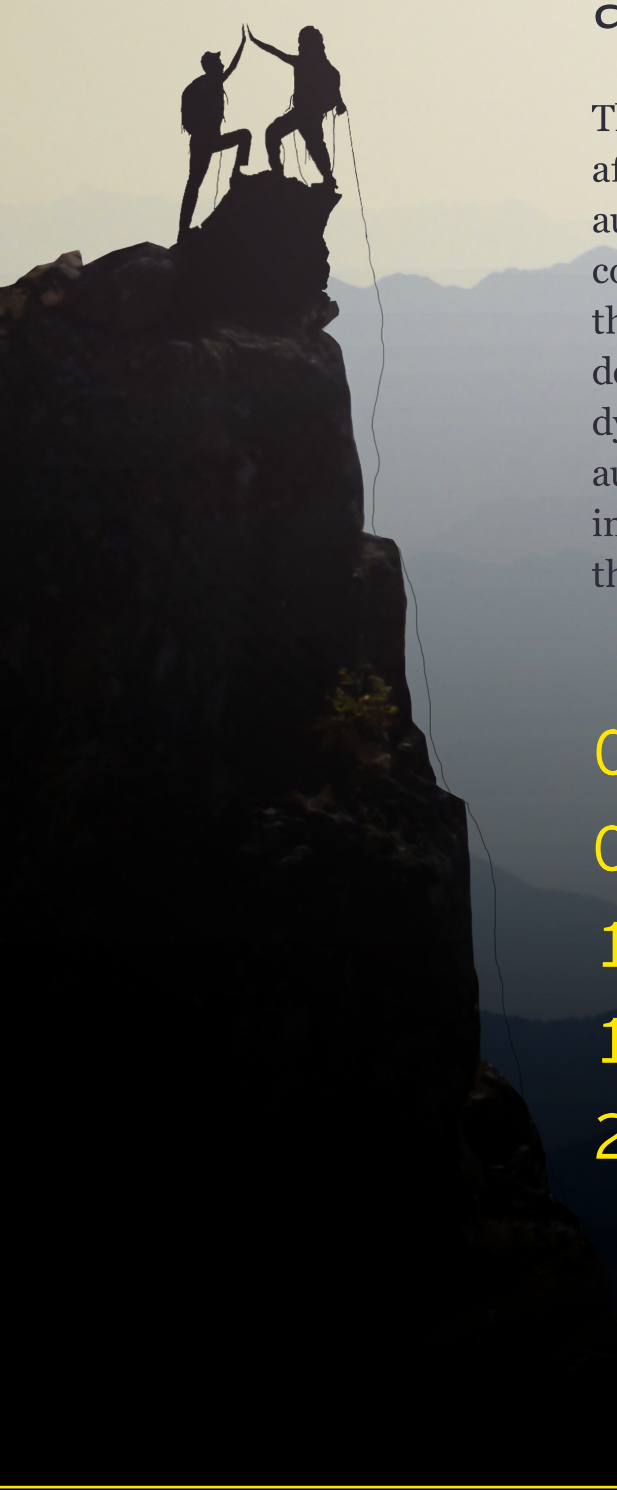
EY Center for Board Matters

What Canadian audit committees should consider at the beginning of 2023 and beyond

Building a better working world



What Canadian audit committees should consider at the beginning of 2023

This 2023 edition of our annual review of issues affecting audit committees during the year-end audit cycle summarizes key considerations for audit committees. With the changing risk landscape, the audit committee's role continues to grow more demanding and complex amid the uncertain and dynamic business environment. This report will assist audit committees to proactively address developments in risk management, financial reporting, tax and the regulatory landscape.

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1 Risk management

Rampant inflation fears, geopolitical tensions and the shadow of the COVID-19 pandemic are the critical threats occupying the minds of CEOs, boards and audit committees. A recent EY CEO survey indicates that, despite the multiple headwinds, many CEOs remain focused on building long-term optionality, resilience and value.

Leading companies are holding firm on transformational investment plans — or formulating new strategies to navigate the new complexity. This includes reframing the company's strategy; reimagining its portfolio, global operations and footprint; and reinventing its ecosystems. Against this backdrop, boards and audit committees are revisiting risk management practices to make sure that risks are managed effectively across the organization, and building more resiliency and overall preparedness to respond and manage these headwinds going into 2023.

Addressing top concerns: unconstrained inflation, ongoing pandemic effects, and geopolitical uncertainty

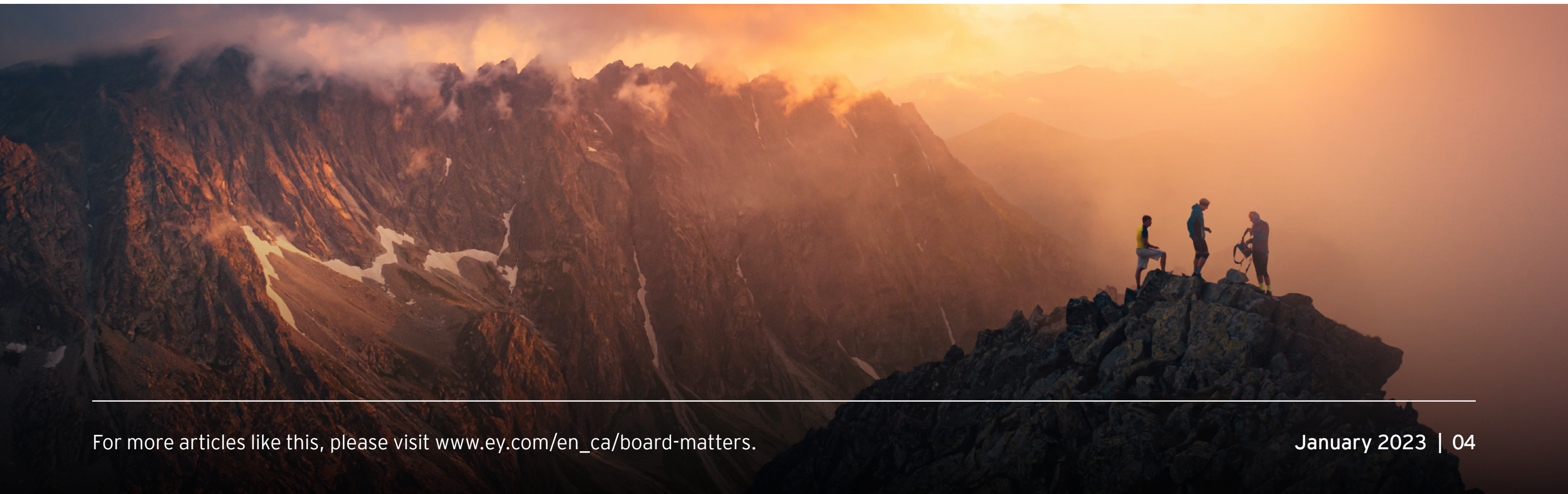
Global economic activity is slowing at a faster-than-anticipated pace, with elevated inflation and surging interest rates leading to increased distress among households and severe constraints for businesses. As organizations prepare to address questions from analysts, investors, regulators and other critical stakeholders on topics such as customer demand, liquidity, supply chain stability and capital allocation, they will need to re-examine their processes for risk identification and assessment to ensure that they have a holistic view of interrelated risks and better understand the related implications. Leading organizations are performing risk assessments more frequently (e.g., quarterly) and leveraging real-time data to better understand their risks and related exposures, including how those exposures are changing quarter over quarter.

While the underlying drivers of surging inflation vary by geography and industry, most companies are seeing major or extreme input price increases across all measures, from labor to raw materials. To combat and mitigate these risks, leading organizations are reshaping their operations, which includes building sustainability and environmental, social and governance (ESG) as a core aspect of all products and services to engage customers; boosting customer loyalty using technology to optimize product suite or services; and adopting new pricing constructs or innovative pricing models to improve profitability and performance to protect margins.

Geopolitical tensions have had a direct impact on accelerating input prices and inflation and are also featuring prominently in risks assessments. The war in Ukraine has increased commodity prices and created yet more supply constraints as well as inflationary pressures. National security concerns, as well as other public policy considerations, could also impact whether and how companies in regulated industries are able to transact business. As a result, board agendas are expanding to include discussions around reconfigurations of supply chains and re-evaluations of global operations and footprint, including potentially exiting businesses in certain markets and stopping planned investments.

