



Our commitment to audit quality

Information for audit committees,
investors and other stakeholders

Ernst & Young LLP

November 2024

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



Shape the future
with confidence

Audit committees, investors and other stakeholders

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

As leaders of Ernst & Young LLP (EY US or the Firm), we focus on making sure our people understand the importance of doing the right thing, and we foster a culture of accountability. In our audit practice, that means executing every audit with professional skepticism and due care, independence, and objectivity in accordance with professional standards. Quality and integrity are the bedrocks of our work.

Talent and technology will shape the future. We are investing \$1 billion¹ over three years to make the accounting profession more attractive and help our global organization develop new tools to enhance the quality of our work. We are confronting the profession-wide problem of fewer young people choosing to become certified public accountants (CPAs) head on by significantly raising salaries for our early-career CPA-track professionals and providing a broader array of experiences to help them develop the skills they need to become business leaders. We believe that our talent strategy differentiates us, and we are committed to investing in both talent and technology.

We also continue to focus on the well-being and development of our professionals. While we remain committed to giving our people the flexibility to work remotely part of the time, our professionals now work together regularly in person, which we believe reinforces our culture and provides more opportunities for on-the-job training; they also get together in person for learning events. Building diverse teams remains a priority because we believe these teams make better decisions and are more innovative.

Using innovative technology to enhance audit quality is also an important part of our strategy, and we continue to benefit from

our investment in new tools, the enhancement and integration of our current tools, the automation of routine aspects of the audit, and the exploration of further use of cutting-edge technology such as artificial intelligence (AI). This technology also helps our teams apply their deep technical skills and industry experience to provide valuable insights to the companies we audit that help them improve their own processes.

Above all, we are committed to performing high-quality audits. We are seeing improvement in our external inspection results due to our efforts over the past two years, and we are confident that the actions we are taking will result in sustained audit quality and continue to drive lower inspection findings. These efforts include standardizing our work, simplifying our audit approach, embedding a continuous improvement mindset in our culture, expanding our use of centralized teams to support audit teams on various topics, refreshing our approach to learning and developing our people, managing the size of our audit portfolio to position ourselves for responsible growth going forward, and strengthening our processes where necessary.

We attribute the improvement we have already seen in our inspection results to these actions and anticipate further improvement in the future. The Public Company Accounting Oversight Board (PCAOB) recently issued its 2023 inspection report (generally covering audits of 2022 financial statements) showing that our findings rate declined from the spike in our 2022 inspection report. We anticipate that our findings rate will decline further when the PCAOB issues its 2024 inspection report (generally covering audits of 2023 financial statements).

We are committed to promoting confidence in the capital markets by performing high-quality audits. From our most senior leaders to the most junior members of our audit teams, we are each held accountable for the quality of the Firm's audits. Please reach out to any of our partners or managing directors if you would like to learn more.



A handwritten signature in cursive script.

Julie A. Boland
US Managing Partner
Ernst & Young LLP



A handwritten signature in cursive script.

Dante P. D'Egidio
US Vice Chair - Assurance
Ernst & Young LLP

We define audit quality as:

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

The result:

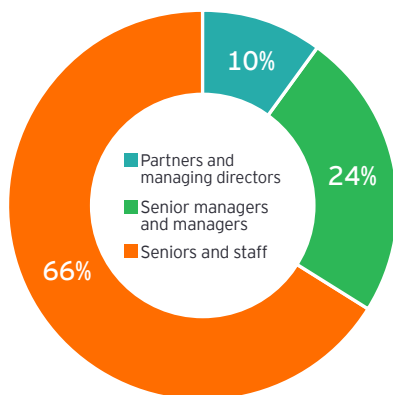
Independent audit opinions that promote trust and confidence in the capital markets

A snapshot of key metrics

Our people

13,540

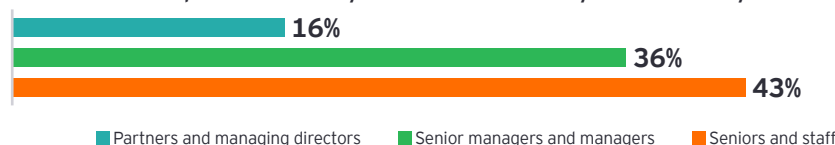
US audit and IT professionals by rank



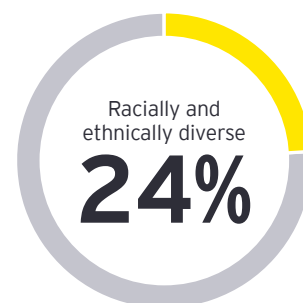
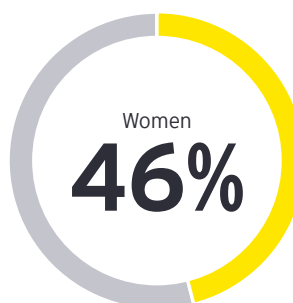
US audit and IT professionals by rank who are women



US audit and IT professionals by rank who are racially and ethnically diverse



Percentage of newly promoted US audit and IT partners and managing directors



Executing the audit

Ratio of Quality Network and Professional Practice partners and managing directors to all audit and IT partners and managing directors

1:6

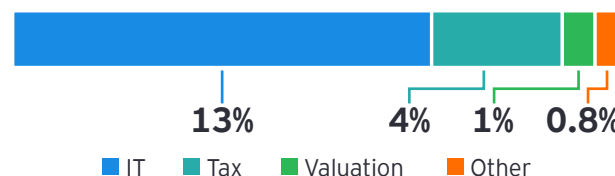
In a recent people survey of our audit and IT professionals,

98% say they understand that consistently performing quality audits serves the public interest and

98% believe they have a personal responsibility for delivering quality on their audits.

Percentage of US public company audit hours generated by EY US professionals with specialized skills

18.8%



See [endnotes](#) 2 through 7 for descriptions of how these metrics were calculated.

Our commitment to audit quality

We are continuing to implement our plan to consistently perform high-quality audits and reinforcing for all of our people the cornerstones of our culture – being independent and objective, acting with integrity, exercising professional skepticism, and being accountable for the quality of our work.

Actions to enhance the quality of our audits

We are continuing to implement our multiyear transformation strategy, which is designed to improve audit quality in both the short and long term.

Our transformation strategy focuses on:

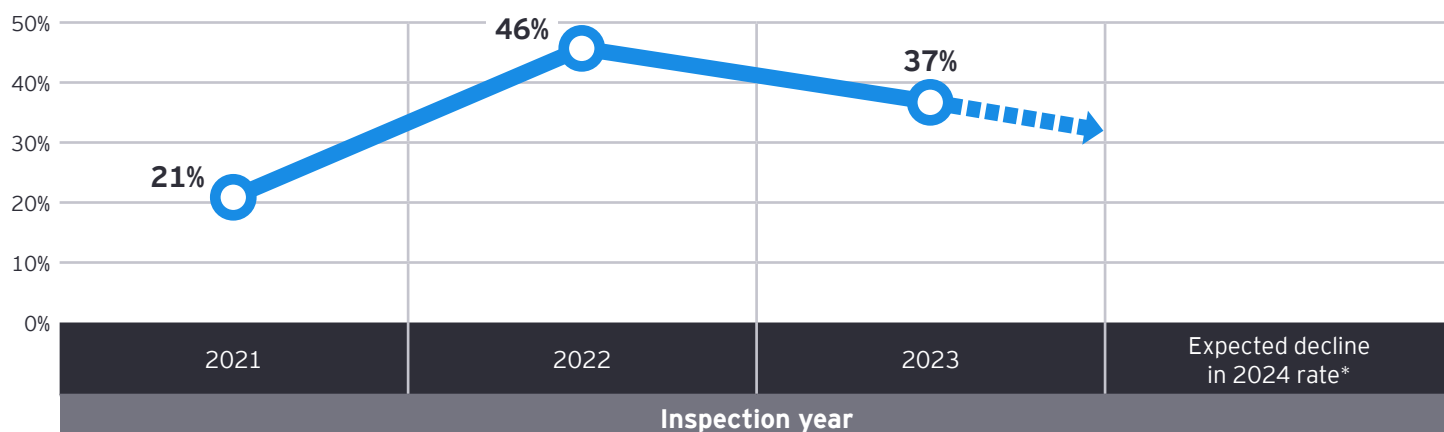
- Simplifying and standardizing our audit approach
- Building centralized teams on various topics
- Embedding a continuous improvement mindset in our culture

We took a number of steps over the past year to more fully integrate the approximately 2,200⁸ IT professionals who work on audits into our audit teams. They are now part of our Assurance practice, with priorities, training and an accountability framework that closely align with those of the audit practice.

