



Transparency Report 2025

EY US



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



**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 2025 of Ernst & Young LLP (EY US).

Audit quality is our 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 2025 complies with the Regulation and covers the fiscal year ended 27 June 2025 as well as any more recent relevant events.

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

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



About us

About us



Legal structure, ownership and governance

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.

EY US is part of the Americas Area and part of one of the two Regions that make up the Americas Area. EY US is part of the USLI Region.

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 leaders from the member firms in the Americas.

EY US is represented on the Global Governance Council (GGC) (see page 6) 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 (EOC) 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. The Service Line EOC members are also members of the AEOB.



EY US governance

In EY US, an 11-member Governing Board 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 Governing Board comprises 10 elected partners and principals, plus the US Managing Partner, who also sits on the US Management Committee.

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

The US Management Committee manages the operations of EY US and executes the Firm's strategies. The US Management Committee currently has 17 members and comprises the US Managing Partner, service line leaders, industry leaders and certain other leaders.

The EY US Partners and Principals Council advises both the US Governing Board and the US Management Committee.



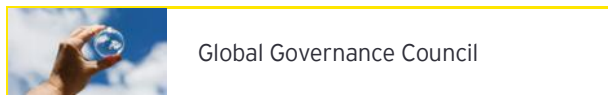
EY is a global leader in assurance, tax, strategy and transactions, and consulting services. Worldwide, nearly 400,000 EY people in over 145 countries share a commitment to building a better working world, united by shared values and an unwavering commitment to quality, integrity and professional skepticism.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

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

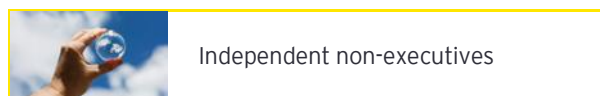
EYG coordinates the various activities of the EY member firms and promotes cooperation among them. EYG does not provide services, but its objectives include the promotion of exceptional high-quality client service by EY member firms worldwide. Each EY member firm is a separate legal entity. Each EY member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

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

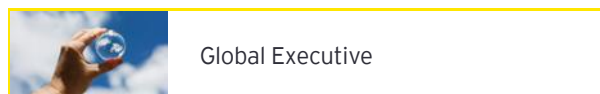
At the same time, the EY network operates on a Regional level within the Areas. This operating model allows for greater focus on stakeholders in the Regions, permitting member firms to build stronger relationships with clients and others in each country, and be more responsive to local needs.



The 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. 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.



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



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

The GE and the GGC approve nominations for the Chair and CEO of EYG and appointments of the Global Managing Partners and Area Managing Partners. The GGC also ratifies the appointments of all other persons who are members of the GE.

The GE's responsibilities include the promotion of global objectives and the development, approval and, where relevant, implementation of:

- ▶ Global strategies and plans
- ▶ Common standards, methodologies and policies to be promoted within EY member firms
- ▶ People initiatives, including criteria and processes for admission, evaluation, development, and reward and retirement of partners
- ▶ Quality improvement and protection programs
- ▶ Proposals regarding regulatory matters and public policy

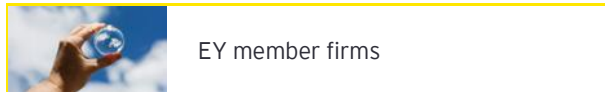
- ▶ Policies and guidance relating to member firms' service of international clients, business development, and markets and branding
- ▶ EY development funds and investment priorities
- ▶ EYG's annual financial reports and budgets
- ▶ GGC recommendations on certain matters

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.



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



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.

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.

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

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



System of Quality Management

System of Quality Management

We operate a System of Quality Management as required by ISQM 1. We are updating our System of Quality Management to also comply with the new Public Company Accounting Oversight Board (PCAOB) standard, QC 1000, *A Firm's System of Quality Control*. The PCAOB has postponed the effective date by a year to 15 December 2026, pending Securities and Exchange Commission (SEC) action.



Our role as auditors

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

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

EY US has taken a proactive and risk-based approach to its System of Quality Management, with a focus on mitigating risks that may have an impact on audit quality. The System of Quality Management is supported by strong governance from 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.