Leading organizations are preparing and planning for these unknown risks and developing contingency plans for different scenarios. This begins by identifying the most relevant risks for their business and the factors that will determine whether that risk materializes. With insight, companies can establish key risk indicators to monitor whether a particular risk is more or less likely to arise and develop relevant mitigation measures.

Audit committees are also spending more time discussing resiliency and using scenario planning (rather than forecasting) to bolster such efforts. Leading organizations are using simulations, triggers and multi-faceted scenarios, including exercising more rigor in developing base plans and alternative scenarios.



Evolving cybersecurity governance

Cybersecurity risks continue to multiply and accelerate, marked this year by potential threats tied to the war in Ukraine. Meanwhile, more guidance on cyber oversight and disclosure is here or on its way from the SEC which proposed new rules in 2022 which recently passed far reaching legislation. In Canada, enhancements to privacy centric regulations are likely to result in additional responsibilities for organizations handling personal information and increased penalties for contravention of the law. Industry centric acts are also materializing which place focus on specific obligations based on the type of data being protected or service being provided. The Critical Cyber Systems Protection Act – which provides a legal framework for critical cyber systems that are vital to public safety and national security – is a good example. It will define requirements, enhance liability for non-compliance, and provide regulators with additional powers to intervene during incidents, and sanction non-compliance with fines or criminal charges.

Based on insights gained through engagements with directors, we have identified the following 10 leading practices to help boards oversee cyber risk:

- Elevate the tone. Establish cybersecurity as a key consideration in all board matters.
- Stay diligent. Address new issues and threats stemming from remote work and the expansion of digital transformation. And remember that every employee needs to be diligent, too — 82% of breaches involve a human element, according to Verizon's 2022 Data Breach Incident Report.
- Determine value at risk. Reconcile value at risk in dollar terms against the board's risk tolerance, including the efficacy of cyber insurance coverage.
- Leverage new analytical tools. Such tools inform the board of cyber risks ranging from high-likelihood, low-impact events to low-likelihood, high-impact events (i.e., a black swan event).
- Embed security from the start. Embrace a "trust by design" philosophy when designing new technology, products and business arrangements.
- Independently assess the organization's cyber program. Obtain a rigorous third party assessment of your cyber risk management program (CRMP).
- Evaluate third-party risk. Understand management's processes to identify, assess and oversee the risk associated with service providers and third parties involved in the organization's supply chain. Supply chains were responsible for 62% of system intrusion incidents in 2021, according to Verizon's 2022 Data Breach Incident Report.
- Test response and recovery. Enhance enterprise resilience by conducting rigorous simulations and arranging protocols with third-party specialists before a crisis.
- Understand escalation protocols. Have a defined communication plan for when the board should be notified, including incidents involving ransomware.
- Monitor evolving practices and the regulatory and public policy landscape. Stay attuned to evolving oversight practices, disclosures, reporting structures and metrics.

Continued focus on talent strategies and workforce issues

Post-COVID-19 pandemic, the ongoing transformation of the traditional employer-employee relationship and the elevation of corporate culture as a key strategic enabler continue to carry new and significant risks. Talent shortages and workforce-related issues are indicative that the impact of the Great Resignation will persist and that organizations will continue to struggle to fill talent requirements to support achieving their strategies and organizational objectives. Further, transformative technologies and disruptive innovations will require organizations to upskill and re-skill their workforces and attract and retain top talent.

Additionally, there is growing focus on the employee experience and employee engagement. Companies must respond thoughtfully to the new set of employee expectations and incorporate these expectations into future talent strategies and programs. With this ongoing race for talent, boards are focusing on scrutinizing the company's efforts and strategies on attracting and retaining top talent and more closely monitoring culture and human capital metrics.

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Evolving risk management programs to incorporate technology-enabled risk management

Traditional enterprise risk management practices, which often include rules-based monitoring techniques and subjective scenario-based approaches to identify, detect and analyze risks, are no longer optimal in this risk environment. Some common problems include a poorly functioning intelligence process technology that does not provide timely actionable insights but produces stale, backward-looking risk reporting. In addition, manual risk processes are often seen as an intrusion into business operations, slowing the pace of business itself.

With ever-increasing pressure to do more with less, companies are having to find new ways to accelerate the modernization and digitalization of their risk management processes. This means organizations are transforming their risk management approach by embedding data science and technologies (such as analytics, artificial intelligence, robotic process automation and machine learning) across the entire risk management process, from identification to assessment to mitigation to monitoring. We highlight some trends and ways that organizations are leveraging data and technology to enable and enhance integrated risk management efforts:

- Turning to integrated risk management (IRM) to enable greater visibility, coordination and management of risk across the enterprise. IRM treats risk and compliance as an enterprise-wide responsibility by managing risk across the enterprise, integrating activities and implementing processes to enable greater visibility and give management better information for decision-making.
- Leveraging technology such as artificial intelligence to mine the past patterns and elicit specific predictions about the future. Utilizing data science in such a manner allows for more objective evidence-based and deep analytical findings to allow for enhanced decision-making.
- Using digital twins (virtual representations that serve as the real-time digital counterpart of a physical object or control) for simulations to enhance traceability throughout the supply chain and enable more transparency into potential risk interdependencies.
- Using tech-enabled analytics to better understand cost drivers and address inflation risks; sophisticated analytics may help in developing a nuanced understanding of risk exposures and pricing impacts.

Integrated risk management platforms and cloud infrastructure are also enabling teams to analyze risk trends more easily and providing the data storage capacity and analytics firepower needed to conduct horizon scanning, scenario planning and stress testing based on multiple variables. Boards and audit committees are seeking this type of analysis, and they are looking for teams to effectively detect weak signals of atypical and distant threats before they materialize into a major risk.

Boards and audit committees should assess whether management has a robust strategy for an integrated risk management program leveraging data and technology, with a particular focus on talent and skill sets that may be required.