We are also managing the size of our public company audit portfolio to accelerate our transformation efforts and position ourselves for responsible growth going forward. As of the end of our latest fiscal year, we audited about 10%⁹ fewer public companies than we did two years earlier. We nevertheless have the leading market share among auditors of Fortune 250 companies (29%) and Fortune 500 companies (28%) and audit six of the 10 largest companies on the Fortune lists.⁹

While we recognize that we still have work to do, we are confident that the actions we have taken and those we continue to take will drive greater consistency in our audit execution and strengthen our system of quality control. We are encouraged by the improvement we have seen in our PCAOB inspection findings over the last two years. As shown in the graph below, the continued improvement in our PCAOB inspection findings rate indicates that we are taking the appropriate actions to achieve sustained, lower external inspection findings. Our 2024 inspection findings are not yet finalized, and we will provide an update when available.

Our PCAOB inspection findings rate is improving¹⁰



*Based on preliminary results

Current actions we are taking to enhance the quality of our audits include:

- Expanding the use of standardized work programs and workpapers
- Using a new tech-enabled process to help our teams perform comprehensive risk assessments at the business and account levels
- Streamlining our audit methodology and employing intuitive tech and enablement
- Expanding our use of centralized teams to support teams on both complex and routine topics
- Requiring teams to apply continuous improvement concepts on our public company audits, which emphasize timely supervision by executives, project management and accountability
- Increasing the number of reviews of in-process audits we perform to provide more timely feedback to teams and help us determine whether further action is needed
- Enhancing our internal inspections of completed audits
- Holding in-person learning days throughout the year, to provide training throughout the audit cycle that aligns with each stage of the audit
- Managing the size of our audit portfolio to accelerate our transformation efforts

Our Transformation Office helps drive our strategy and collaborates with the practice on these efforts.

We understand the importance of being transparent about our audit practice. In this report, we describe the factors that drive audit quality for EY US and how we measure our performance at the individual partner level, the engagement level and firmwide.



Tone at the top

Our leaders are focused on reinforcing the cornerstones of our culture – maintaining our independence and objectivity, acting with integrity, exercising professional skepticism and being accountable for the quality of our work. The initiatives implemented by our Assurance leadership team make clear that executing high-quality audits is our top priority.

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

Our US Managing Partner and Vice Chair – Assurance consistently stress the importance of audit quality in their communications to the audit practice. They also reinforce that messaging in emails, webcasts and in-person Town Hall meetings with partners and managing directors who lead our audits. Assurance leaders, partners and managing directors emphasize these messages to the audit teams they work with every day.

Our leaders and all of our audit partners see a direct link between audit quality and compensation under our accountability framework, and compensation for professionals below the rank of partner is also linked to quality.

EY professionals in the US, like those of all EY member firms, are required to affirm their commitment to upholding the [EY Global Code of Conduct \(Code\)](#) each year. The Code stresses the importance of performing quality work, acting with integrity, maintaining our objectivity and independence, and protecting confidential information, among other things. Our US professionals also sign a pledge to uphold the Firm's values. They are reminded of the need to report potential unethical behavior they encounter, which they can report anonymously using our ethics hotline.

Our values: who we are

- People who demonstrate integrity, respect, teaming and inclusiveness
- People with energy, enthusiasm and the courage to lead
- People who build relationships based on doing the right thing

Our governance

Ernst & Young LLP is a limited liability partnership organized in Delaware and is a member firm of Ernst & Young Global Limited, a United Kingdom company limited by guarantee.

EY US has modernized its governance framework to further promote accountability and transparency. On 1 July 2024, a new US Governing Board was appointed to provide oversight of the Managing Partner. The US Governing Board is responsible for evaluating the performance and setting the compensation of the US Managing Partner. The 11-member Governing Board¹¹ comprises 10 elected partners and principals, plus the US Managing Partner, who also sits on the US Management Committee.

The partners and principals on the US Governing Board were elected by their peers, after being nominated by a committee that was also elected by the partners and principals. Seven¹¹ of the US Governing Board members are CPAs, including the US Managing Partner.

The US Management Committee manages the operations of EY US and executes the Firm's strategies. The US Management Committee currently has 18 members.¹²



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We are reinforcing the importance of integrity and accountability, which are foundational to our culture. We are confident that the steps we are taking will result in sustainable audit quality.

Julie A. Boland
US Managing Partner

Our global organization

EY US is a member of a global organization that allows us to use auditors around the world to help us audit multinational companies. The global organization requires each member firm to maintain a system of quality control that meets high standards, and auditors at all EY member firms use the same technology. This structure provides a shared set of values for auditors at EY member firms around the world. It also enables large-scale investments in technology, methodology and training that would be difficult for member firms to achieve on their own.

The EY global organization has been investing in next-generation technologies for EY Assurance services, including AI, predictive analysis and further integration of our existing audit tools.

Auditors at all EY member firms are required to comply with the independence policies of the global network and local firm and to confirm compliance each year with the Global Code of Conduct, as discussed above.

Our system of quality control

The objective of the EY US system of quality control is to promote the execution of high-quality audits. It is designed to help us identify and assess risks to audit quality so we can design, implement and operate responses to those risks. It is also designed to promote a culture of accountability for the quality of our work.

We monitor our system of quality control and enhance our policies and processes when necessary. We routinely analyze data about our audit practice to identify, manage and respond to audit quality risks. We also monitor external risk factors such as macroeconomic trends that heighten fraud risks and risks associated with a company’s ability to continue as a going concern, and we develop guidance and training to help our professionals address these and other challenges in their audits.

We performed our annual evaluation of our system of quality management in accordance with International Standard on Quality Management (ISQM) 1 and concluded that as of our annual evaluation date of 30 June 2024, our system of quality management provided us with reasonable assurance that the system’s objectives were achieved. As part of our evaluation, we considered various inputs, including the results of tests of the controls in our system of quality management, internal and external inspections, and personal independence compliance testing.

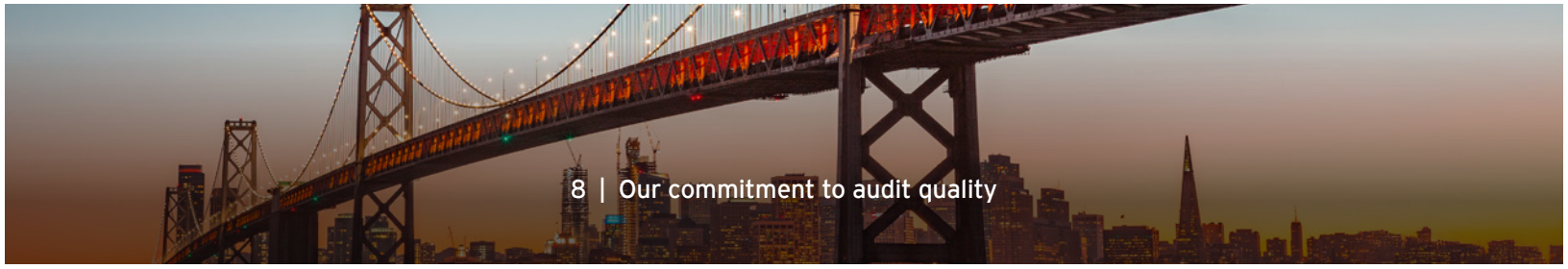
ISQM 1 is designed to promote continuous improvement in audit quality by requiring firms to proactively identify and assess risks, implement appropriate responses, monitor the effectiveness of those responses, and timely remediate any deficiencies. While we are still taking actions to improve audit quality, we determined that our conclusion was appropriate because of the actions that we implemented in 2022, 2023 and 2024. That is, we concluded that these actions address the root causes of issues identified in our inspections and our testing of our controls.

Our leadership team is also committed to continually assessing and improving our key processes, including those associated with submissions to our regulators, and strengthening those processes where necessary.

In addition, we are preparing to implement the PCAOB’s new standard on an audit firm’s system of quality control, which differs from ISQM 1 in some key respects. For example, the PCAOB standard will require annually inspected firms to have at least one person serving in an external quality control function who, at a minimum, evaluates the significant judgments made and conclusions reached by the firm about the effectiveness of its system of quality control. The PCAOB standard is effective 15 December 2025.



“It is our responsibility to perform high-quality audits that promote trust in the capital markets. That’s why audit quality is our top priority.”
Dante P. D’Egidio
US Vice Chair - Assurance





Independence and objectivity

As auditors, we are required to be independent, in fact and appearance, from the companies we audit, in accordance with the rules issued by the PCAOB and the Securities and Exchange Commission (SEC), the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants, and the standards of the American Institute of Certified Public Accountants (AICPA). Independence is foundational to an auditor's ability to provide trust and confidence in financial reporting and ultimately the capital markets.

We embrace these requirements and have policies in place to make sure we avoid potential conflicts of interest and maintain our independence from the companies we audit. We recognize the importance of making sure all of the work we perform under our multidisciplinary model is consistent with our independence objective, including permissible tax and other consulting services we provide to companies we audit and their affiliates. To protect our independence, we have tools in place to help us evaluate the independence of our Firm and our people. This includes evaluating the Firm's financial relationships; employment relationships; business relationships; the permissibility of services we provide to companies we audit; partner rotation requirements; fee arrangements; audit committee preapproval of our services, where applicable; and partner remuneration.

