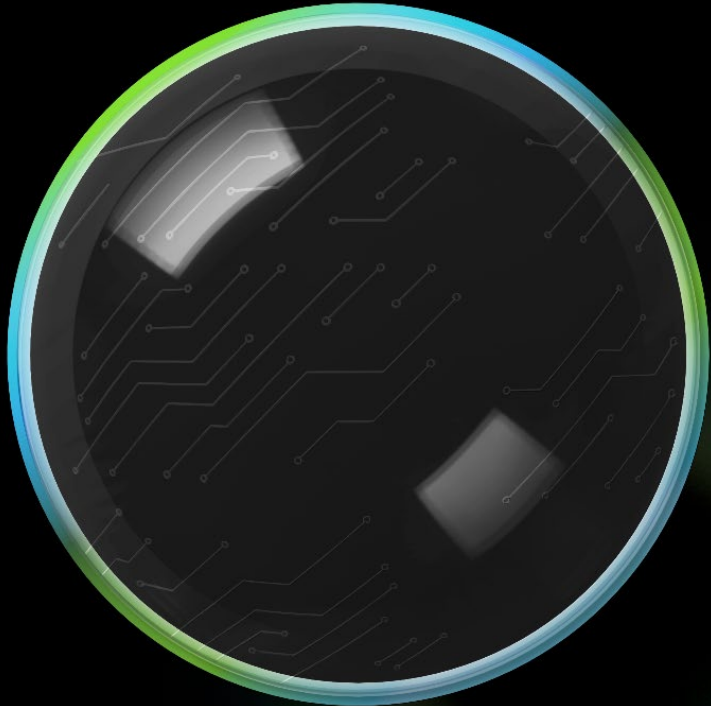


Deloitte.



2023 Transparency Report

Deloitte Canada

September 29, 2023



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A message from leadership



Sustained Audit Quality is a strategic priority and core to our purpose in serving others and the public interest. “Good” or “compliant” is not good enough when we are striving to be in a Category of One.

At Deloitte Canada and Chile, we believe that, to sustain a culture of quality, all our individual actions must build quality in. Even the smallest gestures matter. Collectively, these initiatives and actions will set us apart as a Category of One and help us achieve our vision of quality. Together, we must be “Focused on Great” in everything we do.

Our profession has not seen this much disruption in a long time and the expectations of our external stakeholders continue to rise. The industry is rapidly transforming, and we have a prime opportunity to drive positive change through investment and by being a leading voice locally and globally. Over the next five years, Generative AI and other emergent technologies, will be a key element of what we audit and how we deliver our audits. ESG reporting will be ingrained within the traditional financial statement audit that we know today. And our audit professionals will be equipped with even more powerful tools to not only enhance the level of assurance derived from an audit, but to also provide higher order insights to our clients.

We are proud to be auditors and the important role we play in protecting the public interest and facilitating business and economic growth – we take this role very seriously and will not compromise in delivering a quality product that is top in class. With public confidence, the economy thrives and we can all reach a little higher and do better. This is how we serve our communities and country, and this spirit of service is ingrained in our firm’s DNA.

The 2023 Deloitte Canada Transparency Report shares annual information on our governance and structure, internal and external monitoring, and our continued focus on innovation and Deloitte’s global audit technologies. This report should be read in conjunction with our [Audit Quality Report](#) published in January 2023.

We look forward to this opportunity to share our progress with you and provide transparency and future insights as part of our commitment to helping and inspiring others to thrive. We truly appreciate our clients and colleagues for continuing to support and trust us to deliver high-quality audit and assurance services to our clients.

Sincerely,

A handwritten signature in black ink, appearing to read 'AV' followed by a stylized flourish.

Anthony Viel (AV)
Executive Officer
Deloitte LLP

Deloitte network

Deloitte Canada: legal structure and ownership¹

Deloitte LLP is connected to the Deloitte network and is a member firm of Deloitte Touche Tohmatsu Limited. Deloitte LLP and “Deloitte Canada” are used interchangeably throughout this report. Deloitte LLP holds practice rights to provide professional services using the “Deloitte” name which it extends to Deloitte entities within its territory, including Deloitte Canada. Deloitte Canada is authorized to serve as an auditor for clients in Canada.

Deloitte Canada is structured as a limited liability partnership pursuant to the laws of the Province of Ontario and is fully owned by Canadian equity partners. Each partner actively participates in Deloitte Canada’s practice and activities, while an elected Board of Directors and a Service Leadership Team (SLT) provide governance and leadership across the organization.

In its entirety, Deloitte Canada is the nation’s largest professional services firm, which provides audit & assurance, consulting, financial advisory, risk advisory, tax and related services to public and private companies spanning multiple industries through over 14,000 professionals in 23 offices.

Deloitte Canada has in place a Master Agreement with Deloitte Chile that provides for the common management and governance of the firms’ businesses in Canada and Chile, with financial and governance integration. Under the Master Agreement, the firms have a single Board of Directors, single management team, and the firms are financially integrated between their equity partners. Services in both jurisdictions continue to be carried out in accordance with applicable professional standards.

Network description

The Deloitte network

The Deloitte network (also known as the Deloitte organization) is a globally connected network of member firms and their respective related entities operating in more than 150 countries and territories across the world. These separate and independent member firms operate under a common brand.



Deloitte Touche Tohmatsu Limited (DTTL or Deloitte Global)

Deloitte Touche Tohmatsu Limited is a private company limited by guarantee incorporated in England and Wales. DTTL serves a coordinating role for its member firms and their related entities by requiring adherence to policies and protocols with the objective of promoting a consistently high level of quality, professional conduct, and service across the Deloitte network.

¹ Throughout this report, the terms “Deloitte, we, us, and our” refer to one or more of one or more of Deloitte Touche Tohmatsu Limited, its network of member firms, and their

related entities. For more information about the Deloitte network, please see page 3 or [About the network \(deloitte.com\)](https://www.deloitte.com).

DTTL does not provide professional services to clients, or direct, manage, control, or own any interest in any member firm or any member firm's related entities.

"Deloitte" is the brand under which approximately 457,000 dedicated professionals and practitioners in independent firms throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to select clients. These firms are members of DTTL. DTTL, these member firms and each of their respective related entities form the Deloitte organization. Each DTTL member firm and/or its related entities provides services in particular geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates. Each DTTL member firm is structured in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its respective territories through related entities. Not every DTTL member firm or its related entities provides all services, and certain services may not be available to attest clients under the rules and regulations of public accounting. DTTL, and each DTTL member firm and each of its related entities, are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm, and their respective related entities, are liable only for their own acts and omissions, and not those of each other. The Deloitte organization is a global network of independent firms and not a partnership or a single firm. DTTL does not provide services to clients.

Deloitte Canada governance – leadership in action

Deloitte Canada is led by an elected Chair and an elected Executive Officer. The Chair (who is independent of the Executive Officer) leads the Board of Directors (the Board) in overseeing and governing all aspects of the practices, businesses, and affairs of the firm, in accordance with the firm's by-laws.

Deloitte Canada's Board of Directors and Service Leadership Team are responsible for the governance and oversight respectively of the Audit & Assurance practice and related control environment. Specific responsibilities include approving the Audit & Assurance business strategy, the admission and earnings of partners and financial aspects of business plans. The Executive Officer is responsible for leading and managing the firm's operations and has the authority to appoint the Service Leadership Team for approval by the Board.

Deloitte Canada's Board of Directors is comprised of 18 members, including the Executive Officer, 14 elected members and three independent directors. Every two years, half of the Board of Directors (seven seats) is elected for a four-year term. The Board appoints an independent Nominating Committee to administer the Election Process on behalf of the partnership and identify a slate of seven candidates to be elected to the Board. When forming the slate, the Nominating Committee is required to consider the diversity of the Board, including representation from various services and functions, geographies, genders and other diversity characteristics, and the appropriate mix of skills needed to effectively govern our firm. This slate is presented to the Board for approval, after which it is presented to the Equity Partners for ratification. Board members are eligible to serve on the Board for a maximum of eight years.

Susan Bennett, Managing Partner, Audit & Assurance, is appointed by the Executive Officer. The Managing Partner, Audit & Assurance and Audit & Assurance Senior Management

develop and implement the strategy for the Audit & Assurance practice, including related policies and procedures. In all of their activities, Deloitte Canada senior leaders are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements. Deloitte Canada strategy is developed in alignment with the overall strategic direction established for the Deloitte network.

