



Our commitment to audit quality

Information for audit committees,
investors and other stakeholders

Ernst & Young LLP

October 2025



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



Shape the future
with confidence

Audit committees, investors and other stakeholders:

A message from



**Julie A.
Boland**

US Managing Partner
Ernst & Young LLP



**Dante P.
D'Egidio**

US Vice Chair - Assurance
Ernst & Young LLP

At Ernst & Young LLP (EY US or the Firm) we are bringing our bold vision for the future of audit to life, with quality at the center.

We are continuing to transform the EY audit with our multi-year \$1 billion investment¹ in technology and talent. We are already using artificial intelligence (AI) and advanced data analytics in our audits, and we are expanding our use of AI and other cutting-edge technologies to enhance audit quality, drive efficiencies and provide better insights. We are also providing our people with opportunities to develop the skills they need to become well-rounded business leaders.

At the same time, our continuous improvement mindset, which we call The EY Way, moves us forward as we continue to innovate and perform work earlier in the audit, while providing a distinctive experience for our clients and our people. We are leveraging the skills and experiences of our people and technology to perform a streamlined, risk-based audit and provide timely sector insights. We expect our use of technology to continue to add value for our clients.

We are proud to announce that our transformation is already having a significant positive impact on our audit practice. We expect our inspection findings rate to fall below 10%² when the Public Company Accounting Oversight Board (PCAOB) issues its 2025 inspection report in the coming months. That compares with a findings rate of 28% in 2024. Our 2025 inspection results are among the best we've ever had.

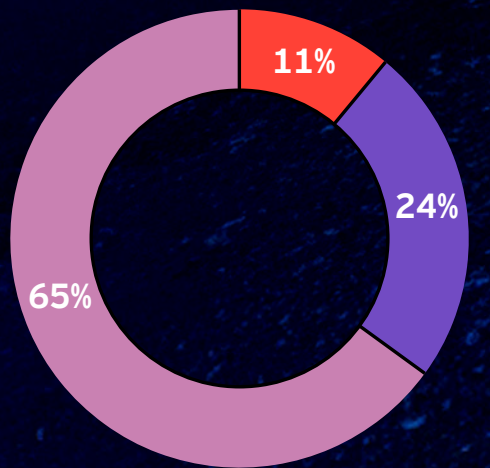
We expect to sustain our audit quality due to our ongoing investments. Our journey continues with exciting new AI tools coming in 2026 and continued investments that will deliver an even better experience for our clients and our people.

Performing high-quality audits is essential to maintaining our strong brand. The EY audit promotes confidence in financial reporting and, in turn, the capital markets. With audit quality, independence, accountability and integrity at our foundation, we will continue to evolve how we work and shape the future of the EY audit. We are anticipating the needs of tomorrow and leading the way with confidence.

Key metrics

13,804

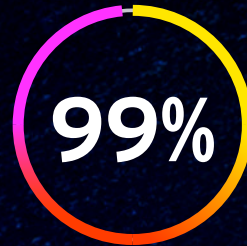
US audit and IT professionals by rank



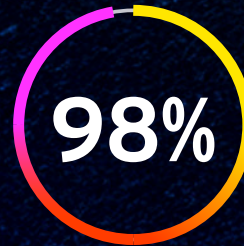
Partners and managing directors
Senior managers and managers
Seniors and staff

~65% of public company audit hours were incurred before our clients' balance sheet date

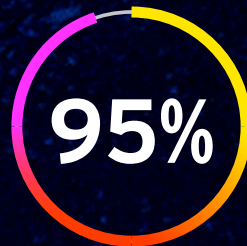
In a recent survey of our people,



believe they have a personal responsibility for delivering quality on their audits



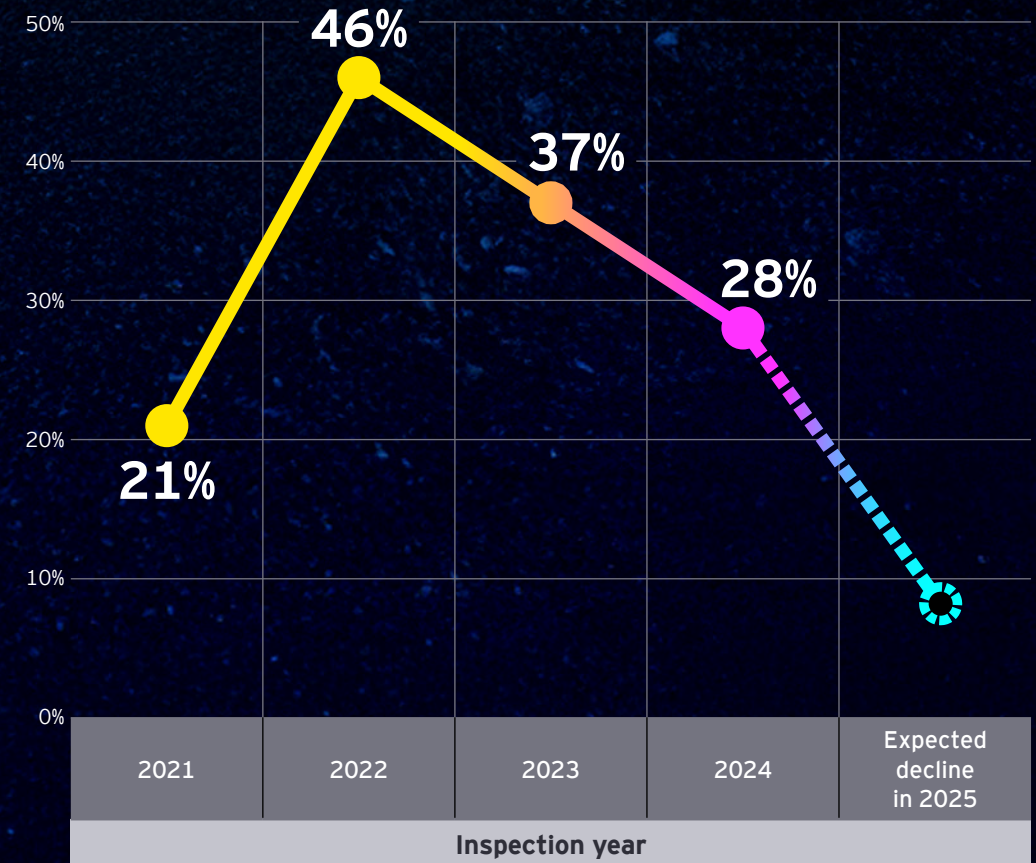
say they understand that consistently performing quality audits serves the public interest



of our audit and IT professionals are Lean Six Sigma white belt certified

<1% of issuers we audit restated their financial statements over our last three fiscal years