We also evaluate independence with regard to our people. Our policies prohibit all US professionals who work on audits and certain others, based on their role, from owning a financial interest in any audit client. Further, we require our managers through partners to report securities they and

their immediate family members hold, as well as their other financial relationships in the EY Global Monitoring System, which initially assesses and then monitors the permissibility of the investments and arrangements. Managers through partners are required to have automated daily feeds from their brokers (when available) to keep their records up to date, and all partners, other client-serving EY US professionals and certain others, based on their role, are required to confirm compliance with our independence policies and procedures each quarter.

To improve compliance, we proactively provide support to our professionals and hold webcasts with examples of situations that may arise to help them understand their reporting requirements. We increased our testing of whether US partners and other professionals are complying with our independence policies, as part of our firmwide system of quality control. In the most recent reporting year, we tested approximately 6,000 individuals.¹³ We also have a robust consequence framework for reporting violations.

We have approximately 200 professionals, including approximately 50 partners and managing directors,¹⁴ in our EY US independence group who support our audit teams in assessing both the Firm's and personal independence. Our Chief Ethics and Compliance Officer oversees these efforts.

The PCAOB rules and our policies require audit teams to affirm the Firm's independence in meetings with audit committees at least annually and describe matters that may bear on independence.

Independent advice on audit quality

Leaders of the Firm meet regularly with our Independent Audit Quality Committee (IAQC) and seek the IAQC's feedback and advice about aspects of our business, operations, culture, talent strategy, governance and risk management that affect audit quality. Members of the IAQC, which we created in January 2019, have extensive experience in the financial reporting ecosystem.

The IAQC provides us with actionable advice and valuable insights we use in our decision-making. Over the past year, we held robust discussions with the IAQC about the changes we continue to make to our audit approach to sustain audit quality. The topics we discussed included internal and external inspection results, and whether the findings related to a particular audit or a systemic issue; our system of quality control; the structure of our audit practice; our talent strategy; and new PCAOB standards. The IAQC also met with partners and other professionals in our audit practice to get a better understanding of our Firm, including our culture and governance.



IAQC member **Jeanette M. Franzel** is a CPA, a former board member of the PCAOB and a former managing director at the Government Accountability Office. She is currently a board member of the North Carolina CPA Foundation and serves as a member of the Independent Audit Advisory Committee for the United Nations.



IAQC member **Dina Dublon** is a former chief financial officer at JPMorgan Chase & Co. and currently serves on the boards of directors of PepsiCo and T. Rowe Price. She previously served on the boards of Microsoft and Accenture and the supervisory board of Deutsche Bank.



IAQC member **Carol Anthony "John" Davidson** is the Chair of the Board of Directors of TE Connectivity Ltd. and a director of FMC Corp. and International Flavors & Fragrances Inc. He previously served on the boards of several other companies, was vice chair of the Financial Accounting Foundation and was a member of the senior leadership team at Tyco International Ltd. and Dell Inc.



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Our IAQC members continue to provide valuable insights and advice about the actions we are taking to enhance the quality of our audits and strengthen our culture.

Julie A. Boland
US Managing Partner

Engagement with stakeholders

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

In addition, we share our views with investors and other groups that are interested in financial reporting. Through our global organization, we also provide input to groups such as the International Sustainability Standards Board that are seeking to standardize the disclosures companies make about environmental, social and governance (ESG) matters.

We also issue publications and host webcasts aimed at improving the quality of financial reporting and helping management, board members and investors understand complex issues. In our latest fiscal year, for example, we published guidance and thought leadership on topics such as new climate-related disclosure requirements and how to account for the 15% global minimum tax that member countries of the Organisation for Economic Co-operation and Development (OECD) are enacting to implement the OECD's Pillar Two Global Anti-Base Erosion model rules. We also provided guidance, both internally and externally, on the accounting and financial reporting implications of topics such as macroeconomic and geopolitical matters.

Our EY Center for Board Matters focuses on topics for board members in support of their governance and oversight roles, and our Audit Committee Forum aims to inform and educate audit committee members on topics such as climate-related disclosure and other ESG matters, cybersecurity, and data privacy. In collaboration with Tapestry Networks, EY US sponsors networks of audit committee chairs representing more than 250 companies,¹⁵ who meet regularly to discuss their work.



Looking ahead

Sustainability

Senior members of our audit teams are proactively helping management of companies we audit and audit committee members understand the sustainability reporting landscape as various jurisdictions adopt mandatory reporting regimes. Our teams can provide assurance on greenhouse gas emission disclosures and other climate-related disclosures companies make either voluntarily or to comply with the new regulations and standards that are effective for 2024 and beyond.

Artificial intelligence

We are applying our assurance capabilities to matters relating to a company's use of AI, and we advise organizations as they consider whether their AI systems meet their goals and comply with applicable laws, standards and regulations. Our auditors also use AI-powered tools to help them analyze data when they perform certain procedures, and when necessary, they apply our AI framework for evaluating risks to the financial statements that may arise from a company's deployment of AI systems. We continue to explore additional ways to use AI in the audit.

Cybersecurity

Our partners proactively engage management and audit committees in discussions about cyber risks. When a company we audit has a breach, our audit teams evaluate whether financial reporting systems were affected and adjust their audit plans as necessary. In addition, we continue to offer a separate service of providing an assessment of a company's cyber-risk management activities to inform the board and management about this issue.

Executing the audit

Improving audit quality drives the decisions we make about how we execute audits and manage our business.

Working with the right companies

We perform rigorous risk assessments before we accept new audit engagements and then again annually as part of our process to determine whether we will continue to audit those companies in our portfolio. These assessments are an important element in our system of quality control. They are also a key input we consider as we monitor our portfolio.

As part of the process, we develop a risk designation for each audit, considering factors such as management's integrity and approach to meeting its financial reporting responsibilities, the company's financial condition and the strength of its audit committee, as well as event-driven risks such as those associated with a business combination, an initial public offering, a complex tax matter or a transaction involving digital assets. We also consider whether we have the appropriate resources to perform a quality audit.

Throughout the audit cycle, our teams reassess risks considering the economic environment and evidence they gather from their audit procedures and external sources, such as short seller reports and news reports.



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Our transformation strategy is embedding continuous improvement behaviors into our culture, teams and how we execute audits.

Natalie Deak Jaros
EY US Deputy Vice Chair - Assurance



Establishing the right team

Each of our audit teams has a partner in charge, who emphasizes the importance of integrity, professional skepticism and objectivity and is responsible for the direction, supervision and performance of the audit. On our larger, more complex public company audits, we assign additional partners and managing directors to assist the partner in charge.

On all public company audits, we also assign another partner who serves as engagement quality reviewer and evaluates significant judgments made by the team. The engagement quality review is an important aspect of our system of quality control.

The factors we consider in assigning partners to these roles include their experience with both the industry and public companies, the risk designation identified in our firmwide assessment process, the SEC’s partner rotation requirements and whether the partner has sufficient time to perform the responsibilities.

Partner evaluations

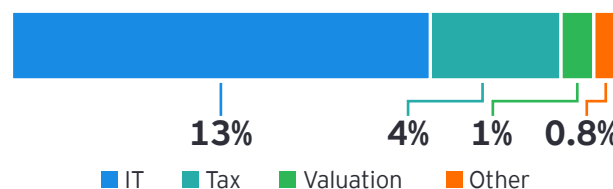
Our partners and managing directors are evaluated based on factors such as the tone they convey to their teams, their emphasis on the behaviors that contribute to audit quality, their level of consistent and direct involvement in the audit, the results of external and internal inspections (both positive and negative), and their mentoring activities.

Specialized skills

Our multidisciplinary strategy means we can include in our audit teams EY professionals who specialize in IT, tax and valuation matters, and, in certain audits, forensic accounting. Having professionals who focus on these topics collaborate with our audit professionals helps us address the increasing complexity of IT environments and transactions as well as changes in worldwide tax regimes and business models. For example, the work our IT professionals perform is critical to our ability to understand corporate financial reporting systems that are increasingly automated.

Percentage of US public company audit hours generated by EY US professionals with specialized skills¹⁶

18.8%



We are also expanding the use of our centralized US teams that specialize in various topics and work with our core audit teams, improving the consistency of our audit execution. Our Transactional and Technical Topics group consists of specially trained auditors who perform key procedures related to complex topics, such as impairment and business combinations. Our Service Delivery Center performs routine quarterly and annual independence procedures for teams on most public company audits and compiles certain information for audit committee communications.

Our Data and Intelligence Delivery (DID) group helps our teams efficiently capture data from the companies we audit and use it effectively. This includes collecting data from the companies we audit, loading it into our tools and helping our auditors analyze it. The DID group also coaches and trains our people on the effective use of analytics in audits and helps our teams evaluate a company’s use of analytics, AI and automation in its financial reporting processes.

In addition, offshore professionals who support the EY global organization perform certain audit procedures and other tasks under the supervision of our US audit teams. In fiscal 2024, these professionals accounted for 23%¹⁷ of US audit hours.



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Understanding the risks related to the use of technology is critical to performing quality audits, and moving the IT group into the Assurance practice underscores the importance of working together as a team.

