



2024 Transparency Report
Deloitte Canada
September 27, 2024



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A message from leadership



Our aspiration: Becoming the undisputed leader in quality

Quality is foundational. It is the entry price to serve our clients, our communities, and the public interest. Quality does not happen by accident; it is an output of many seemingly small activities that happen every single day. Quality happens when we are focused on being great in delivering our mandates. Quality leadership requires discipline and investment which are continuous priorities for us. Incumbents that are not investing in wellbeing and technology to power their professionals and their processes will not be able to stay ahead of the curve – this is a simple fact.

We remain committed to being innovative, making significant investments in technology and our people, and leading the dialogue on world-class execution. Taken together, these actions result in leading quality.

The 2024 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 [2023/2024 Audit Quality Report: The evolution of great](#) published in February 2024.

Through our Call to Service, we continue to serve our communities with a focus on the public interest, the wellbeing of the financial ecosystem, and delivering value to our clients and community partners. We are not satisfied until we are the undisputed leader in delivering a service to a level of quality that sets the example.

Let us seize the opportunities that lie ahead, further strengthen our culture of quality, and inspire others to reach new heights. We remain committed to exceeding your expectations and fostering mutual success.

Best regards,

A handwritten signature in dark 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 through Deloitte Touche Tohmatsu Limited, a member firm of Deloitte Touche Tohmatsu Limited. Deloitte LLP is referred to throughout this report as “Deloitte Canada” and 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.

Deloitte Canada provides a wide range of professional services under the following business units: Audit & Assurance (A&A), Strategy, Risk & Transactions, Tax & Legal, Transformation & Technology and OperateNext. The related services to public and private companies span multiple industries provided by over 16,000 professionals in 20 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 DTTL, a globally connected network of DTTL 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 respective related entities and establishes policies and protocols with the objective of promoting a consistently high level of quality, professional conduct, and service across the Deloitte network. DTTL does not provide services to clients and does not direct, manage, or control any member firm or any of their respective related entities.

¹ Throughout this report, the terms “Deloitte, we, us, and our” refer to 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).

“Deloitte” is the brand under which approximately 460,000 dedicated professionals and practitioners in independent member firms (or their respective related entities) throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to select clients. These member 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 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 audit and assurance clients under the rules and regulations applicable to audit firms. DTTL, and each DTTL member firm and each of its related entities, are legally separate and independent, cannot obligate or bind any other, and are liable only for their own acts and omissions, and not those of any 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 16 members, including the Chair and Executive Officer and 14 elected members, and in addition there are three Independent Directors and an observer from another member firm that participate in board and board committee meetings. 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. Deloitte Canada’s 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 matters 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 |
| Raj Bhogal*, Alberta, Audit & Assurance |
| Linda Blair*, Ontario, Technology & Transformation |
| Jason Downing, Ex-officio |
| Christian Racicot, Independent Director |
| Anne-Marie Ethier, Quebec & National Capital Region, Audit & Assurance |
| Kevvie Fowler, Ontario, Technology & Transformation |
| Fernando Gaziano Perales, Chile, Strategy, Risk & Transactions |
| Jonathan Goodman, Ontario, Strategy, Risk & Transactions |
| Karen Higgins*, Ontario, Audit & Assurance |
| Roberta Jamieson, Independent Director |
| Fatima Laher, Ontario, Tax & Legal |
| Ivor Luk, British Columbia, Strategy, Risk & Transactions |
| Chris Lynch, Ontario, Strategy, Risk & Transactions |
| Charles Perron*, Quebec & National Capital Region, Technology & Transformation |
| Marc Perron, Quebec & National Capital Region, Audit & Assurance |
| Samantha Welscheid, Quebec & National Capital Region, Audit & Assurance |

*Also members of the Audit Quality Working Group

Deloitte Canada and Chile – Service Leadership Team (SLT)