Our PCAOB inspection findings rate has improved dramatically



Recognition in the market

#1 auditor

of companies on the Fortune 1000 list and Russell 3000 index

among the Big 4 of companies that went public over the last **10** years

in a recent US brand survey, with **88%** of business leaders who responded saying they would consider EY as an auditor

We audit **six of the 10** largest companies on the Fortune 1000

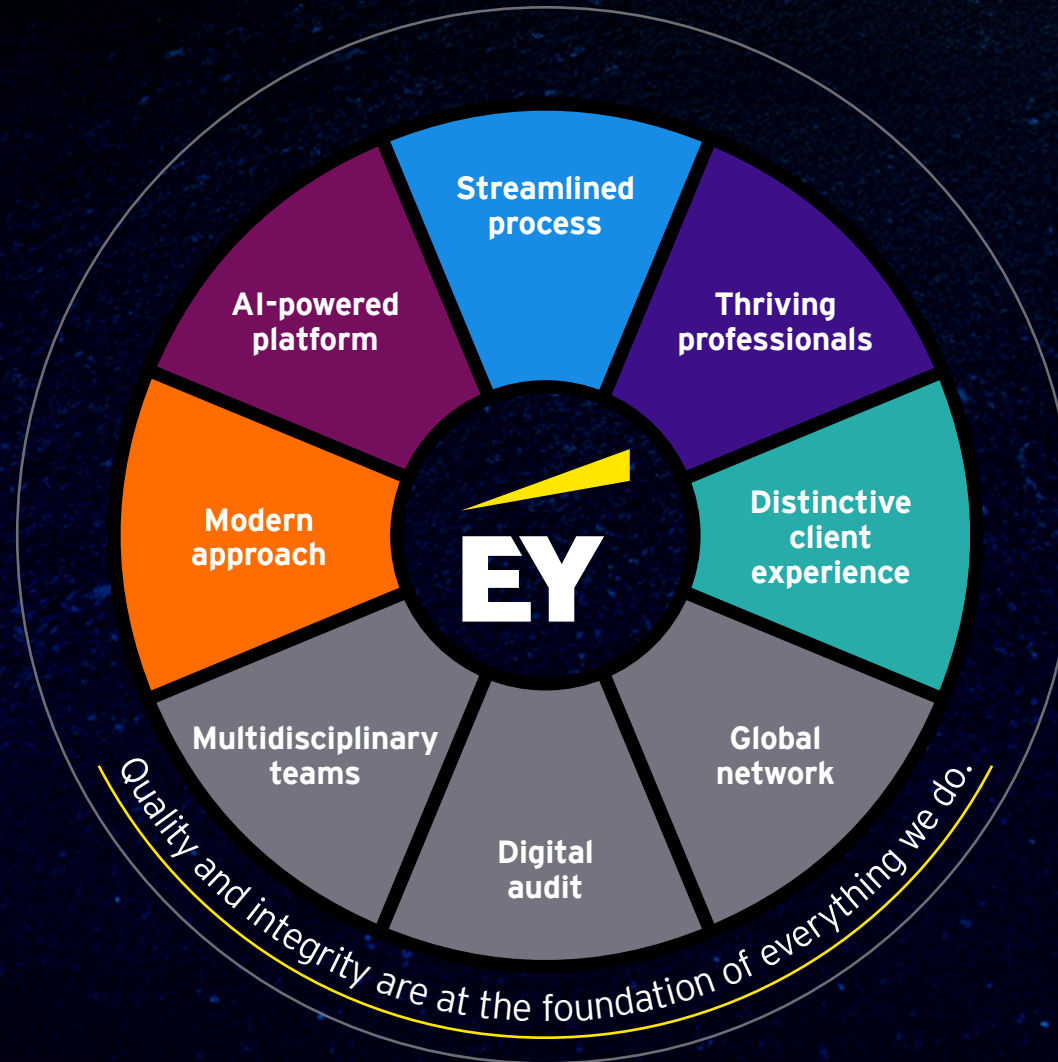
Shaping the future with confidence

With **audit quality** as our foundation, we're continuing to transform the audit, creating a **better experience for our clients and people**.

We're delivering a streamlined methodology, investing in our people and integrating AI and advanced analytics to address risks and deliver actionable insights.

The EY audit drives confidence in financial reporting and the capital markets.

Click the wheel to explore more →



Modern approach

Delivering a clear methodology through an integrated workflow

AI-powered platform

Cutting-edge technologies to identify trends and sharpen our risk-based approach

Streamlined process

Leveraging continuous improvement and embedding specialized teams for seamless end-to-end execution

Thriving professionals

Developing forward-thinking business professionals who deliver exceptional client service

Distinctive client experience

Providing value through data-driven insights and perspectives

A man in a dark suit and white shirt is shown in profile, looking towards the right. The image is tinted with a blue and green color scheme.

We define audit quality as:

- **Being independent and objective**, and acting with integrity and professional skepticism
- **Complying with professional standards**, including exercising due professional care
- **Deploying multidisciplinary teams**, with appropriate skills and experience
- **Identifying risks** at the companies we audit and designing appropriate audit responses
- **Leveraging a continuous improvement mindset**, coupled with effective supervision and review, to pace our work and address issues early
- **Using innovative technology, including AI and data analytics**, to deepen our understanding of a business and obtain better-quality audit evidence
- **Having honest, robust and timely communications** with the audit committee and management

The result: independent audit opinions that promote trust and confidence in the capital markets



Our transformation journey

We are on a transformation journey to drive sustained audit quality and enhance the experience of our clients and our people. At the same time, we are reinforcing the cornerstones of our culture - being independent and objective, acting with integrity, exercising professional skepticism, and being accountable for the quality of our work.