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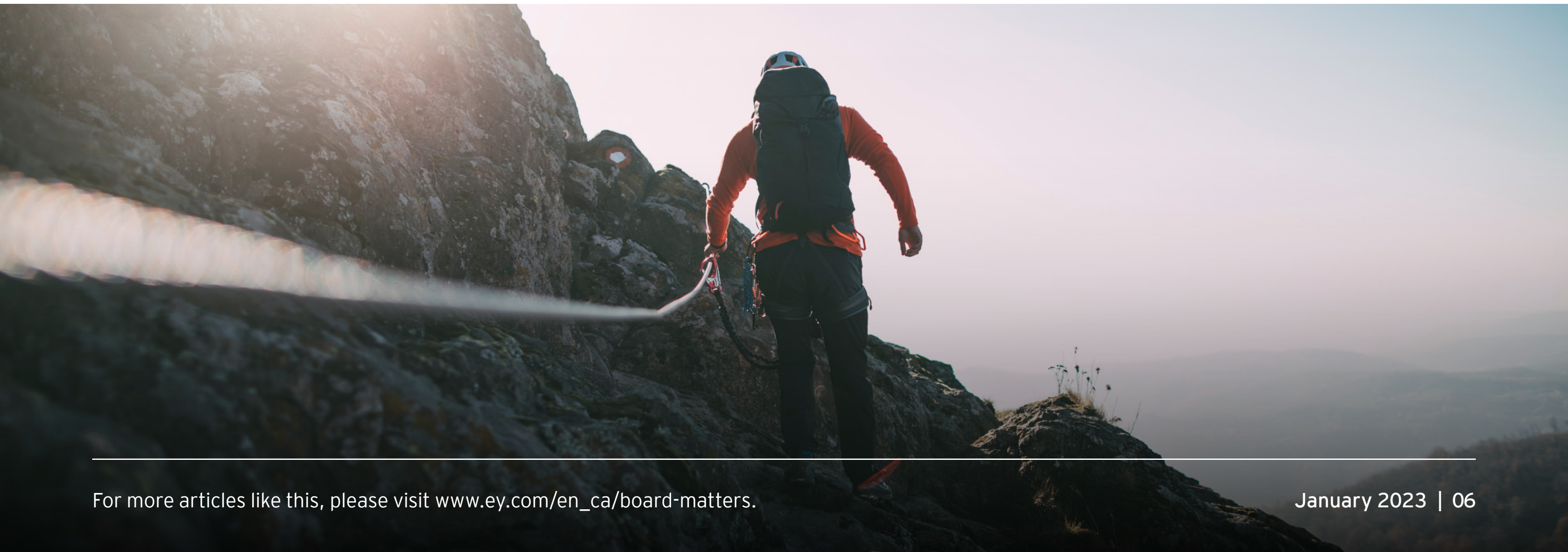
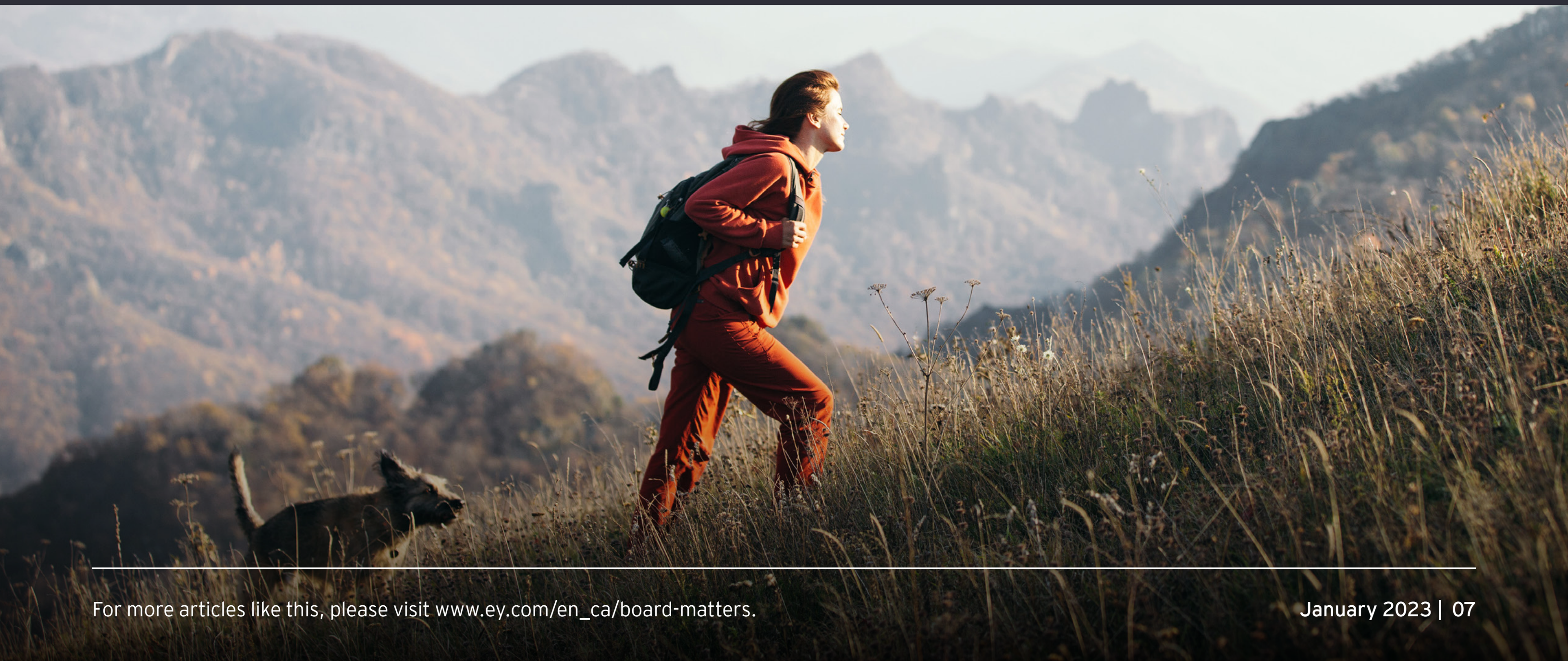


Transforming risk, compliance and internal audit: key trends and observations

Risk and compliance functions have been slow to transform from a compliance orientation to differentiating as strategic advisors. The EY 2022 Global Internal Audit and Internal Control Survey Results explores the priorities of internal audit and risk management leaders. We've noted some highlights from this report along with other market observations:

- More companies are leveraging new ways of compliance management and reporting that are powered by data analytics and automation as it provides more efficient and effective internal control oversight. Only 30% of respondents currently perform data analytics in the audit cycle; however, our survey results show that it is the top opportunity to enhance their compliance or risk management function.
- Nearly 40% of survey respondents are actively performing a separate emerging risk assessment, and an additional 15% plan to do so within the next three years.
- Risk assessments are becoming more dynamic to minimize audit and compliance fatigue: Using robust data analytics, risk analysis is becoming more proactive by detecting imperceptible process failures, flagging lapses and marking their occurrences to avert future errors. Digital tools such as scoping accelerators enable companies to zero in on material entities and financial statement line items, business functions and corresponding IT systems.
- The dynamic regulatory landscape around the globe is putting performance pressure on many organizations. These organizations in turn look to their IA and risk management executives to stay abreast and comply with the ever-changing requirements (e.g., the SEC's cyber proposal). As more of these types of regulations are rolled out around the world, internal audit teams can provide value by performing capabilities or gap assessments to evaluate their organization's current posture relative to the proposed regulatory requirements.
- Internal audit and risk functions are expanding hiring practices (such as looking for more digital and technology talent vs. the traditional audit and controls background) and evolving from a traditional internal audit and controls model. Companies are using co-sourcing models to gap fill for specialist talent; rotational models to show employees that internal audit is valued across the business and offers career growth opportunities; and hybrid or work-from-home models to attract and retain talent.
- The downtrend in new audit talent elicits concern for long-term difficulty with recruitment and potential impact on overall audit quality. Leading organizations are developing tailored learning and experience curricula for soft and technical skills to upskill their internal audit function.
- Businesses are reprioritizing the internal audit function as consultatory business advisors, not just assurance providers. This redistribution of resources within internal audit may help retain and obtain talent; however, the internal audit function must be careful to follow its mandate. Convincing business leaders and the board of internal audit's value and increasing resources to the function may ease the tension between assurance and consultancy.



Enhancing integrity and sharpening the focus on fraud and overall compliance

The EY 2022 Global Integrity Report reveals that more companies than ever value corporate integrity and its benefit to reputation and employee retention, although challenges remain. Fifty-five percent of respondents believe that standards of integrity have either stayed the same or worsened over the last 18 months.

Since the pandemic arose, companies have continued to increase training, communication and awareness of integrity issues with their employees. However, the EY survey findings show that organizations are struggling to close the gap between rhetoric and reality (the "say-do" gap), with senior management often overconfident of the effectiveness of corporate integrity programs. Although organizations are investing more in communication and training programs, that messaging alone is not enough to create a culture of integrity. While 60% of board members say that their organization has frequently communicated about the importance of behaving with integrity in the last 18 months, only half that percentage (30%) of employees remember it.

This year's survey examines the challenges experienced by companies when building a culture of deep integrity. With the growing demands and expectations around transparency and ESG, the report emphasizes the importance of creating a culture that supports ethical decision-making. In fact, 42% of surveyed board members indicated that unethical behavior in senior or high performers is tolerated in their organization (up from 34% in 2020).

Key actions boards and audit committees can take to bolster integrity include:

- Verify that the organization is performing fraud and regulatory compliance risk assessments to protect the organization. Specifically, these assessments should be taken seriously from the top down, be data-enabled and be regularly and robustly performed, with any gaps or weaknesses exposed and rectified.
- Recognize that systems and processes don't commit fraud, humans do. The best compliance frameworks can be breached if there isn't a culture of doing the right thing, which makes building a strong integrity culture as important as the control environment. In addition to emphasizing a strong integrity culture, boards and audit committees should encourage companies to focus on tech-driven and data-centric ways (e.g., forensic technology solutions to identify hidden risks, benchmarking to understand outliers) to measure integrity culture and build the right controls and processes.
- Treat the growth in data volumes as an opportunity to aid the combat of fraud, not as a threat. Evaluate whether the organization is using its own data to detect irregular behavior and guide its response to preventing and investigating it. Determine whether there are ways of collecting data that support the organization's ESG journey and align to the organization's integrity agenda.
- As the survey highlights, the integrity message is slowly landing and yet appetite for malpractice is growing. Continue the journey of communicating and awareness building by moving from training to educating, so everyone understands the "why" as well as the "what" of business integrity.
- Support whistle-blower processes — validate that employees are given the opportunity to report suspected wrongdoing in good faith and make them feel assured that there is protection against retaliation.