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|--|
| Anthony Viel (AV), Executive Officer |
| Bev Pao, Executive Office Lead |
| Philippe Bélair, Operations Officer |
| Georgina Black, Growth Officer |
| Cheryl Manuel, Relationships Officer |
| Pascal Ocean, Culture & People Officer |
| Nicole Torgrimson, Commercial Officer |
| Blaine Woodcock, Strategy & Transformation Officer |

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

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|--|
| Anthony Viel (AV), Executive Officer |
| Bev Pao, Executive Office Lead |
| Philippe Bélair, Operations Officer |
| Georgina Black, Growth Officer |
| Cheryl Manuel, Relationships Officer |
| Pascal Ocean, Culture & People Officer |

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| Nicole Torgrimson, Commercial Officer |
| Blaine Woodcock, Strategy & Transformation Officer |
| Joe Arumainayagam, Managing Partner, Technology & Transformation |
| Susan Bennett, Managing Partner, Audit & Assurance |
| Christian Duran, Chile & Vice-Chair SPC Representative |
| James Gordon, Managing Partner, Government & Public Services |
| Mark Jamrozinski, Managing Partner, Private Equity |
| Jennifer Lee, Vice-Chair SPC Representative |
| Jeff Lyons, Vice-Chair SPC Representative |
| Brian McKenna, Risk Officer |
| Carine Michel, Managing Partner, Consumer |
| Geneviève Provost, Managing Partner, Tax & Legal |
| Sarah Qadeer, Legal Officer |
| Raman Rai, Managing Partner, Financial Services |
| Jenny Sheeran-Isenor, Financial Officer |
| Dejan Slokar, Ecosystems & Alliance Officer |
| Peter Sozou, Managing Partner, Strategy, Risk & Transactions |
| Andrew Swart, Managing Partner, Energy, Resources & Industrials |
| Michael Tang, Managing Partner, Technology, Media & Telecommunications |
| Karen Werger, Vice-Chair SPC Representative |
| Erick Vandeweghe, Managing Partner, OperateNext JV |

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 Quality & Risk Executive (GAAQRE) | The GAAQRE sets the Global Audit & Assurance Quality & Risk oversight strategy and executes it through the member firms. |
| GAALEX – Global Audit & Assurance Learning Executive | This Executive recommends the direction for the global audit learning and approves the global learning curriculum for technical audit and accounting learning. |
| Deloitte Global Monitoring and Remediation | 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. |

| Deloitte Canada - Network Group Participation | |
|---|--|
| Global Methodology Advisory Group (GMAG) and related working groups | GMAG determines global audit methodology and policies. |
| International Standard on Quality Management (ISQM1) Task Force | The Task Force’s objective is to create global resources and tools to be applied across the network for the ongoing execution of ISQM1, including leveraging our global Quality Management 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. |
| Global A&A Operations Executive | Meeting with A&A Operations executives across member firms to discuss global operational strategy, member firm plans and performance. |
| Global Deloitte Private Executive | Meeting with Deloitte Global Private executives to discuss global strategy. |
| Global A&A Talent Executive (GAATE) | Meeting with Deloitte Global A&A Talent executives to discuss global talent strategy. |

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 audit and assurance engagements and making leading contributions to shaping the future of the profession.

For more information, please refer to [Deloitte Global Purpose](#).



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

A focus on quality

Deloitte's commitment to 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 and other stakeholders, as well as to promote the effective functioning of the capital markets. Deloitte is keenly aware of our obligation to deliver audit and assurance 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 the regulatory requirements and conforming to the expectations. Deloitte aims to go beyond the expected to set the standard of excellence for the profession. In keeping with that objective, our commitment to quality is unequivocal.

Deloitte Global leadership

The Deloitte Global Audit & Assurance Executive, which includes the Audit & Assurance Business Leaders from the larger member firms is led by Jean-Marc Mickeler, the Deloitte Global Audit & Assurance Business Leader. His responsibilities include working with the member firms to define and drive the 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 stakeholders.