Key elements of our transformation include:

- Leveraging AI, advanced data analytics and other technology, enhancing quality and improving the experience for our clients and our people
- Streamlining our audits, starting with robust risk assessments and data analysis, to help us focus on what matters most
- Fostering a continuous improvement mindset
- Embracing centralization and standardization
- Integrating our information technology (IT) professionals who work on audits into our Assurance practice
- Expanding career development opportunities for our people

This report describes what we have accomplished so far and previews some of what's to come as we bring our vision of the future of audit to life.

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We have a bold vision for the future of audit, and the future is now.

Dante P. D'Egidio
US Vice Chair - Assurance

Modern approach

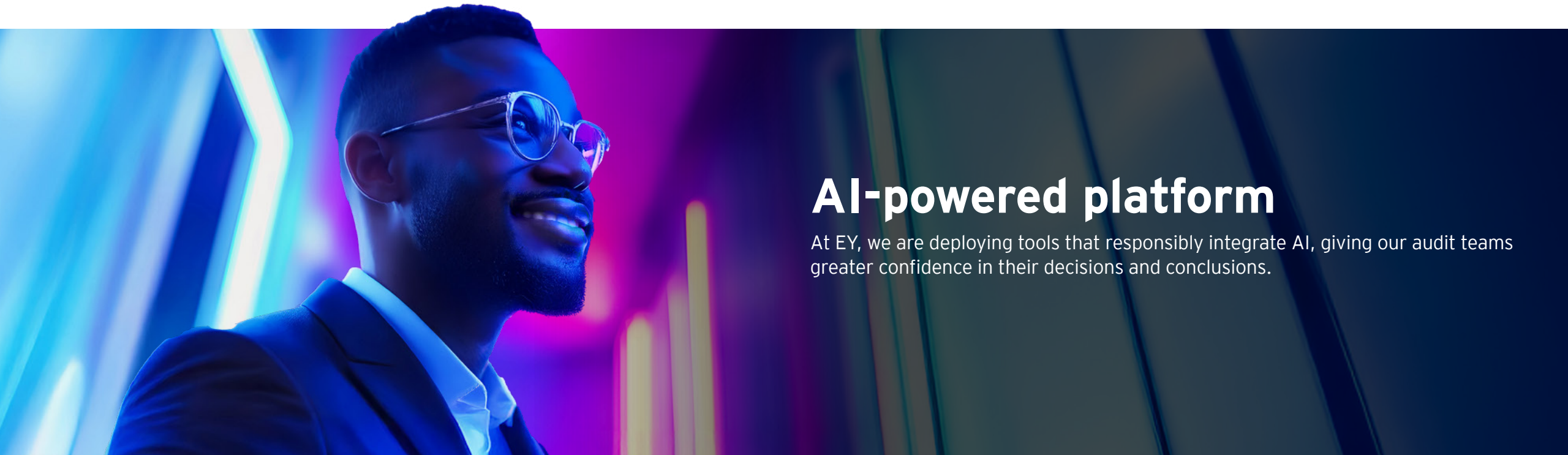
We are deploying next-generation technology, including AI, and processes that deliver a more intuitive user experience.

Our auditors have been using our globally deployed, cloud-based audit platform for over a decade, and we continue to expand the functionality of that platform, which we call EY Canvas, to help our professionals audit more effectively.

Our teams now use intuitive guided workflows in EY Canvas to perform robust risk assessments in their data-driven audits. This enablement uses technology to walk our professionals through a comprehensive series of factors to consider and automates certain activities, promoting consistent audit execution and sustained audit quality. It also results in a streamlined and simplified approach and will allow for a seamless flow of information throughout the audit. With the implementation of these tools we are also driving better audit quality and adding value for our clients.

These workflows are also connected to our EY Helix data analyzers. Our latest-generation general ledger analyzer, for example, allows our professionals to analyze full populations of data about a company's transactions, visualize trends, identify anomalies and understand how prevalent they are, and drill quickly into the data so they can discuss it in real time with audit executives on their teams and plan their audits. This allows our people to ask our clients better, more precise follow-up questions and provide them with valuable insights about their financial reporting processes.

Our technology interfaces directly with a company's enterprise resource planning systems and data repositories to help our professionals gather, analyze and prepare audit evidence in a standard format.



AI-powered platform

At EY, we are deploying tools that responsibly integrate AI, giving our audit teams greater confidence in their decisions and conclusions.

Building on our EY Canvas and EY Helix data analyzer platforms, we provide our professionals with AI-powered tools that enable them to work more effectively and efficiently. Using these tools, our audit teams are able to ask better questions and share sharper insights with our clients.

To help us navigate the growing importance of technology in our audit practice, we recently appointed a chief technology officer for the Assurance practice, who will guide our investments in technology, including AI.

In developing and deploying AI technology, we adhere to our Responsible AI Principles, which mitigate the risks of using this type of technology.

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We and our clients are rapidly expanding and accelerating the use of technology, and we expect the next few years will bring significant transformation in the way both we and our clients use AI. We continually enhance audit quality by leveraging the latest technology and data analytic tools.

Richard Jackson
US Assurance Chief Technology Officer

Our state-of-the-art **EY Helix analytics and automation** help our teams:

- Easily understand data and end-to-end processes, and quickly identify common processes vs. anomalies, enhancing our risk assessments
- Automatically see key changes to people, process or technology used by our clients, further increasing audit quality
- Answer more questions on their own, decreasing the time it takes our clients to support the audit
- Quickly drill into data and processes, without limitations on size or complexity of data
- Generate automated workpapers at scale across all areas of analysis and financial statement line items
- Easily share sector and business insights for process improvements

The AI-powered tools that are currently integrated with our EY Canvas platform include:

- EY Financial Statement Tie-Out tool, which accelerates the tie-out process by automating certain procedures such as validating calculations and identifying inconsistencies that require follow-up, including in the notes to the financial statements, and enabling us to more quickly resolve questions with clients
- EYQ Code Explainer, which translates an IT system's program code into plain English to help our auditors understand the functionality of the automated portions of a company's internal controls, ask better questions and validate the operation of those controls
- EY Intelligent Checklist, which uses generative AI to show auditors where a disclosure is included in financial statements so they can easily evaluate its sufficiency and helps our clients and our auditors identify disclosures that require follow-up
- EY Canvas AI, which helps teams perform risk assessments by comparing a company's key financial ratios to those of its peers and tracking relevant news reports about the company that they need to evaluate
- EYQ Assurance Knowledge, which helps our people quickly research accounting and auditing questions by summarizing relevant material

Our teams also can use two general purpose, generative AI tools (our proprietary EY.ai EYQ tool and Microsoft 365 Copilot) to help them perform tasks such as drafting workpapers and summarizing documents.

