

2023 Transparency report

Ernst & Young PLT

October 2023



Building a better
working world

Transparency report October 2023

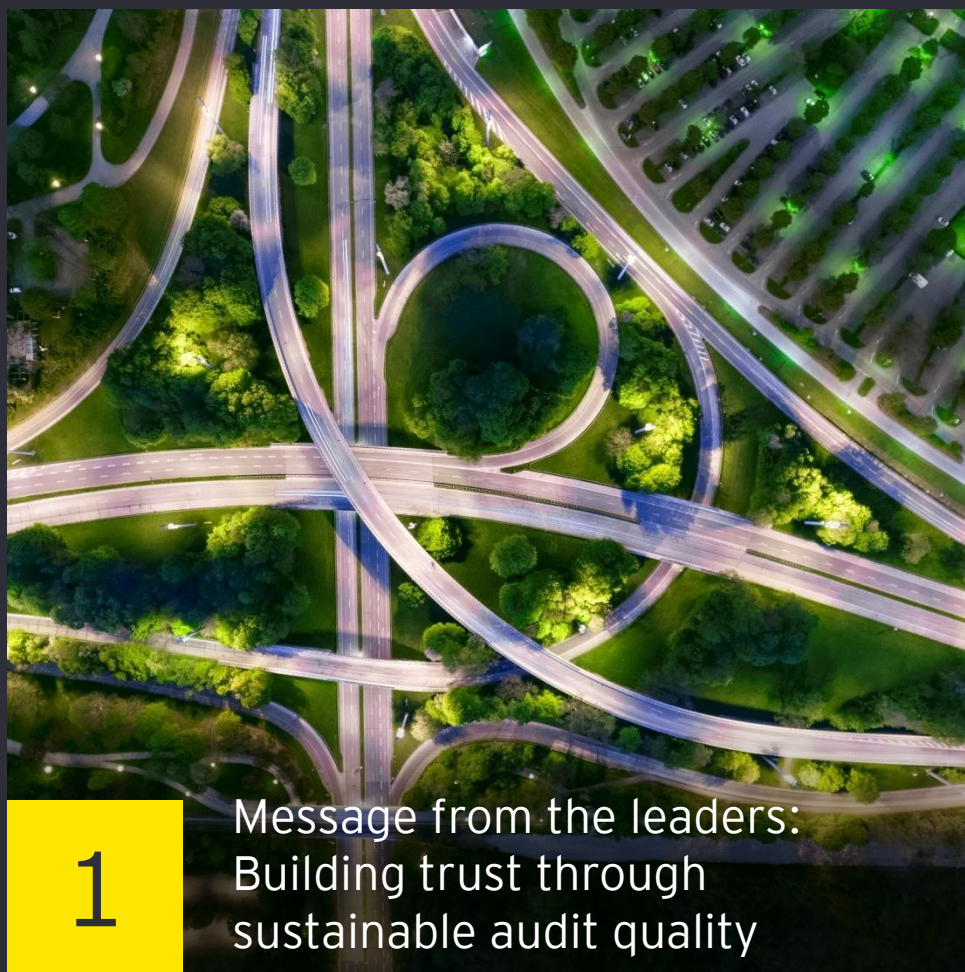


Ernst & Young PLT (EY PLT) is a limited liability partnership formed in Malaysia and a member firm of Ernst & Young Global Limited (EYG), a United Kingdom (UK) company limited by guarantee.

We, EY PLT, refer to ourselves as 'we', 'us' or 'our'.

EY refers collectively to the global organisation of the member firms of EYG.

This report relates to EY PLT's principal audit related activities for the financial year from 1 July 2022 to 30 June 2023, unless stated otherwise. This financial year is referred to throughout the report as FY23. The previous financial year is referred to as FY22.



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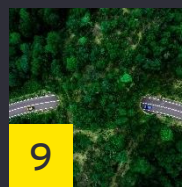
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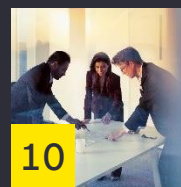
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Message from the leaders



Dato' Abdul Rauf Rashid

Malaysia Managing Partner,
Ernst & Young PLT



Ong Chee Wai

Malaysia Assurance Managing Partner,
Ernst & Young PLT

Welcome to the 2023 Transparency Report of EY PLT.

We believe that how we continuously improve audit quality, identify and mitigate risk, and maintain our independence as auditors should be transparent to stakeholders. This report is one of the ways in which we provide an update on what we are doing in these areas.

The execution of high-quality audits built upon the principles of independence, integrity, objectivity and professional scepticism is central to serving the public interest and a top priority for EY PLT and the EY organisation. High-quality audits build trust and confidence in capital markets, which drive investment and economic growth, creating long-term value for society.

The EY PLT 2023 Transparency Report has been prepared in accordance with the requirements set out by the Securities Commission (SC)'s Audit Oversight Board (AOB) and includes additional voluntary information about us and our practices.

Our primary focus for this year's report is to share the changes we put in place to better manage audit quality. In particular, we strengthened our quality management with the implementation of International Standard on Quality Management 1 (ISQM 1).

The new ISQM 1 plays an important role in furthering quality. It provides us with the opportunity to assess our audit risks, challenge our own controls and determine where and how we prioritise the key risks that ultimately drive audit quality. We are capitalising on this important opportunity as part of our Sustainable Audit Quality (SAQ) programme, which is our globally consistent approach to sustaining high-quality audits across the EY network. Our system of quality management is now more proactive and risk-based to manage audit quality at the firm level.

As in the previous year's report, we provide updates on our SAQ programme which include information on our people and our initiatives to enhance and embed technology in our audits. In addition, we also share our audit quality indicators and the developments in sustainability reporting.

Message from the leaders

ISQM 1 - Proactively identifying and managing risks

The transition from the International Standard on Quality Control 1 (ISQC 1) to ISQM 1 enhanced our system of quality management (SQM) to proactively identify and manage risks associated with audit quality. Together with this, our oversight function and accountability framework are strengthened with the objective of continuously improving and sustaining audit quality.

EY PLT performed its first SQM annual evaluation as of 30 June 2023 and we are pleased to note that the evaluation conclusion states that the SQM provides reasonable assurance that the objectives of the SQM are being achieved.

Talent powered by advanced technologies

We are pleased to also note that our talent attrition rates have improved to 23% (from 32% in FY21 and FY22). This is in line with recent trends of economies moving beyond the Great Attrition, and in response to our efforts on retention, well-being, professional development and digital upskilling.

We also received positive feedback through our latest employee survey results, particularly on attitude at work, skill-building and aspiration alignment. While we are encouraged by the positive trends surrounding our people, we remain vigilant on the ongoing challenges to retain talent, as our skilled auditors continue to be in high demand by commerce and countries around the world.

Audits enabled by connectivity, automation and data analytics have now become baseline expectations. At EY, these advanced technologies have been embedded within our core audit delivery technology infrastructure, and together, are delivered through the EY Digital Audit. We are seeing a steady increase in our people using the EY Digital Audit since its introduction in FY16, with more than 75% usage rates in FY23. EY is currently in a four-year implementation journey to develop a global platform with an intuitive interface embedded with artificial intelligence, machine learning, and advanced analytics to further enhance audit quality.

Our continuing commitment to sustainability

As organisations implement their own sustainability strategy, we are seeing fast-paced development on sustainability reporting. Bursa Malaysia and Bank Negara Malaysia have announced sustainability reporting and practice requirements for listed entities and financial institutions. Separately, the Advisory Committee for Sustainability Reporting was established this year to support the implementation of the IFRS Sustainability Disclosure Standards (ISSB Standards) in Malaysia.

We play key roles in supporting the various initiatives undertaken by the regulators and standard setters on this important topic.

The EY organisation is on its own sustainability journey, which includes the EY carbon ambition to reduce absolute emissions by 40% through a seven-point action plan, while maintaining business growth. The EY organisation became carbon negative in 2021 and remained carbon negative in 2022, following the achievement of carbon neutrality in 2020. Part of these initiatives include the incorporation of sustainability elements as part of our curriculum to upskill our people on this topic.

In ending, we wish to thank all parties who have kindly shared your feedback on our Transparency Report. We welcome all EY PLT stakeholders – including clients and their investors, audit committee members and regulators – to continue to engage with us on our strategy as well as any of the matters covered in this report. Our team is keen to engage with you on any questions related to EY PLT. Please do not hesitate to contact us at: abdul-rauf.rashid@my.ey.com and chee-wai.ong@my.ey.com.

Executive summary



Executive summary



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EY is a purpose-led organisation and is committed to doing its part in building a better working world. EY audits help build trust and confidence in business and the capital markets.

EY purpose

Building a better working world

EY ambition

Create long-term value as the world's most trusted and distinctive professional services organisation

EY values

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

Executive summary

FY23 headlines

Strengthening quality management

FY23
Implemented ISQM 1

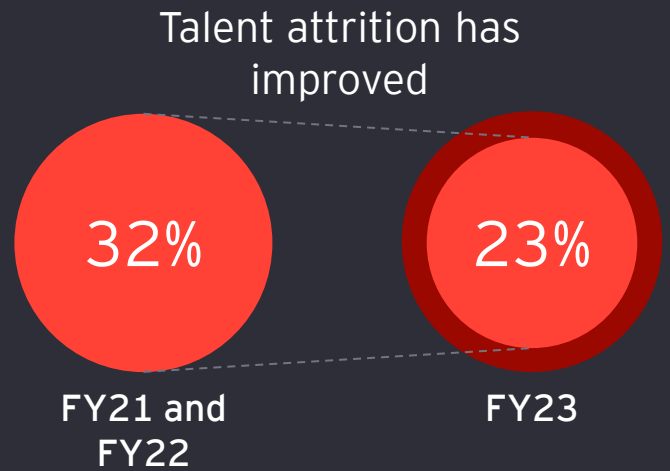


More proactive



Risk-based approach to managing quality

Moving beyond the Great Attrition



Advancing our technology journey

- Engagements using EY Digital Audit tools remain high and are steadily increasing.
- New robotics and automation tools continued to be deployed in FY23.

We will continue with our initiatives to sustainably recruit, retain and develop our people.

Stable audit quality performance

Sustainable Audit Quality initiatives focusing on:



Talent



Technology



Simplification



Accountability

continue to be in place for further improvements.

Continuing commitment to sustainability

We continue supporting regulators, standard setters and clients in all areas relating to sustainability, including sustainability reporting.

The EY organisation is on our own sustainability journey

- 2021 Achieved carbon negative
- 2025 Aim to become carbon net zero

by reducing absolute emissions by **40%** through a **seven-point action plan**

Executive summary

Strengthening quality management

We finalised the implementation of ISQM 1:

Transition from:

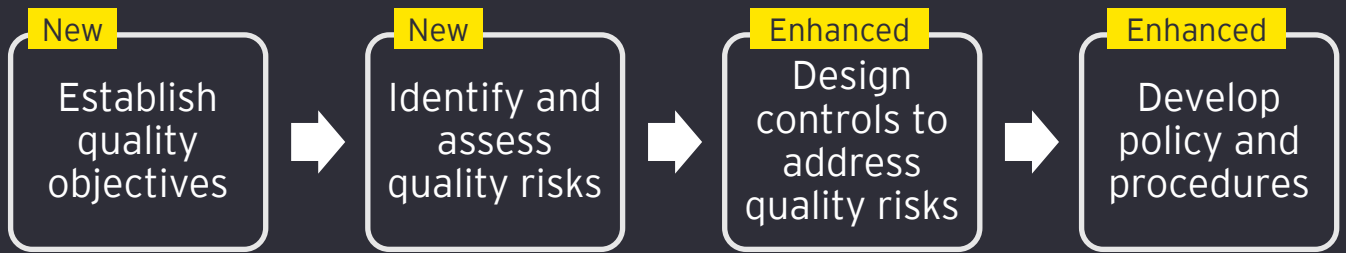
Internal Quality Control System



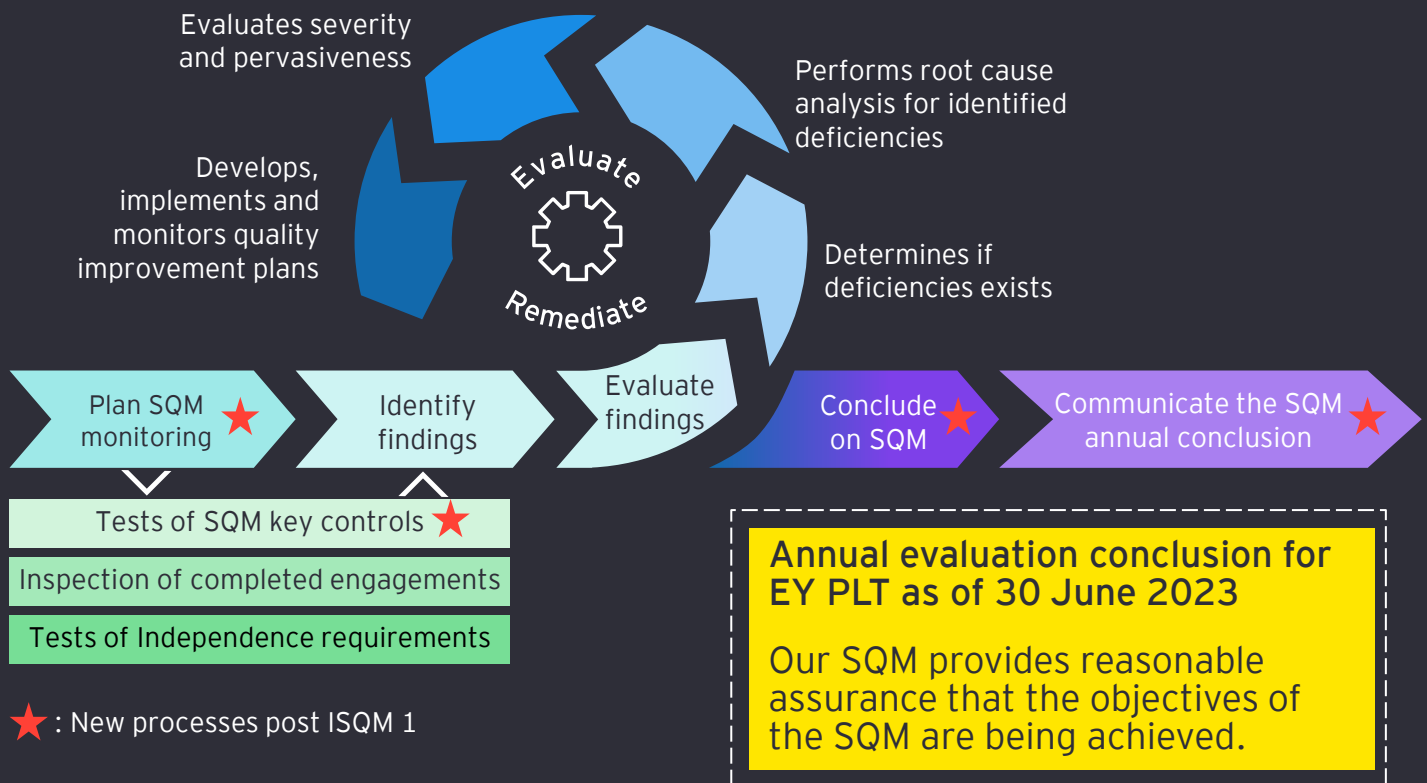
To:

System of Quality Management (SQM)

1 Our SQM has been enhanced to proactively identify and manage risks associated with audit quality



2 Our SQM has improved monitoring and remediation processes



Executive summary

Talent



Talent is at the core of our commitment to achieve sustainable audit quality. Attracting talented people into the audit profession, and nurturing their careers are essential to fulfill the role of audit in enhancing trust and confidence in business and the capital markets.

The initiatives undertaken last year involving retention, well-being, professional development and digital upskilling have created value for our people, as reflected in the results of our EY PLT

Employee Listening Survey.

71%

of the audit professionals had a **favourable attitude** in terms of engagement

94%

of the respondents said EY provides them with learning opportunities that **build the skills** they need to be successful

89%

said what they are learning at EY is helping them to **achieve their career aspirations**

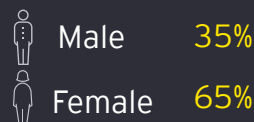
Graduate employer of choice

EY is consistently voted as the employer of choice in Accounting & Professional services:

- ▶ **Malaysia's 100 Leading Graduate Employers**
- ▶ **Graduates' Choice Awards**

Diversity, equity & inclusiveness

EY PLT's gender profile



74%

of the survey respondents in Malaysia said EY provides a work environment where **they feel free** to be themselves.

