integrated network of EY service delivery centers that provide services to support EY member firms. 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.

We are also expanding the use of centralized US-based teams that provide audit support on various topics and improve the consistency of our audit execution. For example, our US Service Delivery Center currently performs routine quarterly and annual independence procedures for teams on most public company audits and compiles certain information for audit committee communications.

We are also expanding our US-based groups that support our teams in performing key procedures related to complex topics such as business combinations, impairment and pension obligations, in close collaboration with core audit team members.



#### Information and communication

ISQM 1 requires audit firms to obtain, generate or use information and communicate 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. The EY culture encourages and expects EY people to communicate relevant and reliable information to the EY member firms to enable the System of Quality Management.



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

- Provide relevant, reliable and timely information about the design, implementation and operation of EY US' 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 US' System of Quality Management is evaluated to conclude on the effectiveness in achieving the objectives of EY US' System of Quality Management.

System of Quality Management monitoring activities include evaluating:

- Tests of System of Quality Management controls
- Internal and external engagement inspections
- Other activities such as:
  - Tests of compliance with ethical requirements related to independence by both EY US and its people
  - 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.



#### Tests of System of Quality Management controls

Our System of Quality Management has been designed and implemented to mitigate quality risks. The objective of performing tests of System of Quality Management controls within the EY US System of Quality Management includes determining whether the controls:

- Were designed, implemented and operated in accordance with the Control Owner's understanding and documentation thereof
- Were operated on a timely basis by the Control Owner/Control Operator specified in the design of the 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 control is complete and accurate, if applicable)



#### Audit quality reviews

EY US executes an Audit Quality Review (AQR) program in accordance with the Global AQR program and reports results and develops responsive action plans. The AQR program, which involves inspection of completed audit engagements, complies with the requirements and guidelines in US professional standards and regulatory requirements and is supplemented, where necessary, to comply with ISQM 1. It also aids EY US' 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 on a cyclical basis, including elements of unpredictability. The engagements reviewed each year are selected on a risk-based approach covering a cross-section of EY US' auditing practice.

The AQR program includes detailed risk-focused file reviews covering a sample of listed and non-listed audit engagements, and PIEs and non-PIEs, to measure relevant professional standards and regulatory requirements; EY GAM requirements; and compliance with internal policies and procedures.

AQR reviewers and team leaders are selected based on their skills and professional competence in accounting and auditing, and in certain instances, their industry specialization. Team leaders and reviewers are independent of the engagements and teams they are reviewing.

The 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 AQR program, external quality assurance reviews and peer reviews are addressed by Assurance leadership. These programs provide important practice monitoring feedback for our System of Quality Management.



#### External quality assurance reviews

EY US' Audit practice is subject to annual inspection by the PCAOB. As part of its inspections, the PCAOB reviews selected engagements and evaluates EY US' quality control system.

We respect and benefit from the external inspection processes, including triennial reviews under the AIPCA peer review program, which focuses on our private company audits and other audits that are not subject to the PCAOB's permanent inspection program. We 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.

The PCAOB recently completed its 2024 inspection (generally audits for the year ended 31 December 2023). We expect the PCAOB to issue Part I of its report on the 2024 inspection of EY US in the coming months. Information on the PCAOB, along with publicly available inspection reports for the 2023 inspection cycle and previous inspection cycles, can be found at [www.pcaobus.org](http://www.pcaobus.org).

Grant Thornton LLP completed its 2022 peer review of EY US's accounting and auditing practice for these engagements (primarily audits for the year ended 31 December 2021) and concluded that our system of quality control for these engagements was suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. EY US received a peer review rating of pass.



#### Pre-issuance review program

We perform reviews of certain aspects of selected public company audits before we issue our auditor's report. Each year, we identify areas of focus for the program. Most recently, these reviews have provided (1) input about whether the actions we have recently implemented to address quality matters are achieving their objectives or whether further action is warranted and (2) timely feedback to our teams on ways to improve and/or adjust audit procedures or documentation, when necessary, in the areas reviewed. For the second year in a row, we are significantly increasing the number of pre-issuance reviews we will perform in the current audit cycle.



#### Engagement-level root cause analysis and action plans

Engagement-level root cause analysis is a central part of EY US' System of Quality Management, providing an assessment of the root causes that underlie an engagement's negative inspection outcome. Each finding is analyzed to determine the root cause and a responsive action plan is developed. These give us a better understanding of the drivers behind outcomes.



#### Identifying and assessing System of Quality Management deficiencies

System of Quality Management findings are information about the design, implementation or operation of the System of Quality Management that indicate that one or more deficiencies may exist. EY US evaluates each finding or aggregation of findings considering the relative importance of the finding(s) to determine whether a deficiency exists.

If any deficiencies are identified, an assessment of severity and pervasiveness is performed to develop responsive actions.



#### System of Quality Management quality improvement plans

For any identified deficiencies, quality improvement plans are developed, which include:

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





## 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 interconnected 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 has 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 – 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.

The global EY organization is continuing to invest in next-generation Assurance technology as part of its 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. 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 evermore sophisticated data analytics and efficiently delivering 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.



## EY US Quality Network

Our national Quality Network supports audit teams in the planning and execution of high-quality audits by performing workpaper reviews, advising our teams on audit matters, providing training and coaching, and executing various risk management and quality control procedures.

Members of the Quality Network have frequent contact with teams and, based on those interactions, provide feedback to Professional Practice on the development of audit guidance and enablement.

### Monitoring audit quality

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.

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

### Milestones

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

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

#### 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

Engagements are selected to receive coaching from our Quality Network for a variety of reasons, including specific events such as business combinations or material impairments, or in response to indicators of heightened engagement execution risk. 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.