We are making significant investments in developing AI-powered tools as we continue to shape the future of audit. For example, we are developing solutions that incorporate agentic AI, which refers to AI systems that have the capability to interpret, plan and execute tasks with appropriate auditor oversight. We are also developing broader AI-enabled workflows that provide real-time data analysis and generate comprehensive reports.

Our people's experience and professional judgment remain critical to planning and executing a high-quality, technology-enabled audit. That's why we will continue to provide our teams with training and guidance on how to use our AI and other automation tools appropriately.

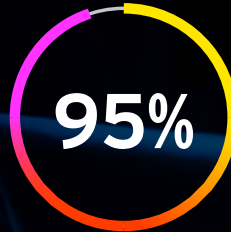
**2025 Gold
Stevie Award:**
EY.ai EYQ won in
Generative AI category

Streamlined process

Our auditors approach each day with a continuous improvement mindset that we call The EY Way, leveraging cutting-edge technologies.



of public company audit hours were incurred before our clients' balance sheet date¹³



of our audit and IT professionals are Lean Six Sigma white belt certified¹⁴

Our auditors focus on the following key concepts of continuous improvement that we emphasize in our formal training and on-the-job coaching, and we call The EY Way:

- Deepening our understanding of our clients' business environments and the sectors in which they operate
- Using centralized teams and a standardized approach to drive consistency
- Performing more work before our clients' balance sheet date and continuing to look for ways to do more work earlier
- Completing work, including timely reviews, in shorter sprints
- Providing teams with tech-enabled project management tools
- Making sure team members understand quality-of-work expectations prior to starting work

Our multidisciplinary model allows us to tap professionals who specialize in a wide variety of topics like environmental matters, cybersecurity, actuarial science, statistics and forensic accounting, in addition to more typical areas such as tax and valuation matters. Having professionals who focus on these topics collaborate with our audit professionals helps us address changes in worldwide tax regimes, business models and the macroeconomic environment.

In our audit practice, we are using centralized teams to perform high-quality audits and drive consistency in our work by:

- Performing key procedures related to complex matters such as impairment and business combinations
- Performing routine quarterly and annual independence procedures and compiling certain information for audit committee communications
- Helping our teams efficiently capture data from the companies we audit and analyze it effectively
- Using professionals who support the EY global organization to perform certain audit procedures and other tasks for our US audit teams (these professionals accounted for 25%¹⁵ of US audit hours in fiscal 2025)



Thriving professionals

We are investing in our people¹⁶ through expanded career experiences that empower them to grow into well-rounded leaders and shape their professional future with confidence.

In a recent survey of our people,¹⁷

81%

say that overall their EY experience is exceptional, indicating a high level of satisfaction

90%

say the work they do allows them to continuously learn and develop new skills

From the moment professionals join our firm, we offer a career experience designed to inspire, challenge and retain top talent. We are investing in every stage of the journey: attracting high-potential individuals, immersing them in meaningful learning, offering diverse and agile career experiences, and supporting their professional growth and wellbeing.

A cornerstone of this strategy is EY 360 Careers, our reimagined early-career experience. Through structured “expeditions,” our audit professionals spend their first years with the firm exploring different opportunities for certified

public accountant (CPA) track professionals – from tax to forensics to technology risk – building a broader skill set and deeper business acumen from day one. These experiences are designed to accelerate readiness for CPA certification and leadership, while reinforcing our commitment to career agility.

As professionals advance, we continue to invest in their growth through rotational opportunities, personalized coaching and access to cutting-edge learning programs, including AI training and EY-sponsored master’s degrees. Our retention programs are designed to keep our top talent engaged and committed.

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My expedition with the technology risk team gave me a broader view of the client’s business and helped me build meaningful relationships across teams. I gained new skills, expanded my network and now feel more confident in my ability to deliver a high-quality audit with a deeper understanding of the business.

George Kandel
Audit Staff

Recognition we have received for being a top employer

Only Big Four firm included on Fortune magazine's 100 Best Companies to Work For list for 27 consecutive years

Recognized as a top accounting firm by Vault Accounting 25

Among the top 20 employers for business graduates in Universum's annual Most Attractive Employers ranking

Ranked in Top 10 on Seramount's (formerly Working Mother's) 100 Best Companies

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Career agility is how we empower professionals to grow with the business — not just within it. It's our responsibility to offer a career experience that builds business fluency, sharpens insights and equips our people to lead with confidence in a shifting landscape.

Diana Kutz
US Assurance Talent Leader

Attracting top talent

Recruiting exceptional talent is central to our audit strategy. We build teams with a breadth of experiences and perspectives, because diverse thinking enhances audit execution.

Number of US audit professionals (on a full-time equivalent or FTE basis)¹⁸

	Fiscal 2025	Fiscal 2024	Fiscal 2023
Partners and managing directors	1,443	1,375	1,187
Senior managers and managers	3,357	3,226	2,555
Seniors and staff	9,004	8,939	7,528
Total	13,804	13,540	11,270

Recruiting at a glance

2,350¹⁹

audit professionals hired from college and university campuses in fiscal 2025

31%²⁰

increase in applications for entry-level audit jobs, allowing us to meet our fiscal 2026 hiring goal earlier than in the past

2,450²¹

summer and winter interns worked on our audits in fiscal 2025

1,500²²

interns for fiscal 2026 attended our Future Leaders Summit to learn about our culture and the work we do

Retaining our people

Retaining our professionals – especially our strongest performers – is critical to maintaining continuity and delivering high-quality audits. Our strong retention reflects the value our people see in the experiences, development and support we provide throughout their journey, along with macroeconomic factors.