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What Canadian audit committees should consider at the beginning of 2023 and beyond

Financial reporting

Companies are continuing to re-evaluate their disclosures as stakeholders seek to understand the impact of various external developments on the business. This includes the continued global economic uncertainty; climate and other ESG factors; and evolving geopolitical developments.

We highlight some of these and other key financial reporting developments and trends to assist audit committees in driving audit quality and encouraging a culture that supports the integrity of the financial reporting process.

Accounting and reporting considerations for macroeconomic factors

Organizations continue to be affected by macroeconomic factors, such as inflation, rising interest rates, supply chain disruptions and stock market volatility, as well as the war in Ukraine and its ripple effects. We anticipate that audit committees will continue to evaluate these evolving impacts and changes in the business environment on their financial reporting processes. Key considerations may include the following:

- Continue to assess changes in the business, trends or uncertainties and the implications for financial reporting. This includes determining how inflation and supply chain issues may be affecting cash flow projections used in prospective financial information and what discount rate is used to discount those cash flows.
- Revisit disclosures included in company filings, such as risk factors, critical accounting estimates, liquidity, and capital resources to address certain risk concentrations (e.g., customer, supplier, geographic) and other known trends, events, and risks and uncertainties that have had or are reasonably expected to have a material effect on the business. In addition, make sure risk factor disclosures and management's discussion and analysis (MD&A) include sufficient details about the macroeconomic factors. The Canadian Securities Administrators (CSA) have been asking companies to discuss these effects in more detail, including the steps they are taking to mitigate inflationary pressures, and we expect the staff to ask more questions in their reviews of year-end filings. The CSA is also likely to ask about non-GAAP measures a company uses in describing the effects of macroeconomic factors or the COVID-19 pandemic.
- Given the economic headwinds, companies may be re-evaluating their business strategy, including disposals of certain businesses. Disposing of a component of the entity may require reconsideration of a public company's reportable segments or even reporting on a disposal as a discontinued operation, which requires judgment to determine whether the applicable criteria are met.
- Companies may also be considering derivative transactions, such as interest rate swaps or purchased interest rate caps, to mitigate the potential negative effects of rising interest rates on their cash flows and financial results. Companies that are contemplating these transactions that have not historically applied hedge accounting need to understand all the specific requirements in IFRS 9.
- Companies experiencing liquidity issues may be at risk of violating debt covenants, which could affect debt classification. Debt that has become callable due to a covenant violation at the balance sheet date is classified as a current liability unless the creditor has waived or lost the right todemand repayment for more than one year from the balancesheet date and the waiver was issued prior to the balancesheet date.
- Throughout the year, many companies had to consider whether indicators of impairment existed for long-lived assets, intangible assets and goodwill, and, in some cases, perform an interim impairment test. Those considerations need to be updated for events andchanges in circumstances in the fourth quarter. Companies should also make sure they are using consistent assumptions in each of their analyses and public statements that they are making elsewhere (e.g., in management's discussion and analysis).

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Organizations continue to be affected by macroeconomic factors, such as inflation, rising interest rates, supply chain disruptions and stock market volatility.

- Companies with financing receivables (e.g., trade accounts receivable, loans) and contract assets should consider the guidance in IFRS 9 to evaluate whether and how inflation, rising interest rates, supply chain issues, recession risks or other economic conditions affect the collectibility of their financing receivables and contract assets. Given the uncertain economic outlook, companies should assess whether the assets they are required to pool to assess credit losses continue to display similar risk characteristics and determine whether they need to revise their pools or perform an individual assessment of expected credit losses.
- Companies also need to consider the current economic environment when developing reasonable and supportable forecasts of future economic conditions for use in estimating expected credit losses. Companies should consider highlighting the uncertainty and any significant inputs or assumptions in their qualitative and quantitative disclosures about credit risk and the allowance for credit losses.

The uncertain macroeconomic environment continues to challenge financial institutions in how they manage their portfolios and credit risk. Areas of focus for the risk function include:

- Scenario analysis: Given the uncertainty regarding the timing and severity of an economic downturn, companies are developing multiple scenarios to evaluate different potential outcomes. This includes allowance for credit losses and forecasting/stress testing.
- Downturn readiness: Companies are developing contingency plans to respond to impacts of an economic downturn. This includes monitoring of real-time data (KPIs) to implement contingencies quickly should they become necessary.
- Default resolution capabilities: Many experienced leaders who were on the front lines of the last financial crisis have retired or moved to different roles. Ensuring resource contingencies in default resolution is a critical step in preparing for a credit downturn.

We expect that the uncertain economic environment will continue to require companies to apply significant judgment in the determination of expected credit losses. Areas of potential risk that companies should consider include:

- Identification of vulnerable portfolio segments including lower income, higher indebted households, borrowers with mortgages that will reset in the near-term, leveraged lending
- Potential indicators of significant increase in credit risk such as borrowers requesting amortization extensions or borrowers that are unable to qualify equivalent financing elsewhere
- At-risk commercial sectors, including real estate developer or construction loans that are exposed to rising project costs and declining real estate prices.

In addition, we would expect institutions to consider the effects of the recent macroeconomic environment on expected credit loss model performance including:

- The use of COVID -19 data with suppressed credit losses to predict future losses prior to credit normalization
- Limitations in the model development data set, such as historical data which does not include periods of rising interest rates and inflation
- Models that are overly reliant on unemployment which remains historically low and may result in counterintuitive results given the current economic situation.

Companies should continue to update their disclosures and consider the financial statement effects of the current market conditions (e.g., inflation, pandemic) and their expectations for the future. It will be important for audit committees not only to understand management's view of future economic conditions, but also validate that the organization provides transparent disclosures regarding these views.

Considering climate change in financial reporting

There is an increased focus on the measurement and disclosure of climate related matters in an entity's financial statements. Although there is no explicit standard on climate-related matters under IFRS, climate risk and other climate related matters may impact a number of areas of accounting. While the possible impacts will depend on an entity's specific facts and circumstances, areas to consider may include:

- Asset impairment, including goodwill
- Useful lives and residual values of long-lived assets
- Fair value measurements
- Changes in provisions
- Changes in expected credit losses
- Disclosures of significant judgments and estimates

Other reminders

Canadian interest rate benchmark reform

In light of the transition from the London Interbank Offered Rate ("LIBOR") to its replacement, the Secured Overnight Financing Rate ("SOFR"), Canada is now moving forward with its own reform. As announced by Refinitiv Benchmark Services (UK) Limited ("RBSL"), CDOR's regulated administrator, in May 2022, the publication of the Canadian Dollar Offered Rate ("CDOR") will cease on June 28, 2024. The impact will be significant, given many credit facilities containing a Bankers' Acceptance ("BA") funding mechanism will be affected, in addition to derivatives, loan contracts, and other securities that reference CDOR (such as term notes). It is expected that CDOR-based contracts will transition to the Canadian Overnight Repo Rate Average ("CORRA").

Following this announcement, the Canadian Alternative Reference Rate Working Group ("CARR") began implementing a two-year two-stage transition plan. Stakeholders are expected to transition new derivative and securities contracts from CDOR to the overnight CORRA in-arrears before June 30, 2023, whereas other products (such as loans) should be transitioned from CDOR by the following year. This can be achieved either by relying on fallback language or by proactively amending and terminating contracts.