Observations from these coaching engagements are discussed with the audit teams, who address the observations prior to the issuance of the auditor's report.

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

EY US works with the EY global organization and other stakeholders to develop and deploy enablement to support the adoption of new or revised auditing standards as well as enhancements made to EYGAM.



#### Professional Practice

The US Professional Practice group is a network of dedicated technical subject-matter professionals in corporate reporting and assurance standards.

The US Professional Practice works with the Global Professional Practice Group (GPPG) to update EY GAM and related audit policies and technologies so that they are consistent with relevant professional standards and regulatory requirements. The GPPG oversees the development of the guidance, training and monitoring programs, and processes used by audit professionals to execute audits consistently and effectively. EY US has significant resources that augment the GPPG, including professionals focused on:

- Accounting and auditing issues for US GAAP and PCAOB auditing standards, including internal controls over financial reporting and sector-specific issues
- General engagement matters and how to work effectively with those charged with governance



#### Risk Management

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

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

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

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 matrices around several ongoing and high-chance geopolitical events allows EY member firm and Region Risk Management crisis management teams to respond more rapidly and more effectively as events escalate. Additionally, these escalation matrices 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 laws, 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 US 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 US and our people to comply with the independence standards applicable to specific engagements (e.g., the IESBA Code and AICPA Code of Professional Conduct along with the SEC, PCAOB and other federal and state regulations). The EY Global Independence Policy is an example of a policy issued by EYG to enable the operation of the System of Quality Management and the performance of ISQM 1 engagements.

We consider and evaluate independence with regard to various aspects, including our financial relationships and those of our 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 preapproval 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 US.**

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



EY Global Independence Policy

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

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

The EY US Independence Policy sets forth the requirements for EY US and its professionals with respect to independence matters and is designed to comply with or exceed the applicable independence requirements of SEC Rule 2-01 of Regulation S-X, the PCAOB independence standards, and the AICPA Code of Professional Conduct.



Global Independence System

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

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



Global Monitoring System

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

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



## Independence compliance

EY processes and programs are aimed at enabling and monitoring the compliance with independence requirements of EY member firms and their people. These include the following activities, programs and processes.

### Independence confirmation

Annually, EY US 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 partners, other EY US client-serving professionals 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 our personal independence policies, including 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 whether 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 US tested approximately 6,000 individuals.



## 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. These include the use of tools, such as PACE (see page 16), GIS (see page 31), and the Service Offering Reference Tool (SORT) (see page 33), as well as training. The monitoring includes procedures required to be 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 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. 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 of EY independence learning 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

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

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

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



#### Business Relationships Independence Data Gathering and Evaluation (BRIDGE)

EY people are required to use BRIDGE in many circumstances to identify, evaluate and obtain advance approval of a potential business relationship with an audit client, thereby supporting EY's compliance with EY independence requirements.

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



#### Audit committees and oversight of independence

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





## Revenue and remuneration

# Revenue and remuneration



## Financial information

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

### Financial information for the period ended 28 June 2024 expressed in US dollars

Service	Revenue (in billions)	Percentage
Audits and directly related services for companies we audit listed in the EU	\$0.02	0.1%
Other audits and directly related services (excl. clients listed in the EU)	5.53	25.3%
Non-audit services provided to companies we audit listed in the EU	0.00	0.0%
Non-audit services provided to other entities	16.29	74.6%
<b>Total revenue</b>	<b>\$21.84</b>	<b>100%</b>



## Partner remuneration

Quality is at the center of the EY strategy and is a key component of EY performance management systems. EY US partners are evaluated and compensated based on criteria that include specific quality and risk management indicators. If EY US partners do not adhere to quality, ethics and risk management standards, remedial actions are taken. These may include performance monitoring, monetary impact, additional training, additional supervision or reassignment – or, in instances of repeated or particularly serious noncompliance, separation from EY.

EY policies prohibit evaluating and compensating lead audit engagement partners and other key audit partners on an engagement based on the sale of non-audit services to companies they audit. This reinforces to EY partners their professional obligation to maintain independence and objectivity. For audits conducted in accordance with the requirements of Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014, EY prohibits evaluating and compensating any partner or professional involved in, or able to influence the carrying out of, an audit engagement based on the sale of non-audit services to their audit clients. This reinforces that professionals are obligated 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



## Appendix 1: List of PIE audit clients

## Appendix 1: List of PIE audit clients



In the most recent EY US annual report filed with the PCAOB, we listed all audit reports issued during the annual period ended 31 March 2024 with respect to the financial statements of US SEC issuers. The information on such audit reports and PIEs was provided in Item 4.1 of PCAOB Form 2 – Annual Report Form. The PCAOB website can be found at [pcaobus.org](https://pcaobus.org), where such information is available electronically.

In the fiscal year that ended 28 June 2024, EY US performed audits of the following PIEs whose transferrable securities are admitted to trading on a regulated market within the EU:

- Deutsche Postbank Funding Trust I
- IKB Funding Trust I
- McDonald's Corporation
- Nestlé Holdings, Inc.
- Walmart Inc.





## Appendix 2: Approved EY member firms

## Appendix 2: Approved EY member firms



List of approved EY member firms in an EU or EEA Member State

As of 30 June 2024, the following EY member firms are approved to carry out statutory audits in an EU or European Economic Area (EEA) Member State:

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

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

Total turnover for the year ended 30 June 2024 for these EY member firms, resulting from statutory audits of annual and consolidated financial statements, was approximately EUR 2.8 billion.

## **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.**

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