Retention²³

	Fiscal 2025		Fiscal 2024		Fiscal 2023	
	Top-rated	Overall	Top-rated	Overall	Top-rated	Overall
Senior managers and managers	88%	84%	87%	84%	86%	83%
Seniors and staff	80%	76%	78%	76%	80%	75%
All ranks below partner	85%	79%	84%	79%	84%	78%

About 51%²⁴ of our audit and IT professionals who were recently promoted to senior signaled their intention to stay with the Firm longer term by participating in our Bank Your Bonus program. This program allows rising seniors to defer their \$5,000 promotion bonuses in exchange for a \$25,000 payout in three years. The percentage of audit seniors banking their bonus is at the highest level in the history of our program.²⁵

Developing our people

To promote on-the-job coaching and supervision for early career professionals, we maintain appropriate ratios of executives to junior members of our audit teams. Our partners and managing directors have on average 20 and 18.6 years of service,²⁶ respectively.

Ratios of audit executives to other audit professionals²⁷

	Fiscal 2025	Fiscal 2024	Fiscal 2023
Partners and managing directors to staff through senior managers	1 to 8.6	1 to 8.8	1 to 8.5
Senior managers and managers to seniors and staff	1 to 2.7	1 to 2.8	1 to 2.9

Our learning programs on technical topics are designed to provide the right training at the right time. We are also preparing our people to use our technology effectively, including AI-enabled tools. Through webcasts, digital learning modules, and in-person sessions with audit executives and junior professionals across the country, we are embedding technological fluency into the fabric of our audit teams.

Average learning hours by fiscal year²⁸

2025	2024	2023
84	101	98

Our average learning hours in fiscal 2024 and 2023 reflect additional learning related to our transformation.

Investing in wellbeing

We continue to invest in the wellbeing of our professionals. Our benefits include:

- A flexible vacation policy that allows people to decide how much vacation they need
- Mental health support
- Reimbursements of up to \$3,000²⁹ a year for wellbeing activities (e.g., travel, gym memberships, meal delivery services, reimbursements for child, adult and pet care)
- Week-long summer and winter breaks so our people can recharge

Distinctive client experience

EY is harnessing the power of our people and technology, including AI, to deliver more timely and deeper sector insights that spark dynamic conversations and deliver a distinctive client experience.

**#1 or #2
auditor**

in **13** of the **19** sectors
represented on the US
Fortune 1000³⁰

Our teams use our EY Helix General Ledger analyzer, which can handle full populations of data, even for our largest clients. In fiscal 2025, we loaded approximately 480 billion lines³¹ of general ledger data from US audit clients into our tool. Using this data, our professionals combine their sector knowledge with peer benchmarking to ask better questions and provide observations our clients can use in their decision-making. The insights we glean from this data can help clients improve their financial reporting processes.

In developing these observations and insights, our professionals draw on their personal experience as well as our collective knowledge from auditing companies in key industries. All of our partners also connect with other EY partners and principals who provide non-audit services to clients in the same sector and share thought leadership, insights and information about industry developments.

We also have a team of more than 500 professionals,³² including data scientists and CPAs, with special training in data engineering who work with our audit professionals to build on EY Helix, our global analytics platform, and customize it to address the unique aspects of a company's business and the associated risks. In addition, we have centrally certified analyzers to address common sector-specific issues, such as those in financial services. For example, our lending analyzer helps teams understand the loan portfolio balances and underlying credit risk and analyze the distribution of credit risk parameters, rating changes or overdue balances.

We are drawing on the breadth of experience and knowledge of people across the Firm to provide our clients with updates on emerging topics and audit matters. For example, when our clients have questions, we bring in professionals who have deep knowledge of the subject matter. We also produce publications that address a wide variety of business topics.

Our audit teams leverage data and their professional experience to provide fresh perspectives to support our clients' decisions on matters such as their adoption of technology, process improvements or cyber risk management. Our audit teams can also tap into the resources of the EY Center for Board Matters to lead educational sessions for our clients.

With quality as our foundation, we are focused on delivering an independent audit that also provides insights to our clients, so they can navigate the evolving landscape of finance with confidence.

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Our audit teams are drawing on the power of our technology to provide distinctive sector insights that elevate the client experience.

Natalie Deak Jaros
EY US Deputy Vice Chair - Assurance



Audit quality and integrity are our foundation

We continually reinforce the cornerstones of our culture - being independent and objective, acting with integrity, exercising professional skepticism, and being accountable for the quality of our work.

Our global organization, governance and culture

EY US is a member firm of the EY global organization, Ernst & Young Global Limited, that allows us to use auditors around the world to help us audit multinational companies. Every audit team around the world, representing approximately 100,000 auditors,³³ uses the same global audit platform (EY Canvas), which allows for rapid global deployment of technology, including AI-powered tools, methodology and training. More than 420,000 people³⁴ at EY clients can use Canvas to communicate with their EY teams.

In the US, an 11-member Governing Board³⁵ oversees management in a variety of areas, including strategy, risk management, regulatory compliance, financial performance and capital allocation, and is responsible for evaluating the performance and setting the compensation of the US Managing Partner. The Board comprises 10 elected partners and principals, plus the US Managing Partner, who also sits on the US Management Committee.

Our culture is our foundation and is anchored in our values, which include integrity and the courage to lead. The EY global organization reinforces these values and, with its All in strategy, supports our vision of the future of the audit.



Our system of quality management

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, the rapid movement of capital and the impact of technological changes. Designing, implementing and operating an effective system of quality management (SQM) is essential to sustaining high-quality audits. We maintain an SQM that meets professional standards, including addressing applicable independence requirements.

We also live our values as demonstrated by our compliance with the [EY Global Code of Conduct](#). We continue to invest in our SQM and to promote enhanced objectivity, independence and professional skepticism as the fundamentals to our execution of high-quality audits.

We have taken a proactive and risk-based approach to our SQM, with a focus on mitigating risks that may have an impact on audit quality. The SQM is supported by strong governance from EY US leadership, which drives a culture where our professionals

understand the importance of consistently executing high-quality work. In the audit practice, that means we have strong acceptance and continuance policies, and we expect our professionals to act with integrity and be accountable for the quality of their work, executing every audit with professional skepticism and due care, independence, and objectivity in accordance with professional standards.