Well-being

The variety of well-being initiatives we have in place:

- ▶ **Well-being break: One week of office closure**
- ▶ **Leave monitoring and planning exercises**
- ▶ **Promotion of a healthy work culture**
- ▶ **Sporting and social events**

Executive summary

Technology and digital

The EY Digital Audit supports EY teams in driving quality by connecting companies and teams, automating audit procedures and processes, and analysing data using advanced technologies.

Since the beginning of our EY Digital Audit transformation journey in 2016, the usage of EY Digital Audit tools has been steadily and continuously increasing as we drive value through the digital client experience. We continue to invest in audit methodologies and tools, with the goal to consistently deliver high-quality audits, working more effectively and efficiently, and enhancing the audit experience for both our clients and our people.

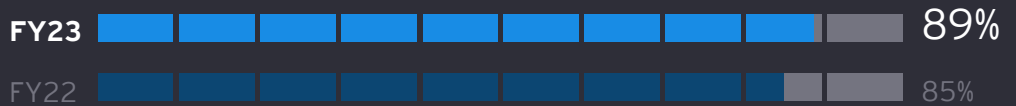
Connecting

% of Public Interest Entity (PIE) engagements using the EY Canvas Client Portal



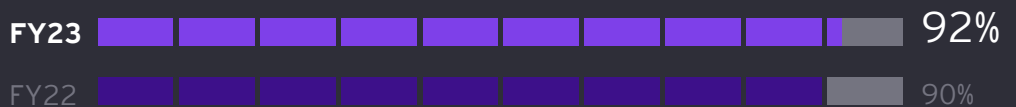
Automating

% of PIE engagements using one or more EY Smart Automation tools



Analysing

% of PIE engagements using EY Helix data analysers



Investment in a next-generation technology platform

US\$1 billion investment



Over four years to develop a **seamless** Platform with an intuitive interface embedded with **Artificial intelligence (AI)**, machine learning, and **advanced analytics** to improve audit quality.

Executive summary

EY PLT

FY23 audit quality indicators

As part of our SQM, we monitor our progress of audit quality through a combination of metrics known as audit quality indicators (AQIs). These AQIs should be read as a whole as no single AQI can be viewed as a sole indicator of audit quality.

FY23 audit inspection results

Internal

100%

(FY22: 100%)

No material findings

External

40%

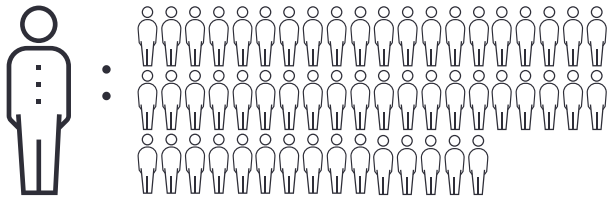
(FY22: 90%)

ZERO inspection findings

We had consistent internal inspection results and improvements in some AQIs.

While there is room for improvement in our external inspection results, we believe that the monitoring and remediation processes in our SQM will enable us to continuously improve and achieve our objectives for sustainable audit quality.

Other AQIs



1 Partner

35 staff

For both FY22 & FY23

Average learning hours completed by audit partners and staff

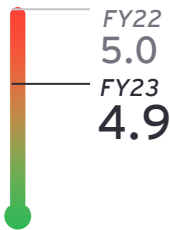
FY22

FY23

77 hours

104 hours

Average number of PIEs* per partner



FY22 5.0

FY23 4.9

Average number of listed PIEs* per partner



FY22 2.7

FY23 2.6

*PIEs - Public interest entities



93%

Audit personnel with or pursuing professional qualifications

For both FY22 & FY23

Turnover rate of audit personnel

32%

23%

FY22

FY23

24 Quality control personnel

supported by

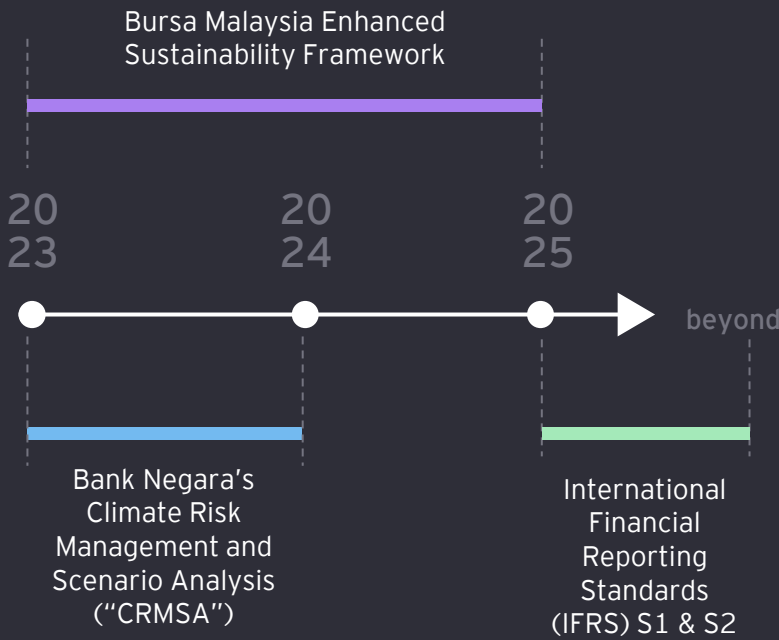
20 Asia-Pacific quality control partners and their teams

For both FY22 & FY23

Executive summary

Update on sustainability

Sustainability reporting landscape



Presence

- 1** Supported Bank Negara Malaysia and Securities Commission Malaysia in the Joint Committee on Climate Change (JC3)
- 2** Supported the regulator to produce an Illustrative Sustainability Report
- 3** Member of the Malaysian Accounting Standards Board's Working Group 71 *Sustainability Reporting*
- 4** Supporting the regulator in the development of Malaysia's National Sustainability Reporting Framework
- 5** Supporting companies in the development of their sustainability strategy and providing sustainability assurance services

People

We have incorporated sustainability elements into our curriculum to upskill our people.



Sustainability upskilling

For FY23,
1,730
training hours provided


74
learning events and courses deployed

Purpose

We have a seven-point action plan to deliver on our EY Carbon Ambition which includes the following key strategies:

- ▶ Reducing business travel emissions, with a target to achieve a **35% reduction by FY25** against the FY19 baseline
- ▶ Requiring **75% of EY suppliers, by spend, to set science-based targets no later than FY25**

System of Quality Management (SQM)



From Internal Quality Control System to System of Quality Management

This year, we finalised the implementation of the International Standard on Quality Management 1 (ISQM 1), which became effective on 15 December 2022, and completed the transition from our Internal Quality Control System to our System of Quality Management.

In the context of ISQM 1 and the annual evaluation of our System of Quality Management, EY PLT is the member firm performing audits or reviews of financial statements, or other assurance or related services engagements.

System of Quality Management (SQM)

Structure

EY PLT's reputation for providing high-quality professional audit services independently, objectively and ethically is fundamental to our success as independent auditors. We continue to invest in initiatives to promote enhanced objectivity, independence, and professional scepticism. These are the fundamental attributes of a high-quality audit. Designing, implementing and operating an effective System of Quality Management are essential to these efforts.

At EY PLT our role as auditors is to provide assurance on the fair presentation of the financial statements of the companies audited. We bring together qualified teams to provide audit services, drawing on our broad experience across industry sectors and services. We continually strive to improve quality and risk management processes, so that the quality of our service is at a consistently high level.



In today's environment, characterised by continuing globalisation, the rapid movement of capital and the impact of technological changes, the quality of our audit services has never been more important. As part of NextWave, there is a continued and strong investment in the development and maintenance of the EY audit methodology, tools and other resources needed to support high-quality audits.

While the market and stakeholders continue to demand high-quality audits, they also demand an increasingly effective and efficient delivery of audit services. EY continues to seek ways to improve the effectiveness and efficiency of its audit methodology and processes, while improving audit quality.

EY works to understand where member firms' audit quality may not be up to their own expectations and those of stakeholders, including independent audit regulators. This includes seeking to learn from monitoring activities, including external and internal inspection activities, and identifying the root causes of adverse quality occurrences to enable the continual improvement of audit quality.

System of Quality Management (SQM)

Designing, implementing and operating a System of Quality Management

ISQM 1 requires a more proactive and risk-based approach to managing quality at the firm level by requiring firms to design, implement and operate a System of Quality Management. ISQM 1 also requires evaluating, at least annually, the System of Quality Management.

ISQM 1 became effective on 15 December 2022.

ISQM 1 includes robust requirements for the governance, leadership and culture of professional accountancy firms, and introduces a risk assessment process to focus the firm's attention on mitigating risks that may have impact on engagement quality.

It also requires more extensive monitoring of the System of Quality Management to identify deficiencies that require corrective actions and to provide the basis for evaluating the overall effectiveness of the System of Quality Management.

ISQM 1 outlines an integrated and iterative approach to the System of Quality Management based on the nature and circumstances of the firm and the engagements it performs. It also takes into consideration the changes in the practice and the different operating models of the firms (e.g., use of technology, network and multidisciplinary firms).

The EY approach is to implement a System of Quality Management that is consistently applied across the entire network of member firms to promote engagement quality and operating effectiveness. This is especially important in a global economy where many audits are transnational and involve the use of other EY member firms.

To achieve this purpose, EYG member firms have access to certain policies, technologies, strategies and programs to be used in the design, implementation and operation of the member firms' System of Quality Management. The purpose of these resources is to support member firms and their personnel.

For example, EY has established an approach to the required risk assessment process that includes input and feedback from across EY services lines, functions, and geographic areas to develop global baseline minimums, including quality objectives (based on ISQM 1 requirements), quality risks and responses (including System of Quality Management key controls) assumed to be applicable to EYG member firms. In addition, EY has developed global tools to enable the System of Quality Management processes.

EY member firms, including EY PLT, are ultimately responsible for the design, implementation, and operation of their System of Quality Management, and have the responsibility to:

- ▶ Evaluate policies, technologies, strategies, programs and baseline provided to them, and
- ▶ Determine if they need to be supplemented by the member firm to be appropriate for use (e.g., if the policy needs to be amended to comply with local laws and regulations).

System of Quality Management (SQM)

System of Quality Management roles

To enable the design, implementation and operation of EY PLT’s System of Quality Management (SQM), individuals are assigned to SQM roles. The individuals in these roles have the appropriate experience, knowledge, influence and authority, and sufficient time to fulfill their SQM roles and are accountable for fulfilling their responsibilities. SQM roles and responsibilities are defined in our Global SQM policies to drive consistency in the execution of EY PLT’s SQM.

Key roles within the SQM include:

Ultimate responsibility and accountability

The Malaysia Managing Partner is the individual assigned the ultimate responsibility and accountability for the SQM including concluding on its effectiveness.



Operational responsibility for the SQM

The Malaysia Assurance Managing Partner is the individual assigned operational responsibility for the SQM. This includes recommending the SQM annual evaluation conclusion to the Malaysia Managing Partner.

An SQM Operational Committee has been formed, chaired by the Malaysia Assurance Managing Partner. The purpose of the SQM Operational Committee is to oversee the operational responsibility of the SQM.

EY PLT’s SQM Operational Committee includes the Malaysia Assurance Managing Partner, Malaysia Assurance Group Heads, Malaysia Talent Leader and other Malaysia Service Line Leaders.

Operational responsibility for monitoring the SQM

The Malaysia Professional Practice Director is the individual assigned operational responsibility for monitoring the SQM. This includes concurring with or proposing changes to the recommended SQM annual evaluation conclusion.

EY PLT’s SQM Oversight Committee has been formed, chaired by the Malaysia Professional Practice Director. The purpose of the SQM Oversight Committee is to oversee the monitoring processes and activities of the SQM. The SQM Oversight Committee includes the Malaysia Professional Practice Director, Malaysia Deputy Professional Practice Director, Malaysia Quality Enablement Leader and other Malaysia Service Line Quality Leaders.

Operational responsibility for compliance with independence requirements

The Malaysia Independence Leader is the individual assigned operational responsibility for compliance with independence requirements.

System of Quality Management (SQM)

Effectiveness of the SQM annual evaluation conclusion as of 30 June 2023

The Malaysia Managing Partner, on behalf of EY PLT, is required to evaluate the System of Quality Management on an annual basis, as of 30 June, and conclude on its effectiveness. The evaluation process is executed annually based on the Global SQM Annual Evaluation policy, which is an example of a global intellectual resource provided to drive consistency in the execution of the EY PLT's SQM.

This evaluation is based on whether EY PLT's SQM provides reasonable assurance that:

- ▶ EY PLT and its personnel are fulfilling their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and that engagements are being conducted in accordance with such standards and requirements; and
- ▶ Reports being issued by the member firm and Partners-in-charge (PICs) are appropriate in the circumstances.

The evaluation of the effectiveness of the System of Quality Management utilises information gathered from monitoring activities performed during the evaluation period. The evaluation considers the results of the following:

Tests of System of Quality Management key controls

Internal and external engagement inspections

Other monitoring activities

e.g., Tests of EY PLT and its personnel's compliance with ethical requirements related to independence, quality criticisms made by external regulators relevant to the System of Quality Management, and issues reported through the Ethics hotline.

Professional judgment is used in evaluating the results of monitoring activities, including in determining whether findings, individually or in combination with other findings, rise to the level of a deficiency. Any deficiencies identified require root cause analysis to be performed, quality improvement plan to be developed and the deficiencies are evaluated to determine the severity and pervasiveness. When determining the System of Quality Management annual evaluation conclusion, if a severe deficiency was identified, a member firm would need to assess whether the effect of the deficiency was corrected, and the actions taken by 30 June were effective.

Annual evaluation conclusion as of 30 June 2023

The annual evaluation conclusion for EY PLT as of 30 June 2023 is that the System of Quality Management provides reasonable assurance that the objectives of the System of Quality Management are being achieved.

Components of our System of Quality Management (SQM)



4 Components of our System of Quality Management

In the following sections, we describe the principle components of the System of Quality Management, which EY PLT follows:

- ▶ System of Quality Management risk Assessment process
- ▶ Governance and leadership
- ▶ Relevant ethical and legal requirements
- ▶ Client and engagement acceptance and continuance
- ▶ Engagement performance
- ▶ Resources
- ▶ Information and communication
- ▶ System of Quality Management monitoring and remediation process

Components of our System of Quality Management (SQM)

System of Quality Management risk assessment process



EY PLT has designed and implemented a risk assessment process to establish quality objectives, identify and assess quality risks and design and implement responses to address the quality risks as required by ISQM 1.

The risk assessment process is executed annually based on the Global SQM policies to drive consistency in the execution of EY PLT’s System of Quality Management.

In order to drive consistency while providing EYG member firms an approach that is scalable and adaptable based on the facts and circumstances of the member firm, the Global System of Quality Management baselines have been developed by representatives of the Global Assurance Leadership based on input from function and service line groups at the Global, Area and Region level. Global System of Quality Management baselines include:



Quality objectives



Quality risks



Responses

Resources

(e.g., Global policies or technologies that mitigate an EY SQM baseline quality risk)

Key controls

designed and implemented to mitigate an SQM baseline quality risk

Global System of Quality Management baselines are presumed to be applicable to every member firm performing ISQM 1 engagements. EYG member firms have the responsibility to evaluate the Global System of Quality Management baselines and determine if the Global System of Quality Management baselines need to be supplemented or adapted by the member firm to be appropriate for use (e.g., additional quality risks, customisation of responses, etc.).

Components of our System of Quality Management (SQM)

EY PLT reviewed the Global System of Quality Management baselines and performed the following:

- ▶ Accepted or rejected the global baseline quality objectives and quality risks after appropriate analysis of our facts and circumstances. In the case of the rejection of Global baseline quality objectives and quality risks, they were discussed with the Area.
- ▶ Accepted or rejected the global baseline resources and key controls after appropriate analysis of our facts and circumstances. In the case of the rejection of global baseline resources and key controls, they were discussed with the Area.
- ▶ Together with the Area, we identified the level of execution of the global baseline key controls.
- ▶ Customised Global, Area and Region baseline key controls.



The review of the Global System of Quality Management baselines considered the facts and circumstances of EY PLT, including the nature and operating characteristics of EY PLT, the types of engagements performed and the systemic trends from monitoring activities within the SQM.