Daryl S. Box
EY US Assurance Technology Risk Leader

Starting with data

Our teams on public company audits use data to obtain a deeper understanding of the company they are auditing. This enhances audit quality by allowing them to see the big picture and focus on the key risks in the audit, including potential fraud risks. By focusing on data, our teams can see trends and understand how anomalies occur and how prevalent they are.

Our teams apply this approach to their risk assessments for all significant accounts and key business processes. That means they start their audit planning with a full population of data about the company's transactions and use our analyzers to understand how transactions are processed, to identify anomalies and to select items for testing.

EY Helix data analyzers

Our teams on public company audits use our latest-generation EY Helix general ledger analyzer to help them perform risk assessments, identify anomalies and obtain audit evidence. This analyzer is integrated with our other tools and allows our professionals to quickly drill into the data so they can discuss it in real time with audit executives on their teams. The analyzer also produces enhanced visualizations that make it easier to see trends.

Many of our teams also use our subledger analyzers and sector-specific analyzers to evaluate transactions and metrics that are unique to the company's industry.

We continue to look for ways to incorporate new technology such as AI into our audit tools to help our teams make better decisions, and we provide our teams with guidance on how to use them appropriately. For example, our new financial statement tie-out tool uses AI to help our teams identify inconsistencies in a company's draft financial reporting that require follow-up. Another AI-powered tool allows our teams to compare a company's key financial ratios to those of its peers and helps them evaluate media reports about the company; we are piloting a new feature that compares the risks of material misstatement a team identifies to those identified by teams auditing other companies in the same industry. We are testing a solution that will respond to questions from our audit professionals by summarizing relevant accounting and auditing standards and EY guidance; we are also building other solutions that will integrate chatbots into our existing tools.

EY Helix analyzers for use on all financial statement audits

- Consolidated trial balance
 - Scoping for multilocation audits
 - Interim review
- General ledger
 - Used to identify anomalies in journal entries
- Subledger
 - Trade receivables
 - Trade payables
 - Inventory
 - Payroll
 - Property, plant and equipment

Sector-specific analyzers

- Investment analyzer
- Lease revenue analyzer for lessors of real estate
- Health revenue analyzer
- Premiums and claims non-life insurance analyzer
- Mortgage loan analyzer
- Commercial loan analyzer
- Automotive warranty liability and expense analyzer



EY Canvas audit platform

All EY US teams use our secure, cloud-based audit platform, EY Canvas, to apply the EY global audit methodology and manage their audits. This global platform helps our teams track their progress, easily see the tasks that require attention and, in audits of multinational companies, review the work of auditors from other EY member firms who participate in the audits.

We are working with the EY global organization to make performing, documenting and reviewing audit procedures in EY Canvas easier and more intuitive. In the current audit cycle, our teams began using new guided workflow enablement to perform their risk assessments and focus more holistically on risk and the audit response. The guided workflow walks them through a series of prepopulated factors they need to consider, eliminates the need to complete multiple forms and automates certain activities.

Automation

We continue to automate aspects of the audit to drive consistency and help our teams focus on accounts that are fundamental to a company's business. Examples include tools that:

- Provide pricing data for securities that teams can use to validate investment valuations
- Generate required independence letters
- Generate a workpaper template for testing IT general controls
- Walk teams through our guidance to determine sample sizes for testing and select samples for testing
- Create Intelligent Checklists that help streamline the preparation and review of financial statement disclosure checklists
- Send confirmations, track responses and identify the difference between confirmed balances and a company's records

Our people

Our people are essential to our ability to execute high-quality audits and we are committed to providing them with the training, career development opportunities, flexibility and benefits they need.

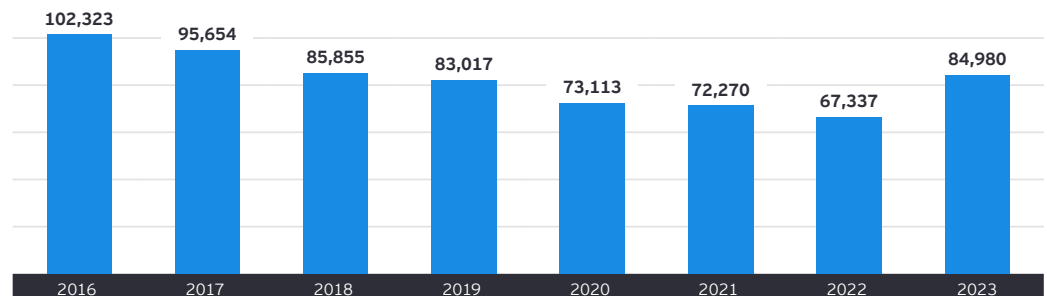
Attracting top talent

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

Under an experience we call EY 360 Careers, a group of our early career professionals who joined us in audit, other assurance practices or tax have more opportunities to work in other CPA-track roles. These professionals have designated support to help them navigate through their experiences and prepare for the CPA exam. The experience is augmented with cutting-edge technology, including tools that are powered by AI, and exposure to a broader network. We expect to expand the EY 360 Careers experience to all audit hires in the summer of 2025.

Declining pipeline of CPAs

The number of people taking the CPA exam has declined for years, except for a spike in 2023 that was expected ahead of significant changes to the exam in 2024.



Source: National Association of State Boards of Accountancy



In our campus recruiting, we continue to stress the importance of the work we do as auditors and the opportunities to develop critical technology, analytical and leadership skills, as well as the value of EY’s reputation as a great place to build a career. In fiscal 2024, we hired approximately 1,900 professionals¹⁸ from college and university campuses into our audit practice.

To attract younger students and prepare them for accounting careers, we’ve expanded our programming for interns. In the spring, we hosted a Future Leaders Summit for more than 1,000 CPA-track students¹⁹ who are interning with us in fiscal 2025 to learn about our culture and the work we do. In addition, all of our Assurance interns now participate in an intensive training session on data analysis and how to use tools such as Power BI to analyze data in the context of an audit.

In 2024, more than 500 winter interns and more than 1,850 summer interns worked on our audits.²⁰

We’re also making a career in accounting more accessible to a wider group of students through our EY Career Path Accelerator program, which helps our interns earn the extra college credits required to meet the CPA licensing requirements and provides need-based scholarships in many cases. To date, we have had more than 840 individuals²¹ in this program.

We continue to develop a pipeline of racially and ethnically diverse accounting professionals through our partnerships with organizations such as the National Association of Black Accountants and the Association of Latino Professionals for America and our work with the Center for Audit Quality to connect with racially and ethnically diverse students.

Through the Ernst & Young Foundation, we develop university curricula that we provide free of charge to help professors teach everything from introductory business courses to the latest developments in the profession, including generative AI, data analytics, sustainability reporting and ethics. The Foundation also supports university scholarships and programs, as well as training for faculty.

Number of US audit professionals (on a full-time equivalent or FTE basis)*,22			
	Fiscal 2024**	Fiscal 2023	Fiscal 2022
Partners and managing directors	1,375	1,187	1,159
Senior managers and managers	3,226	2,555	2,458
Seniors and staff	8,939	7,528	7,131
Total	13,540	11,270	10,748
<small>*Does not include offshore professionals who support the EY global organization. The number of hours these professionals worked on US public and private company audits was the equivalent of having another 3,324, 3,056 and 2,618 full-time auditors²³ in fiscal years 2024, 2023 and 2022, respectively. **Includes IT professionals who worked on audits in fiscal 2024.</small>			

Retaining our talent
Our retention of professionals is strong.

Retention of US audit staff through senior manager by rank ²⁴						
	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Top-rated	Overall	Top-rated	Overall	Top-rated	Overall
Senior managers and managers	87%	84%	86%	83%	81%	77%
Seniors and staff	78%	76%	80%	75%	65%	67%

Our retention at all ranks below partner (including managing directors) was 79%, 78% and 71% for fiscal 2024, 2023 and 2022, respectively.

One program we have to strengthen retention at the senior rank is our Bank Your Bonus program, which allows rising seniors to defer their \$5,000 promotion bonuses in exchange for a \$25,000 payout in three years. Approximately 46%²⁵ of our audit and IT professionals who were recently promoted to senior signaled their intention to stay with the Firm by participating in our Bank Your Bonus program.

Recognition we have received for a being a top employer

Only Big Four firm included on **Fortune magazine's 100 Best Companies to Work For** list for 26 consecutive years

Recognized as a top accounting firm by **Vault Accounting 25**

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

Inducted into **Fair360's (formerly DiversityInc's) Top 50 Hall of Fame** for companies that have achieved a No. 1 ranking in its annual list of Top 50 Companies for Diversity

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

Scored 100% on **Disability Equality Index - Best Places to Work**



Developing our people

While we are committed to giving our audit professionals the flexibility to work remotely when they need to, our audit executives are bringing their teams together regularly, in person, so they can provide essential on-the-job training and mentoring and reinforce the EY culture.