The International Accounting Standards Board ("IASB") has provided relief in two phases to address accounting issues that may arise from market-wide reform of an interest rate benchmark. Entities should be aware of the potential financial reporting implications of the CDOR transition, including but not limited to:

- Accounting for modifications of CDOR-based contracts, and applying, when possible, the "economically equivalent" practical expedient.
- Assessing at inception of a hedge if CORRA is an eligible risk component (i.e., separately identifiable and reliably measurable), when it is not contractually specified in the hedged item.
- Demonstrating whether CORRA is an eligible risk component of the prime rate when designating CORRA as the hedged risk in a prime-rate instrument.
- Evaluating whether instruments indexed to CORRA should be disclosed as being at level 2 or level 3 in the fair value hierarchy disclosure.
- Providing additional disclosures, including: the nature and extent of CDOR exposures, how financial performance risks are managed, and the progress of the entity in completing the transition

Reminders on National Instrument 52-112: Non-GAAP and Other Financial Measures Disclosure

National Instrument 52-112: Non-GAAP and Other Financial Measures Disclosure became effective on 25 August 2021. The overall purpose of this National Instrument is to provide clarity and consistency with respect to an issuer's disclosure obligations aimed at improving the quality of information provided about such measures. NI 52-112 is now legally enforceable within securities legislation, and we expect securities regulators to be focusing on the requirements of the National Instrument in issuers' filings in 2022 and going forward.

The National Instrument applies to reporting issuers on any disclosure of a specified financial measure in a document that is intended to be, or reasonably likely to be, made available to the public. This includes written communication, including a communication prepared and transmitted in electronic form (such as press releases or investor presentations made available on websites or social media). The Instrument also applies to non-reporting issuers in a document that is subject to the prospectus requirements, or other similar documents submitted to a recognized stock exchange in connection with certain transactions.

The Canadian Securities Administrators (CSA) recently released their biennial report on its continuous disclosure review program, which includes a summary of common deficiencies in issuers' compliance with NI 52-112, as follows:

Area of Observation	Deficiency
Earnings Release	Failure to include the required quantitative reconciliation, and failure to comply with no more prominence rule
Investor presentation	Inappropriate incorporation of information by reference when the document incorporated by reference is not yet filed, doesn't include the information about the specified measure or does not specify the location of the information about the specified measure
Forward-looking information	Failure to describe significant differences between the forward-looking non-GAAP financial measure and its equivalent historical non-GAAP financial measure
Total of segments measures	Failure to include the required disclosures as the "total of segments" measure was not identified as a non-GAAP measure in instances where the financial measure was inconsistent with the core principle of IFRS 8
Supplementary financial measures	Confusing labels were used to name supplementary financial measures, such as labeling a supplementary financial measure using a well-established term when its composition is inconsistent with well-established expectations on that term's composition
Other	Failure to include the required quantitative reconciliation for all comparative periods presented and failure to disclose each non-GAAP financial measure that is used as a component of the non-GAAP ratio

The full CSA report can be accessed using the link here.

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Tax and other policy-related developments

With new and anticipated guidance from Canadian and non-Canadian governments, boards and audit committees must oversee their organizations' responses to tax changes in real time. They need to closely monitor the tax environment to recognize both potential challenges and opportunities and to remain agile in the face of uncertainty.

Canadian tax policy changes

The federal budget was tabled on April 7, 2022, which included the announcement of several business income tax measures including additional tax and a one-time Canadian tax recovery dividend payable attributable to certain financial institutions. In addition, the federal budget included certain tax changes as a result of the adoption of accounting rules under IFRS 17, *Insurance Contracts*.

The federal budget also confirmed the government's commitment for moving ahead with the two-pillar plan for international tax reform in the OECD Framework on Base Erosion and Profit Shifting (BEPS). The two-pillar plan is summarized as follows:

- **Pillar One: reallocating taxing rights:** This pillar is intended to reallocate a portion of taxing rights of multinational corporations to where their users and customers are located. The government has indicated that it is actively working with its international partners to develop these model rules. As previously announced, if this new framework does not come into force by December 31, 2023, Canada's proposed digital services tax will apply in respect of revenues earned from January 1, 2022 onward;
- **Pillar Two: global minimum tax:** This pillar is intended to ensure that profits of large multinational corporations are subject to an effective tax rate of at least 15%, regardless of where the profits are earned. The Canadian government intends for the charging provisions of the pillar two framework to come into force in 2023, with certain provisions coming into force no earlier than 2024.

Other significant Canadian tax measures include the following:

- **Draft proposals on hybrid mismatch arrangements:** The department of finance released draft proposals intended to neutralize the effects of hybrid mismatch arrangements. Hybrid mismatch arrangements are generally arrangements that exploit differences in the income tax of business entities or financial instruments under the laws of two or more countries to produce mismatched tax results. Additional rules are expected to be released to address forms of mismatch arrangements not covered under the existing proposed rules.
- **Excessive Interest and Financing Expenses Limitation (EIFEL):** Rules have been proposed which limit the amount of net interest and financing expenses that a corporation may deduct to a fixed ratio. These rules are proposed to apply to taxation years which begin on or after October 1, 2023. These rules are expected to result in limitation of interest expenses which result in increases to taxable income, and taxes paid, by many Canadian corporations.
- **Mandatory Disclosure Rules:** New rules have been proposed requiring certain mandatory disclosures to the Canadian tax authorities. Disclosures are required for three categories of transactions (i) reportable transactions (ii) notifiable transactions and (iii) uncertain tax positions. Uncertain tax treatments are a matter in which uncertainty in respect of an entity's income tax is reflected in the corporation's financial statements. For uncertain tax positions, the rules will be effective for taxation years beginning after 2022.
- **Tax on Share Repurchases:** On November 3, 2022, the government tabled its fall economic and fiscal update. The update included a proposal to introduce a new 2% corporate tax on the net value of share buybacks by public corporations.

Audit committees and boards should monitor these and other changes and ensure that management is considering and appropriately accounting for the anticipated impacts.

US Tax Policy Changes

In addition to the Canadian tax changes noted above, businesses will need to navigate recently passed US tax changes in 2022. For example, the Inflation Reduction Act (IRA), enacted in August, contains both new taxes and new tax incentives. Among the tax changes are:

- A new 15% corporate alternative minimum tax (CAMT) based on book income that applies to companies that report over $1 billion in profits to shareholders (based on a three-year average), effective for tax years beginning after 31 December 2022
- A 1% surcharge on corporate stock repurchases
- New tax incentives for accelerating renewable energy, adopting electric vehicle (EV) technology and improving the energy efficiency of buildings and manufacturing

The new CAMT brings added complexity for potentially affected companies, and boards and audit committees will need to make sure management is anticipating and assessing the impact. Companies will first need to determine whether the tax applies to them, which is a complicated analysis, and then if so, how much they should pay, which requires two separate calculations to determine their tax liability. The Treasury Department is expected to issue guidance to provide more detail on when the tax applies, how to calculate it, and the CAMT foreign tax credit. Treasury is also expected to provide guidance on the new tax on stock repurchases.

Many tax items, meanwhile, remain in legislative limbo, making planning more difficult. Several tax provisions enacted as part of the Tax Cuts and Jobs Act were enacted with "sunset" and change dates, some of which have already taken effect. Other provisions, commonly known as "tax extenders," have typically been extended for short periods and are sometimes included in year-end bills. Many of these tax extenders, however, were allowed to expire in 2021. As these provisions can affect a wide range of taxpayers, boards and audit committees will want to pay attention to whether they are included in year-end legislation.

Tax compliance and controversy — interconnected and complex

Audit committees should receive a report from management on how the company executed against its internal controls over income taxes for the year, including a report on the recently completed tax compliance season. The report should review tax positions, data sources, and changes that might be needed for the upcoming year — all of these areas should be documented and put into an actionable plan for future use.

Boards and audit committees also need to be aware of changes in the tax controversy landscape. Canadian and US tax authorities have made significant investments in increasing their enforcement capabilities, through additions of more auditors and additional investments in technology. This increased enforcement funding will likely increase scrutiny of large corporations and complex partnerships.

Global tax developments — more uncertainty

Global tax policy is also in a period of flux. The Organisation for Economic Co-operation and Development (OECD) continues to encourage countries to adopt its two-pillar approach to reform of the international tax system (Pillars One and Two of its "BEPS 2.0" initiative, including the Global Anti-Base Erosion (GloBE) model rules). With countries around the world beginning to take steps toward action on the Pillar Two global minimum tax, boards should be monitoring and anticipating potential tax changes at the individual country level in relevant jurisdictions.