In addition to reviewing the Global System of Quality Management baselines, EY PLT determined if additional quality objectives, quality risks or responses were necessary. Based on the review of these baselines:

1

No additional quality objectives and quality risks were identified

2

Certain responses were customised

3

Several responses were rejected as they were not applicable to the operations of EY PLT

Components of our System of Quality Management (SQM)

Governance and leadership

Tone at the top

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

The EY culture strongly supports collaboration and places special emphasis on the importance of consultation in dealing with complex or subjective accounting, auditing, reporting, regulatory and independence matters. We believe it is important to determine that engagement teams and the entities they audit follow consultation advice, and we emphasise this when necessary.

The consistent stance of EY PLT has been that no client is more important than our professional reputation – the reputation of EY PLT and the reputation of each of our professionals.

The EY approach to business ethics and integrity is contained in the EY Global Code of Conduct and other policies and is embedded in the EY culture of consultation, training programs and internal communications.

Senior leadership reinforces the importance of performing quality work, complying with professional standards, adhering to EY policies and leading by example.

In addition, EY member firms assess the quality of professional services provided as a key metric in evaluating and rewarding EY professionals.

In order to measure the quality culture across EY member firms and provide EY PLT with valuable insights into the perceptions of the culture of quality, including the tone at the top, collaboration, workload management and ethical behavior, a Global Quality Survey was launched in April 2023. The results of the Global Quality Survey were used to identify areas where EY PLT was doing well and where more actions may be required.

The Global Quality Survey results indicate that our people recognise that the tone at the top set by leadership demonstrates commitment to quality and that EY recognises and values contributions to quality. The recognition of our strong culture of consultation, coaching and continuous quality improvement is also reflected in the results of the Global Quality Survey. Yet, the results also indicate that more still needs to be done to improve our culture around resourcing.



Components of our System of Quality Management (SQM)

Governance and leadership

Accountability

Quality is at the centre of the EY strategy and is a key component of EY performance management systems. EY PLT's partners are evaluated and compensated based on criteria that include specific quality and risk management indicators. Equally, when EY PLT's partners do not adhere to quality standards, remedial actions are taken. These may include performance monitoring, compensation adjustment, additional training, additional supervision or reassignment – or, in instances of repeated or particularly serious non-compliance, separation from EY.

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



Specific quality and risk performance measures have been developed to account for:

- 1 Providing technical excellence
- 2 Living the EY values as demonstrated by behaviors and attitude
- 3 Demonstrating knowledge of, and leadership in quality and risk management
- 4 Complying with policies and procedures
- 5 Complying with laws, regulations and professional duties

The EY partner compensation philosophy calls for meaningfully differentiated rewards based on a partner's level of performance, as measured within the context of the performance management framework. Partners are assessed annually on their performance in delivering high-quality, exceptional client service and people engagement, alongside financial and market metrics.

We operate under a system that requires quality to be a significant consideration in a partner's overall year-end rating.

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



Experience



Role and responsibility



Long-term potential

Components of our System of Quality Management (SQM)

Governance and leadership

Global Code of Conduct

We promote a culture of integrity among our professionals. The EY Global Code of Conduct provides a clear set of principles that guide our actions and our business conduct and are to be followed by all EY personnel.

The EY Global Code of Conduct is divided into five categories:

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

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

Components of our System of Quality Management (SQM)

Relevant ethical and legal requirements

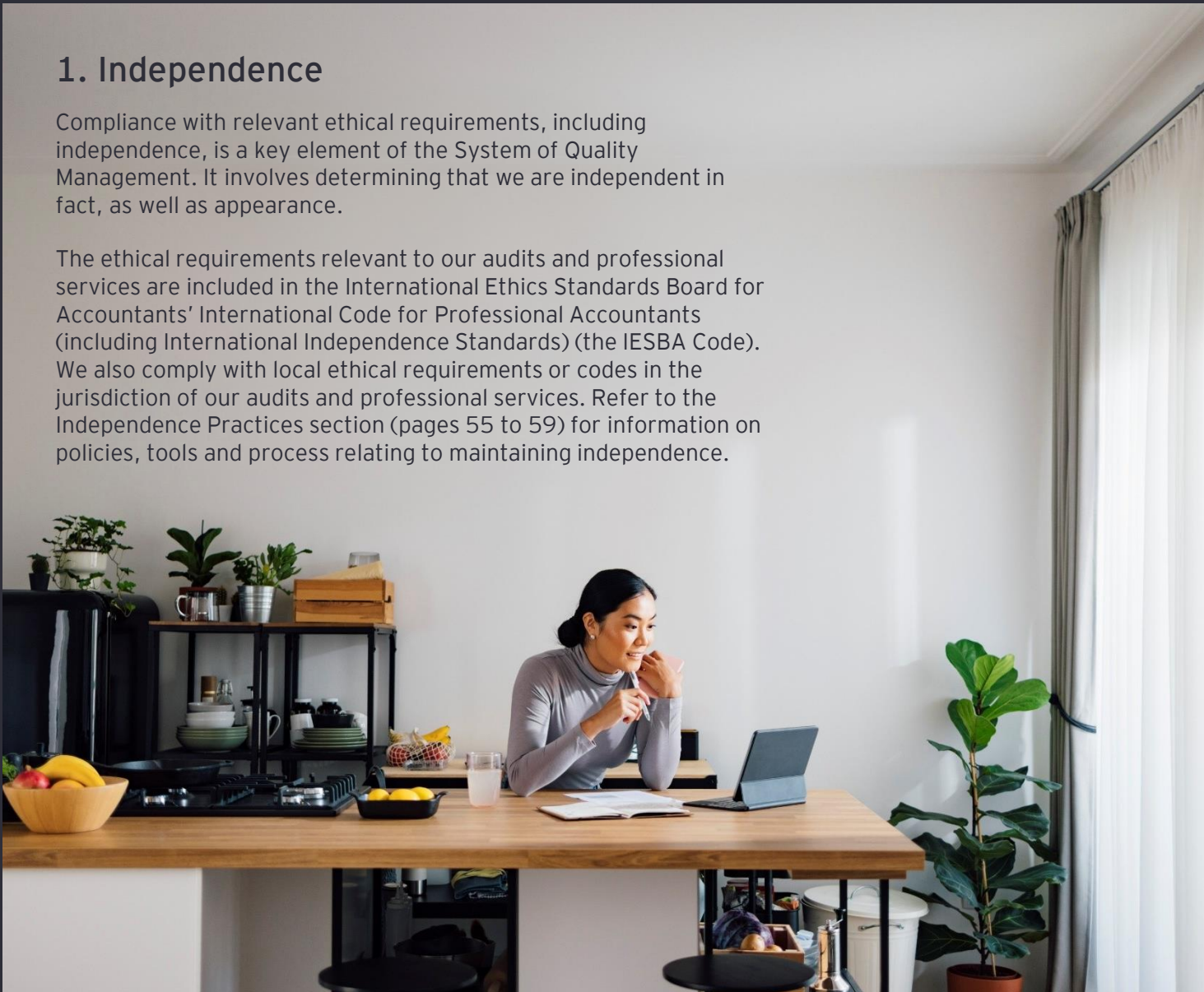
Compliance with the Global Code of Conduct

The EY Global Code of Conduct provides guidance on EY actions and business conduct. EY PLT complies with applicable laws and regulations, and EY values underpin our commitment to doing the right thing. This important commitment is supported by several policies and procedures, as explained in the next few points.

1. Independence

Compliance with relevant ethical requirements, including independence, is a key element of the System of Quality Management. It involves determining that we are independent in fact, as well as appearance.

The ethical requirements relevant to our audits and professional services are included in the International Ethics Standards Board for Accountants' International Code for Professional Accountants (including International Independence Standards) (the IESBA Code). We also comply with local ethical requirements or codes in the jurisdiction of our audits and professional services. Refer to the Independence Practices section (pages 55 to 59) for information on policies, tools and process relating to maintaining independence.



Components of our System of Quality Management (SQM)

Relevant ethical and legal requirements

2. Rotation and long association

EY PLT complies with the audit partner rotation requirements of the IESBA Code, and the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants, as well as the U.S. Securities and Exchange Commission (SEC) and Bank Negara Malaysia, where required. EY PLT supports audit partner rotation because it provides a fresh perspective and promotes independence from company management, while retaining experience and knowledge of the business.

Audit partner rotation, combined with independence requirements, enhanced systems of internal quality controls and independent audit oversight, helps strengthen independence and objectivity, and is an important safeguard of audit quality.

For Public Interest Entities (PIEs), the EY Global Independence Policy requires the lead engagement partner, the engagement quality reviewer and other audit partners who make key decisions or judgments on matters significant to the audit, (together, the key audit partners), to be rotated after seven years. For entities regulated by Bank Negara Malaysia, the lead engagement partner is rotated after five years.

For a new PIE, (including a newly listed company), key audit partners may remain in place for an additional two years before rotating off the team if they have served the company for six or more years prior to becoming a PIE.

Upon completing the maximum service period for rotation, a key audit partner may not lead or coordinate professional services for the PIE company we audit until a cooling-off period is completed. This period is five years for a lead audit engagement partner, three years for an engagement quality reviewer and two years for other partners subject to rotation.



Where the required cooling-off period for the lead audit engagement partner established by the local legislative body or regulator is less than five years, the higher duration of that cooling-off period or three years may be substituted for the otherwise required five-year cooling-off period. This jurisdictional exception for the lead audit engagement partner may only be applied for audit periods beginning prior to 15 December 2023.

In addition to the key audit partner rotation requirements applicable to the PIE companies we audit, EY has established a long association safeguards framework. This is consistent with the requirements of the IESBA Code and includes consideration of the threats to independence created by the involvement of professionals over a long period of time and a safeguards framework to address such threats.

We employ tools to effectively monitor compliance with internal rotation, and requirements for audit partners and other professionals who have had a long association with the audited entity. There is also a process for rotation planning and decision-making that involves consultation with, and approvals by, our Professional Practice Director and Independence professionals.

Components of our System of Quality Management (SQM)

Relevant ethical and legal requirements

3. Whistleblowing

The EY Ethics Hotline provides EY people, clients and others outside of the organisation with a means to confidentially report activity that may involve unethical or improper behavior, and those that may be in violation of professional standards or otherwise inconsistent with the EY shared values or Global Code of Conduct. Globally, the hotline is operated by an external organisation that provides confidential and, if desired, anonymous hotline reporting.

When a report comes into the EY Ethics Hotline, either by phone or internet, it receives prompt attention by the member firm's legal function. Depending on the content of the report, appropriate individuals from Risk Management, Talent or other functions are also involved in addressing the report. EYG member firms are encouraged to log into the EY Ethics Hotline, matters that are reported locally outside of the EY Ethics Hotline.



4. Non-compliance with laws and regulations

In accordance with the IESBA Code of Ethics, EY has adopted a policy designed to meet its obligations to report non-compliance with law and regulation – NOCLAR. The policy covers reporting obligations with respect to non-compliant activity by clients or EY personnel, as relevant to their respective business activities.

In addition to the NOCLAR reporting obligations, EY may be required to make certain reports to relevant regulatory authorities regarding possible misconduct by clients – actual or suspected. Where such obligations exist, reports are made in accordance with local laws.

Components of our System of Quality Management (SQM)

Relevant ethical and legal requirements



5. Anti-bribery

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

6. Insider trading

Securities trading is governed by many laws and regulations, and EY personnel are obliged to comply with applicable laws and regulations regarding insider trading. This means EY personnel are prohibited from trading in securities while in possession of material non-public information.

The EY Global Insider Trading Policy reaffirms the obligation of EY people not to trade in securities when in possession of insider information, provides detail on what constitutes insider information and identifies with whom EY people should consult if they have questions regarding their responsibilities.

7. Economic and trade sanctions

It is important that EY People comply with the ever-changing situation with respect to international economic and trade sanctions. EY monitors sanctions issued in multiple geographies both prior to business relationships being accepted and as they continue. Guidance is provided to EY people on impacted relationships and activities.

Components of our System of Quality Management (SQM)

Relevant ethical and legal requirements

8. Anti-money laundering

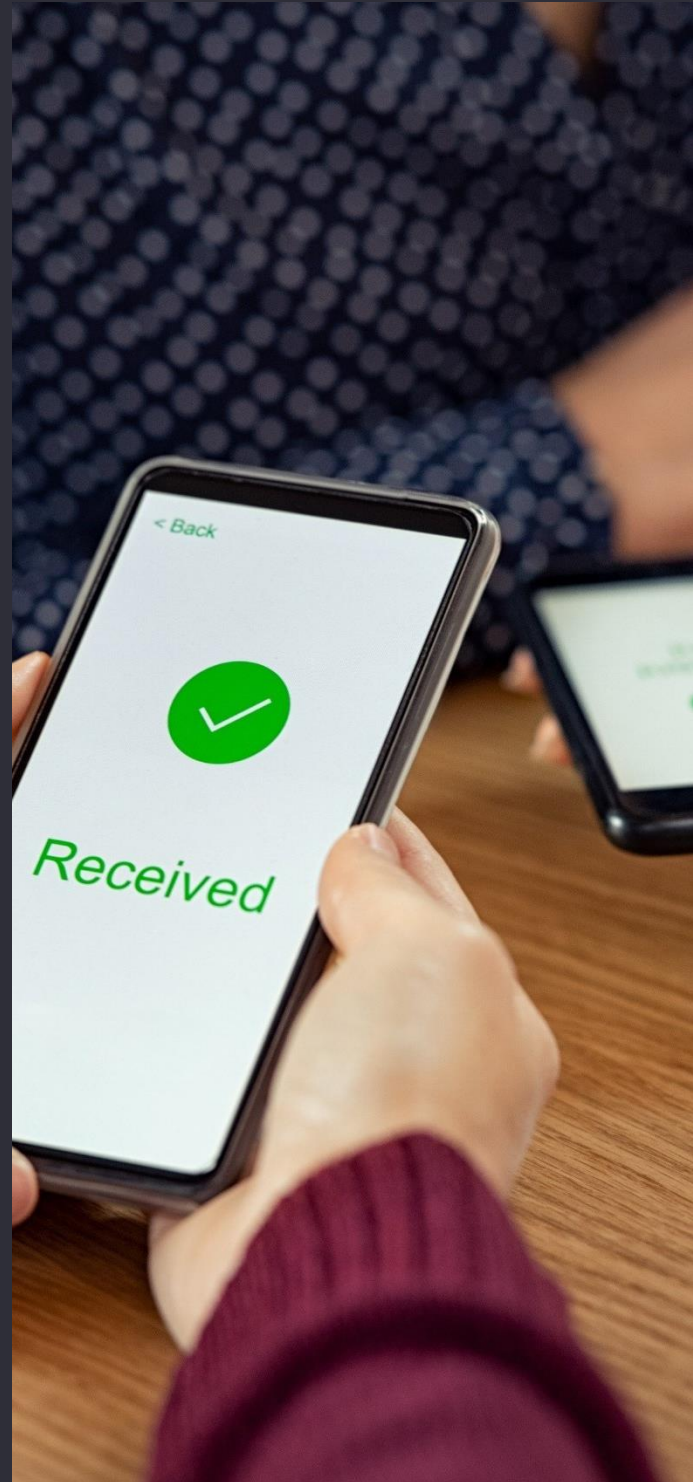
EY PLT is classified as an obliged entity under applicable anti-money laundering (AML) regulations. Consistent with the EY global guidance on AML and the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 of Malaysia, EY PLT has implemented policies and procedures designed to meet these obligations, including Know Your Client (KYC) procedures, risk assessments and suspicious activity reporting. EY people are trained on their responsibilities under the regulations and provided guidance on whom to consult when they have questions.

9. Data protection and confidentiality

The EY global policy on data protection and confidentiality sets out the principles to be applied to the collection, use and protection of all information that EY has responsibility for, including personal data relating to current, past and prospective personnel, clients, suppliers and business associates, as well as other information considered confidential to clients, third parties or the EY organisation. This policy is consistent with the requirements of the European Union's General Data Protection Regulation (GDPR), and other applicable laws and regulations concerning data protection and privacy in addition to relevant professional standards providing a framework for confidentiality. EY also has binding corporate rules approved by UK and EU regulators in place to facilitate the movement of personal data within the EY network. Furthermore, we have a policy to address our specific Malaysia data privacy requirements and business needs.

Other regulatory disclosures

EY PLT is involved in a litigation matter in the normal course of its professional activities. This matter is pending, and there has been no final judgment rendered as yet. EY PLT takes all litigation seriously and is vigorously defending itself.



Components of our System of Quality Management (SQM)

Client and engagement acceptance and continuance

Global policy on client and engagement acceptance and continuance

The EY global policy on client and engagement acceptance sets out principles for member firms to determine whether to accept a new client, a new engagement with an existing client, or to continue with an existing client or engagement. These principles are fundamental to maintaining quality, managing risk, protecting EY people and meeting regulatory requirements. The EY global policy on client and engagement acceptance is an example of an EY policy issued by EYG to help ensure adherence to EY values, address network risk and drive consistency in the System of Quality Management.