Our approach to the SQM risk assessment process includes input and feedback from across our multidisciplinary firm to develop new or update existing quality objectives, quality risks and responses. The SQM is monitored to identify deficiencies that require implementation of corrective actions and provide the basis for annually evaluating the overall effectiveness of the SQM.

We performed an annual evaluation in accordance with International System of Quality Management (ISQM) 1 and concluded that as of our annual evaluation date of 30 June 2025, our SQM provided us with reasonable assurance that the system's objectives were achieved.

We are updating our SQM to comply with the PCAOB's new quality control standard (QC 1000), which is designed to increase audit firms' focus on risks to audit quality. The PCAOB has postponed the effective date by a year to 15 December 2026, pending Securities and Exchange Commission (SEC) approval.

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We expect all of our people to act with integrity and be accountable for the quality of their work.

Julie A. Boland
US Managing Partner

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Professional Practice has a critical role in transforming our audit approach and engaging with our stakeholders, particularly as we increase our use of technology in the execution of audits.

Katrina A. Kimpel
US Vice Chair - Professional Practice

Supporting our teams

Members of our Professional Practice group, who have deep technical and sector knowledge, are driving audit quality by developing and implementing guidance, enablement and training for audit teams, performing risk management activities and monitoring our teams' performance. The group actively engages with standard setters and regulators and develops the Firm's responses to promote high-quality financial reporting and auditor's reports for the benefit of investors.

Our Professional Practice group:

- Engages with our audit teams and clients on complex accounting, auditing and financial reporting matters
- Engages with stakeholders to promote high-quality financial reporting, internal controls and audit reports
- Leads our testing and evaluation of the Firm's SQM, including our inspections of completed audits and reviews of in-progress audits

Our national Quality Network helps our teams implement new guidance and enablement, including enablement centered on the consistent execution of robust account-level risk assessments. Quality Network professionals also perform workpaper reviews, advise our teams on audit matters, provide training and

coaching, and execute various risk management and quality control procedures. They frequently interact with teams and provide feedback to Professional Practice on the development of audit guidance and enablement based on those interactions.

Our ratio of Quality Network and Professional Practice partners and managing directors to all audit and IT partners and managing directors is **1 to 6**.³⁶

Our Transformation Office helps drive our strategy and collaborates with Professional Practice and the Quality Network to enhance audit quality. Focusing on the future, it drives initiatives to position our teams to continuously deliver smarter, more effective audits.

Engagement with stakeholders

Our leaders actively engage with the SEC, the PCAOB, the Financial Accounting Standards Board and other standard setters to share our perspective on matters that affect audit quality and financial reporting. Weighing in on these matters, including providing comments on proposed rules and standards, is a critical part of our mission of promoting transparent financial reporting.

We engage with stakeholders by:

- Hosting meetings of chief financial officers and of audit committee members to share views on developments that may impact the financial reporting environment
- Issuing thought leadership and hosting webcasts aimed at improving the quality of financial reporting by helping management, board members, investors and other stakeholders understand complex accounting and financial reporting issues
- Publishing insights and data compiled by our EY Center for Board Matters to help board members fulfill their responsibilities and inform investors
- Working with the Center for Audit Quality to generate more interest in the accounting profession and exchange views with investors and audit committees on hot topics for the financial reporting ecosystem
- Providing sector-specific insights to help the companies we audit improve their financial reporting
- Developing university curricula that the Ernst & Young Foundation provides free of charge on everything from introductory business courses to the latest developments in the profession, including generative AI, data analytics and ethics



Independence and objectivity

Maintaining our independence is critical to our ability to perform audits in accordance with the standards that govern our profession. As auditors, we are required to be independent, in fact and appearance, from the companies we audit, in accordance with the rules issued by the SEC, the PCAOB, the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants, and the standards of the American Institute of Certified Public Accountants (AICPA).

We have policies in place to avoid potential conflicts of interest and maintain our independence from the companies we audit. We also have tools to help us evaluate the independence of our Firm and our people. For example, our policies require managers through partners to report securities they and their immediate family members hold, as well as their other financial relationships in the EY Global Monitoring System, which initially assesses and then monitors the permissibility of the investments and arrangements. All client-serving EY US professionals, including partners, are also required to confirm compliance with our independence policies and procedures each quarter.

We monitor our compliance with professional standards that relate to the Firm's independence from audit clients as well as the compliance of individuals with regulatory standards and our policies that relate to personal independence. In fiscal 2025, we monitored approximately 50,000 individuals³⁷ across the Firm.

We proactively provide support to our professionals, including holding regular training with examples of situations that may arise to help them understand their reporting requirements. Our professionals can also ask members of our independence group for support through a live chat and use an EY app to check the permissibility of investments before investing.

In accordance with PCAOB rules and our policies, our audit teams also affirm the Firm's independence in meetings with audit committees at least annually and describe matters that may bear on independence.

Independent advice on audit quality

Leaders of the Firm and members of our Governing Board meet regularly with our Independent Audit Quality Committee (IAQC) and seek its feedback and advice about aspects of our business, operations, culture, talent strategy, governance and risk management that affect audit quality. Members of the IAQC have extensive experience in the financial reporting ecosystem.