The Audit Quality Working Group (AQWG) is an additional means for the Board to actively govern the firm's approach to audit quality, including management of audit quality issues and processes to preserve and advance audit quality. It is composed of members of the Board, the majority of whom are auditors and former auditors. The AQWG regularly reviews the processes and practices implemented by the firm and Audit & Assurance practice management, the implementation and execution of audit quality activities, including the Canadian Standard on Quality Management (CSQM 1) and future developments that may impact audit quality.

The following are the members of Deloitte Canada's Board of Directors, Service Leadership Team and Service and Partnership Council:

Deloitte Canada and Chile – Board of Directors

*Duncan Sinclair, Chair

Anthony Viel (AV), Executive Officer

Yaprak Baltacioglu, Independent Director

*Linda Blair, Ontario, Consulting

*Sippy Chhina, Prairies, Audit & Assurance

The Hon. David Emerson, Independent Director

Anne-Marie Ethier, Quebec & National Capital Region, Audit & Assurance

Kevvie Fowler, Ontario, Risk Advisory

Fernando Gaziano Perales, Chile, Risk Advisory

Deloitte Canada and Chile – Board of Directors

Jonathan Goodman, Ontario, Consulting
*Karen Higgins, Ontario, Audit & Assurance
Roberta Jamieson, Independent Director
Fatima Laher, Ontario, Tax & Legal
Ivor Luk, British Columbia, Financial Advisory
Chris Lynch, Ontario, Consulting
Beverley Pao, British Columbia, Audit & Assurance
*Charles Perron, Quebec & National Capital Region, Consulting
Marc Perron, Quebec & National Capital Region, Audit & Assurance
*Also members of the Audit Quality Working Group

Deloitte Canada and Chile – Service Leadership Team

Anthony Viel (AV), Executive Officer
Alexandra Genest, Executive Office Lead
Iseo Pasquali, Operations & Deputy Executive Officer
Nicole Torgrimson, Commercial Officer
Georgina Black, Growth Officer
Cheryl Manuel, Relationships Officer
Van Zorbas, Culture & People Officer
Tim Christmann, Strategy & Innovation Officer

Deloitte Canada and Chile – Service and Partnership Council (SPC)

Brian McKenna, Risk Officer
Sarah Qadeer, Legal Officer
Jenny Sheeran-Isenor, Financial Officer
Philippe Bélair, Managing Partner, Tax and Legal
Susan Bennett, Managing Partner, Audit & Assurance
Poonam Singh, Managing Partner, Risk Advisory
Peter Sozou, Managing Partner, Financial Advisory
Dave Turk, Managing Partner, Consulting
Erick Vandeweghe, Managing Partner, OperateNext
James Gordon, Managing Partner, Government & Public Services
Dean Hillier, Managing Partner, Consumer
Raman Rai, Managing Partner, Financial Services
Andrew Swart, Managing Partner, Energy, Resources & Industrials
Michael Tang, Managing Partner, Technology, Media & Telecommunications
Dejan Slokar, Ecosystems & Alliance Officer
Jennifer Lee, Vice-Chair SPC Representative
Jeff Lyons, Vice-Chair SPC Representative
Carine Michel, Vice-Chair SPC Representative
Christian Duran, Chile & Vice-Chair SPC Representative

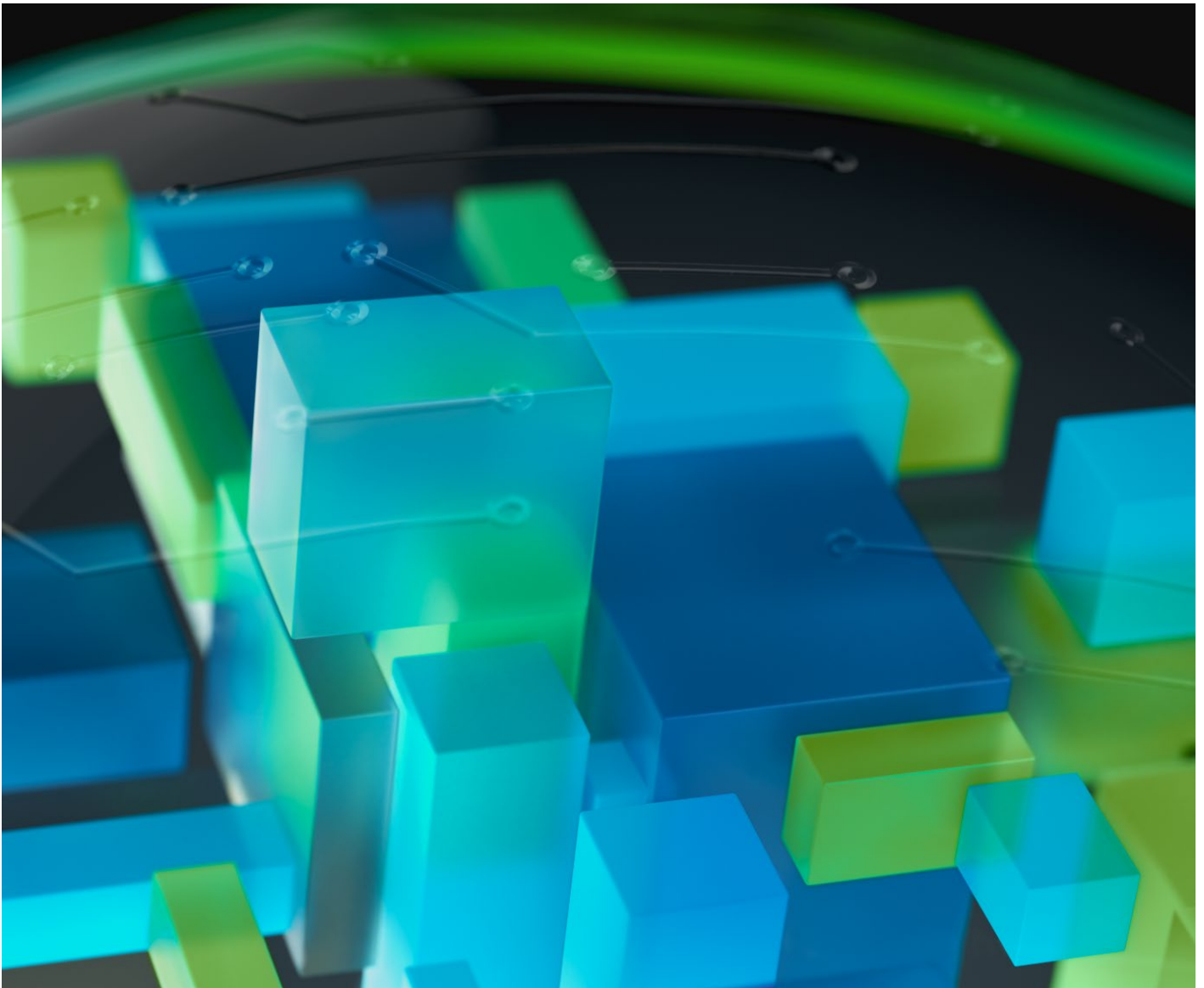
Deloitte Canada Audit & Assurance leaders participate in Deloitte network groups that set and monitor quality standards, and from which a number of audit quality initiatives emanate:

Deloitte Canada - Network Group Participation

Global Audit & Assurance Management Committee (GAAMC)	GAAMC supports the execution of the Deloitte Global Audit & Assurance strategy.
Global Audit & Assurance Executive (GAAE)	The GAAE sets the Global Audit & Assurance Strategy and executes it through the DTTL member firms.
Global Audit & Assurance Risk Executive (GAARE)	The GAARE sets the Global Audit & Assurance Risk oversight strategy and executes it through the member firms.
Global Audit Learning Advisory Board	This Board recommends the direction for the global audit learning and approves the global learning curriculum for technical audit and accounting learning.
Global Audit Oversight Committee (GAOC)	The GAOC provides oversight of audit quality monitoring and continuous improvement at the global level and across Deloitte network firms.
Global Audit & Assurance Quality Executive	The Audit & Assurance Quality Executive defines and drives key audit quality initiatives across the Deloitte network.
Global Audit Quality Monitoring and Measurement Program	The program includes audit quality monitoring and measurement activities to drive continuous improvement across the Deloitte network.
Global IFRS Leadership Team (GILT)	GILT is supported by nine International Financial Reporting Standards (IFRS) Centers of Excellence to provide audit professionals with swift and consistent responses to IFRS technical queries.
Global Methodology Advisory Group (GMAG) and related working groups	GMAG determines global audit methodology and policies.
Internal Controls Steering Committee	This committee provides strategic direction to the global audit practice related to internal controls for International Standards on Auditing (ISA).
International Standard of Quality Management (ISQM) Task Force	The Task Force’s objective is to create global implementation resources and tools to be applied across the network for the implementation of ISQM1, including leading the effort to implement a Governance, Risk and Compliance (GRC) technology solution. The Task Force will also collaborate with process owners or key parties to drive the resolution of any identified areas for enhancement and share global best practices.