The objectives of the policy are to:

Establish a rigorous process for evaluating risk and making decisions to accept or continue clients or engagements

Meet applicable independence requirements

Identify and deal appropriately with any conflicts of interest

Identify and decline clients or engagements that pose excessive risk

Highlight clients or engagements that are inconsistent with EY values

Require consultation with designated professionals to identify additional risk management procedures for specific high-risk factors

Comply with legal, regulatory and professional requirements

In addition, the EY global policy on conflicts of interest defines global standards for addressing categories of potential conflicts of interest and a process for identifying them. It also includes provisions aimed at mitigating potential conflicts of interest as quickly and efficiently as possible, using appropriate safeguards. Such safeguards may include obtaining client consent to act for another party where a conflict of interest may exist, establishing separate engagement teams to act for two or more parties, implementing appropriate separations between engagement teams or declining an engagement to avoid an identified conflict.

The EY global policy on conflicts of interest and associated guidance considers the increasing complexity of engagements and client relationships, and the need for speed and accuracy in responding to clients. They also align with the latest IESBA Code.

Components of our System of Quality Management (SQM)

Client and engagement acceptance and continuance

Putting policy into practice

We use the EY Process for Acceptance of Clients and Engagements (PACE), an intranet-based system, to efficiently coordinate client and engagement acceptance and continuance activities in line with global, service line and member firm policies. PACE takes users through the acceptance and continuance requirements and identifies the policies and references to the professional standards needed to assess both business opportunities and associated risks. PACE is an example of technological resources used by EYG member firms across the globe to drive consistency in the System of Quality Management.

The process for acceptance or continuance of clients and engagements includes consideration of the engagement team's assessment of risk factors across a broad range of categories such as industry, management's attitude, internal controls, audit complexity and related parties.

As part of this process, we carefully consider the risk characteristics of a prospective client or engagement, and the results of due diligence procedures.

Before taking on a new engagement or client, we also determine whether we can commit sufficient and appropriate resources to deliver quality service, especially in highly technical areas, and if the services the client is requesting are appropriate for us to provide. The approval process provides that new audit engagements may not be accepted without an approval by representatives from local Professional Practice Director (PPD) and Assurance Managing Partner (AMP) leadership teams, as designated based on risk. As determined by the level of risks deemed present, new audit engagements may also require approval by designated Regional and Area PPD and AMP representatives.

In the EY annual client and engagement continuance process, we review our service and ability to continue providing a quality service and confirm that clients share EY PLT's commitment to quality and transparency in financial reporting. The lead audit engagement partner of each audit, together with our Assurance leadership, annually reviews our relationship with the entities we audit to determine whether continuance is appropriate.

As a result of this review, certain audit engagements are identified as requiring additional oversight procedures during the audit (close monitoring), and some audit relationships are discontinued. As with the client and engagement acceptance process, our Regional or Country PPD and AMP are involved in the continuance process and must agree for the continuance to occur.

Components of our System of Quality Management (SQM)

Engagement performance

There is continuous EY investment in improving audit methodologies and tools, with the goal of consistently delivering high-quality audits. This investment reflects the EY commitment to building trust and confidence in the capital markets, and in economies the world over.

The EY Digital Audit

The EY Digital Audit helps EY teams meet the changing needs of the companies they serve and deliver against evolving stakeholder expectations – both today and tomorrow.

It supports EY professionals in driving quality and unlocking the digital advantage across all phases of the audit by pairing advanced capabilities with the right digital skill sets and a culture of continued innovation.

The EY Digital Audit is deployed around the globe and is well-established and proven in the market:

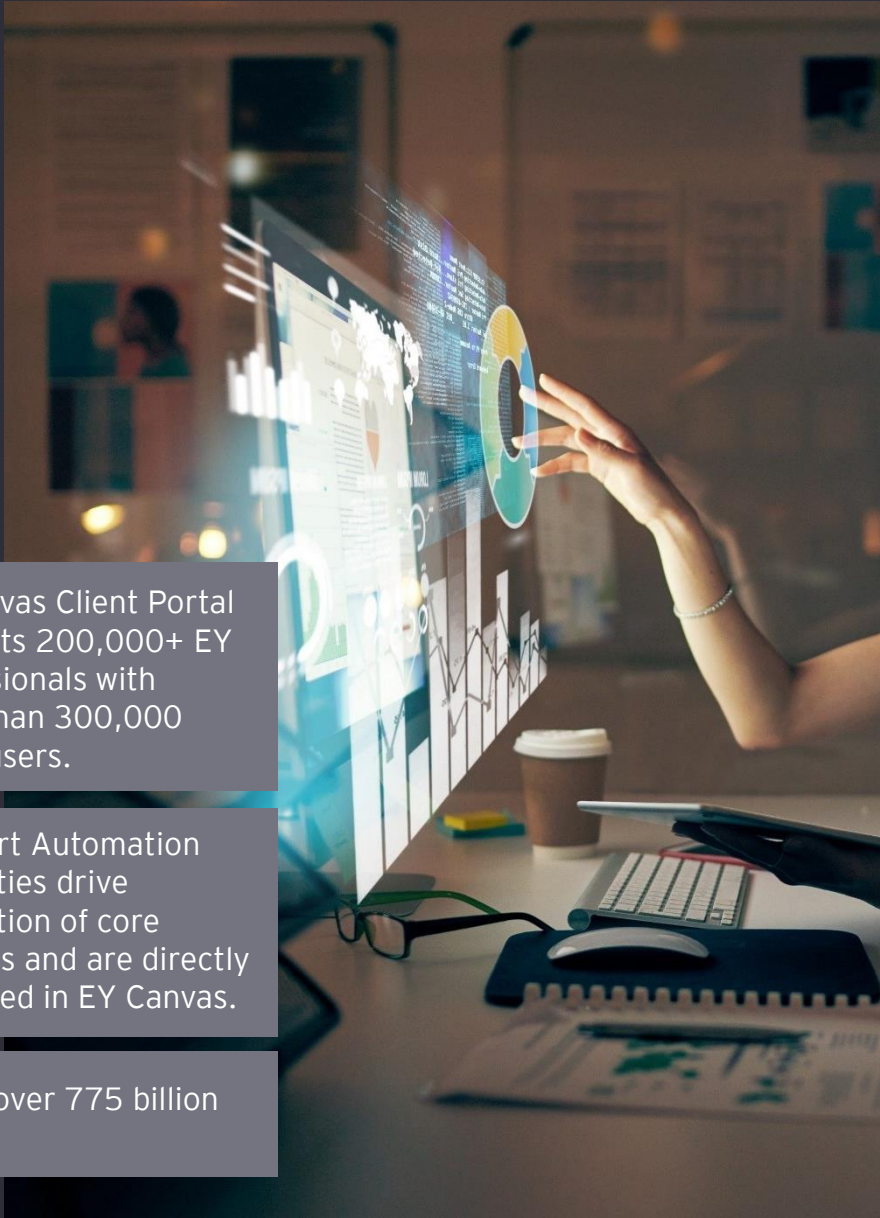
EY Canvas facilitates secure and cloud-based workflow, communication and documentation on 150,000+ audits.

EY Canvas Client Portal connects 200,000+ EY professionals with more than 300,000 client users.

EY Atlas serves as the central repository of accounting knowledge for EY teams and audited entities.

EY Smart Automation capabilities drive automation of core activities and are directly integrated in EY Canvas.

EY Helix enables EY teams to analyse over 775 billion lines of journal entry data annually.



These technologies support EY teams in driving quality by **connecting** companies and teams, **automating** audit procedures and processes, and **analysing** data using advanced technologies.

Components of our System of Quality Management (SQM)

Engagement performance

Connecting

Seamlessly connecting entities and audit teams to each other, as well as to the right information, is the foundation of a high-quality audit.

Deployed globally, EY Canvas serves as the single workflow, communication and documentation hub for EY audit engagements worldwide. Hosted safely in the cloud, it leverages industry-leading technology for web applications. This allows the provision of data security and the ability to evolve the software to respond to changes in the accounting profession and regulatory environment.

Through the use of profile questions, audit engagements in EY Canvas are automatically configured with information relevant to an entity's type (e.g., listed, public interest entity) and industry. This helps to keep audit plans customised and up-to-date, and provides direct linkage to audit guidance, professional standards and documentation templates. The majority of forms that enable audit documentation are integrated into EY Canvas, leveraging the profile questions to deliver the relevant audit procedures and related documentation requirements.

With the Milestones program as discussed in the infrastructure supporting quality section, EY Canvas enables effective project management. EY Canvas is built with a user interface that allows the team to visualise risks and their relationship to the planned response and work performed in key areas. It also enables a linkage for group audit teams to communicate relevant information and instructions to component auditors so that the primary team can direct execution and monitor performance of the group audit.

EY Canvas includes the EY Canvas Client Portal to assist teams in communicating with the entities' management and streamlining their requests. It also includes EY Canvas Oversight, which provides real-time oversight and tracking of audit progress globally to enhance visibility and facilitate proactive collaboration throughout all phases of the audit.

EY Canvas is further supplemented by the EY Atlas global research platform that provides access to the latest accounting knowledge for both EY professionals and the entities they audit.



Components of our System of Quality Management (SQM)

Engagement performance

Automating

Smart technologies help to enable greater levels of automation, centralisation and standardisation throughout the audit.

The EY Digital Audit leverages the global connectivity of EY Canvas to deploy automation globally. The EY Smart Automation Hub provides a centralised and global access point for automation capabilities that is fully embedded in EY Canvas and provides real-time status updates. These capabilities utilise large scale automation, as well as Artificial Intelligence (AI), machine learning and other advanced technologies, to both enhance project management and support audit testing.

Automating and accelerating routine procedures enables audit teams to focus on the most prominent risks and complex judgment areas, as well as on adding value to the companies they audit. At the same time, audit support activities are streamlined –significantly reducing the administrative support effort required from the entities' management, finance and accounting teams.



Analysing

The deployment of end-to-end analytics enables a smarter, data-driven approach that supports EY teams in identifying risk, detecting anomalies and generating insights.

The EY Helix global analytics suite (EY Helix) integrates data-driven auditing into the EY global audit methodology (EY Digital GAM). It comprises data analysers for core business and accounting processes, alongside industry and transaction-specific analysers.

This allows audit engagement teams to deploy targeted data analytics specific to the entity being audited and drill down across operating cycles to better understand financial activities and business processes. The result is a smarter, risk-based approach that supports higher quality audit evidence, effective identification of trends and anomalies, and deeper levels of insight and business intelligence. Refer to Audit methodology in the Resources section for additional information on how the data-driven, end-to-end, audit approach is central to delivering a quality audit.

The use of EY Helix is supported through seamless and secure data access enabled by a standardised and centralised data delivery processes, a range of extraction and connection methods, and leading-edge security protocols.

There is continued investment in new analysers across a range of sectors and accounting areas to enhance the quality of audit procedures in these areas.

Components of our System of Quality Management (SQM)

Engagement performance

Investment in next generation Assurance technology

The EY Digital Audit advances higher audit quality through better focus on the risks of material misstatement and provides higher quality audit evidence to respond to those risks.

As noted in the infrastructure supporting quality section, to further accelerate and capitalise on the speed of change, the EY organisation is investing in next generation Assurance technology to facilitate trust, transparency and transformation.

Building on the strengths of the existing EY global audit technology suite, this four-year investment program is driving the future of Assurance technology via the integration and transformation of leading-edge capabilities into one seamless platform—powering the next generation of data-driven and AI-enabled Assurance services.

Investment is focused across three core transformation areas to drive continued quality and value:



User experience and collaboration



Data access and analytics



AI and business intelligence

Over the past 12 months, this investment has enabled the release of more than 20 significant new Assurance technology capabilities, including next-generation data analytics that leverage Microsoft Power BI, new AI capabilities integrated with EY Canvas to support risk assessment and redefined audit workflows for non-listed, non-complex entities.

Fraud

As part of ongoing improvement efforts, there is recognition of the need to evolve how audits are performed to better address fraud. At a global level, EY is committed to leading the profession more widely to address stakeholders' questions about the auditor's role in fraud detection.

Companies have never been as data rich as they are today, providing new opportunities to detect material frauds through data mining, analysis and interpretation. Auditors are increasingly using data analytics to identify unusual transactions and patterns of transactions that might indicate a material fraud.

Technology is not a panacea, however, and professional judgment also comes into play. There is a responsibility for all involved, including management, boards, auditors and regulators, to focus more on corporate culture and behaviors to support fraud prevention and detection.

Additional actions taken to address this important area of the audit, include:

- ▶ The use of data analytics to enhance fraud detection capabilities and further develop professional scepticism in audits
- ▶ Using additional internal and external data and information to enable more nimble responses to external risk indicators, such as short selling and whistleblowers
- ▶ Utilising electronic confirmations for audit evidence wherever possible
- ▶ Developing a proprietary fraud risk assessment framework for use with audit committees and those charged with governance
- ▶ Mandating annual fraud training for all audit professionals that incorporates the experience of EY forensics professionals
- ▶ Requiring the use of forensic specialists in the audit on a targeted-risk basis to assess potential risks of fraud
- ▶ Expanding the use of our Global Assurance Risk Center of Excellence building on the latest technology, such as machine learning and AI, to further leverage external data through adverse media scrapping, key forensic metrics, short seller monitoring, tools to evaluate document authenticity, and other technology to enhance fraud risk identification and response in our audits

Components of our System of Quality Management (SQM)

Engagement performance

Reviews of audit work

EY policies describe the requirements for timely and direct senior professional participation, as well as the level of review required for the work performed and the requirements for documenting the work performed and conclusions reached. Supervisory members of an audit engagement team perform a detailed review of the audit documentation for technical accuracy and completeness. Senior audit executives and engagement partners perform a second-level review to determine the adequacy of the audit work as a whole and the related accounting and financial statement presentation. Where appropriate, and based on risk, a tax professional reviews the significant tax and other relevant working papers. For listed and public interest entities (PIEs) and certain other companies, an engagement quality reviewer (described below in the Engagement quality reviews section) reviews important areas of accounting, financial reporting and audit execution, as well as the financial statements of the audited entity and the auditor's report.

The nature, timing and extent of the reviews of audit work depend on many factors, including:

- ▶ Risk, materiality, subjectivity and complexity of the subject matter
- ▶ Ability and experience of audit engagement team members preparing the audit documentation
- ▶ Level of the reviewer's direct participation in the audit work
- ▶ Extent of consultation employed

EY policies also describe the critically important role of the PIC in managing and achieving quality on the audit and reinforcing the importance of quality to all members of the audit team.

Consultation requirements

EY consultation policies are built upon a culture of collaboration, whereby audit professionals are encouraged to share perspectives on complex accounting, auditing and reporting issues. As the environment in which EY member firms work has become more complex and connected around the globe, the EY culture of consultation has become even more important to help member firms reach the appropriate conclusions for the entities that they audit on a timely basis. Consultation requirements and related policies are designed to involve the right resources, so that audit engagement teams reach appropriate conclusions.

The EY culture of consultation enables audit engagement teams to deliver seamless, consistent and high-quality services that meet the needs of audited entities, their governance bodies and all stakeholders.

For complex and sensitive matters, there is a formal process requiring consultation outside of the audit engagement team with other personnel who have more experience or specialised knowledge, primarily Professional Practice and Independence personnel. In the interests of objectivity and professional scepticism, EY policies require members of Professional Practice, Independence and certain others to withdraw from a consultation if they currently serve, or have recently served, the entity to which the consultation relates. In these circumstances, other appropriately qualified individuals would be assigned.

EY policies also require that all consultations are documented, including written concurrence from the person or persons consulted, to demonstrate their understanding of the matter and its resolution.

Components of our System of Quality Management (SQM)

Engagement performance

Engagement quality reviews

EY engagement quality review policies address the audits that are subject to engagement quality reviews and the qualifications of engagement quality reviewers. Engagement quality reviewers are experienced professionals with significant subject-matter knowledge. They are independent of the audit engagement team and provide an objective evaluation of the significant judgments the audit engagement team made, and the conclusions reached thereon. The performance of an engagement quality review, however, does not reduce the responsibilities of the PIC for the engagement and its performance. In no circumstances may the responsibility of the engagement quality reviewer be delegated to another individual.