The company we keep

As part of Deloitte's Audit & Assurance commitment to supporting the capital markets, we are focused on engaging with entities where it serves the public interest and where we have the

capabilities to perform quality work objectively 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. Our audit and assurance portfolio risk appetite statement serves as the foundation for the company we 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 stakeholders 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, independence, and conflicts of interest assessments.
- Considers the client's management team to act with integrity and in alignment with our shared values.

Fewer, stronger member firms

As a locally registered and regulated audit firm in Canada, we have decision-making authority regarding regulatory matters and professional obligations and maintain ultimate responsibility for the execution of audit and assurance services in accordance with professional standards and local laws and regulations. Deloitte Canada is responsible for maintaining and operating an effective system of quality management to support the performance of high-quality audit and assurance engagements. As a member firm within the Deloitte network, we work in close cooperation with the other member firms and benefit from additional oversight of quality, risk management, and monitoring activities. This structure fosters shared investment in innovation and resources as well as the sharing of leading practices across the network, driving standardization and consistency across the audit and assurance business and contributing to our collective aspirations of continuous improvement in quality.



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 stakeholders 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 goes beyond expectations.

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.

The Audit & Assurance transformation and change strategy is focused on the following outcomes:

| | |
|---|--|
| Transform and technology- enable A&A execution to harness the power of innovation | Continuously evolve Deloitte’s A&A products to respond to future stakeholder needs |
| Transform the talent experience including the use of extended delivery models | Support our people through transformation and change consistently across the globe |

Delivering 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 engagements 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 services we deliver while also creating a richer talent experience for our people and clients.

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

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 engagements of all sizes and levels of complexity. Deloitte Omnia is our cloud-based, end-to-end delivery platform for large and complex engagements, while Deloitte Levvia delivers a streamlined, right-sized digital experience for low risk, less complex entities. Ongoing enhancement and global deployment of both platforms are well underway and will continue as we embed further innovation for a differentiated client and auditor experience.

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 A&A's GenAI strategy

Deloitte A&A is continuing to invest in artificial intelligence innovation, and we have already made significant progress on transforming the delivery of our work with our innovative technologies, using digital tools such as Deloitte Omnia and Deloitte Levvia. We are focused on ethical and responsible use of GenAI for both clients and our people:

- Within the entities we audit, we are evaluating the impact of AI implementation on financial reporting and other disclosures, as well as the entity's assessment and response to AI-related risks (including related internal controls). We expect that companies will begin to adopt and incorporate AI into their business processes, and we will be ready to consider any relevant implications to the financial reporting processes.
- We are assessing how we can use Gen AI in our audits and remain focused on harnessing the power of cognitive technologies within our Deloitte Omnia and Deloitte Levvia platforms. We have award winning solutions in use today such as DocumentAI, and many GenAI enabled applications coming soon to our platforms. Going forward, we believe Gen AI will further support our auditors in delivering high quality audits including supporting further risk-sensing, identification of potential issues, and automation of certain processes. Professional skepticism and the skill set that we rely on as auditors today will however continue to be critical to responsible use and evaluation of AI, specifically Gen AI.
- Finally, we are investing heavily in learning and development for Deloitte A&A practitioners and professionals, training them on the impact of Gen AI, its risks, limitations, and expectations about how to use Gen AI effectively on their engagements.

Sustainability 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 stakeholders 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 environmental, social, and governance (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 stakeholders. Deloitte's audit approach is designed to promote consistent and appropriate consideration of climate-related risks and opportunities that enable a deeper understanding of potential impacts of climate change on the financial statements to enable evaluation and well documented conclusions. We continue to emphasize this with our people through learnings, guidance, and other resources.