We recognize and reward our top performers to help us retain professionals with the skills and experience to perform high-quality audits. Top performers are promoted when they are ready, rather than after spending a set period of time in a rank. In addition, we identify partners with high potential and give them the experiences they need to move into leadership roles, such as leading our most complex and challenging multinational audits.

Our approach to performance management supports our professionals' development by providing them with meaningful career conversations and coaching, along with regular feedback about their performance and training opportunities.

To promote on-the-job coaching and supervision for early career professionals, we maintain appropriate ratios of executives to less-experienced members of our audit teams. Our audit and IT partners and managing directors have on average 20.5 and 19.1 years of service, respectively.²⁶

Ratios of audit executives to other audit professionals ²⁷			
	Fiscal 2024*	Fiscal 2023	Fiscal 2022
Partners and managing directors to staff through senior managers	1 to 8.8	1 to 8.5	1 to 8.3
Senior managers and managers to seniors and staff	1 to 2.8	1 to 2.9	1 to 2.9

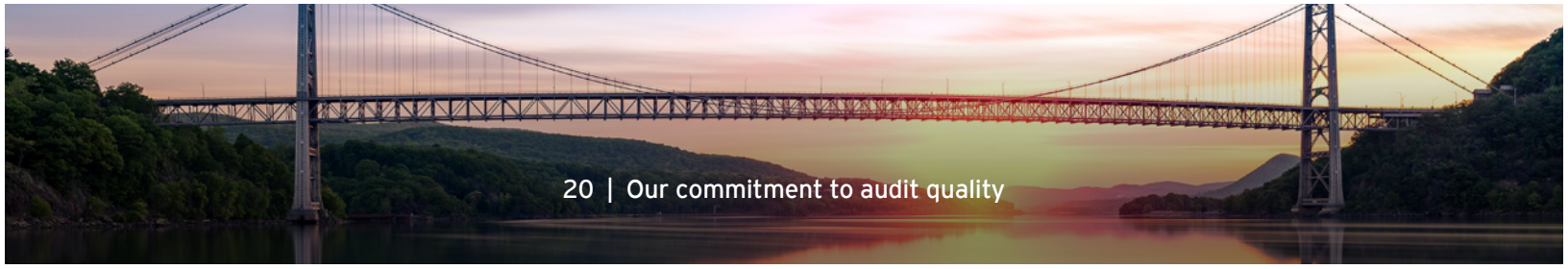
*Includes IT professionals who worked on audits in fiscal 2024.

Our learning program is designed to provide our people with the right training at the right time. Over the past year, we provided most of our technical training in person, and designated dedicated learning days throughout the year. Our people then applied the concepts they learned to their audits.



“Empowering our professionals to operate at top of their potential comes with great responsibility. This means meeting the evolving demands and reliability of this great profession. We are committed to developing next-generation skills and creating a better experience for both our clients and our people.

Diana Kutz
US Assurance Talent Leader



Average learning hours by fiscal year ²⁸		
2024*	2023	2022
101	98	86

*Includes IT professionals who worked on audits in fiscal 2024.

We also offer our professionals an opportunity to earn EY master’s degrees online from Hult International Business School, free of charge, in Business Analytics, Sustainability or Tech.

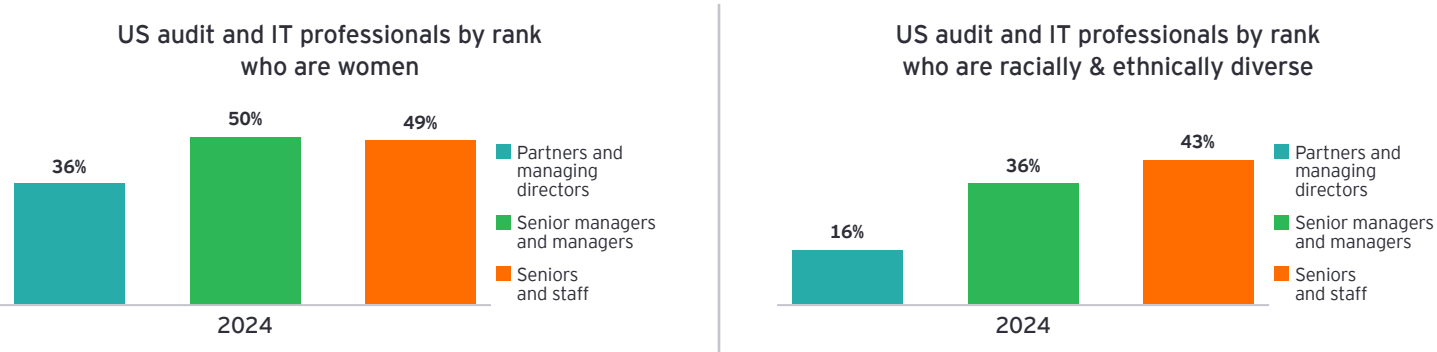
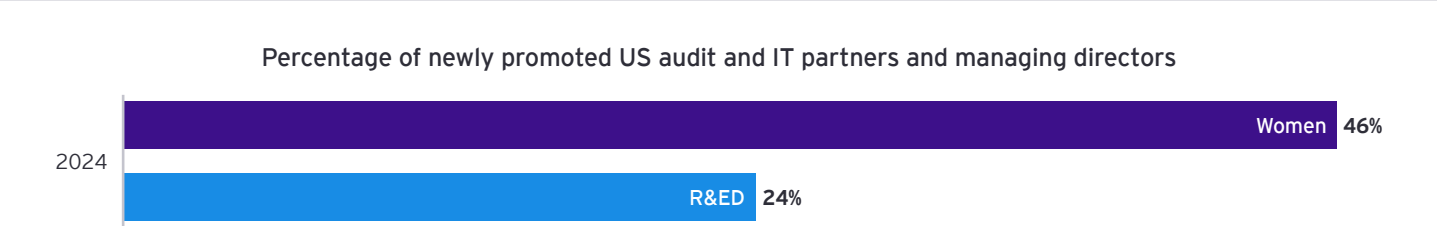
Our professionals are rewarded financially for passing the CPA exam early in their careers. We also reward professionals who are recognized by the AICPA with Elijah Watt Sells Awards for achieving exceptional results on the CPA exam. Five²⁹ EY US professionals were among the 40 people who received this honor in 2023.

Investing in well-being
We continue to invest in the well-being of our professionals and will be offering special coaching and well-being assistance during busy periods of the year. Our benefits also include a flexible vacation policy that allows people to decide how much vacation they need and reimbursements of up to \$1,000 a year³⁰ for well-being activities, such as vacation travel, gym memberships, meal delivery services and more.



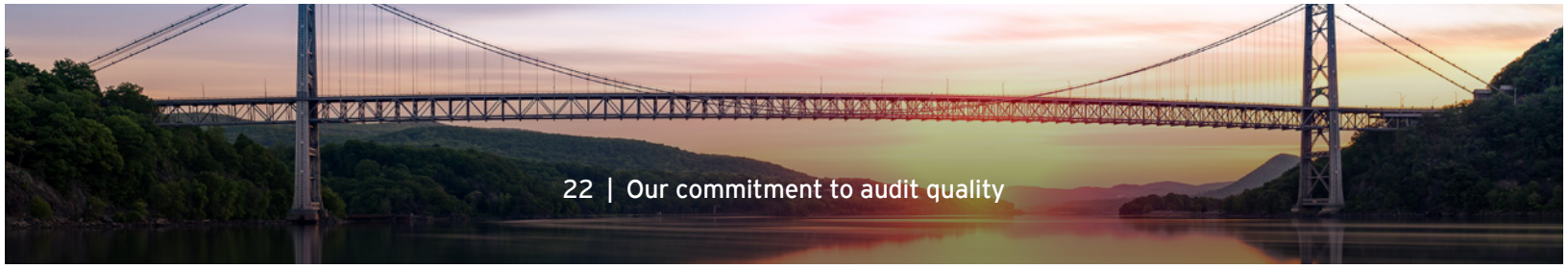
Championing DEI

Our focus on diversity, equity and inclusiveness (DEI) is an integral part of the US firm’s strategy. We believe diverse perspectives, combined with an equitable and inclusive culture, drive better decision-making and stimulate innovation.



We have **12 business resource groups** to promote connections, inclusion and belonging for our people

See [endnotes](#) 31 through 34 for descriptions of how these metrics were calculated.



Supporting our teams

Our Quality Network and Professional Practice group provide our teams with support in the form of guidance on accounting and auditing standards, enablement, coaching and formal consultations on complex auditing, accounting and SEC reporting matters.

Our Quality Network

Our national Quality Network, which comprises more than 100 professionals,³⁵ supports audit teams in the planning and execution of high-quality audits by performing workpaper reviews, advising our teams on audit matters, providing training and coaching, and executing various risk management and quality control procedures.

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

Our Professional Practice group

Our Professional Practice group, which has approximately 160 partners and managing directors³⁶ drives audit quality by developing and implementing guidance, enablement and training for our audit teams, and monitoring their performance.