Our purpose and commitment: instilling trust and confidence

At Deloitte Canada, our purpose is to make an impact that goes beyond the expected. For Audit & Assurance, this means constantly evolving audit and assurance processes, leveraging leading-edge technology, applying a diversity of skillsets, knowledge, and experience to deliver high-quality services. We take great pride in instilling confidence and trust in the capital markets and are committed to relentlessly raising the standards of quality and always acting with integrity, independence, and transparency. We are continuously building our capabilities to support the delivery of high-quality audits and other assurance engagements and making leading contributions to shaping the future of the audit profession.



Deloitte Audit & Assurance: Our commitment to serving the public interest

A focus on audit quality

Deloitte's commitment to audit quality permeates everything we do. The independent audit is a central element of the corporate reporting ecosystem, in place to enhance the confidence and trust of investors, as well as to promote the effective functioning of the capital markets. Deloitte is keenly aware of our obligation to deliver audit services that meet the challenges and complexities of the current environment, while complying with professional and regulatory standards. For the corporate reporting ecosystem to function as intended, it is vital that the auditor's role be executed effectively.

Deloitte is committed to doing more than simply meeting regulatory requirements and conforming to expectations. Deloitte is going beyond the expected to set the standard of excellence for the profession. In keeping with that objective, our commitment to audit quality is unequivocal.

Deloitte Global leadership

The Deloitte Global Audit & Assurance Executive, which includes the Audit & Assurance Business Leaders from the member firms is led by Jean-Marc Mickeler, the Deloitte Global Audit & Assurance Business Leader, whose responsibilities include defining and driving the Deloitte Global Audit & Assurance strategy, with a particular focus on:

- Driving key audit and assurance initiatives across the Deloitte network to accomplish quality outcomes.
- Leading transformational initiatives to innovate the way our audit and assurance engagements are executed to meet the evolving needs of our interested parties.

Entities Deloitte audits

As part of Deloitte's Audit & Assurance commitment to supporting the capital markets, we are focused on auditing entities where it serves the public interest and where we have the capabilities to perform a quality audit with objectivity and in compliance with applicable professional standards and laws and regulations, including those relating to ethics and independence.

The company we keep is a critical foundational aspect of our Audit & Assurance strategy and global shared values that guide our behavior to lead the way, serve with integrity, take care of each other, foster inclusion, and collaborate for measurable impact. The question we ask ourselves is: what type of entities do we, as a global network, want to be associated with? In order to answer this question, an audit and assurance risk appetite statement has been developed to serve as the foundation for the company we want to keep. The risk appetite statement can be used as a tool to promote robust discussion of risk, and as a basis upon which acceptance and continuance decisions can be debated and challenged effectively and credibly. The statement, as shown below sets the tone for our risk culture and aims to drive global consistency in the engagement acceptance and continuance decision making process:

"Deloitte's Audit & Assurance portfolio risk appetite underpins our purpose led agenda and reinforces our Principles of Business Conduct, which articulate the standards to which we hold ourselves, wherever in the world we live and work, in order to build and maintain a sustainable business for current and future generations.

Consistent with our commitment to purpose and to act in the public interest, we recognize that taking on a degree of risk is a natural consequence of doing business. In order to deliver high-quality audit and assurance services, we proactively identify and manage risk through our quality management processes, policies and procedures to make informed decisions aligned to our strategy and values.

We aspire to have a portfolio of clients that aligns with our shared values, respects our people, recognizes emerging issues and societal responsibilities, and is committed to providing transparency to interested parties in the corporate reporting ecosystem. We endeavor to have a portfolio that does not include clients that lack integrity, engage in illegal activities, disregard the authenticity of financial accounting and reporting, or are unwilling to establish and maintain sufficient internal controls and related processes.”

Deloitte Canada has detailed policies and procedures in place for the acceptance of prospective clients, the continuance of existing engagements and the assessment of engagement risk. These policies and procedures are designed with the objective that Deloitte Canada will only accept or continue with engagements where it:

- Is able to perform the engagement and has the capabilities, including time and resources, to do so.
- Can comply with all relevant professional standards and laws and regulations, including those relating to ethics and independence and conflicts of interest assessments and considerations.
- Considers the client’s management team to act with integrity and in alignment with our shared values.

At Deloitte, meeting expectations is where our Audit & Assurance services begin.

Our people’s commitment to integrity, to serve the public interest, and to deliver high-quality assurance over the areas that matter most to our interested parties is at the core of everything we do.

Our unwavering dedication to quality drives our sustained quality leadership position. We remain focused on excellence across people, process, and technology. Each of these core components helps us to deliver our vision for a better future, creating an impact that not only meets expectations but goes beyond them.

What does this look like? A constantly evolving audit and assurance practice, leveraging bright minds, effective processes, and world-class technologies from across our global organization while drawing on our years of experience. We deliver high-quality services in an efficient and effective way that upholds integrity, builds confidence, and drives value by focusing on what really matters.

Audit & Assurance transformation is an important shift across the network in the way Deloitte practitioners work and includes:

<p>The Deloitte Way: standardization of audit processes supported by our global technology suite</p>	<p>Real-time audit quality monitoring</p>
<p>Enhanced talent model which includes learning, rewards and recognition, centers of excellence, and delivery centers</p>	<p>Developing and maximizing the use of state of the art technology solutions using the latest technology breakthroughs like Generative AI</p>

Delivering audit excellence through process, people, and technology transformation²

With The Deloitte Way, Deloitte is bringing standardization, consistency, and efficiency to drive quality into the core of how our audits are executed: with automation that improves routine tasks and analytics that support audit execution—yielding a deeper and more insightful view into the available data. As a result, we are improving the quality of the audits we deliver while also creating a richer talent experience for our people and clients, providing a streamlined, digital, AI-enabled audit experience, that provides greater transparency and insights.

Innovation and technology enablement are an expectation in today's fast-changing business environment, and this expectation holds true for the audit profession as well. Today's complex business environment requires that the audit be dynamic, multidimensional, and insightful. There is a demand for real-time, relevant information, and we are evolving our audits as the entities we audit innovate their businesses and processes. Leveraging evolving technology and data, a Deloitte audit delivers deeper insights to create more consistent and transparent audit and assurance for our audit clients.

Deloitte Canada auditors are enhancing the way we work by making more use of data-driven analytics, as well as generative AI and cognitive and cloud-based technologies. This is due, in part, to the increased automation and effectiveness these provide, but also the need for Deloitte Canada to stay abreast of technological advances used by the entities that we audit.

With the advancement of generative AI, it has the potential to significantly impact many areas of our business and that of our clients. Although we are still in the early stages of exploring the possibilities that generative AI have to offer, Deloitte is actively evaluating several areas where generative AI could impact future engagement execution and deliver signification transformation for both our auditors and our clients. Deloitte recognizes that it is crucial to be leaders in this space and be at the forefront to provide relevant guidance and support to our clients as they navigate the adoption and integration of AI into their business processes.

Deloitte is committed to the continued investment in emerging technologies and diversity of thought that enables the delivery of enhanced quality, insights, and value to our clients and the markets. Deloitte's global audit platforms, Deloitte Omnia and Deloitte Levvia, demonstrate our commitment to delivering digital, high-quality audits of all sizes and levels of complexity. Deloitte Omnia is our cloud-

based, end-to-end audit delivery platform for larger and complex audits, while Deloitte Levvia delivers a streamlined, right-sized digital audit experience for low risk and less complex entities. Development, enhancement, and deployment of both platforms will continue over the next few years. Deloitte is also developing and implementing innovative global data and analytics solutions, and our integrated suite of enabling innovation technologies which are all connected in the cloud.

Auditing in disruptive times

In the wake of tremendous global disruption marked by public health, political, and social uncertainties over the past few years, the profession, along with all corporate reporting ecosystem participants, has been affected. Deloitte's response to the uncertainties and disruptions has included efforts to continue advancing the profession, while prioritizing the wellbeing of its people.

Particularly in the current environment, a sharpened awareness regarding the heightened risk of fraud, the presence of emerging or evolving risk factors, and the need for effective internal control environments remains critical. Although the existing accounting frameworks have provisions for uncertainties, financial statement users and regulators should continue to expect a higher degree of market and economic volatility in the near term.