The evolution from traditional financial reporting to broader corporate reporting is happening at pace, with significant standard-setting activity driving companies to ready themselves for new or enhanced disclosure requirements. The IFRS Sustainability Disclosure Standards published by the International Sustainability Standards Board (ISSB) create a global baseline for sustainability reporting. Other jurisdictions have passed their own corporate reporting requirements, notably the EU's Corporate Sustainability Reporting Directive (CSRD), which mandates reporting in accordance with European Sustainability Reporting Standards (ESRS) and has significant extraterritorial reach, and the US SEC's climate disclosure rule, which requires registrants to disclose climate related risks. Deloitte is a strong advocate for enhanced sustainability reporting and recognizes the important role we play in raising awareness of these new requirements through active stakeholder engagement.

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

Corporate reporting standards and regulatory requirements are intended to drive better connectivity between financial and non-financial reporting and to help users of corporate disclosures better understand and compare information about entities. To be effective, these standards need to enable corporate reporting that is comparable, based on a global baseline, and supplemented by local considerations where warranted. Given the comprehensive nature of certain sustainability reporting requirements and the pace at which it has been developed, further guidance and interpretation is needed in the marketplace to support both preparers and users of the information. As these standards are brought into regulation around the world, so too are the associated enforcement, monitoring, governance and controls, assurance, and training mechanisms. It is critical that the entire sustainability reporting ecosystem—including standard-setters, policy makers, and regulators—work together to limit fragmentation in support of consistent, comparable disclosures.

The developments in standard-setting and rulemaking make clear that information in financial reporting and information contained in sustainability reporting together are essential inputs to inform a stakeholder's 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. 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 stakeholders' expectations may not be met by financial statements prepared in accordance with current accounting frameworks. As corporate reporting continues to evolve and stakeholders accommodate and adapt to market shifts and public sentiment, it is important to allow for appropriate due process to develop robust standards applied consistently across the globe and to drive reporting that is responsive to the growing asks of investors and other stakeholders.

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

Assurance

With the heightened focus and scrutiny of ESG reporting also comes the need for confidence over the quality of disclosures in the form of independent assurance. Assurance over sustainability reporting is increasingly becoming mandatory, as demonstrated by the corporate reporting regulations passed in the European Union that require limited assurance with an expectation to move to reasonable assurance in future years.

The growing demand for sustainability assurance highlights the importance of professional standards that enable consistent, high-quality execution globally. Deloitte is supportive of the IAASB's work to develop a global sustainability assurance standard, ISSA 5000, as a global baseline for sustainability assurance. Widespread adoption of ISSA 5000 is critical to avoid the undue complexity and cost associated with fragmented assurance standards.

Deloitte is well positioned to deliver high quality assurance on ESG information. As auditors, we uphold the core tenets of integrity, credibility, and objectivity and abide by professional requirements regarding competence, independence, and systems of quality management. Our audit work and related systems are 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 addresses both voluntary ESG reporting and mandatory reporting requirements:

- Developing and enhancing guidance for performing ESG assurance through Deloitte's global sustainability assurance methodology, which includes supplemental guidance for specific sustainability reporting standards and frameworks.
- Building capacity through global and localized learning focused on ESG.
- Developing and starting to deploy technology-enabled solutions, such as a tool to evaluate a company's sustainability disclosures against common ESG standards.
- 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 with the IFRS Foundation, the International Auditing and Assurance Standards Board (IAASB), and the International Ethics Standards Board for Accountants (IESBA).
- Actively participating in various global platforms such as the World Economic Forum and the 2023 UN Climate Change Conference (COP28).

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 is committed to [WorldClimate](#), a strategy to drive responsible climate choices within the Deloitte network and beyond.

Refer to the upcoming issuance of the 2024 Deloitte Global Impact Report for the complete report on this important initiative.

Multidisciplinary model (MDM)

Deloitte's MDM brings the breadth and depth of services across Deloitte's businesses, connecting many different disciplines to provide expertise and broad perspective. The MDM is a core strength of Deloitte and will remain the foundation of our strategy. Our current strategy and business model have a positive impact on quality.