EY policies and practices related to the assignment and eligibility of professionals to serve as engagement quality reviewers have been enhanced to conform with the requirements of International Standard on Quality Management (ISQM) 2, Engagement Quality Reviews. These enhancements focus on assigning an engagement quality reviewer who has the appropriate competence and capabilities,

including sufficient time, as well as having sufficient authority and objectivity to achieve an effective engagement quality review. Training and enablement support the execution of the engagement quality review.

The engagement quality review spans the entire engagement cycle, including planning, risk assessment, audit strategy and execution. Policies and procedures for the performance and documentation of engagement quality reviews provide specific guidelines on the nature, timing and extent of the procedures to be performed, and the required documentation evidencing their completion. In all circumstances, the engagement quality review is completed before the date of the auditor's report.

For audits, engagement quality reviews are performed by audit partners in compliance with professional standards for audits of all listed companies, all public interest entities and those considered to need close monitoring. The Country AMP (or Country Audit Leader) and Country PPD approve the assignment of the engagement quality reviewer to each applicable engagement.



Components of our System of Quality Management (SQM)

Engagement performance

Audit engagement team resolution process for differences of professional opinion

EY has a collaborative culture that encourages and expects people to speak up, without fear of reprisal, if a difference of professional opinion arises or if they are uncomfortable about a matter relating to an engagement. Policies and procedures are designed to empower members of an audit engagement team to raise any disagreements relating to significant accounting, auditing or reporting matters.

These policies are made clear to people as they join EY, and we continue to promote a culture that reinforces a person's responsibility and authority to make their own views heard and seek out the views of others.

Differences of professional opinion that arise during an audit are generally resolved at the audit engagement team level. However, if any person involved in the discussion of an issue is not satisfied with the decision, they refer it to the next level of authority until an agreement is reached or a final decision is made, including consultation with Professional Practice if required.

Furthermore, if the engagement quality reviewer makes recommendations that the PIC does not accept or the matter is not resolved to the reviewer's satisfaction, the auditor's report is not issued until the matter is resolved.

Differences of professional opinion that are resolved through consultation with Professional Practice are appropriately documented.

Documentation retention

The Records and Information Retention and Disposition Global Policy supports and builds upon provisions within the EY Global Code of Conduct regarding acting with professional integrity in terms of documenting work and respecting intellectual capital. This policy and the Global Retention Schedule (GRS) establish records and information management (RIM) requirements for the management of records and information throughout their life cycle including the requirement to securely discard or delete records for which the retention period has expired, unless special and acceptable circumstances apply.



This policy, the GRS and RIM requirements are in accordance with applicable professional standards and are based on regulatory, legal, and business requirements and obligations, and they apply to all engagements and personnel and addresses Malaysian legal requirements, applicable to the creation and maintenance of working papers, relevant to the work performed.

Components of our System of Quality Management (SQM)

Resources

Refer to the Investing in exceptional talent and continuing education section for additional information on EY PLT's commitment to investing in talent to drive further advances in audit quality.



Formation of audit engagement teams

The assignment of professionals to an audit engagement is made under the direction of our Assurance leadership. The factors considered when assigning people to audit engagement teams include engagement size and complexity; engagement risk; specialised industry knowledge and experience; timing of work; continuity; and opportunities for on-the-job training. For more complex engagements, consideration is given to whether specialised or additional knowledge is needed to supplement or enhance the audit engagement team.

In many situations, professionals with experience in a specialised area of accounting or auditing, such as tax or information technology, are assigned as part of the audit engagement team to assist in performing audit procedures and obtaining sufficient appropriate audit evidence. Additionally, internal specialists who have knowledge outside of accounting or auditing, such as forensics, asset valuation, actuarial analysis and Environment, Social and Governance (ESG), may perform work in their field that is used by the audit engagement team to assist in obtaining sufficient appropriate audit evidence.

EY PLT's policies require the approval of the assignment of individuals to specific audit roles by the Malaysia Assurance Managing Partner and Malaysia Professional Practice Director. This is carried out, among other things, to make sure that the professionals leading audits possess the appropriate competencies (e.g., the knowledge, skills and abilities) to fulfil their engagement responsibilities, and, when applicable, are in compliance with auditor rotation regulations.

Components of our System of Quality Management (SQM)

Resources

Service delivery centers

Global Delivery Services (GDS) is an integrated network of EY service delivery centers that provide services to support EY member firms. In an era of unprecedented change, GDS continues to develop flexible business models and innovative ways to support member firms and their evolving needs. Across all disciplines, GDS teams combine deep technical knowledge with a focus on innovation, automation and process improvement to create hundreds of customised and scalable services that provide greater value for the EY organisation. As part of its audit transformation journey, EY Assurance services will increase its use of specialised teams to drive higher-quality outcomes, including GDS.

Diversity, equity and inclusiveness

EY has a long-standing commitment to diversity, equity and inclusiveness (DE&I). This commitment to building high-performing, diverse, equitable and inclusive teams is especially important in audit, where diverse perspectives drive professional scepticism and critical thinking. Greater diversity, equity and inclusive environments drive better decision-making, stimulate innovation and increase organisational agility.

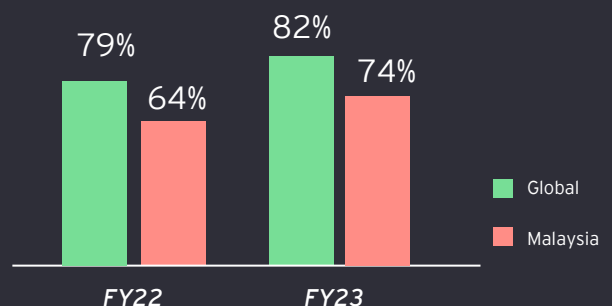
EY has been on a DE&I journey for many years, and while substantial progress has been made, under the global NextWave strategy and ambition EY remains committed to increasing DE&I progress throughout the organisation. The Global Executive (GE) has made a visible commitment to EY people and to the market to accelerate DE&I at EY through signing the Global Executive Diversity, Equity and Inclusiveness Statement. Not only does this reinforce that DE&I is a key business lever, it helps to ensure that EYG member firms hold themselves accountable for progress, starting with the tone at the top.

EY also launched the Global Assurance DE&I baseline expectations model in the audit practice to accelerate progress. This includes a set of globally applicable baseline expectations for DE&I across all Assurance talent processes and consists of ideas and initiatives on what can be done to advance DE&I within these processes. Each Region has completed a self-assessment against the baseline expectations model and committed to an action plan to make progress.

There has been a particular focus on promoting gender diversity over recent years. Thirty-three percent of new audit EYG member firm partners around the globe, promoted on 1 July 2023, were women and a strong pipeline of female leadership has been built, supported by 52% of all audit hires by member firms across the globe in 2022 being female. In Malaysia, 65% of our audit personnel as at the end of FY23 are female.

Inclusive organisations maximise the power of all differences. Employees need to feel they are working for an organisation that not only values them as individuals, but also sees differences as strengths and values their contributions. Fostering this sense of belonging is critical to helping the EY organisation attract the most talented individuals and helping EY professionals stay motivated and engaged.

In the March 2023 employee listening survey, globally, 82% (Malaysia: 74%) of EY auditors said the EY organisation provides a work environment where they feel free to be themselves, an increase of 3% (Malaysia: up 10%) when compared with the March 2022 survey.



Components of our System of Quality Management (SQM)

Resources

Diversity, equity and inclusiveness (cont'd)

Leaders across EY make DE&I a priority and it is a key metric across all the organisation's talent management programs. To enable greater accountability across the EY organisation, the Global DE&I Tracker helps track progress with consistent diversity and inclusiveness metrics and reporting across the organisation globally. EY also created the Global Social Equity Task Force (GSET) to develop cohesive action plans, specifically addressing inequity and discrimination, including racism. As a global organisation, EY has an opportunity to address the impact of inequities and injustice and push for progress within EY and beyond.

EY commits to advancing social equity and inclusive growth and standing against injustice, bias, discrimination, and racism. Social equity means that we aim for each person at EY PLT to have access to the resources and opportunities they need, given different starting points and different needs. It also means removing barriers to opportunities and inclusive experiences, that may lead to unequal outcomes. EY believes businesses have direct influence to address these gaps and build a better working world, through teaming, leadership and culture on teams, and the equitable assignment of work, and how performance evaluation, advancement and appointment decisions are made.

Our values: Who we are

1

People who demonstrate integrity, respect, teaming and inclusiveness

2

People with energy, enthusiasm and the courage to lead

3

People who build relationships based on doing the right thing

Components of our System of Quality Management (SQM)

Resources

Audit methodology

EY GAM provides a global framework for delivering high-quality audit services through the consistent application of thought processes, judgments and procedures in all audit engagements, regardless of the size. EY GAM also requires compliance with relevant ethical requirements, including independence from the audited entity. Making risk assessments; reconsidering and modifying them as appropriate; and using these assessments to determine the nature, timing and extent of audit procedures are fundamental to EY GAM. The methodology also emphasises applying appropriate professional scepticism in the execution of audit procedures. EY GAM is based on International Standards on Auditing (ISAs) and is supplemented in EY PLT to comply with the Malaysian Approved Standards on Auditing and other regulatory or statutory requirements. EY GAM is one example of an intellectual resource made available to EYG member firms to drive consistency in the execution of audit engagements.

Designed and based on extensive research with audit practitioners, EY Digital GAM, which is part of EY GAM, focuses on simplifying tasks and improving connection from one audit procedure to the next by leveraging full populations of entity data. All procedures, including risk assessment and substantive procedures start with a data-first mindset, by analysing relevant financial and non-financial data and supplementing this with traditional audit techniques such as inquiries, observations and inspection. The ability to analyse disaggregated data using the EY Helix global analytics suite enhances the audit engagement teams' understanding of the entity's business and focuses on the identification of entity-specific risks, key transactions and trends and anomalies that may be indicators of misstatement or fraud.

A data-driven audit approach focuses effort on the audit of higher-risk transactions, enables a dynamic audit strategy that is reactive to readily identifiable changes in the data, refines the focus and specificity of dialogue with the entity and its management about audit findings and evaluates the outcomes.

Using EY Atlas, an EY auditor is presented with EY GAM, organised by topic and designed to focus the audit strategy on the financial statement risks, and the design and execution of the appropriate audit response to those risks. EY GAM consists of two key components: requirements and guidance; and supporting forms and examples. The requirements and guidance reflect both auditing standards and EY policies. Examples in EY GAM supplement the requirements and guidance with leading practice illustrations.

EY GAM contains a number of audit approaches which are "profiled" within EY Atlas to present the relevant requirements and guidance, depending on the nature of the entity being audited – e.g., there are profiles for Digital GAM or Core GAM and further profiles to address listed entities and for those considered non-complex entities.

EY continues to develop the methodology to address changes and revisions in auditing and other professional standards and changes within the entities' financial reporting processes, and enhance guidance related to matters that are important to the entities' stakeholders, such as climate-related risks, cyber risks and the entities's use of emerging technologies within their operations or financial reporting processes (e.g., automation, AI, blockchain).

EY audit engagement teams are provided methodology, guidance and resources to identify and respond to unique risks arising from climate change, cyber risks and technology disruption.

Components of our System of Quality Management (SQM)

Resources

Audit methodology (cont'd)

Other enhancements have been made to address implementation experiences and external and internal inspection results.

Recently, EY GAM was updated with the requirements of ISA 220 (Revised), *Quality Control for an Audit of Financial Statements*. A suite of enablement to implement this revised requirement was issued.

In addition, current and emerging developments are monitored and timely audit planning and execution communications are issued. These emphasise areas noted during inspections as well as other key topics of interest to local audit regulators and the International Forum of Independent Audit Regulators (IFIAR).

We have issued accounting and auditing considerations when auditing entities that are exposed to risk due to the recent failures and near-failures in the banking sector, as well as to respond to evolving economic conditions, including increases in inflation and interest rates.



Certification of technology

EY has a robust global certification process to help ensure technology used in audit engagements is fit-for-purpose (i.e., that the solution meets its objectives, is appropriate for use in the audit circumstances and that EY people have the appropriate competencies to use the solution).

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

Components of our System of Quality Management (SQM)

Information and communication

The information and communication component is a new component in ISQM 1 for obtaining, generating or using information and communicating information, to enable the design, implementation and operation of the System of Quality Management.

The quality objectives within the component facilitate effective communication with:



Personnel



Member firms within the EY network



External parties



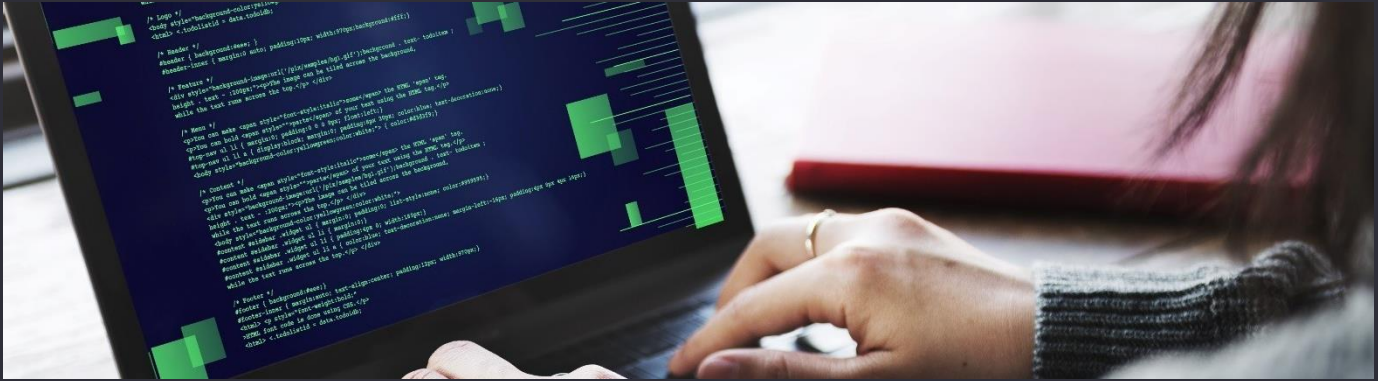
Service providers

Effective communication is essential to the operation of the System of Quality Management and the performance of audit engagements. The Global SQM policy provides the requirements for EYG member firms to communicate internally and externally about the member firm's System of Quality Management.



Components of our System of Quality Management (SQM)

System of Quality Management monitoring and remediation process



The System of Quality Management monitoring and remediation process is the cornerstone of the EY process to monitor the System of Quality Management, including audit quality. EY PLT has established a SQM monitoring and remediation process to:

Information obtained from the monitoring and remediation process on the design, implementation and operation of EY PLT’s System of Quality Management is evaluated to conclude on the effectiveness in achieving the objectives of EY PLT’s System of Quality Management.

System of Quality Management monitoring activities include:

- ▶ Tests of the System of Quality Management key controls
- ▶ Internal and external engagement inspections
- ▶ Other monitoring activities, for example and not exhaustive:
 - ▶ Tests of EY PLT and its personnel’s compliance with ethical requirements related to independence
 - ▶ Quality criticisms made by external regulators relevant to the System of Quality Management
 - ▶ Issues reported through the Ethics hotline

1 Provide relevant, reliable and timely information on the design, implementation and operation of EY PLT’s System of Quality Management

2 Provide a basis for the identification of deficiencies

3 Take appropriate actions to respond to any identified deficiencies

The monitoring and remediation process is executed annually based on the Global SQM Monitoring and Remediation policy, which is an example of a global intellectual resource provided to drive consistency in the execution of EY PLT’s System of Quality Management. The monitoring and remediation process is coordinated and monitored by representatives of the Global PPD, with oversight by the Global Assurance leadership.

Components of our System of Quality Management (SQM)

System of Quality Management monitoring and remediation process

Tests of the System of Quality Management key controls

System of Quality Management key controls have been designed and implemented to mitigate quality risks. The objective of performing tests of the System of Quality Management key controls within EY PLT's System of Quality Management includes determining whether the System of Quality Management key controls:

- 1 Were designed, implemented and operated in accordance with control owner's understanding and documentation thereof
- 2 Were operated on a timely basis by the control owner or control operator specified in the design of the System of Quality Management key control
- 3 Resulted in the timely resolution of any matters (information accumulated) identified
- 4 Were based on reliable information (i.e., information used in the performance of the System of Quality Management key control is complete and accurate, if applicable)

Individuals testing the System of Quality Management key controls are competent, objective and independent of the control owners and control operators.

Components of our System of Quality Management (SQM)

System of Quality Management monitoring and remediation process

Audit quality reviews

EY PLT executes the Global Audit Quality Review (AQR) program, reports results and develops responsive action plans. The Global AQR program complies with the requirements and guidelines in the ISQM 1 and is supplemented, where necessary, to comply with Malaysian professional standards and regulatory requirements. It also aids EY PLT's continual efforts to identify areas where we can improve our performance or enhance our policies and procedures.