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

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

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

In developing quality objectives and completing our risk assessment, and in our design and development of risks and responses, EY US reviewed the global framework and considered US specific facts and circumstances, 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.

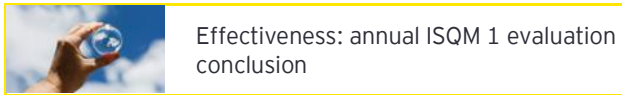


System of Quality Management roles

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.

Accountability frameworks outline how individuals will be held accountable for their responsibilities related to the System of Quality Management 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 EY US 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 ISQM 1 evaluation conclusion

The US Managing Partner, on behalf of EY US, evaluates the System of Quality Management on an annual basis, as of 30 June, and concludes on its effectiveness in accordance with ISQM 1.

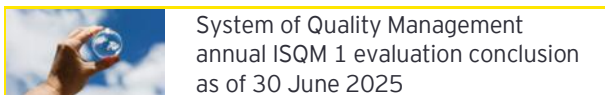
This evaluation is based on whether EY US' System of Quality Management provides reasonable assurance that:

- 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

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 2025 were effective, in determining its System of Quality Management annual evaluation conclusion under ISQM 1.



System of Quality Management annual ISQM 1 evaluation conclusion as of 30 June 2025

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

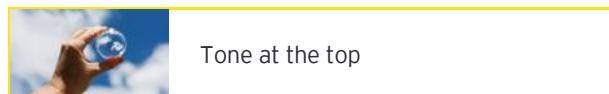


Components of our System of Quality Management

Components of our System of Quality Management

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

- 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' leadership is responsible for setting the right tone at the top and demonstrating the EY commitment to building a better working world through behavior and actions. While the tone at the top is vital, EY people also understand that quality and professional responsibility start with them and that within their teams and communities, they are leaders too. EY shared values, which inspire EY people and guide them to do the right thing, and the EY commitment to quality are embedded in who we are and in everything we do.

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

EY US has completed a firmwide culture survey. Following that assessment, our leaders developed a roadmap for change and formed a working group to execute the four main roadmap areas, 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

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.

The EY Global Code of Conduct provides a clear set of principles that guide our actions and our business conduct and are to be followed by all EY people. The EY Global Code of Conduct is divided into five categories:

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

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



Accountability frameworks

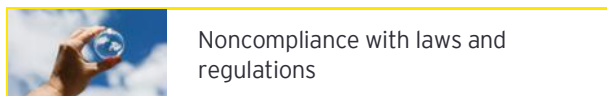
The EY US accountability frameworks describe how professionals are held accountable for meeting their quality-focused responsibilities and how these responsibilities link to performance ratings.

The accountability frameworks set expectations for quality and compliance to maintain the confidence that external stakeholders place in EY. The accountability frameworks are anchored in our Global Code of Conduct.

The EY US accountability frameworks are based on the EY Global accountability frameworks, but are tailored to incorporate US specific business, ethical, legal and regulatory considerations.

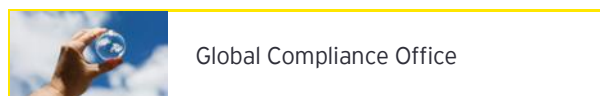


Compliance with relevant independence requirements is a key element of the System of Quality Management. It involves determining that we are independent in fact, as well as appearance, in accordance with the applicable standards. The ethical and independence requirements relevant to EY audits and professional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



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.

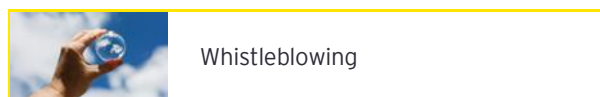


While specific legal and regulatory compliance requirements are managed by specialists and EY member firms, given the local applicability of laws and regulations, EY also has a Global Compliance Office to oversee the design and implementation of compliance programs, responsive to legal and regulatory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

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

The Global Compliance Office is led by the Global Chief Compliance Officer, a role that reports to the Global Managing Partner – Business Administration and Risk.