The Canadian adoption of these rules is further described above. Globally, it is unclear whether the European Union (EU) will move forward as a single bloc on Pillar Two. France, Germany, Italy, the Netherlands and Spain, five of the largest EU economies, however, have signaled their willingness to implement the Pillar Two global minimum tax unilaterally, even if no agreement is reached among all EU Member States. The GloBE model rules provide effective dates beginning in 2023 and 2024, but many countries have signaled the intention to use effective dates beginning in 2024 and 2025. It is therefore important for businesses to monitor the introduction of Pillar Two rules in each relevant jurisdiction and evaluate the potential impact on their tax positions and on their finance, IT, human resources and treasury departments, noting that, as designed, the enactment in one jurisdiction may result in a minimum tax due on income earned in another jurisdiction.

In November 2022 the International Accounting Standards Board (IASB) tentatively decided to amend the Income tax standard (IAS 12) to introduce a mandatory temporary exception from accounting for deferred taxes arising from the GloBE model rules. The IASB also tentatively decided to require disclosures for the impact of the GloBE model rules, which are expected to apply for annual reporting periods beginning on 1 January 2023. Final amendments are expected in Q2 2023.

Regarding Pillar One, the rules are still being developed and additional proposals are expected to be released by year-end. Implementation will require ratification of a multilateral tax convention by a critical mass of countries, as well as changes to domestic law in some countries. At present, it seems doubtful Congress will implement Pillar One, throwing into question whether it ultimately will take effect.

> "Boards should be monitoring and anticipating potential tax changes at the individual country level in relevant jurisdictions.

4 Regulatory developments

Securities regulators continue to focus on company disclosures and investor protection. Given the changing regulatory landscape, audit committees should keep abreast of the evolving agenda and impact that such changes can have on the organization.

Environmental, social and governance

Canadian Developments

Proposed National Instrument 51-107 *Disclosure of Climate-related Matters* was first published in October 2021, with the comment period closing earlier this year. Commenters were generally supportive of the proposed Instrument's efforts to align Canadian issuers with the growing convergence around the Taskforce for Climate related Financial Disclosure (TCFD) recommendations but urged further alignment with future standards issued by the International Sustainability Standards Board (ISSB) and SEC disclosure rules, once they are respectively finalized. The Canadian Securities Administrators (CSA) is actively considering international developments and revisiting the comments received on its proposal, as well as reviewing Canadian stakeholder feedback that was submitted directly to the SEC and the ISSB. A revised proposal is expected to be published sometime in 2023.

As part of their biennial report on their continuous disclosure review program, the CSA also noted the increasing use of ESG-related disclosures in continuous disclosure documents, as well as voluntary documents such as sustainability or ESG reports and public surveys. The CSA has cautioned against potentially misleading, unsubstantiated, or otherwise incomplete claims about business operations, and has reproduced a sample disclosure that they view as deficient. Increasing investor expectations of climate-related disclosures and the evolving regulatory requirements mean that companies will need to ensure all ESG disclosures, whether voluntary or required, are factual, balanced, and consistent.

The Office of the Superintendent of Financial Intuitions (OSFI) issued Draft Guideline B-15, Climate Risk Management. The Guideline establishes OSFI's expectations related to the management of climate-related risks by Federally Regulated Financial Institutions (FRFI's). Climate related risks include both physical and transition risks. The threats posed by climate change and the global response have the potential to significantly impact the safety and soundness of FRFI's. The draft Guideline addresses both the governance and risk management expectations for FRFI's including the use of scenario analysis and stress testing to evaluate the impact of climate risks and the introduction of mandatory climate-related financial disclosures which are aligned with the TCFD framework. The comment period closed on September 30th, 2022 and the final Guideline is expected to be issued in 2023.

International developments

In November 2021, the IFRS Foundation announced the creation of the ISSB. The intention is for the ISSB to deliver a comprehensive global baseline of sustainability-related disclosure standards that provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities to help them make informed decisions.

The ISSB published its first proposed standards IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures I exposure drafts in March 2022. These were developed in response to calls from investors to establish more consistent and comparable global standards to help them assess how sustainability-related matters impact an entity. The standards are based on the four pillars from the TCFD recommendations. The ISSB proposals also build on or incorporate components of other existing frameworks and standards of international sustainability bodies, including the CDSB (Climate Disclosure Standards Board) Framework and SASB (Sustainability Accounting Standards Board) standards.

Comments were due in July 2022 and the ISSB received over 1300 comment letters across both proposed standards from a diverse set of respondents worldwide, suggesting significant and widespread interest in these topics and proposals. The general feedback for IFRS S1 and IFRS S2 has largely been positive, in that respondents are supportive of the ISSB's development of consistent global standards. However, respondents have also commented on a need for more illustrative examples and guidance to aid application, noting in particular that there is a broad range of capabilities and preparedness of entities around the world in implementing such disclosures. As such, the ISSB has assessed the feedback and – with consideration for maintaining momentum and efficiency – has shortlisted a set of topics for the re-deliberations. The ISSB's planned timeline is to finalize and publish IFRS S1 and S2 in early 2023, although a proposed effective date has not yet been tabled. The ISSB is discussing feedback from stakeholders on the period of time needed by entities to prepare to apply the proposals, including consideration of some transitional relief measures.

We are seeing rapid decision-making from the ISSB as they consider responses to the comment letters. One key area of feedback has been over how to scale the requirements and concerns of sufficient capacity building as entities prepare to apply the standards, especially smaller entities or those in emerging markets who may not be as far along in their sustainability reporting journey as larger entities. As the ISSB continues to re-deliberate the more specific topics, this area remains top of mind.

Companies should monitor the implementation of the EU Corporate Sustainability Reporting Directive (CSRD), which will require a number of non-EU companies with EU operations to provide climate- and other ESG-related disclosures. The CSRD was finalized in 2022 and is expected to be implemented within 18 months.

US developments are covered in the SEC regulatory agenda section below.

Canadian Securities Administrators publish biennial report on continuous disclosure review

The Canadian Securities Administrators (CSA) recently released their biennial report on the continuous disclosure review program, which, in addition to a summary of common deficiencies in issuers' compliance with NI 52-112, details common continuous disclosure deficiencies that were identified over the past two years and offers guidance and disclosure examples of how to improve disclosure on select topics. In fiscal 2022, 61% (compared to 51% in fiscal 2021) of review outcomes required issuers to take action to improve and/or amend their disclosure, refile a previously filed document, or to file unfiled documents.

A summary of the topics highlighted in the report as having common deficiencies of disclosures in financial statements include the following:

- IFRS 15 – Insufficient disclosures regarding variable consideration, remaining performance obligations and disaggregation of revenue, as well as some observations by the CSA where issuers were not properly assessing variable consideration.
- IFRS 7 – Not disclosing enough information to enable users to understand the effect of credit risk on the amount, timing and uncertainty of future cash flows.
- IFRS 8 – Not disclosing factors used to identify the entity's reportable segments, the basis of organization and the judgments made by management in applying aggregation criteria.
- IFRS 3 – Not disclosing certain information related to business combinations which occurred during the reporting period.

A summary of the hot topics related to MD&A deficiencies and other regulatory disclosure deficiencies include the following:

- Venture issuers and early-stage or development-stage issuers that do not appropriately disclose sufficient information related to projects, including timing and costs associated with such projects, and the absence of disclosure about costs incurred in operations and R&D and exploration for venture issuers that have not yet generated significant revenue from operations
- Disclosing forward-looking information (FLI), including backlog and future expected revenues, without having a reasonable basis for the FLI or without disclosing material factors or assumptions used to develop the FLI. In addition, the CSA continues to see instances where issuers disclose an overly optimistic financial outlook of revenue projections which is not supported by reasonable assumptions.
- Inconsistent disclosures between documents, outdated information, inappropriate audit committee composition, and deficiencies relating to business acquisition report requirements.
- Overly promotional disclosure ("greenwashing") pertaining to ESG or sustainability factors, which may have been found to be potentially misleading or unsubstantiated.
- Deficiencies related to mineral project disclosures.