Specifically, the scope of corporate reporting is expanding and transforming considerably every day with the emerging voluntary and mandatory disclosure requirements around ESG, cyber, AI, data privacy, and more. Deloitte prides itself on having a deep bench of independent specialists who can be deployed around the world on audit and assurance engagements to provide subject matter expertise and new, insightful perspectives.

Other 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 audit and assurance services.
- The breadth of the MDM creates richer career paths and mobility for our people making the business attractive to candidates who may not want to limit their career options to providing audit and assurance services only.
- The global 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, cross-border 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.

While we are always evaluating ways to improve Deloitte's ability to deliver on our public interest mandate, we remain confident that Deloitte's MDM and our shared purpose and values make us well-positioned to navigate future challenges while continuing to lead with quality.

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.

Shaping the future of the 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.

In today's 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 high degree of market and economic volatility in the near term.

Greater transparency benefits the public, just as raising awareness about issues, especially when all corporate reporting ecosystem stakeholders participate. More clarity about the unique and complementary responsibilities of management, audit committees, entities, auditors, regulators, and other stakeholders 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 geopolitical and economic uncertainty. Rather, investors and other stakeholders 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.

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.

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 improve our 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 stakeholders, 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.

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 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. We support and empower our people to achieve their full potential by valuing and demonstrating diversity, equity, inclusion, and wellbeing.

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 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 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 interest entities. The combined curriculum is designed to cultivate the skills and instill 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 engagements to support their knowledge and understanding. In addition, our curriculum for assurance and advisory practitioners 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 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 that all mandatory learning is completed by the established deadlines. Deloitte fosters a culture of continuous learning and client service professionals are held accountable for embracing this principle.

Deloitte University

Deloitte actively cultivates the collective knowledge and skills of Deloitte people globally through continued investment in Deloitte Universities (DU), the cornerstone of our organization's commitment to leadership development and technical training for Deloitte people around the world. 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. Since opening the Westlake, Texas location in 2011, we've launched additional facilities in Brussels, Hyderabad, Mexico City, Paris, Singapore, and Toronto, and have a new site under construction in Beijing. Being together for "moments that matter" is critical as we develop the next generation of leaders, as well as create—and strengthen—the connections that are so important to succeeding in a global organization serving multinational clients.

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

Audit & Assurance Leadership appointments

Critical Audit & Assurance leadership roles are clearly defined. A role profile and future leader 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 goal 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 is expected from all practitioners and is embedded across the Deloitte network. This 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: people & culture, financial 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 people & culture, client, financial performance, and quality. 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 reviews and approves the recommended compensation or earnings allocation established by Business Managing Partners and their leadership team for all partners except those on the Service Leadership Team (SLC) and Service Partnership Council (SPC). This committee considers the perspectives of our businesses, regions, industries and talent teams. There is also thoughtful consideration of the quality performance of each partner as established through a comprehensive quality assessment process completed 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 to their Board duties in addition to their practitioner contribution and impact.

Attraction and retention

The current environment for talent is extremely competitive and attraction and retention of our people is a strategic priority for Deloitte. 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 continuously looking at opportunities to collectively expand the talent experience for our people.

Aligned to our talent value proposition, we continue to provide our people with opportunities to be empowered to grow in their career and provide them with meaningful work to realize their full potential in Audit & Assurance.

This focus on our people and retention of top talent enhances Deloitte's ability to deliver quality. Deloitte continues to receive recognition and awards across the globe for its commitment to delivering an unrivalled talent experience for its people. Deloitte Canada was recognized through Great Place to Work as a Best Workplace for Today's Youth, Best Workplace with Most Trusted Executive Teams, and Best Workplaces for Women.