EY US has appointed a Chief Ethics and Compliance Officer, who is responsible for understanding the compliance requirements at the member firm level, for working with compliance specialists to design, implement and monitor compliance programs that are responsive to those requirements, and for reporting to the US Management Committee on the compliance performance at the local level.



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 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 any breaches of integrity.



Anti-bribery

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



Insider trading

Securities trading is governed by many laws and regulations, and EY people are obliged to comply with applicable laws and regulations regarding insider trading. This means EY people are prohibited from trading in securities while in possession of material 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 Data Protection & Confidentiality Global Policy, 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. EY's Binding Corporate Rules are approved by UK and EU regulators and overseen by EY's Chief Privacy Officer. They provide a legal mechanism facilitating the movement of personal data within the EY network.

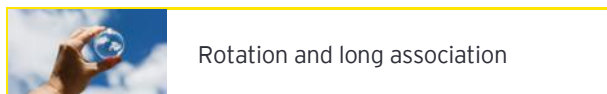
In addition, EY teams are committed to the responsible use of personal and confidential data in AI technologies in accordance with applicable laws, regulations and professional standards that apply to the use and management of AI systems and associated data.



Data Stewardship Office

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

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



Rotation and long association

EY US complies with the audit partner rotation requirements in accordance with applicable professional standards. 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 audit quality safeguard.

For US public company audits, the SEC requires the lead audit partner and the engagement quality reviewer to rotate off the audit after five years. Other partners subject to rotation are required to rotate off the audit after seven years. Upon completing the maximum service period for rotation, a partner may perform very limited administrative responsibilities for the public company audit client until completing a cooling-off period of five or two years, depending on their role.

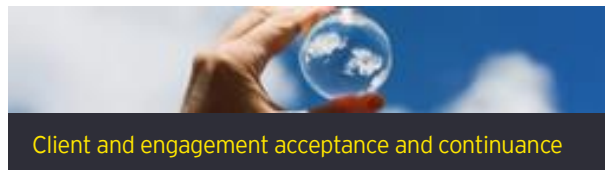
For PIEs other than US public companies, the EY Global Independence Policy is based on the IESBA Code, which differs from the US specific requirements in certain instances. The EY Global Independence Policy requires the lead engagement partner, the engagement quality reviewer and other audit partners who make key decisions or judgments on matters significant to the audit (together, the key audit partners) to rotate after seven years.

Upon completing the maximum service period for rotation, a key audit partner may not lead, coordinate or participate in professional services for the PIE company we audit until 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.

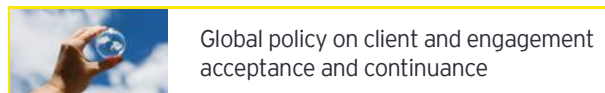
In addition to the key audit partner rotation requirements, EY has established a long association safeguards framework. This is consistent with the requirements of the IESBA Code and includes consideration of the threats to independence created by the involvement of EY professionals over a long period of time and a safeguards framework to address such threats, including safe harbor service and mandatory cooling off periods.

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

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

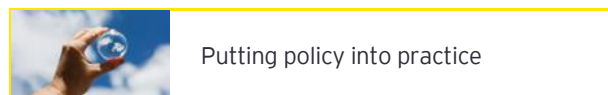
The EY global policy on client and engagement acceptance and continuance sets out principles for EY member firms to determine whether to accept a new client, a new engagement with an existing client or to continue with an existing client or engagement. These principles are fundamental to maintaining 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, as well as the need for speed and accuracy in responding to clients. They also align with the IESBA Code.



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.

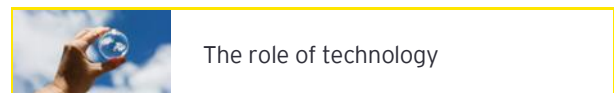
As part of this process, we consider the risk characteristics of a prospective client or engagement and the results of due diligence procedures. Before taking on a new client or engagement, we also determine whether we can commit sufficient and appropriate resources to provide quality services, especially in highly technical areas, and if the services the client is requesting are appropriate for us to provide.