The full CSA report can be accessed using the link here.

OSFI Developments

The Office of the Superintendent of Financial Institutions (OSFI) issued their final Guideline on Assurance on Capital, Leverage and Liquidity Returns in November, 2022. The Guideline applies to capital returns of all federally regulatedinsurers (FRIs) and the capital, leverage and liquidity returns of all federally regulated deposit-taking institutions (DTIs). The assurance framework aims to further contribute to publicconfidence in the financial system and underlines the importance of regulatory returns. The Guideline requires a three-stepapproach to enhance and align assurance expectations overcapital, leverage and liquidity returns:

- External audit opinion on the numerator and denominator of key regulatory ratios (beginning in 2025)
- Senior management attestation on key regulatory returns following an internal review of returns (beginning in 2024)
- Internal audit opinion on key regulatory returns including related controls and processes (required once every 3 years with the first opinion issued between 2023 and 2025).

Some of the key regulatory ratios in scope of the Guideline have been subject to varying levels of assurance historically. However, many ratios have never been subject to any assurance, for example, those related to liquidity. Companies should consider completion of a gap assessment to identify any gaps in controls, process documentation or data. Special consideration should be given to information technology and related controls and data feeds into calculation engines.

CPAB Big Four firm inspection findings

The Canadian Public Accountability Board (CPAB) issued its 2022 Interim Inspections Report in October 2022 and noted that, CPAB has completed 61 of 67 planned file inspections across Canada's four largest audit firms and identified significant inspection findings in seven of those files. This compares to seven significant inspection findings across 75 inspections in 2021. Three of the four firms had fewer than 10 percent of files with significant findings. One firm had findings greater than 20 per cent. CPAB has a target of no more than 10 per cent of files inspected with significant findings.

CPAB noted that the most common inspection findings related to the quality of audit evidence obtained by auditors. Examples of deficiencies include:

- Insufficient testing of data inputs and outputs when using automated tools to evaluate revenue.
- Insufficient evidence obtained to support the fair value of amounts included in a preliminary purchase price allocation for a significant business acquisition.
- Auditors did not appropriately evaluate the information obtained from third party organizations, including the significance of these organizations to the reporting issuer's internal controls over financial reporting.

CPAB continues to have significant findings related to the identification and evaluation of threats to independence due to non-audit services provided by the auditors to reporting issuers. The independence findings are most prevalent for new reporting issuer audit engagements or where there is a change in the independence requirements because the entity becomes a reporting issuer during the engagement period through an initial public offering or other transaction.

CPAB public disclosures recommendations

In September 2022, CPAB published recommended changes to information disclosure that will take place in a phased approach.

Planned changes include:

- Publish information about significant enforcement actions imposed on participating audit firms.
- Make the disclosure of the results of CPAB audit file inspections to audit committees mandatory.
- Provide additional firm-specific information about the results of CPAB inspections.
- Make public the details of CPAB recommendations where firms have not addressed concerns to CPAB's satisfaction.

In the first phase, beginning in 2023, CPAB will change its approach to disclosing information related to enforcement actions. Completion of disclosure changes in the second phase are dependent on amendments to applicable rules and provincial legislation.

EY is supportive of CPAB's goal of increased transparency to audit committees and other public stakeholders and has been voluntarily disclosing results of issuer-specific significant inspection findings to audit committees under CPAB's protocol for many years.

For further information visit cpab-ccrc.ca/insights/disclosures

SEC's regulatory agenda

Chairman Gensler has put forward an ambitious regulatory agenda, including potential changes to rules governing disclosures about climate-related and other ESG matters (e.g., board diversity, human capital), cybersecurity risk governance and other corporate governance matters (e.g., proxy rules, pay vs. performance). More information is available on its rulemaking agenda, which the SEC updates semiannually.

Perhaps the highest profile SEC rulemaking relates to climate disclosure. The SEC is currently considering the public's feedback on its proposal to enhance and standardize disclosures that public companies make about climate-related risks, their climate-related targets and goals, their greenhouse gas (GHG) emissions and how the board of directors and management oversee climate-related risks. The proposal would also require registrants to quantify the effects of certain climate-related events and transition activities in their audited financial statements. The SEC received thousands of comment letters on the proposal and now must decide whether and how to amend the proposal before voting on a final rule. A final rule is expected in 2023.

Information required by the proposal would be subject to the company's disclosure controls and procedures. Audit committees should evaluate the implications arising from SEC rulemakings related to ESG matters including, evaluating whether the company has robust and adequate controls and procedures over climate-related disclosures and considering the Company's readiness to obtain third-party assurance. That being said, a number of the proposed requirements remain unclear. In thinking specifically about Foreign Private Issuers (FPIs) and MJDS filers, the SEC had included questions in their requests for comment on whether FPIs should be able to use ISSB standards and whether MJDS filers could apply local CSA requirements. The latter discussion is caveated by the need for the SEC to evaluate the CSA's local requirements to assess whether they are appropriate. While these questions have not been resolved, their inclusion in the request for comment is a positive start in efforts to increase jurisdictional interoperability.

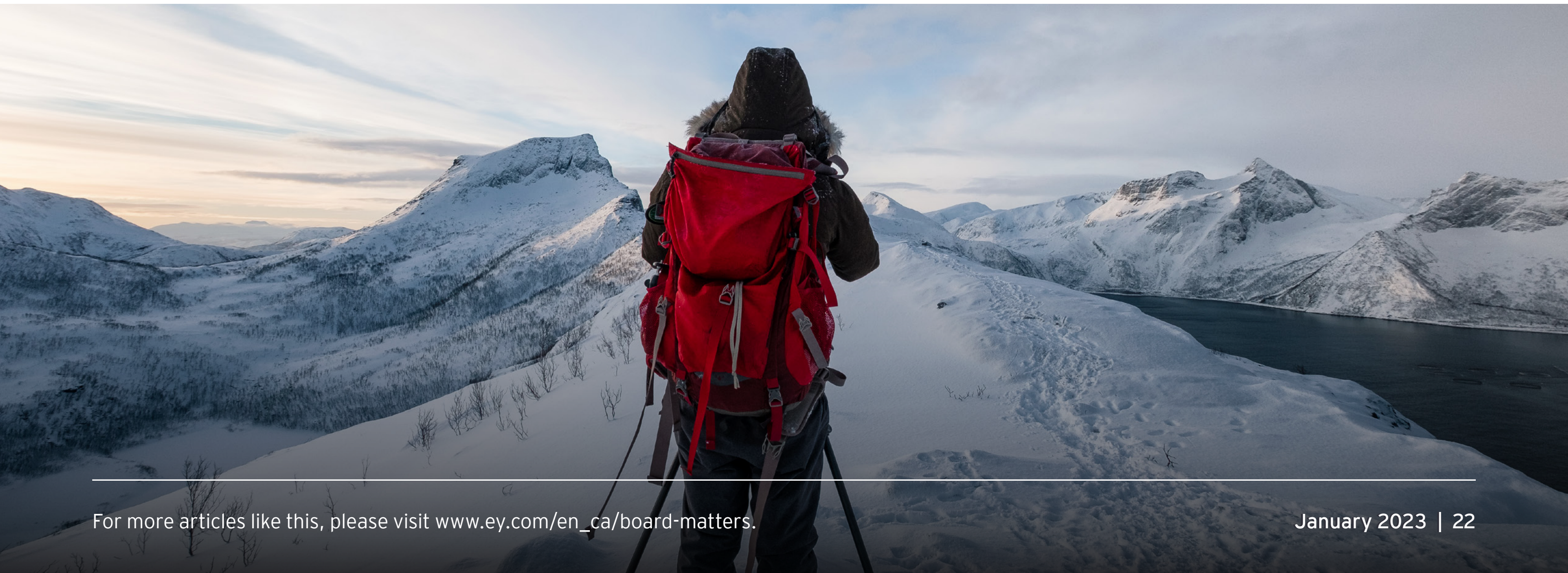
The SEC also is considering feedback on proposed new rules to enhance and standardize disclosures registrants make about their cybersecurity risk management, strategy and governance. The SEC proposal also would require registrants to disclose information about material cybersecurity incidents on Form 8-K within four business days of determining that the incident is material. The SEC plans to issue a final rule by April 2023.