Deloitte has consistently welcomed public statements and guidance issued by regulators that recognize uncertainties and emphasize the importance of high-quality, forward-looking corporate disclosures. Greater transparency benefits the public, just as raising awareness about these issues, especially when all corporate reporting ecosystem parties participate. More clarity about the unique and complementary responsibilities of management, audit committees, entities, auditors, regulators, and other interested parties enables the investing public to hold accountable these parties in a way that effectively serves the public interest.

The value of high-quality audit and assurance services is not diminished in the midst of global unrest. Rather, investors and other interested parties continue to call for professional services based on independence and objectivity-based principles and practices to engender trust and inspire confidence in the capital markets—and Deloitte is committed to leading the way.

² For more information about Deloitte audit innovation, please refer to Deloitte [Global Impact Report](#) and [Audit innovation](#) and [Audit & Assurance: the Deloitte way](#) pages on [Deloitte.com](#).

Deloitte Canada’s commitment to serving the public interest—especially as it relates to behaving according to the highest standards of ethics, integrity, independence, and transparency is steadfast. Deloitte is keenly aware of the gravity of responsibility that comes with meeting professional obligations and discharging its role as auditors within the corporate reporting ecosystem globally. The following principles remain at the forefront and are continuously reinforced with Audit & Assurance practitioners:

- Exercise professional skepticism and due professional care
- Critically evaluate the quality of audit evidence obtained and determine whether it is sufficient and appropriate to address relevant risks
- Make well-reasoned professional judgments supported by clear documentation
- Foster a culture of excellence and consultation
- Demonstrate commitment to integrity and ethical behavior, including compliance with regulatory and professional obligations
- Stay connected and support one another

Multidisciplinary model (MDM)

Deloitte’s robust multidisciplinary business model comprises audit and assurance, tax, consulting, and risk and financial advisory practices and is an important contributor to the organization’s ability to deliver high-quality audit and assurance services. Specifically, the scope of corporate reporting has begun to expand and it is expected to transform drastically in the near future; Financial statements and corporate disclosures will continue to become more complex due to ESG considerations and other matters (cyber, AI, data privacy, etc.). In addition, as big data and other digital advances become routine, the demand for data analysts and IT specialists will grow accordingly.

The MDM remains foundational to Deloitte’s cross-disciplinary services globally. Deloitte prides itself on having a deep bench of independent specialists who can be deployed around the world on engagements to provide subject matter expertise and new, insightful perspectives. Deloitte believes that the current MDM helps the organization deliver high-quality audits and assurance engagements in the public interest and reinforces the resilience of the audit and assurance practice. The strengths of the MDM include:

- The possibility to develop industry or thematic insights (e.g., climate, governance, corporate strategy, etc.) through multiple lenses, which enhances auditors’ understanding of business risks relevant to conducting audits.
- The MDM enables access to functional specialists and industry experts who are independent, and who provide audit support helping to deliver high-quality audits. This will become more important as we move towards broader corporate reporting.
- The breadth of the MDM is attractive to candidates who may not want to limit their career options to providing audit and assurance services only.
- The scale of the MDM brings greater resilience to each Deloitte business line, including audit and assurance, allowing continued investment in technology, methodology, and process to support delivery of high-quality services.

Deloitte leadership recognizes that each Deloitte business line is important and critical to the organization’s ability to deliver on its public interest responsibilities. Management’s attention and investment allocation are not limited to the business lines with the highest growth rates.

Deloitte acknowledges the possibility and perception of conflicts of interest, and therefore has robust conflicts and independence policies and systems to help ensure that Deloitte’s strategy is executed in alignment with regulatory and professional requirements. In some areas, Deloitte policies are more stringent than professional standards, laws, or regulations.

Environmental, social, and governance (ESG) reporting³

The foundations of business are changing rapidly—long-term resiliency and the ability to create enduring value is directly linked to alignment with the values and expectations of society. Market participants and other interested parties are calling for greater insight into how organizations are building, protecting, and enhancing enterprise value over time, and are specifically demanding enhanced transparency around climate-related and broader ESG impacts and the dependencies of an entity's business model and strategy.

Specifically, Deloitte recognizes that climate change poses a risk to financial stability and impacts businesses in many sectors with increased disclosure and reporting expectations from various parties.

Deloitte is taking strategic actions to educate our people on climate change and the potential impact on audited entities to support the execution of high-quality audits, thereby giving appropriate consideration to climate-related risks and opportunities. This includes the deployment of materials such as a climate learning curriculum, as well as a framework and related guidance to consider climate-related matters as part of the audit.

Broader corporate reporting

Traditional financial reporting is beginning to evolve into broader corporate reporting. To support this evolution, there are standard setting and rulemaking efforts regarding sustainability by the International Sustainability Standards Board (ISSB) and others around the world.

These standards emphasize the need for better connectivity between financial and non-financial reporting and will help users of corporate disclosures better understand and compare information about entities. Further, these standards will enable greater transparency, consistency, and comparability globally, as well as shift the requirements for climate-related reporting from being voluntary to mandatory.

To be effective, the standards need to be adopted globally in a consistent manner to deliver corporate reporting which is comparable, based on the global baseline, and supplemented by local considerations where warranted. These standards will also need to be brought into regulation around the world, together with associated enforcement, monitoring, governance and controls, assurance, and training. The developments in standard-setting and rulemaking are intended not only to create transparency and consistency in global baseline reporting, but also to make clear that information in financial reporting and information contained in

sustainability reporting together are essential inputs to inform a view of an entity's value.

Therefore, there is a growing demand for companies to integrate climate-related and other ESG considerations into internal control policies and procedures, enhancing the maturity of systems, processes, and governance over climate-related and other ESG information. As a result, those charged with governance (e.g., audit committees, boards) are increasingly incorporating ESG considerations in their oversight responsibilities of an organization's management, its reporting, and their data-collection processes and controls.

Deloitte understands that given the increased risks associated with climate change, it is important for climate-related factors to be properly incorporated into corporate reporting. Today some interested parties' expectations may not be met by financial statements prepared in accordance with current accounting frameworks. As corporate reporting continues to evolve and interested parties accommodate and adapt to market shifts and public sentiment, it is important to allow for appropriate due process in order to develop robust standards applied consistently across the globe and to drive reporting that is responsive to the growing asks of investors and other interested parties.

Deloitte remains committed to engaging in meaningful and transparent conversations with investors, standard-setters, regulators, and other relevant parties. We also look forward to supporting reduced standard and regulatory fragmentation and to greater market confidence as consistency in standards is realized globally.

³ For more information about Deloitte's alignment with ESG, please refer to Deloitte [Global Impact Report](#).

Assurance

With the increased focus and scrutiny of ESG reporting also comes the increased need for confidence over the quality of disclosures and increasing calls for assurance requirements. Individual jurisdictions, such as the European Union and the United States, are moving to introduce or strengthen regulation around sustainability reporting. Assurance requirements are increasingly becoming mandatory.

Providing assurance on ESG information should be expected to follow a professional framework including competence, independence, a system of quality management, and be subject to oversight and inspection as well as professional liability mechanisms to ensure that credible assurance is delivered to the market.

Below are specific actions that Deloitte is undertaking to support execution of high-quality assurance that appropriately address ESG voluntary reporting and regulatory requirements:

- Engaging in shaping the capital market infrastructure for sustainability reporting tied to enterprise value through collaboration on climate and ESG standard setting reporting, and assurance initiatives, such as the IFRS Foundation, the International Auditing and Assurance Standards Board, and the International Ethics Standards Board for Accountants.

- Actively participating in various global platforms such as the World Economic Forum and the 2022 UN Framework Convention on Climate Change (COP27).
- Deployment of enhanced guidance to deliver limited and reasonable ESG assurance through Deloitte's global sustainability assurance methodology. Building capacity through global and localized learning focused on ESG.
- Developing technology-enabled tools, including a tool to evaluate a company's sustainability disclosures against common ESG standards.

Deloitte supports the continued collaboration of all participants in the corporate reporting ecosystem, working together to develop and implement common standards upon which to measure, disclose, and ultimately assure ESG information.

Deloitte's commitment

Further, to help the world achieve the goals of the Paris Agreement⁴, Deloitte has launched [WorldClimate](#), a strategy to drive responsible climate choices within the Deloitte network and beyond.



⁴ The [Paris Agreement](#) is a legally binding international treaty on climate change. It was adopted by 196 parties at the United Nations (UN) Climate Change Conference (COP21) in Paris, France, on 12 December 2015 and was entered into force on 4 November 2016. Per the UN, its overarching goal is to

hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

Deloitte’s commitments to people, the planet, and purpose are reflected broadly throughout the organization’s strategy, operations, and relationships.