In our 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.



The EY global organization is investing 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.



EY has begun introducing AI-powered capabilities to accelerate audit transformation and bring AI to scale in audits around the world. Building on the strength of our existing audit technology suite, we are integrating advanced technologies under one seamless AI-powered platform while driving transformation.

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. By further integrating advanced analytics directly into the workflow of the EY audit platform, EY Canvas, we deliver data to the user at the point of need, significantly elevating their experience. Enhancing data capture and analysis capabilities helps to provide further confidence in a high-quality audit by widening the range of data used to obtain audit evidence.

AI at scale

New AI capabilities include EYQ Assurance Knowledge, which uses generative AI (GenAI) to help with detailed searches and summarization of accounting and auditing content. Because EYQ Assurance Knowledge is integrated into the workflow of EY Canvas, our auditors get responses based on the profile and context of their engagement (e.g., industry, complexity).

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

An elevated user experience

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

Quality at the core of technology development

EY's transformation program includes protocols for technology concept creation, development and deployment. Multiple stakeholders are involved in this effort, including representatives from Professional Practice, the Quality Network and EY Technology.

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

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

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 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, as well as supervision and review in the execution of audit procedures. EY audit tools and technology, including AI-enabled technology, are 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. Audit teams may also involve specialists to address areas of emerging risk, including specialists in environmental, social and governance (ESG) matters, cybersecurity or AI.



Addressing fraud risks in the audit

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

EY leverages data to identify and respond to the risk of fraudulent financial reporting. For example, auditors increasingly use data analytics to identify unusual transactions and patterns of transactions that could indicate a heightened risk of fraud.



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

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.

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.

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 address the audits that are subject to engagement quality reviews and the qualifications of engagement quality reviewers. Engagement quality reviewers are provided 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. 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 prior to the PIC dating 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.

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 lifecycle, including the requirement to securely discard or delete records for which the retention period has expired, unless special 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



Professional development

EY US focuses on attracting and retaining top talent, which contributes to audit quality. One way we do that is by offering early career professionals the opportunity to spend their first years with the firm participating in structured rotations exploring different CPA-track experiences within multiple areas of our business including audit, tax, forensics and technology risk. These experiences enable our professionals to build a broader skill set and deeper business acumen from day one. These experiences are designed to accelerate CPA readiness, provide access to a wide range of learning programs, and build skill sets to lead with confidence in a shifting landscape.

EY US requires all of our audit professionals to obtain at least 40 hours of continuing professional education (CPE) each full fiscal year they work for the firm. 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 topics, 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 that include AI, teaming, innovation and cybersecurity, as well as other capabilities that are in high demand. EY Badges is self-directed learning 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, AI and Data 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 development and recognizes the value they bring to EY US. Through defined global and local key performance indicators (KPIs), ongoing feedback, counselor insights and structured counseling conversations, our performance framework grounds our professionals with the EY strategy and enables a future-focused mindset. An individual's dashboard provides a view of their year-to-date feedback and comments about their 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 partners, principals, managing directors and directors (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, the most important one being quality.



Engagement

Employee engagement is an important factor in the Firm's culture. Our employee listening survey is deployed two times per year to gather feedback on key elements that drive engagement and retention, and it is intended to evaluate the overall employee experience. Each survey focuses on different strategic drivers (e.g., career experiences, learning, wellbeing, 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 team culture and experience on an engagement across a variety of questions on a five-point scale. This feedback provides actionable insights and pathways for tangible change at the engagement team level.



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. 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 leverages full populations of entity data. Using this approach, our teams perform audit procedures, including risk assessment and substantive procedures, by starting with a data-first mindset, 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: (1) requirements and guidance and (2) 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 updates its 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 cybersecurity risk and the entity's use of emerging technologies within its operations or financial reporting processes (e.g., AI, automation, blockchain).

Specific consideration is also given to whether changes in audit methodology are warranted to address challenges occurring in practice that are observed through internal and external inspections, engagement team coaching activities, and other sources. This feedback loop is critical to understanding what quality-driven activities are most important to drive our future success, and whether those initiatives are proving effective in remediating prior deficiencies.