Audit committees should consider how their companies should be preparing for potential regulatory changes, which could impact reporting requirements, disclosures, and policies and procedures.

Key actions for the audit committee may include:

- Evaluate the implications arising from SEC rulemakings related to ESG matters, including climate and cybersecurity risk and how the board oversees these risks.
- Evaluate whether the company has robust and adequate disclosure controls and procedures over the company's existing climate- and cyber-related disclosures to prepare for final rules by the SEC (including any potential need for third-party assurance).
- Continue to monitor how the company is addressing existing requirements for disclosures about human capital resources as well as how those disclosures may evolve. Additionally, inquire as to ways management can enhance data and information gathering practices to further enhance the overall quality of these disclosures.
- Evaluate how the company is effectively engaging with shareholders regarding shareholder proposals.

> “
> The SEC proposal would also require registrants to quantify the effects of certain climate-related events and transition activities in their audited financial statements.



Newly adopted SEC rules

Pay vs. performance

The SEC adopted rules that require registrants to disclose the relationship between their executive compensation and financial performance (e.g., total shareholder return, net income, a company-selected measure) in a table for the five most recently completed fiscal years. The rules apply to all registrants except emerging growth companies, foreign private issuers and registered investment companies other than business development companies. The SEC has provided certain relief to smaller reporting companies.

Registrants must begin providing the disclosures in proxy and information statements that are required to include executive compensation information for fiscal years ending on or after 16 December 2022. Therefore, disclosures will be required in early 2023 for calendar-year companies. Companies and audit committees should evaluate implications and reporting considerations relating to the above — refer to the EY To the Point publication for additional details.

Incentive-based compensation clawbacks

The SEC adopted final rules to direct national securities exchanges and associations to establish listing standards requiring listed companies to claw back incentive-based compensation received by current and former executive officers during the three years preceding an accounting restatement. The rules require companies to disclose their clawback policies and any compensation subject to clawback in annual reports and in proxy and information statements. The rules apply to most listed companies, including smaller reporting companies, emerging growth companies and foreign private issuers.

While many companies have voluntarily adopted clawback policies since the proposal was issued in 2015, they will likely need to revise them in light of the new rules. Many voluntary policies only apply to cases of fraud or misconduct, and some apply to a narrower group of executives or have a shorter lookback period than required by the new SEC rules. Companies that have clawback policies should review the terms and consider what changes are necessary to comply with the rules. Audit committees may also want to understand the population of executive officers who could be subject to clawbacks and review the terms of their compensation agreements with these executives. Refer to the EY To the Point publication for additional details.

SEC amends proxy rules related to proxy voting businesses

The SEC adopted amendments that rescind two conditions added in 2020 that proxy voting advice businesses had to meet to qualify for exemption from the proxy rules' information and filing requirement. Those conditions required that (1) registrants that are the subject of proxy voting advice have such advice made available to them in a timely manner and (2) clients of proxy voting advice businesses are provided with a means of becoming aware of any written responses by registrants to proxy voting advice. The amendments and the rescission of the guidance are effective as of 19 September 2022.

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While many companies have voluntarily adopted clawback policies since the proposal was issued in 2015, they will likely need to revise them in light of the new rules.

PCAOB outlook

The Public Company Accounting Oversight Board (PCAOB) has identified three key areas to further its investor protection mission: (1) modernizing its standards, (2) enhancing its inspections and (3) strengthening enforcement. The PCAOB has identified an ambitious standard-setting agenda and is actively working to update more than 30 standards within 10 standard-setting projects. Audit committees, external auditors and SEC registrants should keep abreast of the new Board's strategic priorities and standard-setting agenda as it develops in the coming months and the impact that such changes can have on the execution of audits and overall audit quality.

In June 2022, the PCAOB released its *Spotlight: Staff Overview for Planned 2022 Inspections*, which provides discussion of the PCAOB's focus areas in the current inspection cycle. Additionally, in August 2022 the PCAOB published a new resource for audit committees titled *Spotlight: Audit Committee Resource*. This resource provides a reference point for audit committees by offering questions they may want to consider as part of their ongoing engagement and discussions with external auditors. Both documents may be useful as they highlight some of the anticipated financial reporting and audit risks. They may also provide audit committees insights into the external auditor's work plan for the upcoming audit cycle.

5

What Canadian audit committees should consider at the beginning of 2023 and beyond

Questions for audit committees to consider

Risk management

- Do scenario analyses consider an appropriate range of extreme and even improbable scenarios, including existential threats? Do they incorporate the potential compounding effects of various risks? Are the assumptions that underpin the organization's strategic plans still valid?
- Did the organization's stress testing account for ongoing inflation, interest rate hikes, geopolitical tensions, labour shortages, technology changes, shifts in consumer preferences or climate change? Has the organization conducted financial risk modeling analyses to evaluate routine (low-impact, high-likelihood) scenarios vs. black swan (high-impact, low likelihood) events?
- What data science techniques and analytic tools is the organization using to evolve enterprise risk management to deliver deeper insights and create real-time alerts around emerging and disruptive trends to enable more effective decision-making and enhance resiliency?
- How can the organization build resiliency while remaining lean and agile enough to respond to unforeseen risks? Are contingency and response plans related to risks including cybersecurity and supply chain periodically simulated and reviewed with the board?
- How is the company seizing strategic opportunities to tap into larger talent pools? How is the organization nurturing its existing and future talent pools (e.g., re-skilling and upskilling, educational alliances) to position the company to meet current requirements, address enterprise risks and prepare for continued strategic pivots?
- How has the company's cybersecurity risk management program evolved to address the post-pandemic context in which attackers are targeting a larger surface area and using increasingly unpredictable tactics? How is cybersecurity proactively integrated into all major strategy or tactical decisions such as transactions, alliances, new products or services, and technology upgrades?

Financial reporting

- Have there been any material changes to internal controls over financial reporting or disclosure controls and procedures to address the changing operating environment? Have any cost-saving initiatives and related efforts impacted resources or processes that are key in internal controls over financial reporting? If so, has management identified mitigating controls to address any potential gaps?
- What approach has management taken to consider multiple scenarios related to its projections and underlying assumptions that are expected to have a material impact on the results of operations or capital resources? Have there been material changes in controls and processes to evaluate the reasonableness of the assumptions and key estimates?
- Does the audit committee understand how management uses non-GAAP financial measures and how they supplement the GAAP financial statements?
- How is the organization proactively assessing opportunities to enhance stakeholder communications, including corporate reporting, to address changes in operations and strategies as well as changing stakeholder expectations?

Tax and other policy-related developments

- Has the organization analyzed the impacts on the company of tax legislation enacted in 2022? Has the company performed modeling and scenario planning reflecting potential tax policy changes and trade developments?
- Does management have the resources within the tax function to monitor Canadian and international legislative and regulatory developments and their impacts on the company, and what oversight does the audit committee have of the processes?
- Does the organization have a plan for the BEPS 2.0 Pillar Two impact on the provision, compliance and reporting functions?
- Are any transactions anticipated that could result in the company being subject to these new taxes?

Regulatory developments

- Does the company have sufficient controls and procedures over nonfinancial data? Is internal audit providing any type of audit coverage on ESG-related data or is the company obtaining any external assurance?
- If ESG-related matters are being discussed in more than one place (e.g., continuous disclosure filings, earnings releases, analyst communications, annual report, sustainability report, company website), is there consistency in the disclosures? Has the company evaluated controls related to such disclosures?
- In anticipation of the finalization of ISSB, CSA, EU and SEC rules over sustainability matters, what steps will be taken to adopt processes and controls related to new disclosure and related assurance requirements?
- What process does the audit committee have in place for regulatory updates and is the committee sufficiently engaged in dialogue providing views and input as needed on the related impacts?
- In light of the changing environment, what additional voluntary proxy disclosures might be useful to shareholders related to the audit committee's time spent on certain activities, such as cybersecurity, data privacy, business continuity, corporate culture and financial statement reporting developments?

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