In Canada, our abundant natural resources give us the unique opportunity to take positive climate action and we are committed to making an impact that matters against climate change.

Refer to the upcoming issuance of the 2023 Deloitte Canada Impact Report and Deloitte Global Impact Report for more details on our important initiatives.



Shaping the future of the audit profession

The provision of relevant and reliable financial and, increasingly, non-financial information is critical to both the capital markets and broader society. Policy makers, regulators, investors, company directors, audit committees, and auditors all have an important role so that users of corporate information have a clear and robust picture of uncertainties and risks in a company's business model to help support their informed decision making.

Uncertainty and complexity are set to remain a central theme over the coming years, driven by heightened global challenges and the rapid advancement of technology.

Deloitte is committed to establishing a meaningful vision for the future of the profession which addresses the shifting needs of society.

We are continually innovating to address the challenges of efficiency and effectiveness through technology, data, and ways of working. In parallel, the role of audit and assurance in the corporate reporting ecosystem, its responsibility to act in the public interest, and its evolving contribution to societal value remains at the forefront of our work in this area. Through proactive engagement with a range of parties, we seek to understand today's rapidly developing issues faced by society (e.g., ESG, cyber, AI, data privacy, etc.) and the role that audit and assurance can play in responding and driving change for the better.

We strive to engage with these parties, both formally and informally, to share, offer, and debate ideas that foster our collective ambition to ensure the ongoing and growing relevance of audit and assurance to the capital markets.

Professional development and performance management

Deloitte’s culture of excellence and the design of learning programs place people at the forefront⁵. Deloitte practitioners are technically proficient with high levels of ethics, integrity, professional skepticism, and objectivity, applying their judgment and experience with passion and commitment. We are continuously enhancing our skillsets, knowledge, and experience to go beyond the expected and deliver meaningful impact.

Deloitte is committed to delivering an unrivalled talent experience, developing practitioners, and furthering their careers by creating a life-long learning environment—advancing audit education, skillsets, and flexible career options that appeal to auditors of today and tomorrow.

Deloitte practitioners bring diverse backgrounds, knowledge, and skills that enhance capabilities as an organization in delivering the highest quality audits. We support and empower our people to achieve their full potential by valuing and demonstrating diversity, equity, inclusion, and wellbeing. In addition, operational discipline, effective management of the business, and our singular approach to doing audits known as The Deloitte Way provide global consistency to our audits.

Deloitte recognizes and rewards its Audit & Assurance practitioners and professionals and makes meaningful investments in their futures.



⁵ For more information about Deloitte’s commitment to its people, please refer to [Audit & Assurance People page](#) on Deloitte.com.

Learning and development initiatives

Deloitte’s transformed approach to audit delivery is changing the audit experience for practitioners. Audit teams are empowered by advanced tools and technologies and more extensive use of data and analytics within a guided workflow to execute the end-to-end audit. For Deloitte practitioners, this means focusing on how the engagement is planned, executed, and managed consistently across the globe using our innovative techniques and capabilities. It also offers opportunities to enhance their technical and professional skillsets and competencies. For example, the following skills remain as important as ever—enhanced data analytics, project management, critical thinking, communication, professional judgment, and the application of accounting and auditing principles to work more effectively and deliver high-quality engagements. As capabilities and skillsets are enhanced, we build greater confidence and become ever-better evaluators of risk.

Deloitte has made substantial investments in talent and learning strategies and transformed the technical audit curriculum to build the refreshed skillsets and proficiency required by level:

- At the core, Deloitte has a single, global mandatory audit technical learning curriculum, tailored for learners by level, using a dynamic blend of live instructor-led, and digital on-demand courses. In addition, on-the-job activities are an important contributor to continuous learning.
- All client service practitioners are required to follow the firm’s learning requirements for their roles and complete sufficient continuing professional development (CPD) hours each year and over a cyclical three-year period to ensure both compliance with regulatory standards and Deloitte internal policies. 50% of the continuing professional development hours must be achieved through structured, formal learning programs, such as internal or external courses, seminars, or e-learning covering all areas of the competency model (e.g., shared competencies, function-specific technical competencies, and competencies in areas of specialization).
- All client service practitioners have clearly defined role expectations. Our global Talent Standards which outline the capabilities that are required of practitioners at each level.

Deloitte Canada has adopted the DTTL Global Audit & Assurance Learning Curriculum for International Standards on Auditing (“ISA”) for all practitioners and the DTTL Global Center of Excellence (GCoE) Enhanced Learning Curriculum for PCAOB engagements for practitioners serving public company entities. The combined curriculum is designed to cultivate the skills and instil the behaviour and mindset necessary for our professionals to execute high-quality audits under the PCAOB standards and ISAs.

Deloitte has also established specific learning opportunities for specialists working on audit engagements to support their knowledge and understanding of the audit process. In addition, our assurance learning offering is being expanded to respond to emerging business needs.

The objective of the Deloitte Canada’s professional development program is to help partners and practitioners maintain and enhance their professional competence and ensure consistency of audit execution. To supplement on-the-job development, Deloitte Canada provides formal continuing professional development programs in relevant subject areas consistent with the Deloitte Global Audit & Assurance Curriculum.

Completion of the audit learning curriculum and specialist learning curriculum is monitored to ensure all mandatory learning is completed by established deadlines.

Deloitte University

Deloitte actively cultivates the collective knowledge and skills of Deloitte people globally through continued investment in Deloitte Universities (DU). These are state-of-the-art learning and development centers focused on Deloitte culture and founded in the principles of connectedness and leadership in a highly inclusive learning environment⁶. Last year, in-person programming returned to Deloitte Universities, providing opportunities for our people to reconnect with each other after several years of remote learning.

Deloitte. University

Audit & Assurance Leadership appointments

Critical Audit & Assurance leadership roles are clearly defined. A role profile and key performance indicator framework provide a basis for consistent leadership appointments and evaluations across the Deloitte Audit & Assurance network and align member firm and Deloitte Global Audit & Assurance strategic objectives. Deloitte has introduced globally consistent standards for member firm Audit & Assurance leaders, including Audit & Assurance Business Leaders, Audit & Assurance Quality Leaders, and Audit & Assurance Risk Leaders through clearly defined roles, responsibilities, and expected success outcomes. These inform objective setting and evaluation processes and reinforce Deloitte's culture of quality and excellence. Robust monitoring of succession planning helps ensure Deloitte is developing and appointing the appropriate individuals with the capabilities to achieve these consistent standards.

Remuneration

Execution of high-quality audits is expected from all practitioners and is embedded across the Deloitte network. Audit quality is recognized through reward and recognition programs and is built into performance standards at every level, against which practitioners' overall evaluations are measured.

In accordance with global policies, Deloitte Canada's partners are evaluated on a yearly basis, and depending on the outcome of the evaluation, the remuneration of partners may increase or decrease. Specifically, partner evaluations take the following factors into account: talent and client considerations, including their quality performance, success in achieving their goals, positive or negative practice review and inspection results.

All income partners are compensated based on a fixed annual salary plus an annual variable payment amount that is determined based on their performance. All equity partners are compensated out of Deloitte Canada's distributable profits. The profits available for distribution are based on the results of the firm as a whole. Partner compensation and earnings allocation are managed through the firm's Leadership Development and Reward (LDR) process.

The LDR process requires that, at the start of the fiscal year, partners set goals based on the expectations for their level, role and the firm's strategic objectives. Goals are to be set in areas such as quality, practice management and client service, leadership and eminence, personal development and talent management. Each partner's goals are subject to review and input by the firm's senior leadership. At the end of the fiscal year, partners undergo a process that reviews their success in achieving their goals.

The LDR Committee of the Service Leadership Team establishes the recommended compensation or earnings allocation for all partners except those on the Executive. This committee considers the perspectives of our businesses, regions, industries and talent teams. There is also thoughtful

Social Impact

Making an Impact Every Day

We believe human connection can help create innovative solutions and lasting impact on pressing issues of our time. By harnessing the collective power of Deloitte's network of people, clients, nonprofits, and communities, we aim to achieve lasting social impact for the greater good.



⁶ For more information about Deloitte Universities, please refer to Deloitte [Global Impact Report](#).

consideration of the quality performance of each partner as established through a comprehensive quality assessment process done under the direction of the Risk Officer. For audit partners, this quality assessment includes a consideration of a partner's performance as assessed through all monitoring and inspection processes.

To ensure that audit partners focus on their primary responsibility of providing audit services of the highest quality, Deloitte policies, consistent with Canadian regulations, forbid audit partners from receiving compensation, bonuses or other direct financial incentives for selling products or services to their audit clients other than audit, review or assurance-related services.