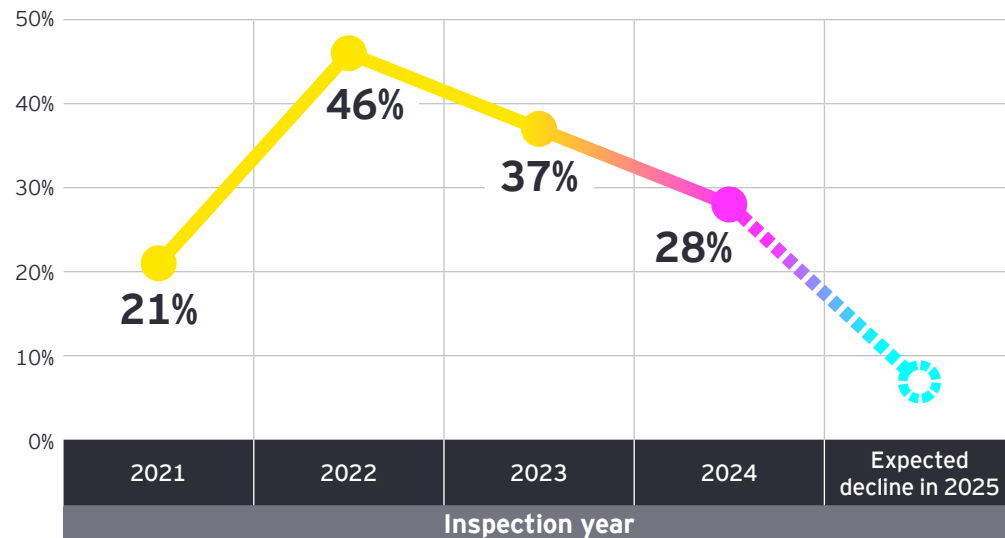
External inspections

The PCAOB conducts annual inspections of certain of our completed audits and issues reports on its observations regarding findings it identifies in those engagements. The PCAOB bases its selections largely on risk, and the inspections are designed to identify deficiencies in audit work to help firms improve audit quality.

Our inspection findings rate has significantly improved over the last three years. While our 2025 inspection report has not yet been released, our preliminary results indicate that the actions we have taken in recent years to enhance audit quality are having a significant impact. We are proud to announce that we expect our Part 1.A findings rate to fall below 10%³⁸ of the 64 engagements inspected when the PCAOB issues its 2025 inspection report in the coming months.

The graphic below reflects the results of our PCAOB inspections in the last five inspection cycles.

Our PCAOB inspection findings rate has improved dramatically³⁹



Part I.A of the PCAOB's inspection report, which is released publicly, discusses deficiencies that relate to the sufficiency or appropriateness of evidence we obtained to support our audit opinion(s) on the issuer's financial statements and/or internal control over financial reporting. The most common Part I.A deficiencies in our 2024 inspection report related to testing the design or operating effectiveness of controls selected for testing, testing controls over the accuracy and completeness of data or reports used in the operation of controls, and in some cases the resulting overreliance on controls when performing substantive testing.

Part I.B of the PCAOB's inspection report, which is also released to the public, discusses instances of noncompliance with PCAOB standards or rules other than those included in Part I.A and Part I.C. The Part I.B deficiencies in our 2024 inspection report related to required communications with the audit committee and management, our reporting on critical audit matters and on Form AP, and our testing of journal entries, among other topics. We have taken steps to address each of these findings.

Part I.C provides information on compliance with SEC and PCAOB independence rules that the PCAOB identified or that the firm identified and reported.

Part I.C in our 2024 inspection report cited noncompliance identified by the PCAOB related to evidence of engagement preapproval by the audit committee and unpaid fees for professional services. We have taken action to address these matters.

Part I.C also cited instances of noncompliance that we identified in a 12-month period in approximately 4% of our issuer audits⁴⁰ where we or our personnel

appeared, to the PCAOB, to have impaired our independence. The most common instances of apparent noncompliance related to financial relationships, business relationships and non-audit services. In each of these instances, we concluded that our objectivity and impartiality were not impaired.

Part II of the PCAOB report addresses the PCAOB's observations about a firm's system of quality control, based on both the results of its review of the firm's quality control policies and inferences that the PCAOB drew from what were, in its view, deficiencies in the performance of individual audits. These observations are only released publicly if the PCAOB determines that a firm has not addressed the criticisms to its satisfaction during the remediation period.

Peer review

We participate in the AICPA peer review program that requires a robust review every three years of a firm's system of quality control for its engagements that are not subject to the PCAOB's permanent inspection program, including private company audits.

Grant Thornton LLP is performing our peer review this year, primarily of audits for the year ended 31 December 2024, and that review is underway. EY US received a rating of pass in its 2022 report on the last peer review. In that report, Grant Thornton said 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.