Deloitte's priority focus on quality

Deloitte's commitment to quality is central to everything we do. We consistently deliver on this commitment by instilling a culture of quality, integrity, and excellence across the network, establishing business and financial priorities, and developing effective processes, tools, and technologies applied in the execution of engagements. Deloitte's brand is defined by the high-quality audit and assurance services delivered and by the unwavering commitment to continuous improvement of our systems of quality management. Keeping 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, integrity, and excellence begins with a strong tone from the top—from senior leadership through to the leaders in all our offices and audit and assurance engagements. This commitment is demonstrated through the direct involvement of leaders in initiatives emphasizing that quality and professional behavior is the highest priority for audit and assurance practitioners at all levels and consistent messaging that reinforces the importance placed on executing high-quality engagements. Deloitte sets high ethical standards for the conduct of all its professionals and embeds integrity expectations into the Deloitte Global Principles of Business Conduct.

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 SQM is crucial for the consistent performance of high-quality 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 the effectiveness and continued improvements in firms' SQMs. Deloitte Canada complies with CSQM 1 which requires annual evaluation of the SQM.

CSQM 1 includes 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 CSQM 1 has been and remains a key element of Deloitte's global audit and assurance quality strategy.

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 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 efforts relating to CSQM 1 and our SQM provide us the opportunity to continually challenge ourselves—examining those areas where we can further enhance and transform our SQM. Quality is always front and center, and robust quality monitoring processes play an integral role in our ability to continually improve.

CSQM 1 requires an annual evaluation of the SQM. Deloitte Canada performed its annual evaluation of its SQM as of June 1, 2024.

On May 13, 2024, the PCAOB adopted a new standard, Quality Control (QC) 1000, *A Firm's System of Quality Control*, which requires all PCAOB registered firms to identify their specific risks and design a QC system that includes policies and procedures to guard against those risks. Subject to approval by the U.S. Securities and Exchange Commission, the new standard and related amendments will take effect on December 15, 2025.

Conclusion on the effectiveness of the SQM

Deloitte Canada is responsible for designing, implementing, and operating a 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 CSQM 1.

Deloitte Canada concluded that the SQM provides the firm with reasonable assurance that objectives of the SQM are being achieved as of June 1, 2024.

Reasonable assurance is obtained when the SQM 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 audit and assurance engagements 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 is reflected in Deloitte policies, methods, procedures, and learning, and is reinforced through quality management and accountability measures.

Audit & Assurance approach

Deloitte's approach to performing a high-quality engagement involves the use of audit and standards-based assurance methodologies, common across the Deloitte network, supplemented by tools for use by our practitioners to plan, perform, supervise, review, document, conclude, and communicate the results of each engagement. Deloitte's approach is underpinned by professional standards, as well as the 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 methodologies are also dynamic—it evolves continuously to keep pace with the changing demands of investors, companies, and other stakeholders. 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 engagements.

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

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

Consultation

Quality and risk management considerations are integral to Deloitte's audit and assurance business and to the performance of 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, or others in the organization with specialized knowledge, through our "Raise Your Hand" Program. This program supports and empowers our practitioners to voice their challenges and seek help whenever they need it.

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



External and internal quality monitoring

Monitoring of quality

A continued focus on quality is of paramount importance to the Deloitte brand. It is critical that a Deloitte engagement 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 SQM 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 SQM and the assessment of the effectiveness of remedial actions in driving improvements in audit quality.

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.

Key components of SQM monitoring include:

- Risk-based approach to selecting business processes, quality risks and responses to monitor.
- Mandatory moderation panel to drive consistency in evaluating findings and deficiencies.
- Quality Management Observers and deputies, independent of Deloitte Canada, who drive global consistency by providing input and sharing best practices for monitoring programs.
- Identifying appropriate resources with the right experience.

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



Monitoring of in-process engagements

Continuous quality monitoring by Deloitte Canada involves the proactive identification of 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 and assurance quality leader(s) to continuously monitor quality and take immediate action.
- Program of subject matter specific such as "health checks" to assist Deloitte Canada audit and assurance quality leaders in assessing progress and identifying potential issues on in-process engagements.
- Results of monitoring are evaluated overall to determine whether additional communication and support is needed for engagement teams with respect to adherence to the 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.
- Moderation panels to drive consistency in findings and engagement ratings.
- Quality Management Observers 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.