The LDR Committee's recommendations for audit partners are approved by the Managing Partner, Audit & Assurance and Executive Officer, who also recommends earnings allocation for the members of the Executive. The deliberations of the LDR Committee and the Executive Officer are attended and overseen by members of the Culture, Purpose and People Committee of the Board (the "Culture, Purpose and People Committee").

The Senior Leader's Committee of the Board is also responsible for reviewing performance and recommended earnings allocation for the Chair and Executive Officer. The recommendations for income partner compensation and earnings allocation for equity partners, including the Chair and Executive Officer, are then presented by the Culture, Purpose and People Committee to the Board of Directors for final approval.

In addition to Management's LDR Committee, there is a Special Committee for the review of Board members' performance ratings, which includes our three Independent Directors, our Chair, our Executive Officer and our Culture & People Officer. The Special Committee reviews Management's assessment and then considers contributions made by members of the Board which are beyond the work evident to their management reviewers.

Attraction and retention

The current environment for talent is extremely competitive and attraction and retention of our people is a strategic priority for Deloitte. We acknowledge the challenges our people are facing and recognize our part to re-establish the connections that so many have missed during the COVID-19 pandemic. Deloitte is focused on transforming the Audit & Assurance talent experience, including reimagining the ways of working to improve retention and further advance the diversity, equity, and inclusion (DEI), and wellbeing of Deloitte people. We are looking at opportunities to collectively expand the talent experience. This focus on our people and retention of top talent enhances Deloitte's ability to deliver high-quality audits.

Deloitte continues to receive recognition and awards across the globe for its commitment to delivering an unrivalled talent experience for its people [Awards and recognition | Deloitte Global](#). In addition, Deloitte Canada has been named as one of the Best Workplaces in Canada, one of the Best Workplaces with Most Trusted Executive Teams and one of the Best Workplaces for Women for 2023. We were also recognized as a top company in Canada by LinkedIn. Deloitte Canada is the highest ranked professional services firm in the country.

Deloitte's priority focus on audit quality

Deloitte's commitment to audit quality is central to everything we do. We consistently deliver on this commitment by instilling a culture of quality and excellence across the network, establishing business and financial priorities, and developing effective processes, tools, and technologies applied in the execution of audits. Deloitte's brand is defined by the high-quality audits delivered and by the unwavering commitment to continuous improvement of our systems of quality management. Making sure audit quality keeps pace with emerging economic, business, and regulatory conditions, as well as technological advances, is critical to the continual enhancement of Deloitte's role in protecting the public interest and supporting the effective functioning of the corporate reporting ecosystem.



Leadership commitment and tone at the top

Deloitte’s culture of quality and excellence begins with strong tone from the top, starting with senior leadership through to the leaders in all our offices and audit and assurance engagements. Deloitte’s focus on audit quality is evident through the direct involvement of leaders in initiatives emphasizing that quality is the highest priority for audit and assurance practitioners at all levels and consistent messaging that reinforces the importance placed on executing high-quality audit and assurance engagements. Deloitte’s relentless pursuit of quality defines not just what we do, but who we are.

System of quality management (SQM)

Deloitte believes an effective system of quality management is crucial for the consistent performance of high-quality audit engagements and we continue to make significant investments in our people, processes, and technologies that underlie Deloitte’s quality management processes.

Regulators and standard setters in Canada and globally are also focused on driving further improvements in firms’ system of quality management. In December 2020, the IAASB released its new, revised suite of quality management standards, including International Standard on Quality Management 1 (ISQM 1). In Canada, the AASB approved the final Canadian Standard on Quality Management (CSQM 1), *Quality Management for Firms that Perform Audit or Review Engagements, or Other Assurance or Related Services Engagements*, CSQM 2, *Engagement Quality Reviews*, and CAS 220, *Quality Management for an Audit of Financial Statements* in January 2021. Systems of quality management in compliance with CSQM 1 were required to be designed and implemented by December 15, 2022.

CSQM 1 introduced a risk-based approach to the SQM that require firms to respond to quality objectives and risks to our ability to execute high-quality audits in the following areas:

- The firm’s risk assessment process;
- Governance and leadership;
- Relevant ethical requirements;
- Acceptance and continuance of client relationships and specific engagements;
- Engagement performance;
- Resources;
- Information and communication; and
- The monitoring and remediation process.

The effective implementation of ISQM 1 has been and remains a key element of Deloitte’s global audit quality strategy. Deloitte Canada’s CSQM 1 implementation activities were completed by December 15, 2022, building on the multi-year investments and commitment already delivered to go beyond the requirements of the existing professional standards.

As part of the implementation of CSQM 1, quality objectives, quality risks and responses were formalized and brought together in a globally consistent technology platform to facilitate the design and maintenance of the system, as well as the operation through tri-annual self-assessments by business process owners and reporting capabilities to support the required annual evaluation.

Deloitte Canada continues to work with leaders across the firm, as well as the broader network, to further enhance our proactive approach to managing the quality of engagements performed—identifying and addressing risks to audit quality and driving continued advancements in quality management processes serves us well into the future as the environment within which we operate continues to evolve and become increasingly complex.

Consistent with Deloitte’s culture of continuous improvement and innovation, Deloitte Canada’s CSQM 1 implementation efforts have provided us the opportunity to challenge ourselves—examining those areas where we can further enhance and transform our system of quality management. Audit quality is always front and center, and robust audit quality monitoring processes play an integral role in our ability to continually improve.

The first annual evaluation of the systems of quality management are required to be performed within one year following December 15, 2022. Deloitte Canada performed its first evaluation of its SQM as of June 3, 2023.

Conclusion on the effectiveness of the system of quality management

Deloitte Canada is responsible for designing, implementing, and operating a system of quality management (SQM) for audits or reviews of financial statements, or other assurance or related services engagements performed by the firm, that provides the firm with reasonable assurance that the objectives of the SQM are being achieved. The objectives are:

- The firm and its personnel fulfill their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.
- Deloitte Canada conducted its evaluation in accordance with the Canadian Standard on Quality Management 1.

Deloitte Canada concluded that the SQM provides the firm with reasonable assurance that objectives of the SQM are being achieved as of June 3, 2023.

Reasonable assurance is obtained when the system of quality management reduces to an acceptably low level the risk that the objectives of the SQM are not achieved. Reasonable assurance is not an absolute level of assurance, because there are inherent limitations of a system of quality management.

Independence, objectivity, and professional skepticism

The execution of high-quality audits requires independence, objectivity, and professional skepticism. This means a continuous and tangible focus on Deloitte's critical role in serving the public interest, including creating a culture of quality where doing the right thing is of paramount importance. Deloitte consistently reinforces the important role of auditors as independent evaluators who must maintain a mindset of professional skepticism throughout the conduct of our work. This approach to the audit is reflected in Deloitte policies, methods, procedures, and learning, and is reinforced through quality management and accountability measures.

Audit approach

Deloitte's approach to performing a high-quality audit involves the use of an audit methodology, common across the Deloitte network, supplemented by audit tools for use by our practitioners to plan, perform, supervise, review, document, conclude, and communicate the results of each audit. Deloitte's audit approach is underpinned by professional standards, as well as requirements of applicable laws and regulations.

Deloitte's audit methodology is risk-based, focusing on the financial statement account balances, disclosures, and underlying assertions that have a reasonable possibility of being materially misstated. Our audit methodology is also

dynamic—it evolves continuously to keep pace with the changing demands of investors, companies, and other interested parties. It recognizes that advances in the availability and management of large data sets and in statistical science are relevant to continuing to enhance the quality of Deloitte audits.

Resources to support Deloitte practitioners in the execution of high-quality audits

The resources applied by Deloitte practitioners in the performance of their audits include the proprietary tools, guidance, materials, and practice aids used in conducting audits, which are available to all our practitioners in the Deloitte Global Technical Library, an extensive online library, and in our audit execution platforms (EMS, Deloitte Omnia, and Deloitte Levvia). Deloitte regularly issues accounting and auditing guidance to our practitioners and communicates developments that should be factored into audit risk assessments and responses in order to maintain and drive quality audit execution.

Consultation

Quality and risk management considerations are integral to Deloitte’s audit business and to the performance of audit engagements. That is why Deloitte views consultation as an essential, collaborative process—one that involves robust challenge and helps determine the most appropriate answers to complex questions. Deloitte has identified circumstances where consultation outside of the engagement team is required in order to demonstrate an appropriate level of professional judgment and the exercise of professional skepticism. Deloitte consultation policies require that conclusions are documented, understood, and implemented. Foundational to the effectiveness of the consultation process is Deloitte’s investment in consultation resources who have the appropriate skills and expertise. In addition to formal consultations, whenever engagement partners and teams need additional information or perspectives, they are encouraged to seek assistance from the Audit Quality Team through our Raise Your Hand Program.