Audit quality reviews include the inspection of at least one completed engagement for each PIC on a cyclical basis. The engagements reviewed each year are selected on a risk-based approach, emphasising audit engagements that are large, complex or of significant public interest, including elements of unpredictability. The Global AQR program includes detailed risk-focused file reviews covering a large sample of listed and non-listed audit engagements, and public interest entities and non-public interest entities, to measure compliance with internal policies and procedures; EY GAM requirements; and relevant local professional standards and regulatory requirements. It also includes reviews of a sample of non-audit assurance engagements performed by audit engagement teams. These measure compliance with the relevant professional standards, and internal policies and procedures that should be applied in executing non-audit assurance services.

The Global AQR program complements external inspection activities, such as inspection programs executed by audit regulators and external peer reviews. It also informs us of our compliance with regulatory requirements, professional standards, and policies and procedures.

AQR reviewers and team leaders are selected for their skills and professional competence in accounting and auditing, as well as their industry specialisation. They have often participated in the Global AQR program for a number of years and are highly skilled in the execution of the program.

Team leaders and reviewers are independent of the engagements and teams they are reviewing and are normally assigned to inspections outside of their home locations.

The Global AQR program is supplemented by a program that covers inspections of other assurance and related services engagements regardless of the service line performing the work. This is referred to as the Other Assurance Quality Review (OAQR) program.



The results of the AQR and OAQR processes are summarised globally (including for Areas and Regions), along with any key areas where the results indicate that continued improvements are required. Summarised results are shared within the network. Measures to resolve audit quality matters noted from the Global AQR program, regulatory inspections and peer reviews are addressed by the Assurance leadership and our PPD. These programs provide important practice monitoring feedback for our System of Quality Management and continuing quality improvement efforts.

Refer to the Audit Quality Indicators section for details of EY PLT's AQR results.

Components of our System of Quality Management (SQM)

System of Quality Management monitoring and remediation process

External quality assurance reviews

EY PLT's Audit practice and our registered statutory auditors are subject to annual inspection by the Audit Oversight Board (AOB) of the Securities Commission Malaysia. As part of its inspections, the AOB evaluates the system of quality management and reviews selected engagements. This regulator is a member of IFIAR and accordingly, the inspection results are submitted for inclusion in the annual IFIAR survey.

The last quality assurance inspection by the AOB took place in July and August 2023. The final report on the inspection has yet to be issued.

We benefit from the AOB inspection process. We thoroughly evaluate the points raised during the inspection to identify areas where we can

improve audit quality and the relevance to the System of Quality Management. Engagements with material findings are subject to root cause analysis (see next section). Together with the AQR process, external inspections provide valuable insights into the quality of EY audits. These insights help us to effectively execute high-quality audits.

Information on the above-mentioned regulator along with publicly available inspection reports can be found at <https://www.sc.com.my/aob>

There have not been any actions taken by authorities or regulators on EY PLT, or its audit partners during the year.



Engagement-level root cause analysis and action plans

Engagement-level root cause analysis is a central part of the EY quality improvement framework, providing an in-depth assessment of the root causes that underlie an engagement's positive or negative inspection outcome. The findings of each root cause are analysed in detail to enable a better understanding of the drivers behind both positive and negative outcomes and allows us to focus on the key behaviors that drive positive and high-quality results, a process that is fundamental and foundational to continuous improvement.

Once the engagement root cause analysis has been completed, EYG member firms are responsible for assessing their portfolio results, with special consideration given to identifying pervasive issues and developing responsive action plans for remediation.

Components of our System of Quality Management (SQM)

System of Quality Management monitoring and remediation process

Audit quality indicators

In addition to understanding the overall System of Quality Management annual results, Assurance leadership monitors the execution of the EY strategy and quality priorities through a combination of metrics or audit quality indicators (AQIs). While no single reportable metric can be viewed as a sole indicator of audit quality, a set of metrics can be used to give an indication of audit quality.

Enabled by the EY organisation’s strong global integration of tools, practices and policies, country-specific data is accumulated monthly on a variety of topics. The AQIs include both leading and lagging quality-related indicators and span across themes related to execution, talent, remediation and enablement. Each AQI is measured against established geographically specific and global targets, with outliers requiring an evaluation and remediation plan. The AQIs are also aligned to the EY accountability framework to reinforce priorities for the country leadership network and are subject to an annual review to help ensure they remain relevant and responsive to quality initiatives.

Examples of EY AQIs include:

- ▶ Internal and external inspection results
- ▶ Adherence to engagement pacing milestones
- ▶ Retention
- ▶ Independence
- ▶ Deployment of mandatory learning

Elements monitored and measured through the AQI dashboard are subject to an annual review to help ensure they remain relevant and responsive to quality initiatives.

The Global AQI dashboard helps to inform the leadership about whether particular actions are having the intended effect and provides an early warning where intervention is warranted.

Refer to the Audit Quality Indicators section for details on EY PLT’s AQIs.



Components of our System of Quality Management (SQM)

System of Quality Management monitoring and remediation process

Identifying and assessing System of Quality Management deficiencies and performing root cause analysis

Findings are information about the design, implementation and operation of the System of Quality Management which indicates that one or more deficiencies may exist. Findings are accumulated from the performance of monitoring activities. EY PLT evaluates each finding or aggregation of findings considering the relative importance of the finding(s) to determine whether a deficiency exists. Identified potential findings and their assessment are reviewed by the SQM Oversight Committee.

If any deficiencies are identified, a root cause process is executed to determine the root cause, to assess the severity and pervasiveness of the deficiency, and to develop responsive actions.

Representatives from the Global and Area Professional Practice and Assurance Leadership meet on a regular basis to review the results of the monitoring activities and the assessment of findings and deficiencies to drive consistency in the application of the framework for identifying and assessing findings and evaluating deficiencies and performing root cause analysis as described in the Global SQM Monitoring and Remediation policy.



System of Quality Management Quality improvement plans

For any identified deficiencies, EY PLT's quality improvement plans are developed, which include:

- ▶ Correcting the effect of the identified deficiency
- ▶ Remediating identified deficiencies in a timely manner
- ▶ Evaluating the effectiveness of the remediation actions

Quality improvement plans are developed by the SQM Operational Committee and reviewed by the SQM Oversight Committee to help ensure the appropriateness of the actions designed.

Infrastructure supporting quality



Infrastructure supporting quality

Strategy

NextWave is the EY global strategy and ambition to deliver long-term value to clients, people and society. It has put EY in a strong position to adapt and innovate, while the EY purpose of *Building a better working world* continues to inspire EY people to use EY knowledge, skills and experiences to support the communities in which we live and work. The insights and quality services EYG member firms deliver help enhance trust in business and the capital markets in support of sustainable, long-term value creation.

For EY Assurance services, the NextWave strategy is informed by a recognition that markets are being reshaped profoundly by data and technology disruptions, climate change, demographic shifts and globalisation, creating urgency for EY to respond to increasing demand for trust and confidence.

In response, EY Assurance services has embarked on a multi-year journey of bold changes across audit teams, processes and technology. Through this transformation, EY continues to harness the inherent strengths of its member firms' greatest asset in delivering quality and building trust – EY people. By enhancing their skills and experiences, while also transforming the way EY teams work, (guided by intuitive methodology and tailored enablement, and putting data and technology at the center of the assurance services they provide), they deliver better on serving the public interest.

Through a data-driven approach, enabled by the transformation and integration of our digital technology capabilities, EY teams will continue to deliver high-quality audits with independence, integrity, objectivity and professional scepticism. EY member firms provide their audit professionals with additional training and enablement to help detect fraud. The data-first approach and enhanced training elevates EY teams' experiences, so they can spend more time addressing risks and exercising professional judgment. EY member firms remain future-focused as they transform, using ever-more sophisticated data analytics and efficiently delivering greater insights in support of the high-quality audits that are valued by the entities that EY member firms audit and the capital markets. By applying leading-edge technologies, EY Assurance services teams contribute meaningfully to the overall EY purpose of *Building a better working world*.

Data and technology continue to transform the audit and support the changing needs of the capital markets. In June 2022, the EY organisation announced a US\$1b investment in evolving a next-generation technology platform. This integrated platform builds on the already strong foundation of the EY Assurance leading-class technology suite, driving audit quality and greater value for audited entities by facilitating trust, transparency and transformation. It will provide new data access capabilities and advanced analytics, incorporate new forms of business intelligence and AI, and enhance the user experience for audited entities and EY people – all important components of delivering high-quality audits.

Infrastructure supporting quality

Global Audit Quality Committee

The EY Global Audit Quality Committee (GAQC) comprises senior leaders from across the EY organisation with extensive, diverse and highly relevant experience. The GAQC advises EY Assurance leadership on the many aspects of the organisation's business, operations, culture, talent strategy, governance and risk management that affect audit quality.

The committee develops innovative ideas and approaches to delivering high-quality audits, so that leading practices can be shared across the organisation. It is a central repository for learning and feedback which serves as the basis for some of the organisation's AQIs and other forms of quality monitoring that feed the continuous improvement cycle.



Quality Enablement Leaders

The EY Quality Enablement Leaders (QEL) network is a group of senior Assurance leaders around the world who drive improvements in audit quality by empowering engagement teams and driving operational excellence within the global Assurance practice.

Empowerment for audit teams is enabled by:

- ▶ Delivering audit engagement team coaching
- ▶ Deploying technical enablement related to the adoption of new auditing standards
- ▶ Driving proficiency in the use of automated tools and techniques

Operational excellence for the Audit service is achieved through:

- ▶ Designing the framework for implementing consistent workforce planning across the globe, including protocols for workload management
- ▶ Establishing global data protocols and managing the data to execute portfolio reviews
- ▶ Managing in-flight engagements to support timely, positive intervention

Many of the QEL-related activities are directly aligned to the EY SQM. Because of the nature of their activities, the QEL network offers a unique perspective on the nature of challenges that can impact audit quality. The QEL network collaborates frequently with the Professional Practice function to drive audit quality.

Infrastructure supporting quality

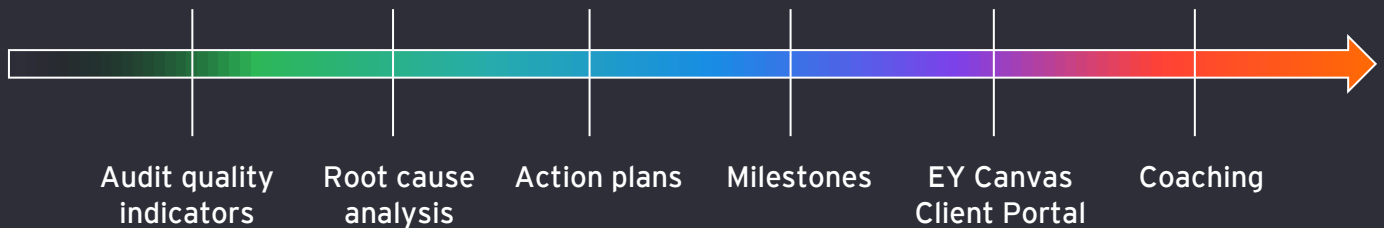
Sustainable audit quality

To support auditors in fulfilling their purpose, the EY organisation created the Sustainable Audit Quality (SAQ) program, which provides a framework to help address the evolving risks of the audit. SAQ is a globally consistent approach to achieving and sustaining high-quality audits across the EY network. It has required significant investment and created positive change for EY auditors and the companies audited.

The significant efforts the EY organisation has made in executing quality initiatives under the global SAQ program are positively impacting audit quality across the EY network and the behaviour of audit engagement teams.

Through in-flight management, we can measure the progress of in-process audits and identify areas that require additional attention before they are completed. Several elements of the in-flight management activities are also AQIs, which help to drive the focus and accountability around executing quality audits.

Examples of how the EY organisation puts its focus on quality into action include:



Further details on the activities not previously discussed include:

1

Milestones

Effective project management enables audit engagement teams to stay focused on the risks that matter most across the audit cycle, balancing the workload better by allocating the right amount of time to complete the risk tasks and ensuring timely executive involvement. The Milestones functionality is enabled through EY Canvas. Facilitated through dashboards in EY Canvas and the EY Canvas Reporting Hub, Milestones break the audit cycle down into specific tasks, with dates and steps designed to help achieve timely completion, and appropriate supervision and review.

2

EY Canvas Client Portal

The EY Digital Audit allows EY audit engagement teams to send requests for documents used to support the audit or for work to be performed by an entity's internal audit, as permitted by local laws and regulations, via EY Canvas. Clients work on the requests, upload documents and respond via the EY Canvas Client Portal. Clients can see requests that have been assigned to them or to the group(s) of which they are members.

3

Coaching

Through the QEL-led coaching programs, audit engagement teams are supported as they navigate critical accounting estimates and judgments, adopt new or revised auditing standards, all while utilising new tools and enablement. More than 1,500 audit engagements go through global coaching on an annual basis.

Infrastructure supporting quality

Professional practice

The Global Vice Chair of Professional Practice, referred to as the Global Professional Practice Director (Global PPD), is overseen by the Global Vice Chair of Assurance and works to establish global audit quality control policies and procedures. Each of the Area PPDs as well as the Global Delivery Service PPD is overseen by the Global PPD and the related Area Assurance Leader. This helps provide greater assurance to the objectivity of audit quality and consultation processes.

The Global PPD also leads and oversees the Global Professional Practice group. This is a global network of technical subject-matter professionals in accounting and auditing standards who are consulted on accounting, auditing and financial reporting matters; and perform various practice monitoring and risk management activities. In addition, the Professional Practice group is expanding its capacity on non-financial reporting in

anticipation of the finalisation of the inaugural standards by the International Sustainability Standards Board.

The Global PPD oversees the development of the EY Global Audit Methodology (EY GAM) and related audit policies and technologies so that they are consistent with relevant professional standards and regulatory requirements. The Global Professional Practice group also oversees the development of the guidance, training and monitoring of programs and processes used by member firm professionals to execute audits consistently and effectively. The Global, Area, Regional and Country PPDs, together with other professionals who work with them in each member firm, are knowledgeable about EY people, audited entities and processes. They are readily accessible for consultation with audit engagement teams.

Additional resources often augment the Global Professional Practice group, including networks of professionals focused on:

Internal-control reporting and related aspects of the EY GAM

Accounting, auditing and risk issues for specific topics, industries and sectors

Event-specific issues involving areas of civil and political unrest; pandemics; financial stability or sovereign debt and related accounting, auditing, reporting and disclosure implications

General engagement matters and how to work effectively with audit committees

Further, as noted above, the Country PPD has operational responsibility for monitoring the SQM. This includes concurring with or proposing changes to the recommended SQM annual evaluation conclusion. The SQM monitoring process is coordinated and monitored by representatives of the Global PPD.

Infrastructure supporting quality

Risk management

Risk Management (RM) coordinates organisation-wide activities designed to help EY people meet global and local compliance responsibilities and support client-facing teams in delivering quality and exceptional client service. Responsibility for high-quality service and ownership of the risks associated with quality is placed with the EYG member firms and their service lines.

Among other things, the Global RM Leader helps monitor the identification and mitigation of these risks, as well as other risks across the organisation as part of the broader enterprise risk management (ERM) framework. The ERM priorities are communicated to EYG member firms.

The Global RM Leader is responsible for establishing a consistent risk management framework around the globe and coordinating risk management across EY.

Member firm professionals are appointed to lead risk management initiatives (supported by other staff and professionals), including coordinating with the service lines on such matters.

When events that present risks occur, Global Risk Management actively seeks input from EYG member firms on lessons learned from both crisis management and business continuity standpoints. This after-action review process has generated significant changes to EY planning around its crisis response and management of crises at the member firm and global levels. Such reviews provide a higher degree of proactiveness especially in identifying emerging risks before they cause significant impact, and the prioritisation of risks by each member firm. For example, this allows the EY Global Security team and Region Security Manager network to work directly with their respective member firm's crisis management teams in preparing for the most likely threats by incorporating training and advanced stages of readiness to its crisis management networks.

Additionally, Global Risk Management has placed more focus on business resiliency in business continuity planning efforts in EY. A key component of this approach is the recognition that many crises do not just "happen"; there are usually indicators of escalating factors as a crisis unfolds. This approach allows EYG member firms to begin addressing the mitigation of risks while continuing to carry on "business as usual" at the very early stages of a potential business impact situation. The creation of "escalation matrixes" around several ongoing and high-chance geopolitical events allow EYG member firms and Region Risk Management crisis management teams to respond more rapidly and more effectively as events escalate. Additionally, these escalation matrixes and subsequent action item checklists go beyond traditional workforce life and safety issues by delving into factors that could impact a member firm's ability to effectively conduct business, e.g., disruption to banking systems or sustained cyber-attacks.