Our Professional Practice group has deep technical and sector knowledge. Audit teams consult with Professional Practice on complex accounting, auditing and disclosure matters. Over the last three years, the group conducted an average of 2,000 formal consultations³⁷ annually with audit teams on topics such as the accounting and reporting for revenue transactions, the classification of instruments as debt or equity, and complex audit evaluations due to use of emerging technology or business approaches.



“

The Quality Network is an important driver of our transformation strategy. Every member of the Quality Network is focused on providing support to our engagement teams as we continue to transform our audit practice.

Gregory G. Doyle
US Assurance Quality Leader

Our Professional Practice group also develops and deploys guidance, enablement and training on the application of new accounting, auditing and financial reporting standards and issues identified through our inspections and other monitoring activities. In addition, the group leads our internal inspection process over both completed and in-progress audits.

We perform rigorous root cause analyses to determine whether there were factors related to an individual audit that warrant a response and whether those factors should be considered in the Firm's evaluation of systemic factors. The group also tests and evaluates the Firm's system of quality control, as required by ISQM 1.

To promote high-quality financial reporting, Professional Practice also regularly issues thought leadership and hosts webcasts on a wide range of topics. The group also actively engages with standard setters and regulators and develops the Firm's responses to standard-setting and regulatory proposals to promote high-quality financial reporting and auditor's reports for the benefit of investors.

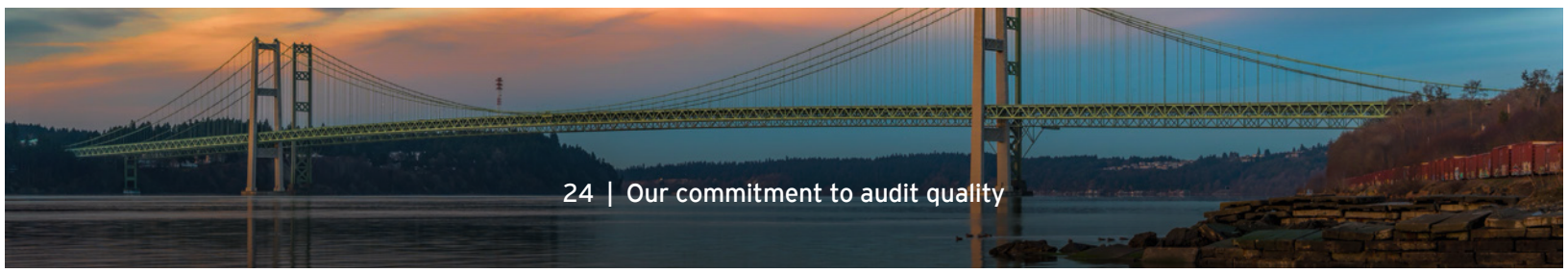
Our ratio of Quality Network and Professional Practice partners and managing directors to all audit partners and managing directors is **1 to 6**.³⁸



“

Professional Practice plays a critical role in helping our teams deliver audits that promote trust in the capital markets. As part of our focus on simplifying our audit methodology, we are giving our teams more intuitive enablement to help them apply the auditing standards and provide high-quality audits in an ever-evolving business environment.

Katrina A. Kimpel
US Vice Chair - Professional Practice



Monitoring

Monitoring the effectiveness of our actions and performing robust root cause analyses of findings in both internal and external inspections are key components of our system of quality control. The results provide valuable information about how we can continuously improve audit quality.



Pre-issuance reviews

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

Internal inspections of completed audits

In our internal inspections of engagements after we issue our auditor's reports, we focus on specific areas of an audit and evaluate our compliance with professional standards, regulatory requirements and expectations, and our policies. Audits are selected for internal inspection based on several factors, including certain risk factors, how long it has been since a partner's last inspection and the results of that inspection.

We continuously look for ways to improve our inspection program, making enhancements when appropriate. The program covered more than 200³⁹ public and private company audits (generally of financial statements for the year ended 31 December 2023).

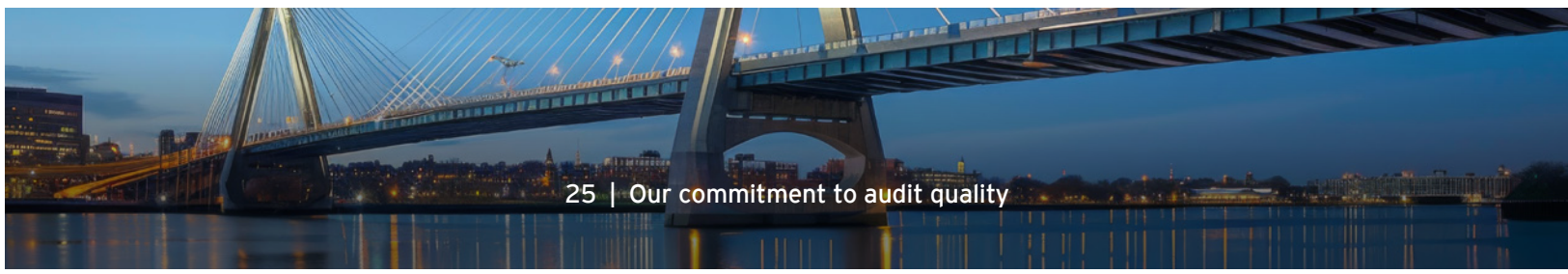


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Our pre-issuance review program provides feedback to our teams and gives us valuable information about how our practice is applying our guidance and using our enablement.

Michael J. Kacsmar

US Director of Professional Practice Monitoring and Analysis





Turning root cause analyses into actions

Root cause is an important process in our system of quality control. We analyze the root cause of findings in both internal and external inspections, considering whether they are due to factors that affected individual audits or systemic factors. We perform these analyses as early as possible to inform us if a response across the practice is necessary.

Restatements

We monitor restatements of the financial statements of the companies we audit and evaluate whether there are any trends that require additional action or changes to our system of quality control.

The table below shows that the rate of restatements of financial statements of issuers (i.e., SEC registrants, including registered investment companies) we audit continues to be below 1%.⁴⁰

Fiscal year restatement was filed	Number of restatements	% of issuers we audit
2024	15	0.5
2023	14	0.4
2022	2	0.1

External inspections

The PCAOB's mission is to promote audit quality as a way to protect investors. We learn from all of the PCAOB's efforts to help the profession improve audit quality.

The role of the PCAOB

Through annual inspections, standard setting and staff guidance, the PCAOB identifies areas where firms can improve audit quality and respond to emerging risks.

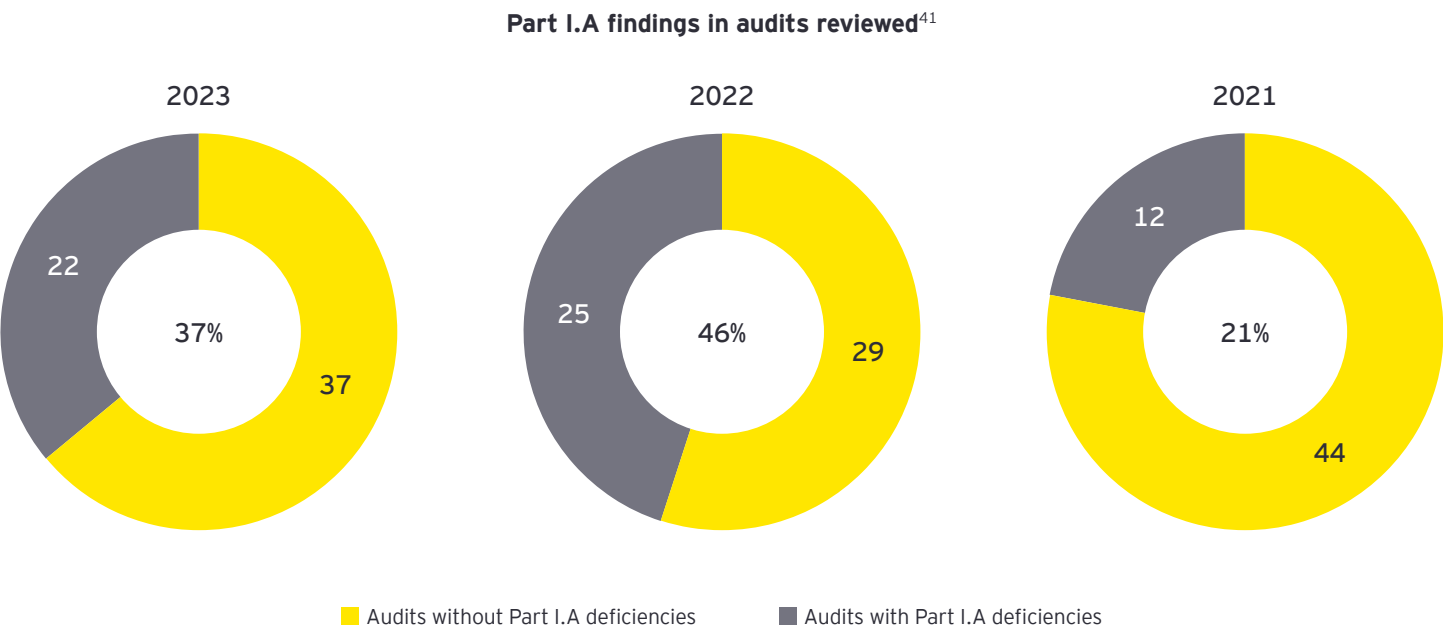
Part I.A of the PCAOB inspection report

This publicly released section of a PCAOB report describes the procedures the PCAOB staff performed during the inspection of selected audit engagements and observations regarding findings it identified on these engagements. The majority of audits the PCAOB selects for inspection is based on risk, and the inspections are designed to identify deficiencies in audit work.