Endnotes

1. Our \$1 billion investment in technology and talent reflects our spending plans for fiscal years 2024 through 2027. Our fiscal 2025 ended on 27 June 2025.
2. The preliminary inspection findings rate of below 10% that we expect the PCAOB to report for 2025 is based on the written comments the PCAOB inspection staff has shared with us about completed inspections. The 28% findings rate for 2024 comes from our 2024 PCAOB inspection report.
3. The number of US audit and IT professionals and the percentages of professionals at each rank are calculated on a full-time equivalent (FTE) basis for fiscal 2025, which ended on 27 June 2025. An FTE represents 2,080 hours of work in a year, except that professionals who work more than 2,080 hours in a year are each counted as a single FTE.
4. The percentage of public company audit hours incurred before our clients' balance sheet date is calculated by dividing the number of hours incurred by US professionals before our US audit clients' balance sheet date by the total number of hours incurred on our audits. This metric is based on our audits of issuers, excluding investment companies, with fiscal years ended 1 July 2024 through 30 June 2025.
5. The percentages of US audit and IT professionals who said they believe that they have a personal responsibility for delivering quality on their audits and they understand that consistently performing quality audits serves the public interest are based on responses to the April 2025 EY Global Audit Quality Survey.
6. The percentage of US audit and IT professionals who are Lean Six Sigma white belt certified, meaning they have completed our continuous improvement training and demonstrated they have an understanding of the Lean Six Sigma methodology for enhancing quality and efficiency, is calculated by dividing the number of audit and IT professionals who have completed our training and obtained certification as of September 2025 by the total number of audit and IT professionals subject to this requirement. All of our audit and IT professionals who work on audits are required to complete this training and be certified as white belts. New hires must meet this requirement during the first fiscal year they work with the Firm.
7. The percentage of restatements reflects restatements that SEC registrants we audit, including registered investment companies, reported in SEC filings in each of our last three fiscal years to correct material errors in previously issued annual financial statements. The percentage is calculated by dividing the number of these restatements by the total number of issuers we audited in each year. In fiscal 2025, 7 (0.3%) of the SEC registrants we audited restated their financial statements, compared with 15 (0.5%) and 14 (0.4%) in fiscal 2024 and 2023, respectively.
8. The percentages in the graph showing our PCAOB inspection findings rates reflects Part I.A findings rates in our 2021, 2022, 2023 and 2024 PCAOB inspection reports. Since the PCAOB has completed its 2025 inspections but hasn't yet issued its report, the further decline we expect in our 2025 PCAOB inspection findings rate is based on the written comments the PCAOB inspection staff has shared with us about those inspections.
9. We determined that EY US is the No. 1 auditor of companies on Fortune's list of the 1000 largest US companies and those included in the Russell 3000 index by identifying the auditor for each company on the 2025 Fortune 1000 list and in the 2024 Russell 3000 index, based on SEC filings through 30 June 2025.
10. Our ranking as the No. 1 auditor among the Big Four accounting firms of companies that went public over the last 10 years is based on data compiled by Dealogic on US initial public offerings that were effective in 2015 through 2024 and the first eight months of 2025.
11. Our ranking as the No. 1 auditor that business leaders would consider using is based on the results of a survey of 1,000 business leaders that was conducted in April 2025 by TRUE Global Intelligence, the research practice of FleishmanHillard.
12. Our statement that we audit six of the 10 largest companies on the Fortune 1000 is based on the SEC filings of those companies through 30 June 2025.
13. See endnote 4.
14. See endnote 6.
15. The percentage of US audit hours incurred by professionals who support the EY global organization and perform certain audit procedures and tasks under the supervision of our US audit teams is calculated by dividing the hours they charged to US audits (both public and private company audits) by total audit hours charged for US public and private company audits in fiscal 2025.
16. The metrics for fiscal 2025 and fiscal 2024 in the Thriving professionals chapter include both audit and IT professionals, except where noted. None of the metrics for fiscal 2023 include IT professionals.
17. The percentages of US audit and IT professionals who said their EY experience is exceptional and the work they do allows them to continuously learn and develop new skills are based on responses to the April 2025 EY People Pulse survey.
18. The numbers of US audit and IT professionals are calculated on an FTE basis. The numbers do not include professionals who support the EY global organization and worked on US public and private company audits in each of the three years. If their hours were converted into FTEs, their work was the equivalent of having another 3,558, 3,324 and 3,056 full-time auditors in fiscal years 2025, 2024 and 2023.
19. The number of audit and IT professionals we hired from college and university campuses reflects the headcount of these people who joined our audit practice in fiscal 2025.

Endnotes

20. The year-over-year increase in the number of applications for entry-level audit jobs is calculated based on the number of people who applied for those jobs between July and October of 2024 and 2023.
21. The number of summer and winter interns who worked in our audit practice in fiscal 2025 reflect the headcount of our audit and IT interns who worked on audits.
22. The number of students who attended our spring 2025 Future Leaders Summit for our interns to learn about our culture and the work we do reflects the headcount of attendees.
23. Our retention metrics reflect professionals who were continuously employed in our audit practice in each fiscal year, including both audit and IT professionals in fiscal 2025. This metric is calculated by taking the headcount of professionals we had at the beginning of a fiscal year in each category and deducting professionals who left the Firm or transferred out of the audit practice during the year, then dividing this sum by the number of professionals we had at the beginning of the year. Promotions are treated as if the individuals were in their new ranks for the entire year. Our metrics on retention of top-rated professionals refer to individuals with the highest performance rating at the beginning of each fiscal year.
24. The percentage of rising audit and IT seniors who elected to bank their promotion bonuses under the Bank Your Bonus program in 2025 is calculated by dividing the number of rising audit and IT seniors who elected to participate in the program by the total number of rising audit and IT seniors.
25. Our statement that audit seniors' participation in the Bank Your Bonus program is at the highest level in the history of the program is based on the percentage of audit seniors who participated each year the program was offered.
26. The average years of service of our audit and IT partners and managing directors reflect their tenure at EY US through the end of fiscal 2025.
27. The ratio of partners and managing directors to other professionals is calculated by dividing the total number of staff, seniors, managers and senior managers on an FTE basis by the total number of partners and managing directors on an FTE basis. The ratio of senior managers and managers to seniors and staff is calculated by dividing the total number of staff and seniors on an FTE basis by the total number of senior managers and managers on an FTE basis. The ratios for fiscal 2025 and 2024 include audit and IT professionals, while the ratios for fiscal 2023 exclude IT professionals.
28. Learning hours reflect the average number of hours of learning our audit and IT professionals completed in fiscal 2025 and 2024. Learning hours for fiscal 2023 do not include IT professionals. The average is calculated by dividing the total number of learning hours completed by average headcount for each year.
29. The amount each professional can receive in reimbursements for wellbeing activities reflects the maximum reimbursement that was available in fiscal 2025.
30. To determine our ranking as the No. 1 or No. 2 auditor in 13 of the 19 sectors represented in the Fortune 1000, we sorted the data we compiled to determine our market share of audits of Fortune 1000 companies (see endnote 9) by sector for each of the 19 sectors represented in the list.
31. The number of lines of general ledger data we loaded into our tool reflects data we received for US audits.
32. The number of professionals who work with our audit teams to build on EY Helix, our global analytics platform, and customize it to address the unique aspects of a company's business and the associated risks reflects the headcount of the professionals from that group who supported US audits for fiscal 2025.
33. The number of auditors at EY member firms around the world who use the EY Canvas platform is based on the global organization's headcount as of 30 June 2025. All EY auditors use EY Canvas.
34. The number of people at EY clients who use the EY Canvas platform to communicate with EY teams is based on the number of people who were enrolled to use the EY Canvas client portal on 30 June 2025.
35. The number of partners and principals on our Governing Board reflects the current composition of the Board.
36. The ratio of our Quality Network and Professional Practice partners and managing directors to all US audit and IT partners and managing directors is calculated on an FTE basis for fiscal 2025.
37. The number of individuals we monitored for compliance with professional independence standards, regulatory standards and our policies related to personal independence reflects all professionals subject to independence requirements across EY US.
38. See endnote 2.
39. See endnote 8.
40. The percentage of issuer audits cited in Part I.C of our 2024 PCAOB inspection report reflects instances of apparent noncompliance with SEC or PCAOB rules that we identified in a 12-month period.

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