These changes are allowing EYG member firms to navigate significant crises more effectively via a prepared holistic approach.

In addition, the EY Global Code of Conduct provides a clear set of principles to guide the behaviours of those working with EY. This includes EY professionals being required to speak up when observing behaviour that is believed to be a violation of law or regulation, applicable professional standards, or the EY Global Code of Conduct itself.

The Global Data Protection and Confidentiality Policy (previously discussed) sets out requirements when handling sensitive and restricted information, including personal data. EYG member firms have a continuing responsibility to communicate local changes in law or regulation, reflecting the ever-changing landscape of restrictions on the use of data. The Global Data Protection and Confidentiality Policy was developed in accordance with applicable law, regulatory frameworks (such as the EU General Data Protection Regulation (GDPR)), and relevant professional standards. The policy provides clarity for EYG member firms and their employees and connects to related policies and guidance on information security, records retention, social media utilisation, and other data protection-related topics.

Infrastructure supporting quality

Cybersecurity

Managing the risk of major and complex cyber-attacks is a part of conducting business for all organisations. While no systems are immune from the threat of cyber-attacks, EY PLT is vigilant in the steps it takes to secure and protect client data.

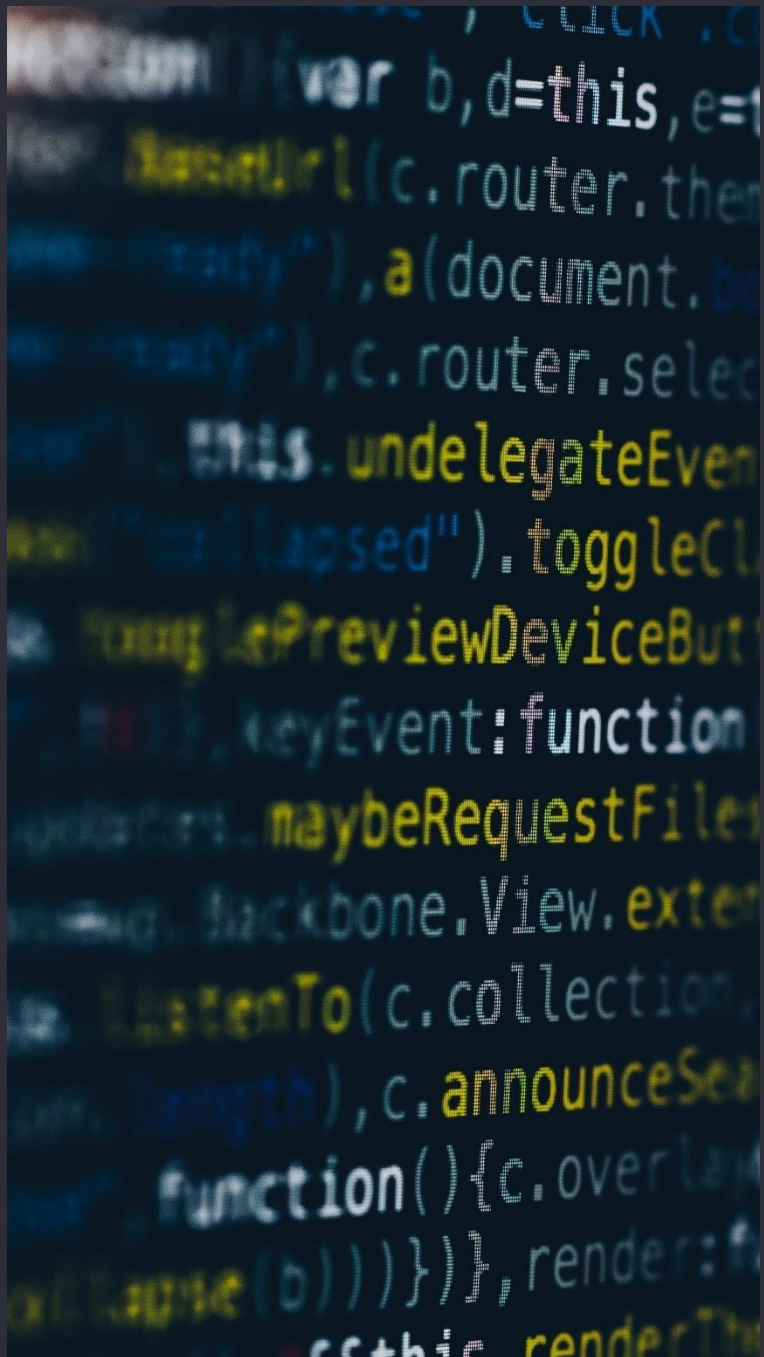
The EY approach to cybersecurity is proactive and includes the implementation of technologies and processes necessary to manage and minimise cybersecurity risks around the globe.

EY information security and data protection programs, consistent with industry practices and applicable legal requirements, are designed to protect against unauthorised access to systems and data.

There is a dedicated team of cybersecurity specialists, who constantly monitor and defend EY systems.

Beyond technical and process controls, all EY people are required to annually affirm in writing their understanding of the principles contained in the EY Global Code of Conduct and their commitment to abide by them. There are also required security awareness learning activities. Various policies outline the due care that must be taken with technology and data, including, but not limited to, the Global Information Security Policy, and a global policy on the acceptable use of technology. EY cybersecurity policies and processes recognise the importance of timely communication.

EY people receive regular and periodic communications, reminding them of their responsibilities outlined in these policies and of general security awareness practice.



Independence practices

Independence practices

The EY Global Independence Policy requires EY PLT and our people to comply with the independence standards applicable to specific engagements, e.g., the IESBA Code of Ethics and the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. The EY Global Independence Policy is an example of a policy issued by EYG to enable the operation of the SQM and the performance of ISQM 1 engagements.

We consider and evaluate independence with regard to various aspects, including our financial relationships and those of our people; employment relationships; business relationships; the permissibility of services we provide to the companies we audit; applicable firm and partner rotation requirements; fee arrangements; audit committee pre-approvals, where applicable; and partner remuneration and compensation.

Failure to comply with applicable independence requirements will factor into decisions relating to a person's promotion and compensation, and may lead to other disciplinary measures, including separation from EY PLT.

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

Independence practices

EY Global Independence Policy

The EY Global Independence Policy contains the independence requirements for EYG member firms, professionals and other personnel. It is a robust policy predicated on the IESBA Code and supplemented by more stringent requirements in jurisdictions, where prescribed, by the local legislative body, regulator or standard-setting body. The policy also contains guidance designed to facilitate understanding and application of the independence rules. The EY Global Independence Policy is readily accessible and easily searchable on the EY intranet.

The EY Global Independence Policy is an example of an intellectual resource provided by a global function to drive consistency in the System of Quality Management.

Global Independence System

The Global Independence System (GIS) is an intranet-based tool that helps EY professionals identify the entities from which independence is required and the independence restrictions that apply. Most often, these are listed audit entities and their affiliates, but they can also be other types of attest or assurance clients. The tool includes family-tree data relating to audit clients and their affiliates, other entities for which independence restrictions apply, and other entities for which there are no independence restrictions. Family-tree data is updated by client-serving engagement teams. The entity data includes notations that indicate the independence rules that apply to each entity, helping our people determine the type of services that can be provided or other interests or relationships that can be entered into.

GIS is an example of a technological resource provided by a global function to drive consistency in the System of Quality Management.

Global Monitoring System

The Global Monitoring System (GMS) is another important global tool that assists in identifying proscribed securities and other impermissible financial interests. Professionals ranked as manager and above are required to enter details about all securities they hold, or those held by their immediate family, into the GMS. When a proscribed security is entered or if a security they hold becomes proscribed, the professionals will receive a notice and are required to dispose of the security. Identified exceptions are reported through an independence incident reporting system for regulatory matters.

GMS also facilitates annual and quarterly confirmations of compliance with independence policies, as described in the following pages. GMS is an example of a technological resource made available to EYG member firms to drive consistency in the System of Quality Management.

Independence practices

Independence compliance

EY has established several processes and programs aimed at monitoring compliance with the independence requirements of EYG member firms and their people. These include the following activities, programs and processes.

Independence confirmation

Annually, EY PLT is included in an Area-wide process to confirm compliance with the EY Global Independence Policy and process requirements, and report identified exceptions, if any.

All EY professionals are required to confirm compliance with the EY Global Code of Conduct annually. All client-facing professionals from the rank of manager to partner, and certain others, based on the role or function, are required to confirm compliance with independence policies and procedures on a quarterly basis.

Independence compliance reviews

EY conducts internal procedures to assess member firm compliance with independence matters. These reviews include aspects of compliance related to non-audit services, business relationships with the companies we audit and financial relationships of EYG member firms.

Personal independence compliance testing

Each year, the EY Global Independence team establishes a program for personal independence compliance testing (PICT), which is an audit of an individual’s compliance with the requirement to report financial interests in GMS. As part of the PICT, the selected individuals will provide account statements and other documentation of their financial interests, which are then compared to information reported in GMS as of the relevant period being tested to determine if there are unreported interests. Any unreported interests are evaluated with consequences assigned as deemed appropriate.

The table summarises the planned coverage under the programme.

Roles	Testing frequency/timing
Partner in Leadership*	Every three years
Partner	Every five years
Promotion to Partner, Associate Partner, Executive Director or Director	Prior to promotion
Random 3% sample of other professionals (Manager and above, not Partners)	Annually

*Partner in Leadership includes the Managing Partner and Service Line Leaders

The PICT is performed on a collective basis for EY PLT and its affiliated entities.

For the FY23 testing cycle, the PICT tested more than 95 partners and other personnel.

Independence practices

Non-audit services

EY monitors compliance with professional standards, laws and regulations governing the provision of non-audit services to audited entities through a variety of mechanisms. These include the use of tools, such as PACE (see page 29) and the Service Offering Reference Tool (SORT) (see page 59), training and required procedures completed during the performance of audits and internal inspection processes. There is also a process in place for the review and approval of certain non-audit services before engagements are accepted.

Global independence learning

EY develops and deploys a variety of independence learning programs. All EY professionals and certain other personnel are required to participate in annual independence learning to help maintain independence from the companies EYG member firms' audit.

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The goal is to help EY people understand their responsibilities and enable each of them, and their member firms, to be free from interests that might be regarded as incompatible with objectivity, integrity and impartiality in serving an audit client.

The annual independence learning program covers independence requirements, focusing on recent changes to policy, as well as recurring themes and topics of importance. Timely completion of annual independence learning is required and monitored closely.

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

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

Independence practices

Service Offering Reference Tool

The Service Offering Reference Tool (SORT) serves as the master list of approved EY services. We assess and monitor our portfolio of services on an ongoing basis to confirm that they are permitted by professional standards, laws and regulations, and to make sure that we have the right methodologies, procedures and processes in place as new service offerings are developed. We restrict services from being provided that could present undue independence or other risks.

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

SORT is an example of a technological resource made available to EYG member firms to drive consistency in the System of Quality Management.

Business Relationships Independence Data Gathering and Evaluation (BRIDGE)

EY people are required to use Business Relationships Independence Data Gathering and Evaluation (BRIDGE) in many circumstances to identify, evaluate and obtain advance approval of a potential business relationship with an entity we audit, thereby supporting our compliance with independence requirements.

BRIDGE is an example of a technological resource made available to EYG member firms to drive consistency in the System of Quality Management.

Audit committees and oversight of independence

We recognise the important role audit committees and similar corporate governance bodies undertake in the oversight of auditor independence. Empowered and independent audit committees perform a vital role on behalf of shareholders in protecting independence and preventing conflicts of interest. We are committed to robust and regular communication with audit committees or those charged with governance. Through the EY quality review programs, we monitor and test compliance with EY standards for audit committee communications, as well as the pre-approval of non-audit services, where applicable.

Investing in exceptional talent and continuing education



Investing in exceptional talent and continuing education

Development of EY people

The EY employee value proposition (EVP) is the promise we give to our employees for working at EY PLT. But this is not something that just happens; it is on our people to make it happen. EY PLT provides the opportunities, the scale, the technology, the learning and the diverse and inclusive culture. It is up to our people to build their own exceptional experience from the building blocks EY PLT offers.

The EY EVP “The exceptional EY experience. It’s yours to build” is designed to empower EY people to be intentional about their careers, enabling them to seek out the experiences, the learning, the skills, the impact and the leadership behaviours that will help them build the career they want, and a better working world for themselves and others.

EY PLT is committed to investing in our number one asset – our talent – to help ensure we keep our promise to them. Delivering on the EVP in turn helps us to drive further advances in audit quality, creating real value and insights for the entities that are audited by us.

Changing environments mean that investments in exceptional talent need to be agile. Audit engagement teams already bring together an increasingly diverse set of skills and this trend will only accelerate as new technologies are adopted and the role of the audit professional continues to evolve. Skill sets will need to be further enhanced to encompass new competencies, such as coding and data visualisation, and new areas, such as the analysis of non-financial information (for example, rapidly changing ESG standards).

Audit professionals also need to understand and assess the risks and considerations associated with these technologies, particularly as companies implement new systems and generate new data that impact financial reporting, such as business models dealing with cryptocurrencies.

Talent investment needs to focus more broadly on the development of new skillsets – enabling teams to harness the full potential of new technology and bring a new lens to their work.

In addition, the EY organisation has taken action to address emerging risks, through both training and a focus on increasing awareness of these risks. Common themes that teams need to focus on are communicated throughout the organisation.

Investing in exceptional talent and continuing education

1 Attracting and recruiting talent

In a world with a decreasing talent pipeline, where the number of students graduating with an accounting degree continues to drop, competition for talent with the relevant skills has never been higher. Finding the next generation of high-quality auditors remains our top priority. We keep the recruiters with whom we work with up-to-date information on current trends and hot topics in audit, so that they are equipped to talk to candidates. We are also exploring several recruitment innovation platforms and talent attraction initiatives with the purpose of networking with new and diverse audiences that we have not had the opportunity to connect with via the traditional channels and innovate in the ways we connect and attract our future talent.

For example, last year, EY designed the EY Talent Tree in the metaverse. Through a series of global talent events, EY teams have hosted hundreds of potential future audit professionals in an environment that strips away the physical barrier of real-world meeting rooms, and replaces them with a new, highly interactive virtual world. What has been

achieved so far is very exciting – a series of events on a global scale that helped identify new talent from the next generation of potential accounting professionals, who live and breathe technology; and who will help forge the future of our profession.

Another innovation initiative EY is currently working on is an audit virtual work experience programme, with the support of an external vendor. This programme is designed primarily for university and college students who are at the early stages of their studies and are looking to explore future career paths. The purpose of this programme is to connect with students and showcase the work EY teams do in audit, in a direct and open way, with the aim to build a network with our future talent from the early stages in their academic journey.

In order to recruit people who fit with the EY culture, it is important to take into account not only technical excellence, but also other attributes – communication skills, high ethical standards and the ability to collaborate in high-performing teams. All joiners are expected to live up to high standards of integrity, and have strong business acumen and leadership potential.

2 Retention and focus on well-being

Having recruited the talent, retaining them within the business is a key contributor to the delivery of high-quality audits. Retention can vary based on external drivers such as market conditions. However, there is one factor that is consistent around the globe: employee expectations.

Achieving a work-life balance is important for EY people. People are now far more focused on getting the balance right between their professional and personal lives. Forty-three percent of EY auditors now work remotely two or more days per week and have greater wellbeing as a result.

An increasingly important talent priority has been the focus on wellbeing and improving the day-to-day experience of EY people. The overarching goal is to embed a wellbeing culture through leadership commitment to provide the financial, physical, emotional and social support that enables EY people to be the best they can be. In practice, this can

include equitably balanced work allocations and the breaking down of barriers that previously prevented professionals from setting and adhering to healthy boundaries.

The better the organisation can support our people's wellbeing, the more likely it is to provide them with compelling reasons to continue their career journey within the EY network.

However, new entrants to the world of work are less likely to stay at the same organisation for their entire careers. Boosting retention, therefore, now means focusing more on the journey than the destination.

As part of this commitment, there is a stronger focus on experience management, scheduling auditors into engagements, where they can find opportunities to expand their knowledge as part of longer-term career progression.