PCAOB Chair Erica Y. Williams has called on all audit firms to improve the quality of their work, citing "some small signs of movement in the right direction" after an increase in findings since the pandemic. We believe we can further improve our inspection results, and this audit quality report addresses the steps we have already taken and those we continue to take to enhance the quality of our audits.



The graphic below reflects the results of our PCAOB inspection for the 2023, 2022 and 2021 inspection cycles.



Our analysis indicates that the improvement in our 2023 inspection results (generally covering audits of 2022 financial statements), which the PCAOB released recently, is due to (1) the actions we took in 2022 to standardize our approach to auditing IT controls and better integrate our professionals who specialize in IT into our audit teams and (2) our efforts to emphasize the behaviors that improve audit quality by embedding a continuous improvement mindset in our culture.

Part I.B of the PCAOB inspection report

Part I.B of the PCAOB's inspection report, which is also released to the public, discusses noncompliance with PCAOB rules or standards that do not relate directly to the sufficiency or appropriateness of evidence the firm obtained to support its auditor's opinion(s). The Part I.B deficiencies in our 2023 inspection report include audit documentation, required communications with the audit committee and management, and our reporting on critical audit matters, among other topics. Generally, these deficiencies were noted in one or two of several dozen engagements inspected by the PCAOB. We have taken steps to address each of these findings.



“We learn from every inspection finding. This helps us design and implement actions to improve and sustain audit quality.

Michele Newton
US Director of Professional Practice PCAOB Regulatory Matters

Leadership message	A snapshot of key metrics	Our commitment to audit quality	Executing the audit	Our people	Supporting our teams	Monitoring	External inspections
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Part I.C of the PCAOB inspection report

Part I.C provides information on potential noncompliance with SEC rules and noncompliance with PCAOB rules on maintaining independence that the PCAOB identified and that the firm identified and reported.

Part I.C of the PCAOB’s 2023 inspection report cited noncompliance identified by EY US for the nine months ended 31 March 2023, representing approximately 3% of our issuer audits,⁴² in which the Firm or its personnel appeared to have impaired the Firm’s independence because it may not have complied with the SEC or PCAOB rules. The potential noncompliance relates to financial relationships, employment relationships and non-audit services. In each of these instances, EY US or a non-US member firm concluded that the Firm’s objectivity and impartiality were not impaired.

Part II of the PCAOB report and status of inspection reports

This part of the inspection report addresses the PCAOB’s observations about a firm’s system of quality control, based on both the results of its review of the firm’s quality control policies and inferences that can be drawn from deficiencies in the performance of individual audits. These observations are only released publicly if the PCAOB determines that a firm has not addressed the criticisms to its satisfaction during the remediation period.

In July 2024, the PCAOB updated our 2019 inspection report on its website after concluding that the Firm had unsatisfactorily addressed three criticisms that relate to our partners’ supervision of the audit, our internal inspections program and compliance by managers with the Firm’s policies for financial holding disclosures. We take these criticisms seriously, and while certain criticisms may recur from time to time, we continue to take actions that we are confident will strengthen our system of quality control and improve audit quality.

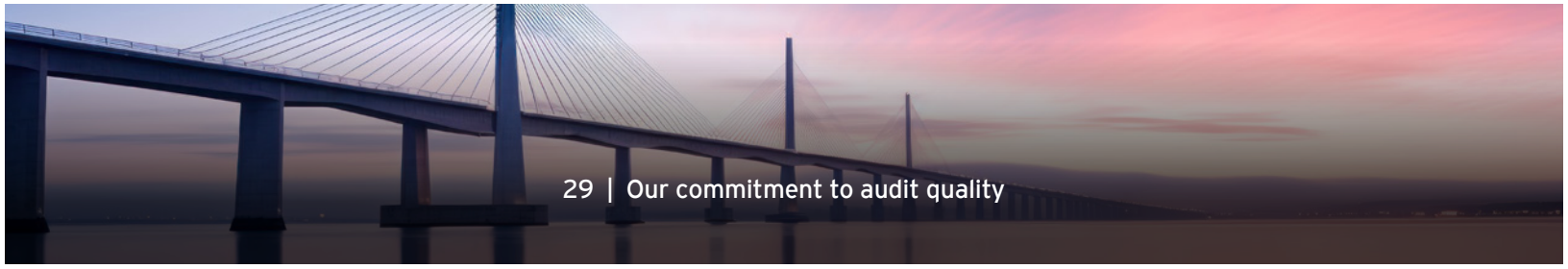
The PCAOB is still reviewing our responses to its 2020 and 2021 inspection reports, which were submitted in September 2022 and November 2023, respectively. We plan to submit our responses to Part II of the 2022 and 2023 PCAOB inspection reports in December 2024 and June 2025, respectively.

Employee benefit plans

We perform annual audits of more than 600 employee benefit plans⁴³ that are subject to the Employee Retirement Income Security Act of 1974 (ERISA), and our audits, therefore, are subject to inspection by the US Department of Labor (DOL). In 2023, the DOL completed a firm inspection of EY that included ERISA plan audits. The results for those audits were all acceptable.

Peer review

We participate in the AICPA peer review program that requires a robust review every three years of a firm’s system of quality control for its engagements that are not subject to the PCAOB’s permanent inspection program, including private company audits. Grant Thornton LLP completed its 2022 peer review of EY US’s accounting and auditing practice for these engagements (primarily audits for the year ended 31 December 2021) and concluded that our system of quality control for these engagements was suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. EY US received a peer review rating of pass.



EY US Management Committee



Julie A. Boland
Managing Partner



Marcelo B. Bartholo
Deputy Managing Principal



Dante P. D'Egidio
Vice Chair - Assurance



Kristin Valente
Chief Client Officer



Tony Jordan
Chief Ethics and Compliance Officer



Whitt Butler
Vice Chair - Consulting



Mitchell R. Berlin
Vice Chair - Strategy and Transactions



Kevin D. Flynn
Vice Chair - Tax



James Hsu
Vice Chair - Office of Strategic Execution



Ginnie L. Carlier
Vice Chair - Talent



Bill Strait
Vice Chair - Finance and Operations



Linda Hill
Consumer & Health Industry Group Leader



Doree Keating
Government & Public Sector Industry Group Leader



Hyong Kim
Technology, Media & Telecommunications Industry Group Leader



Leslie D. J. Patterson
Diversity, Equity and Inclusiveness Leader



Shawn Smith
Financial Services Industry Group Leader



Steve Wanner
Industrials & Energy Industry Group Leader



Tim Tracy
Private Equity Industry Group Leader

EY US Governing Board



Elizabeth Arrendale
Tax



Regina Balderas
Strategy and Transactions



Julie A. Boland
US Managing Partner



Peter Davis
Consulting



Susan Garfield
Consulting



Lee Henderson
Assurance



Anita Holloway
Assurance



Joseph McGrath
Assurance



Joseph Robinson*
Tax



Sajid Usman
Consulting



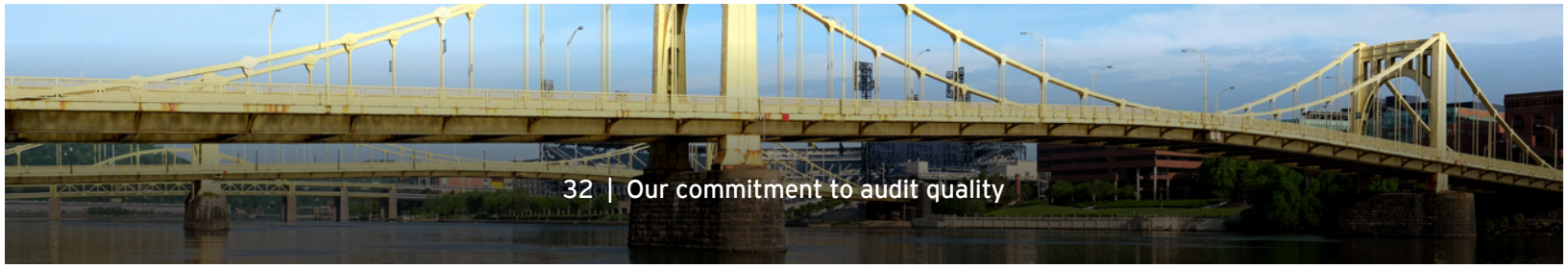
Carly Warren
Assurance

*Lead Governing Board Member

Leadership message	A snapshot of key metrics	Our commitment to audit quality	Executing the audit	Our people	Supporting our teams	Monitoring	External inspections
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Endnotes