Deloitte is proud of its role supporting the capital markets, protecting investors, and the public trust.

Deloitte Canada has an extensive “Raise Your Hand” program that supports and empowers our practitioners to voice their challenges and seek help whenever they need it. For more information on this and other quality initiatives specific to the Canadian firm, please refer to our [Audit Quality Report](#).



External and internal audit quality monitoring

Monitoring of audit quality

A continued focus on audit quality is of paramount importance to the Deloitte brand. It is critical that a Deloitte audit is consistently executed and of high-quality, wherever in the world it is performed.

The objective of monitoring and remediation processes are to provide relevant, reliable, and timely information about the design, implementation, and operation of the system of quality management to leadership in order to enable appropriate and timely actions to be taken to respond to identified deficiencies. This includes the identification of deficiencies and good practices in the system of quality management and the assessment of the effectiveness of remedial actions in driving improvements in audit quality.

System of quality management (SQM) monitoring

SQM monitoring is an integral part of Deloitte Canada’s monitoring activities and considers relevant requirements in CSQM 1, as well as evaluating the design, implementation and operating effectiveness of responses that address the quality risks that have been identified for the firm.

Audit Quality Indicators (AQIs), including the Deloitte Conditions for Success (DCS), are used in conjunction with other metrics to further assist Deloitte Canada in developing and monitoring audit quality action plans and reporting on the progress in its audit quality journey.

In addition, proper timing and sequencing of audit activities, including timely reviews of work performed and the resolution of matters identified, are closely associated with high quality audits. Audit Quality Milestones are intended to drive consistency of engagement teams in project management, timing of when work is done, and necessary focus on engagement staffing, including sufficiency and the skills, knowledge, or experience of assigned resources.

Monitoring of in-process engagements

Continuous audit quality monitoring by Deloitte Canada involves the proactive identification of audit issues on in-process engagements in order to drive timely solutions and

real time corrective actions. This is achieved through the following suite of activities:

- Deployment and monitoring of a series of core diagnostics, enabling engagement partners and teams, as well as Deloitte Canada audit quality leaders to continuously monitor audit quality and take immediate action.
- A program of specific subject matter “health checks” to assist Deloitte Canada audit quality leaders in assessing progress and identifying potential issues on in-process engagements.
- Results of monitoring of in-process engagements are evaluated overall to determine whether additional communication and support is needed for audit engagement teams with respect to adherence to the audit methodology or updates thereto.

Inspections of completed engagements

Key components of inspections of completed engagements include:

- Risk-based engagement selection and consideration of all major industries served by Deloitte Canada.
- Mandatory moderation panel to drive consistency in findings and engagement ratings.
- Network monitoring with external partners and deputies, independent of Deloitte Canada, who drive global consistency by providing input and sharing best practices for monitoring programs.
- Identifying appropriate resources (from within Deloitte Canada as well as from other Deloitte geographies) with the right experience and industry knowledge, including establishing central review teams.

External inspections

In addition to Deloitte Canada’s own monitoring of audit quality, we are subject to external monitoring by the Canadian Public Accountability Board (CPAB) for audits of Canadian public companies and the U.S. Public Company Accounting Oversight Board (PCAOB) for audits of U.S. public companies and a number of Provincial Chartered Professional Accountant

(CPA) institutes that periodically inspect audits and reviews within a given jurisdiction on a rotational basis.

Deloitte Canada is subject to annual CPAB inspections as each year CPAB inspects all firms that audit 100 or more Canadian reporting issuers. Deloitte Canada is subject to PCAOB inspections on a less frequent basis than annually as the PCAOB inspects firms that provide audit opinions for 100 or fewer issuers, in general, at least triennially. We continually cooperate with CPAB and the PCAOB and support the role that they play in strengthening confidence in the integrity of the independent audit process and the enhancement of audit quality. The rigorous inspection processes of both CPAB and the PCAOB are an important element in achieving our shared objectives. The scope of CPAB's inspections includes an evaluation of the quality of the audit work performed on selected audits, as well as a review of the elements of a firm's quality control.

The [inspections page of the CPAB website](#) provides more information about CPAB's process for inspecting the firms that audit reporting issuers in Canada. Following its 2021 public consultation, CPAB intends to make significant changes to the information they disclose about the results of their inspections of audit firms. CPAB implemented two of the four planned changes in January 2023 and now publishes: (1) Significant enforcement actions imposed on a firm as a consequence of inspection findings; (2) Disclosure recommendations which were included in a firm report but not addressed by the firm. The other two recommendations require rule/legislative changes before they can be implemented. These recommendations are: (1) Introduce mandatory disclosure of reporting issuer-specific significant inspection findings to the reporting issuer's audit committee; (2) Issue a condensed individual public inspection report for each audit firm inspected. CPAB plans to commence its public consultation on proposed rule changes in Q3 2023.

Meanwhile, interested parties can refer to the annual CPAB inspection report that contains summarized information pertaining to the most recent inspection cycle for annually inspected audit firms.

The scope of the PCAOB's inspections includes an evaluation of the quality of the audit work performed on selected audits, as well as a review of firm practices, policies, and procedures. The [inspections page of the PCAOB website](#) provides more information about the PCAOB's process for inspecting public company audit firms. The PCAOB publishes a report on the results of the inspection of each audit firm, a portion of which is publicly available on its website.



Root cause analysis and remediation

Continuous improvement is essential to Deloitte's culture of quality and excellence. Understanding why engagement level findings and SQM deficiencies occur is critical to being able to design effective remedial actions. When engagement level findings or SQM deficiencies are identified, whether through internal or external monitoring activities, actions are taken to identify gaps and develop appropriate remediation activities. Remediation is imperative to drive continuous improvement in audit quality and avoid future similar findings. An audit quality plan is prepared by Deloitte Canada and provides for effective implementation and monitoring of key audit quality priorities.

Independence, ethics, and additional disclosures

Deloitte Global Independence



Sets **independence policies and procedural expectations** based upon the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and, where applicable, the independence standards of the US Securities and Exchange Commission and the Public Company Accounting Oversight Board.



Supports firms, as needed, with their ongoing SQM monitoring activities and gives insights into global areas of focus. On a three-year cycle, performs **network monitoring activities** through its monitoring program, providing recommendations and observations for consideration as part of firms' Monitoring & Remediation activities. In-depth follow-up reviews are conducted as needed.



Provides firms with **technical independence expertise**, as required, which also informs potential enhancements to global policies, procedural expectations, tools, and practice support activities.



Delivers **global systems** to provide its people with entity information to support compliance with personal and professional independence requirements, including financial interests, scope of service, and business relationship approvals.



Promotes **independence awareness** across the Deloitte network through active engagement with independence and business leadership groups, periodic communications and alerts, and development of guidance, learning, and instructions.

Deloitte Canada Independence

Deloitte Canada has quality responses that address quality objectives and quality risks as they relate to the relevant ethical requirements for independence. These responses include policies and procedures that are based on expectations set out in Deloitte Global Independence policies, and which are supplemented, as appropriate, to reflect additional national or regional requirements that may be more restrictive than Deloitte Global policies.

Deloitte Canada leadership reinforces the importance of compliance with independence and related quality management standards, thereby setting the appropriate tone at the top and instilling its importance into the professional values and culture of Deloitte Canada. Strategies and procedures to communicate the importance of independence to partners, other practitioners, and support staff have been

adopted, emphasizing each individual's responsibility to understand and meet the independence requirements.

The Director of Independence is responsible for overseeing independence matters within Deloitte Canada including the design, implementation, operation, monitoring, and maintenance of the system of quality management related to independence.

As part of the firm’s system of quality management, Deloitte Canada has:

- Implemented responses to address quality objectives and quality risks it has identified for its key independence areas;
- Performed appropriate monitoring activities over its key independence areas; and
- Has appropriate independence governance in place.

The firm’s key independence areas include:

- Client, engagement, and business relationships, including use of the independence business process tools, the Deloitte Entity Search and Compliance (DESC) system, and the Service Request Monitoring (SRM) application
- Firm and personal financial relationships, including the use of the Global Independence Monitoring System (GIMS)
- Employment and other relationships
- Independence confirmations
- Independence consultations
- Independence-related policies, communications, and learning
- Breaches of independence requirements
- Disciplinary measures for failures to adhere to applicable independence requirements

Global Independence conducted a review of compliance with policies and procedures in the key independence areas during the year, and a final report is in progress.