External inspections

In addition to Deloitte Canada's own monitoring of 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, the PCAOB and Provincial CPA institutes 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 inspection processes of those regulatory bodies are an important element in achieving our shared objectives. The scope of their inspections includes an evaluation of the quality of the audit work performed on selected audits, as well as a review of certain 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. At the end of the firm inspection, CPAB meets with firm leadership to discuss the overall inspection results, then issues its inspection report. The inspection report is a private communication between CPAB and the firm and includes recommendations to improve audit quality, resulting from both file inspections and the evaluation of the firm's system of quality management.

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) 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. In Fall 2023, CPAB conducted a public consultation on proposed changes to their rules and legislation in order to implement their intended second phase changes and, after considering the feedback received, CPAB believes there is broad support for them to proceed with obtaining the approvals required to complete the amendments to their rules. The planned rule changes will be effective once CPAB has obtained all approvals from the relevant provincial legislators and securities regulators. The final implementation of the disclosure related rule changes in Ontario will be dependent on amendments to the Ontario CPAB Act. Whether such amendments are made, and the timing of such changes, are subject to the discretion of the Ontario legislature. If legislative amendments are passed by the end of 2024, CPAB intends to implement the planned disclosure related changes for the 2025 inspection cycle.

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.

Provincial CPA institutes' practice inspections are conducted by the regulatory bodies of the CPA profession at the provincial level. The primary objective of practice inspections is to ensure compliance with professional standards by reviewing a sample of files and to evaluate the effectiveness of a firm's quality control. If any deficiencies or non-compliance issues are identified during the inspection, the CPA institute provides recommendations and guidance to the firm for remediation. Follow-up inspections may be conducted to ensure that the firm has taken appropriate corrective actions. It is important to note that the specific scope of practice inspections may vary among provincial CPA institutes, as they have their own guidelines and procedures. However, the overall objective remains consistent across all jurisdictions, which is to uphold the integrity and professionalism of the CPA profession and to protect the public interest.



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 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 network services that a firm uses in the design, implementation, and operation of their system of quality management, including:

Technological resources: 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.

Intellectual resources: Independence policy, e-learning, confirmation templates, monitoring instructions and other tools, templates, and guidance.

Human resources: Technical independence expertise, as required, which also informs potential enhancements to intellectual resources.



Participates in various elements of a firm's **system of quality management** monitoring and remediation process, as determined to be appropriate.



Promotes **independence awareness** across the Deloitte network through active engagement with independence and business leadership groups and periodic communications, alerts, technical training, and webcasts.

Deloitte Canada Independence

Deloitte Canada has response activities 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

| | |
|---|--|
|  | 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 partners working on the audit engagement 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 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.