- The \$1 billion we are spending on talent and technology over three years is based on our spending in fiscal 2024 and our spending plans for fiscal 2025 and fiscal 2026.
- The number of US audit and IT professionals and the percentages of professionals at each rank are calculated on a full-time equivalent (FTE) basis for fiscal 2024. An FTE represents 2,080 hours of work in a year, except that professionals who work more than 2,080 hours in a year are each counted as a single FTE.
- The percentages of women and racially and ethnically diverse professionals in our audit and IT practice by rank are calculated by dividing the headcount of individuals in each category at each rank by the total headcount of individuals at each rank, as of the end of fiscal 2024.
- The percentages of newly promoted US audit and IT partners and managing directors who are women and who are R&ED are calculated by dividing the headcount of professionals in each category by the total headcount of audit and IT partners and managing directors who were promoted in fiscal 2024.
- Our ratio of Quality Network and Professional Practice partners and managing directors to all audit and IT partners and managing directors is calculated on an FTE basis for fiscal 2024.
- The percentages of US audit and IT professionals who said they understand that consistently performing quality audits services the public interest and believe they have a personal responsibility for delivering quality on their audits are based on responses to our latest Global Audit Quality Survey.
- The percentage of US public company audit hours generated by EY US IT, tax, valuation and other professionals with specialized skills is calculated by dividing hours charged by these professionals to US public company audits in fiscal 2024 by total hours charged to public company audits in fiscal 2024.
- The number of IT professionals who work on audits and moved into our Assurance practice on 1 January 2024 is based on headcount.
- The percentage reduction in the number of public companies we audited over our two most recent fiscal years is based on internal data as of 28 June 2024 compared with the data as of 1 July 2022. To compile the market share information we cited, we determined the auditor for each company on the latest Fortune 250 and 500 lists based on SEC filings through 30 June 2024.
- The percentages in the graph showing that our PCAOB inspection findings rate is improving reflect Part I.A findings rates in our 2021, 2022 and 2023 PCAOB inspection reports. Since the PCAOB has completed its 2024 inspections but hasn't yet issued its 2024 inspection report, the graph showing the further decline we expect in our 2024 PCAOB inspection findings rate is based on the written comments the PCAOB inspection staff has shared with us about those inspections.
- The number of partners and principals on our Governing Board, including the number of CPAs on the Board, reflects the current composition of the Board, which was created on 1 July 2024.
- The number of Management Committee members reflects the current composition of the committee.
- The number of individuals we tested for compliance with our personal independence requirements reflects partners, managing directors, senior managers and managers whose compliance we tested in our latest reporting year.
- The number of professionals in our EY US independence group who support our audit teams in assessing both the Firm's and personal independence and the number of partners and managing directors in the group are calculated on an FTE basis.
- The number of companies whose audit committee chairs participate in networks EY US sponsors in collaboration with Tapestry Networks is based on the roster of the networks.
- Refer to endnote 7.
- The percentage of US audit hours generated by offshore professionals who support the EY global organization and perform certain audit procedures and other tasks under the supervision of our US audit teams is calculated by dividing the hours they charged to US audits (both public and private company audits) by total audit hours charged for US public and private company audits in fiscal 2024.
- The number of people we hired from college and university campuses into our audit practice reflects the headcount of people who joined our audit practice in fiscal 2024.
- The number of CPA-track students who attended our Future Leaders Summit for our interns reflects the headcount of attendees.
- The numbers of winter and summer interns who worked in our audit practice in fiscal 2024 reflect the headcount of our audit interns and IT interns who worked on audits.
- The number of individuals who have participated in our EY Career Path Accelerator program reflects the total headcount of program participants since the program was launched in the summer of 2021.
- Refer to endnote 2.
- The metrics showing how many more auditors we would have if we counted work performed by professionals at offshore service centers that support EY global network firms are calculated by converting hours these professionals charged to US public and private company audits in each fiscal year into FTEs.
- Our retention metrics, which have been restated for fiscal 2023 and 2022 due to a change in our calculation, reflects professionals who were continuously employed in our audit practice in each fiscal year. This metric is calculated by taking the headcount of professionals we had at the beginning of a fiscal year in each category and deducting professionals who left the Firm or transferred out of the audit practice during the year and dividing this sum by the number of professionals we had at the beginning of the year. Promotions are treated as if the individuals were in their new ranks for the entire year. Our metrics on retention of top-rated professionals refers to individuals with the highest performance rating at the beginning of each fiscal year.



Leadership message	A snapshot of key metrics	Our commitment to audit quality	Executing the audit	Our people	Supporting our teams	Monitoring	External inspections
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Endnotes

25. The percentage of rising audit and IT seniors who elected to bank their promotion bonuses under the Bank Your Bonus program in 2024 is calculated by dividing the number of rising audit and IT seniors who elected to participate in the program by the total number of rising audit and IT seniors.

26. The average years of service of our audit and IT partners and managing directors reflects their tenure at EY through the end of fiscal year 2024.

27. The ratio of partners and managing directors to other audit professionals is calculated by dividing the total number of staff, seniors, managers and senior managers on an FTE basis by the total number of partners and managing directors on an FTE basis. The ratio of audit senior managers and managers to seniors and staff is calculated by dividing the total number of staff and seniors on an FTE basis by the total number of senior managers and managers on an FTE basis. The ratios for fiscal 2023 and 2022 include only audit professionals while the ratios for fiscal 2024 also include IT professionals who work on audits.

28. Learning hours reflect the average number of hours of learning our audit professionals completed in each of the last three fiscal years. This is calculated by dividing the total number of learning hours completed by average headcount for each year. Learning hours and average headcount associated with our IT professionals have been included in the 2024 calculation.

29. The number of EY professionals who were recognized by the AICPA as Elijah Watt Sells Award winners is based on the list of winners released by the AICPA.

30. The amount each professional can receive in reimbursements for well-being activities reflects the maximum reimbursement in fiscal 2024.

31. Refer to endnote 4.

32. The numbers of women and R&ED individuals on our US Management Committee, Governing Board, regional management team of our audit practice and our Professional Practice management team reflect the current composition of each group.
33. Refer to endnote 3.

34. The number of business resource groups reflects the types of networks our professionals can join to promote connections and receive support.

35. The number of professionals in our Quality Network is calculated on an FTE basis.

36. The number of partners and managing directors in our Professional Practice group is calculated on an FTE basis.

37. The average number of consultations our Professional Practice group conducted annually over the last three fiscal years reflects the sum of formal consultations we documented each year divided by three.

38. Refer to endnote 5.

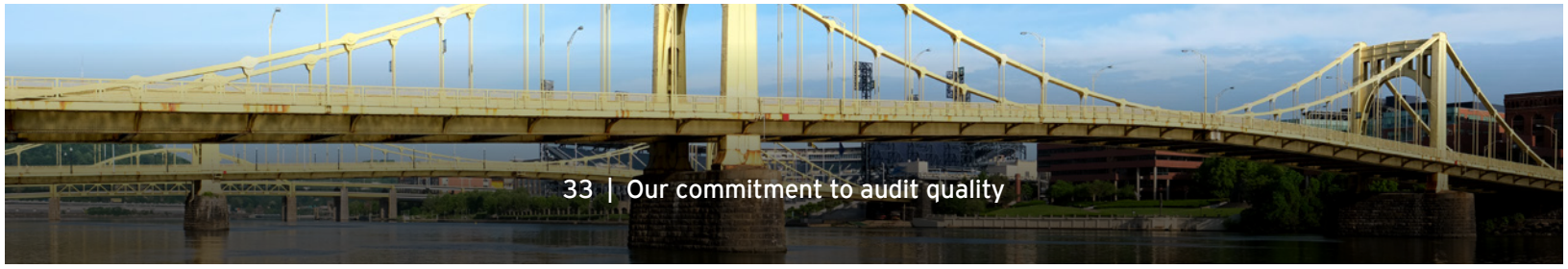
39. The number of completed audits we inspected in fiscal 2024 includes both public and private company audits for which we performed internal audit quality reviews.

40. The restatement data, which has been corrected for fiscal years 2023 and 2022, reflects restatements that issuers (i.e., SEC registrants, including registered investment companies) we audit reported in SEC filings to correct material errors in previously issued annual financial statements. The percentage of restatements is calculated by dividing the number of restatements by the total number of issuers we audited in each fiscal year.

41. The graph showing our PCAOB inspection findings reflects the Part I.A findings in our 2021, 2022 and 2023 PCAOB inspection reports.

42. The percentage of issuer audits in Part I.C of our 2023 PCAOB inspection report reflects noncompliance with SEC or PCAOB rules that we reported for the nine months ended 31 March 2023.

43. The number of audits we performed in 2024 of employee benefit plans that are subject to the Employee Retirement Income Security Act of 1974 (ERISA) reflects annual audits of these plans.



EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multidisciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

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