In addition, an internal review of independence compliance with the above key independence areas was conducted during the year and the Firm’s DOI report was issued on January 19, 2023.



DESC
Deloitte Entity Search and Compliance

Global, searchable database containing specific entity information relevant in determining personal and professional independence restrictions



SRM
Service Request Monitoring

Application integrated with DESC that provides a standard business process workflow for submitting and reviewing preapproval requests to provide services to and enter into business relationships with clients



GIMS
Global Independence Monitoring System

Application that contains financial relationship data with relevant independence compliance indicators

Long association requirements of audit partners and practitioners

Partner rotation occurs on both a required and voluntary basis to address possible institutional familiarity threats. We maintain a rotation database that records the years that each partner spends on a reporting issuer audit engagement. For SEC registrants, Audit Engagement Partners (AEPs or ACSPs) and Engagement Quality Reviewers (EQRs) are rotated every five years and these partners can only return to the same audit engagement after a five-year “cooling off” period. For Canadian reporting issuers, the AEPs/ACSPs and EQRs rotate every seven years and can only return to the same audit engagement after a five-year cooling off period. Other audit partners are also considered for rotation.

Ethics

All Deloitte people are expected to act with integrity in accordance with high ethical standards as described in the Deloitte [Global Principles of Business Conduct](#) (“Global Code”). The Global Code is embedded into each member firm’s Code of Conduct and defines the commitments that all Deloitte people make regarding ethical standards, as well as explaining each individual’s responsibilities to their clients, colleagues, and society.

In addition to the Global Code, other foundational elements of Deloitte’s ethics program include global policies, a program of training and communications, and established reporting channels supported by defined incident management protocols. For continuous improvement, regular program assessments and reviews are conducted, and feedback is collected from Deloitte people through an annual ethics survey.

Ethics at Deloitte is led by the Deloitte Global Chief Ethics Officer at the global level, and by member firm Ethics Officers at the local level, all of whom are experienced partners with direct access to the member firm’s CEO and governing body. Deloitte Global and member firm ethics leaders work together to continually monitor risk and to reinforce compliance with the Global Code.

Deloitte Canada maintains policies and procedures that build on the global policies and are designed to provide reasonable assurance that its people comply with relevant ethical requirements.

The ethical requirements for audit and related assurance services provided by Deloitte Canada are in accordance with appropriate professional requirements. Deloitte Canada also complies with Deloitte Global policies and procedures, which align with the requirements and guidance set out in the international Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, a standard-setting body of the International Federation of Accountants (IFAC). When provincial institutes are more restrictive than the Deloitte Global policies and procedures, Deloitte Canada follows the applicable provincial rules.

Deloitte Canada reinforces its commitment to ethics and integrity through communication tools, learning programs, compliance processes, and measurement systems for all people. Learning includes targeted content for onboarding, manager and senior manager promotion, partner admission, independent contractors, and refresher programs every two years. Recent global training topics have included a focus on the importance of owning up to one’s mistakes, navigating personal relationships in the workplace, and demonstrating respect, integrity and professionalism on social media, and courses have included a confirmation that professionals are aware that answers should not be shared with others and doing so would constitute a violation of the Global Code. In addition, Deloitte Canada conducts ethics reviews for senior leaders and requires all partners, other practitioners, and support staff to confirm annually that they have read and comprehended the member firm’s Code of Conduct and understand that it is their responsibility to comply with it.

Deloitte Canada monitors the effectiveness of its ethics and communications program through an annual survey. Plans are designed and implemented to address any opportunities to strengthen the ethics programs resulting from the survey process.

Deloitte Global Ethics

Deloitte is committed to conducting business with honesty, distinctive quality, and high standards of professional behavior.

Deloitte's Global Principles of Business Conduct ("Global Code") outlines Deloitte's ethical commitments as a network and expectations for Deloitte's approximately 457,000 people, giving a strong, principled foundation. The foundations of the network's ethics program is comprised of the following elements:



Appendices

Appendix A | EU EEA audit firms

Disclosure in accordance with Article 13.2 (b)(ii)-(iv) of the EU Audit Regulation

EU/EEA member state (Article 13.2 (b)(iii) EU Audit Regulation: the countries in which each audit firm that is a member of the network is qualified as a statutory auditor or has its registered office, central administration, or principal place of business)

Name of audit firms carrying out statutory audits in each member state (Article 13.2 (b)(ii) EU Audit Regulation: the name of each audit firm that is a member of the network)

EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Austria	Deloitte Audit Wirtschaftsprüfungs GmbH
	Deloitte Niederösterreich Wirtschaftsprüfungs GmbH
	Deloitte Oberösterreich Wirtschaftsprüfungs GmbH
	Deloitte Salzburg Wirtschaftsprüfungs GmbH
	Deloitte Tirol Wirtschaftsprüfungs GmbH
	Deloitte Wirtschaftsprüfung Styria GmbH
Belgium	Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Bulgaria	Deloitte Audit OOD
Croatia	Deloitte d.o.o. za usluge revizije
Cyprus	Deloitte Limited
Czech Republic	Deloitte Audit s.r.o.
	Deloitte Assurance s.r.o
Denmark	Deloitte Statsautoriseret Revisionspartnerselskab
Estonia	AS Deloitte Audit Eesti
Finland	Deloitte Oy
France	Deloitte & Associés
	Deloitte Marque & Gendrot
	Deloitte Audit Holding
	BEAS
	Cisane
	Constantin Associés
	D. Associations
	DB Consultant
	ECA Audit
	Opus 3.14 Audit et Conseil
	Pierre-Henri Scacchi et Associés
	Revi Conseil
	Germany
Deutsche Baurevision GmbH Wirtschaftsprüfungsgesellschaft	
SüdTreu Süddeutsche Treuhand GmbH Wirtschaftsprüfungsgesellschaft	

EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Greece	Deloitte Certified Public Accountants S.A.
Hungary	Deloitte Könyvvizsgáló és Tanácsadó Kft.
Iceland	Deloitte ehf.
Ireland	Deloitte Ireland LLP
Italy	Deloitte & Touche S.p.A.
Latvia	Deloitte Audits Latvia SIA
Liechtenstein	Deloitte (Liechtenstein) AG
Lithuania	Deloitte Lietuva UAB
Luxembourg	Deloitte Audit
Malta	Deloitte Audit Limited
Netherlands	Deloitte Accountants B.V.
Norway	Deloitte AS
Poland	Deloitte Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa Deloitte Audyt spółka z ograniczoną odpowiedzialnością Deloitte Assurance spółka z ograniczoną odpowiedzialnością
Portugal	Deloitte & Associados, SROC S.A.
Romania	Deloitte Audit SRL
Slovakia	Deloitte Audit s.r.o.
Slovenia	Deloitte Revizija d.o.o.
Spain	Deloitte, S.L.
Sweden	Deloitte AB

Disclosure in accordance with Article 13.2 (b)(iv) of the EU Audit Regulation

The total turnover achieved by the audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements: €2.3 billion⁷

⁷ Amount represents an estimate determined based upon best efforts to collect this data. Certain Deloitte audit firms registered to perform statutory audits in respective member states provide statutory audit services as well as other audit, assurance, and non-audit services. While Deloitte endeavored to collect specific statutory audit turnover for each EU/EEA Deloitte audit firm, in certain cases turnover from other services has been included. The turnover amounts included herein are as of 31 May 2023, except for a limited number of instances where a Deloitte audit firm has different financial year-end or has not finalized its reporting for such period. In these cases, turnover amounts are for the relevant financial year or preceding financial year. Where currency other than the Euro is used in the member state, the amount in Euros was translated using an average exchange rate in effect for the period 1 June 2022 to 31 May 2023.

Appendix B | Financial information

Disclosure in accordance with Article 13.2 (k)(i)-(iv) of the EU Audit Regulation

The breakdown of Deloitte LLP's financial year 2023 turnover:

Turnover	Canadian Dollars
Revenues from the audits of financial statements of non-EU companies with transferable securities admitted to trading on regulated markets in the EU	9,870,087
Revenues from permitted non-audit services of non-EU companies with transferable securities admitted to trading on regulated markets in the EU	1,054,820
All revenues of Deloitte LLP	3,968,450,000

Appendix C | Public interest entities

Disclosure in accordance with Article 13.2 (f) of the EU Audit Regulation

Audits of financial statements of non-EU companies with transferable securities admitted to trading on regulated markets in the EU by Deloitte LLP, in the Financial Year 2023:

Name	FYE
National Bank of Canada	October 31, 2022



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