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
- ▶ 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
- ▶ Publications such as *US GAAP vs IFRS: the basics*, *Financial Reporting Developments* and *Technical Lines*



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, or professionals who focus on other topics (e.g., forensics, asset valuation, actuarial analysis) perform work 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 leadership roles on an engagement. This is carried out 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 a 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. GDS teams combine broad technical knowledge with a focus on innovation, automation and process improvement.

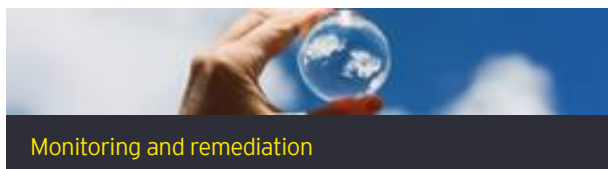
EY US is expanding its use of centralized teams that provide audit support on various topics and improve the consistency of our audit execution. For example, our Service Delivery Center currently performs routine quarterly and annual independence procedures for teams on most public company audits and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

We are also expanding our 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

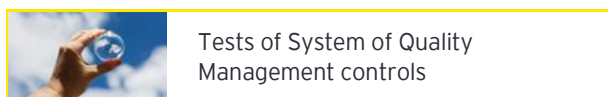
Effective two-way communication is essential to the operation of the System of Quality Management and the performance of audit engagements. The Global System of Quality Management policy requires EY member firms to communicate internally and externally about the EY member firm's System of Quality Management. 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 objective of EY US' System of Quality Management monitoring and remediation process is to:

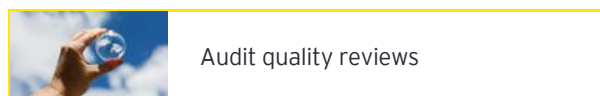
- Provide relevant, reliable and timely information about the design, implementation and operation of EY US' System of Quality Management
- Provide a basis for the identification of deficiencies
- Take appropriate actions to respond to any identified deficiencies

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.



We perform tests of our System of Quality Management controls to determine whether the controls:

- Were responsive to quality risks
- 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)



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. 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 compliance with relevant professional standards and regulatory requirements; EY GAM requirements; and internal policies and procedures.

AQR reviewers and team leaders have the appropriate 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 results of the AQR process are summarized and any key areas where the results indicate improvements are required are identified. 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.

The PCAOB recently completed its 2025 inspection (generally audits for the year ended 31 December 2024). Information on the PCAOB, along with publicly available inspection reports for the 2024 inspection cycle and previous inspection cycles, can be found at

www.pcaobus.org.

Grant Thornton LLP is performing the 2025 peer review of our audits that are not subject to the PCAOB's permanent inspection process, and that review is still underway. This triennial review is performed under the AICPA peer review program, which focuses on our private company audits and audits that are not subject to the PCAOB's permanent inspection program.

In its 2022 peer review for these engagements (primarily audits for the year ended 31 December 2021), Grant Thornton 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. EY US received a peer review rating of pass.

We respect and benefit from the external inspection processes, and we evaluate the points raised during the inspections 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.



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. These reviews provide (1) input about whether the actions we have implemented to address quality matters are achieving their objectives and (2) timely feedback to our teams.



Identifying and assessing findings

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.

We analyze the causal factors of negative inspection findings at the engagement level.

We evaluate 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 understand the root cause in order to develop responsive actions.

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



Infrastructure supporting quality

Infrastructure supporting quality



Strategy

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

In the US, we are on a multi-year transformation journey to drive audit quality and enhance the experience of our clients and our people. Key elements of that strategy include leveraging AI and other technology, fostering a continuous improvement mindset, embracing centralization and standardization, simplifying and streamlining our audits, expanding career development opportunities for our people and reinforcing the cornerstones of our culture. Our transformation strategy is having a positive impact on our audit practice, and we are committed to continuing to implement that strategy to drive sustained audit quality.



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 make sure they remain relevant and responsive to quality initiatives.