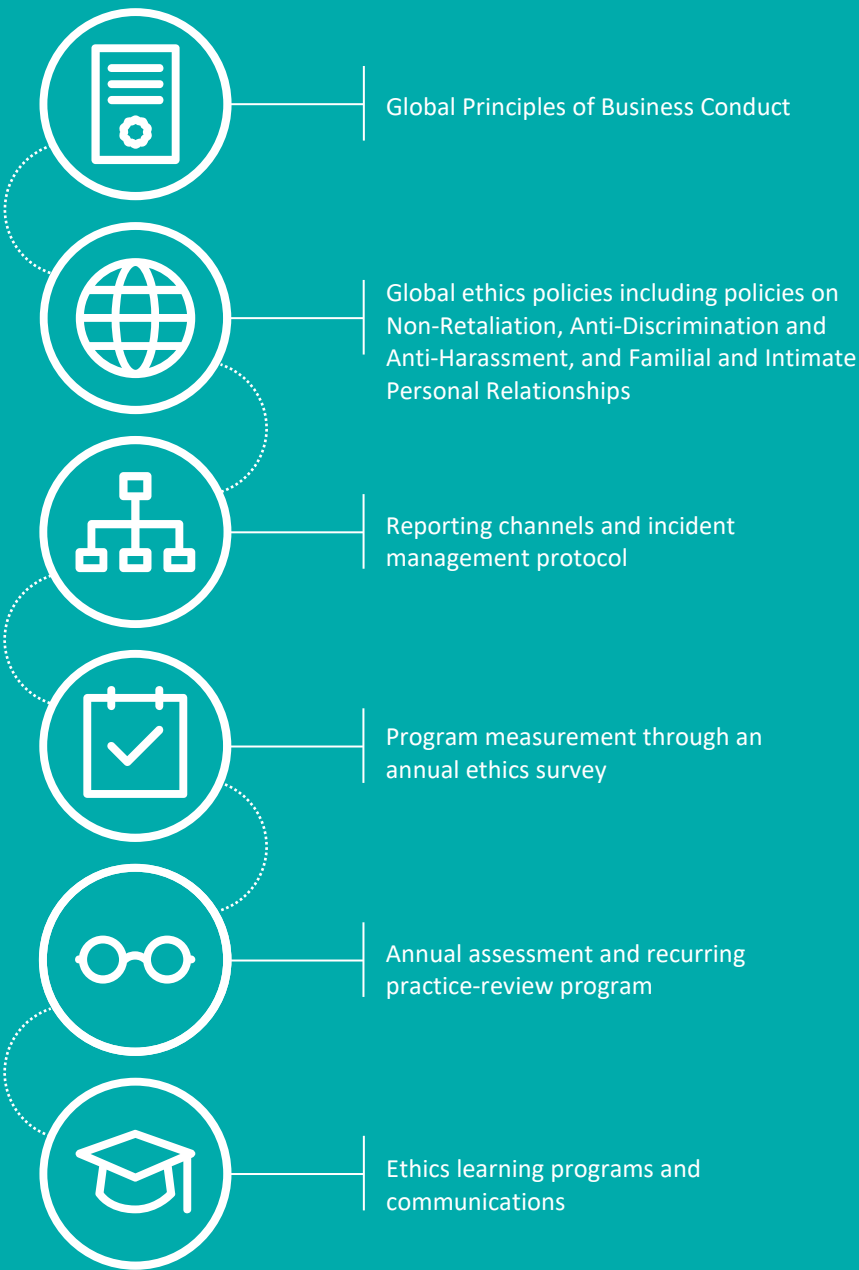
Deloitte Canada reinforces its commitment to ethics and integrity through communication tools, learning programs, compliance processes, and measurement systems for all people. Learning includes targeted content for onboarding, manager and senior manager promotion, partner admission, independent contractors, and refresher programs every two years. Recent global training topics have included a focus on the importance of owning up to one’s mistakes, being an active bystander, navigating personal relationships in the workplace, demonstrating respect, integrity and professionalism on social media, and ethical learning, 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 460,000 people, giving a strong, principled foundation. The foundations of the network’s ethics program are 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 |
| | Constantin Associés |
| | Pierre-Henri Scacchi et Associés |
| | Revi Conseil |
| Germany | Deloitte GmbH Wirtschaftsprüfungsgesellschaft |
| | Deutsche Baurevision GmbH Wirtschaftsprüfungsgesellschaft |
| | SüdTreu Süddeutsche Treuhand GmbH Wirtschaftsprüfungsgesellschaft |
| 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. |

| EU/EEA member state | Name of audit firms carrying out statutory audits in each member state |
|---------------------|---|
| 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 Auditores, 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: €1.9 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 2024, 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 2023 to 31 May 2024.

Appendix B | Financial information

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

The breakdown of the Deloitte LLP’s financial year 2024 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 | 10,895,704 |
| Revenues from permitted non-audit services of non-EU companies with transferable securities admitted to trading on regulated markets in the EU | 713,561 |
| All revenues of Deloitte LLP | 3,915,458,000 |

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 2024:

| Name | FYE |
|-------------------------|------------------|
| National Bank of Canada | October 31, 2023 |



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