Professional Practice

The US Professional Practice group is a network of dedicated professionals who focus on technical subject matters or risk management matters.

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. Together, EY US and the GPPG collaborate to develop 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 control 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 Global ERM priorities are communicated to EY member firms. EY US performs a US-specific risk assessment and reconciles their ERM priorities with the Global ERM program.

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.



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.

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

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 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 validated 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. EY US has completed its fiscal 2025 testing cycle.



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 28), and the Service Offering Reference Tool (SORT) (see page 30), 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

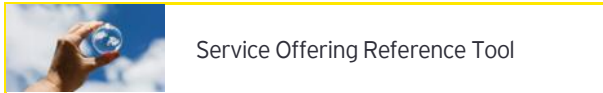
EY develops and deploys independence learning programs. All EY client-facing professionals, and certain other professionals based on role or function, are required to participate in annual independence learning to help maintain independence from the companies EY member firms audit.

The 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.

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.

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

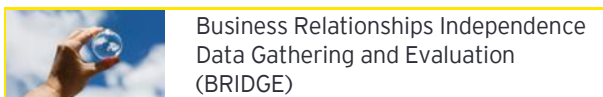
The annual independence learning program is an intellectual resource provided by a global function to drive consistency in the System of Quality Management.



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.

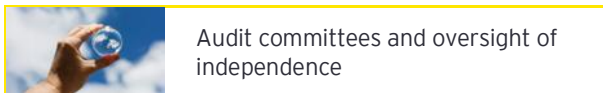
SORT further provides EY people with information about EY service offerings. It includes guidance on which services can be provided to audit and non-audit clients, as well as independence and other risk management matters and considerations.

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



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.



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 27 June 2025 expressed in US dollars

Service	Revenue (in millions)	Percentage
Audits and directly related services for companies we audit listed in the EU	\$0.054	0.0002%
Other audits and directly related services (excluding clients listed in the EU)	5,651.5	25.4%
Non-audit services provided to companies we audit listed in the EU	0.00	0.0%
Non-audit services provided to other entities	16,620.2	74.6%
Total revenue	\$22,271.8	100%



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 allocated earnings 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, an impact on their overall rating, monetary impact, additional training, additional supervision or reassignment – or, in instances of repeated or particularly serious noncompliance, separation from EY.

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

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

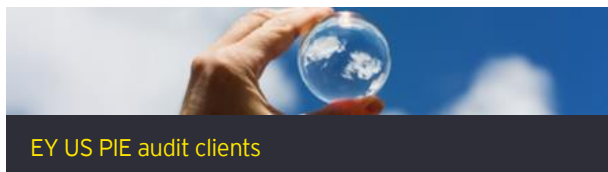
To recognize different market values for different skills and roles, and to attract and retain high-performing individuals, the following factors are also considered when we determine our partners' total reward:

- 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 2025 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, where such information is available electronically.

In the fiscal year that ended 27 June 2025, 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



Appendix 2: Approved EY member firms

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

As of 30 June 2025, the following EY member firms are approved to carry out statutory audits in an EU or 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
Estonia	Ernst & Young Baltic AS
	Baltic Network OU
Finland	Ernst & Young Oy
France	Auditex
	Ernst & Young Audit
	Ernst & Young et Autres
	EY & Associés
	EY France
Germany	EY GmbH & Co.KG Wirtschaftsprüfungsgesellschaft
	Ernst & Young Heilbronner Treuhand-GmbH Wirtschaftsprüfungsgesellschaft
	EY Revision und Treuhand GmbH Wirtschaftsprüfungsgesellschaft
	TS GmbH Wirtschaftsprüfungsgesellschaft
	Schitag Schwäbische Treuhand GmbH Wirtschaftsprüfungsgesellschaft
	EY Deutschland GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
	EY Verwaltungs-GmbH Wirtschaftsprüfungsgesellschaft

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

Total turnover for the year ended on 30 June 2025 for these EY member firms, resulting from statutory audits of annual and consolidated financial statements was approximately EUR2.8 billion.

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