Investing in exceptional talent and continuing education

3 Personalised careers with diverse experiences

As the workforce becomes more diverse in terms of background, skill sets and education, aspirations also change. With more people with specialised skills entering the organisation, EYG member firms are implementing more flexible career paths for all professionals that link to future-focused service delivery model thinking.

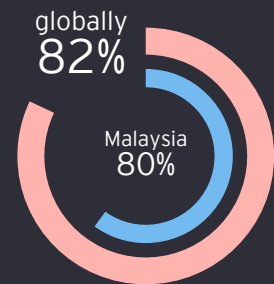
The workforce is evolving, and individuals often have different career hopes, so we are providing all our people with the necessary tools and processes to manage their progression. A more individualised career structure is vital in attracting new talent and in helping to develop and retain the existing workforce.

Promotions focus on people’s skills, not the number of years in a post. For example, the EY organisation is introducing more “agile promotions,” where career progression takes place when an individual is ready rather than at set times in the year.

We are seeing success through these redesigned career paths.

March 2023 employee listening survey:

% of respondents know which skills they need to build the career they want



4 Mobility

In an organisation that spreads across more than 150 jurisdictions, one of the most powerful experiences EYG member firms can offer their people is the ability to work across cultures and borders. People join EY for exceptional and diverse experiences, with more than 90% of member firms’ new hires in EY Assurance being motivated by joining a highly globally integrated organisation.

EYG member firms provide a variety of on-demand mobility solutions and programmes, leading to an increase in new Assurance mobility assignments of more than 100% this year. The global mobility platform, Mobility4U, provides professionals with a single point of entry to locate opportunities worldwide. That includes job swaps, where individuals can exchange roles with an EY peer on either a long- or short-term basis.

There is a focus on enabling specific business-driven mobility initiatives that give people an opportunity to learn or share specific knowledge and skills. Strategic mobility programs for member firm partners and future leaders also continue, which support, in particular, EY’s emerging market regions.

Post-pandemic, EYG member firms are increasingly able to offer virtual mobility experiences. These provide the benefits of working cross-border with new teams and enable EY people to expand their global networks.

A mobility return on investment analysis showed that international experience increased retention (+15%) and positively impacted career opportunities. Ninety-five percent of mobility assignees reported a positive impact on careers, one year post-assignment. 97% of assignees said their international assignment experience was exceptional and 95% would recommend an EY mobility assignment.

Investing in exceptional talent and continuing education

5 Performance management

EY has a performance management framework, LEAD, that supports our people’s careers, inspires their growth and recognises the value they bring to EY PLT. Through ongoing feedback, counselor insights and development conversations, LEAD helps align individuals with the EY strategy and enables a focus on the future. An individual’s dashboard provides a snapshot of performance against the Transformative Leadership dimensions, including quality, risk management, technical excellence and engagement metrics. Feedback received during an annual cycle is aggregated and used as an input to compensation and reward programmes.

At the centre of the framework are conversations between counselee and counselor, covering topics such as understanding diverse career paths, creating an inclusive and equitable environment and pursuing

learning and new experiences. These conversations help identify opportunities for further development and build future-focused skills.

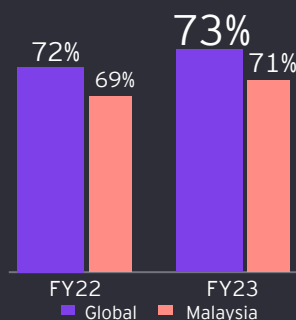
The performance management framework extends to partners, principals, executive directors and directors, and applies to all EYG member firms around the world. It reinforces the global business agenda by continuing to link performance to wider goals and values. The process includes goal setting, ongoing feedback, personal development planning and an annual performance review, all tied to the partners’ recognition and reward. Documenting the partners’ goals and performance is the cornerstone of the evaluation process. A member firm partner’s goals are required to reflect various global and local priorities across six metrics, the most important one being quality.

6 Engagement

Employee engagement is a vital sign of success in building the right culture. Audit professionals want to feel that their employer cares about their progress and job satisfaction. Understanding the ambitions, concerns and pressures faced by EY people makes it possible to provide a better environment in which they can flourish.

Engagement levels are regularly monitored through a variety of channels.

March 2023 employee listening survey:
% of audit professionals who had a favourable attitude in terms of engagement



Listening to the views and concerns of EY people is a key element in increasing engagement. The EY employee listening strategy gives our people a voice at every step of their EY experience, so that we know what they need and what EY can do to help build exceptional experiences. Understanding the evolving perspectives and experiences of EY people is essential to delivering our EVP.

The employee listening survey is run three times per year to gather feedback on key elements that drive engagement and retention. Each survey focuses on different strategic drivers (Careers, Learning and skills, etc.) and includes other relevant topics.

The EY Team Experience survey is another critical element of our employee listening strategy, aimed at improving and unifying the day-to-day experience for our engagement teams. Eligible team members provide feedback on their experience of an engagement through a variety of questions, rated on a five-point scale. This feedback provides actionable insights and pathways for tangible change at the engagement team level.

EY Assurance runs an initiative known as “Global Voices” which unites 200 high-performing junior professionals from across the world and all sub-service lines. Its purpose is to empower and engage the EYG member firms’ workforces by seeking their feedback on a wide range of topics of strategic importance, to broaden leadership perspectives. Leadership teams are increasingly engaged and motivated to understand the group’s perspectives on business-critical challenges like talent retention, technology and innovation, and ESG and societal impact.

Investing in exceptional talent and continuing education

7 The Audit Academy

The Audit Academy is the EY global learning program for auditors. It builds auditors' core skill sets and evolves over time – for example, to complement core skills with the new capabilities needed to support the EY Digital Audit. Every year, the content and focus of the Audit Academy is adjusted to address new technologies and strategic priorities that promote audit quality. Any changes are agreed by the Assurance leadership, following recommendations from the EY Global Assurance Learning Steering Committee.

Inspection and quality review findings are reviewed regularly to assess and address root causes, and the conclusions are then fed into the Audit Academy curriculum to enhance and strengthen continual learning.

Teams can be sure they are receiving leading-class and globally-consistent core learning. Whether that involves focusing on changes in regulation, mastering emerging technologies or embedding data analytics into existing audit practices, the Audit

Academy has the resources in place to support every need. Moreover, the Audit Academy encourages and empowers individuals to apply professional scepticism, think critically and deliver exceptional client service.

Post pandemic, the Audit Academy now provides a blend of on-demand learning and simulation or case study-based learning that can be deployed either physically or virtually.

At EY PLT, we established the Assurance Advanced Academy (AAA) in FY21, which is a centre of excellence for technical learning, run by client-serving professionals with the objective to ensure that our professionals learn the right thing (content) at the right time (timing) for the right reasons (purpose) and that they retain what they learn (retention) for application.

In FY23, AAA continues to focus on innovating learning delivery with the objective of enabling engaging and effective learning experiences for our people.

8 Professional development

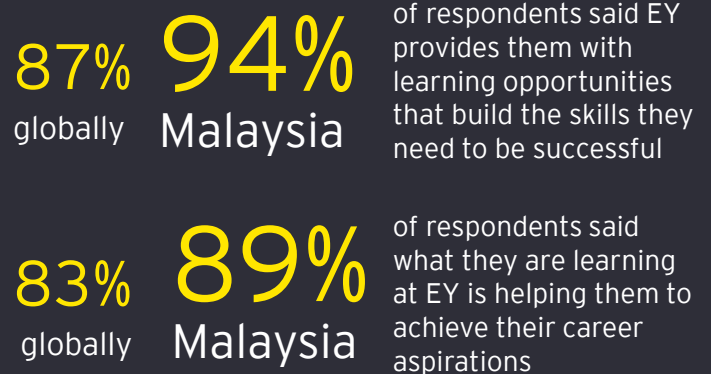
To encourage the building of new skills, the EY Badges program enables professionals to gain future-focused skills such as artificial intelligence, blockchain, robotic process automation, innovation and cybersecurity, as well as other capabilities that are in high demand, such as sustainability. EY Badges is a self-directed learning initiative that supplements a substantial program of core structured training for auditors.

Allied to EY Badges is the EY Tech MBA and Masters in both Business Analytics and Sustainability. These are online qualifications awarded by Hult International Business School, a triple-accredited university, that are available free-of-charge to all EY people.

As of 30 June 2023, almost 47,000 EY Badges had been awarded to current audit professionals, including 16,000 in analytics and data strategy alone. In addition, more than 23,000 EY Badges have been awarded to people who have since left EY.

In total, during the financial year to 30 June 2023, EY audit professionals undertook 8.8m hours of learning (compared with 8.2m hours in the previous year), averaging 87.6 hours each.

March 2023 employee listening survey:



Investing in exceptional talent and continuing education

8 Professional development *(cont'd)*

There are also a variety of learning programmes that have been developed specifically for member firm partners. These are available to all member firm partners worldwide and cover topics such as Transformative Leadership, Disruptive Technology, and Sustainability. These are supplemented by high-touch, immersive programmes for select groups of partners on topics such as Client Leadership and Disruptive Technology, and there are also regular learning programs on audit-specific topics such as fraud.

Where an EYG member firm audits and reviews International Financial Reporting Standards (IFRS) financial statements, relevant audit engagement team members undertake learning to become IFRS-accredited.

Requirement for EY PLT audit professionals to continue professional education:

20 hours each year **120** hours three-year period

40% must cover technical subjects related to accounting and auditing

(8 hours each year and 48 hours over a three-year period)

9 Knowledge and internal communications

In addition to professional development and performance management, we understand the importance of providing audit engagement teams with up-to-date information to help them perform their professional responsibilities. There is significant EY investment in knowledge and communication networks to enable the rapid dissemination of information to help people collaborate and share best practices. Some EY resources and tools include:

EY Atlas, which includes local and international accounting and auditing standards, as well as interpretive guidance

Publications such as International Generally Accepted Accounting Principles (GAAP), IFRS developments and illustrative financial statements

Global Accounting and Auditing News – a weekly update covering assurance and independence policies, developments from standard-setters and regulators, as well as internal commentary thereon

Practice alerts and webcasts, covering a range of global and country-specific matters, designed for continuous improvement in EYG member firms' Assurance practices

Audit Quality Indicators (AQI)

8 Audit Quality Indicators

While EY PLT utilises many AQIs to monitor audit quality, for the purposes of this report, we provide an overview of the following six selected AQIs:

- 1 Audit partner supervision
- 2 Fee information
- 3 Headcount, experience and qualifications of audit personnel
- 4 Audit engagement supervision
- 5 Audit firm’s investment to uphold audit quality
- 6 Internal and external monitoring reviews



Where available, we have included the FY22 AQI statistics for major audit firms in the graphs or charts in this section which have been referred to as “FY 22 Industry Average (IA)”. This information is extracted from the Audit Oversight Board Annual Inspection Report 2022.

Audit Quality Indicators (AQI)

1 Audit partner supervision

Average number of listed PIEs per partner

FY23	FY22	FY21
2.6	2.7	3.0

Average number of PIEs per partner

FY23	FY22	FY21	FY22 IA
4.9	5.0	5.4	5.0

The ratios show the average number of engagements (by type) per partner.

These ratios remain below the FY22 IA and we continue to show improvement. This is due to our efforts in partner workload management, as well as streamlining our portfolio of audit clients and tightening the process for new clients or engagement acceptance. This allows each of the partners to better supervise their engagements.



Average number of entities related to PIEs* per partner

FY23	FY22	FY21	FY22 IA
51	55	60	55

Average number of non-PIEs per partner (excluding entities related to PIEs)

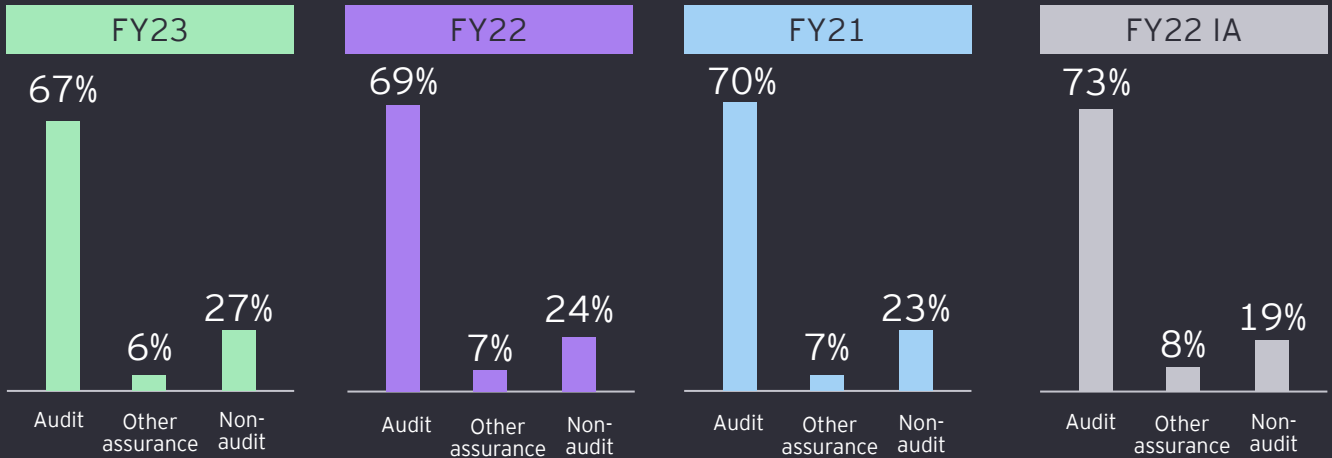
FY23	FY22	FY21	FY22 IA
82	93	129	109

* Entities related to PIEs refer to non-PIEs within the PIE Group which are audited by EY PLT. Examples include, but are not limited to, subsidiaries, associates and joint ventures of PIEs.

Audit Quality Indicators (AQI)

2 Fee information

Percentage of fees by type of services provided to audit clients

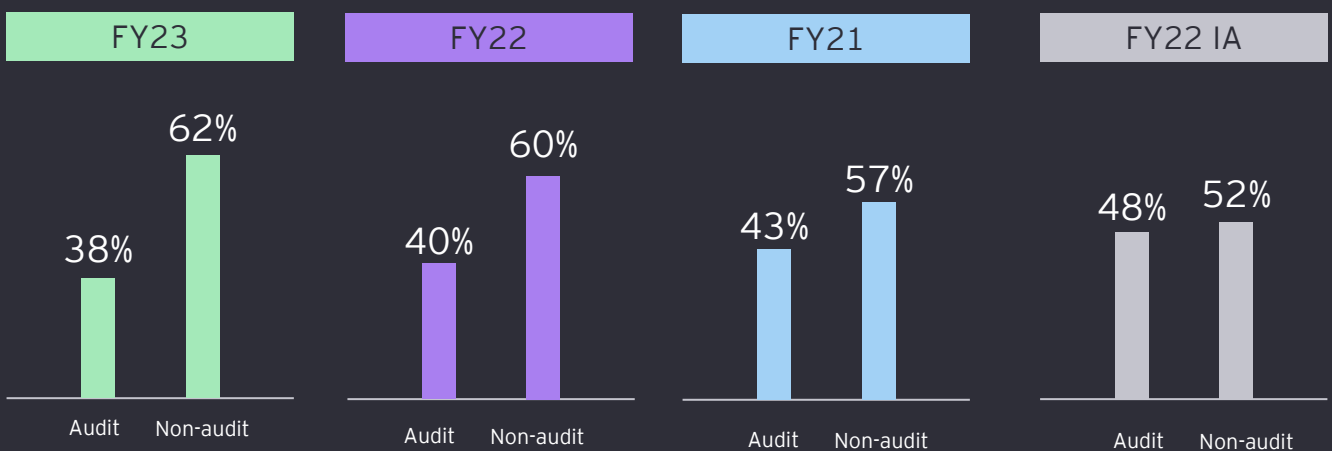


The proportion of statutory audit fees to non-audit fees has remained largely stable over the past three financial years.

Prior to accepting any non-audit engagements with our audit clients, we undertake a stringent review of the nature of each service to determine the permissibility of the service and apply the necessary safeguards where required.

EY PLT remains in compliance with the relevant provisions of the Malaysia Institute of Accountants (MIA) By-Laws (on Professional Ethics, Conduct and Practice) and other relevant regulatory requirements with respect to fees and non-audit services. There is no instance where the total fees from a PIE audit client and its related entities represent more than 15% of the total fees received by EY PLT.

Percentage of fees by audit practice and non-audit practice






The growth in our non-audit practice continues to out-pace the growth of our audit practice. The growth in the non-audit practice is primarily contributed from services provided to non-audit clients.

Audit Quality Indicators (AQI)

3 Headcount, experience and qualifications of audit personnel

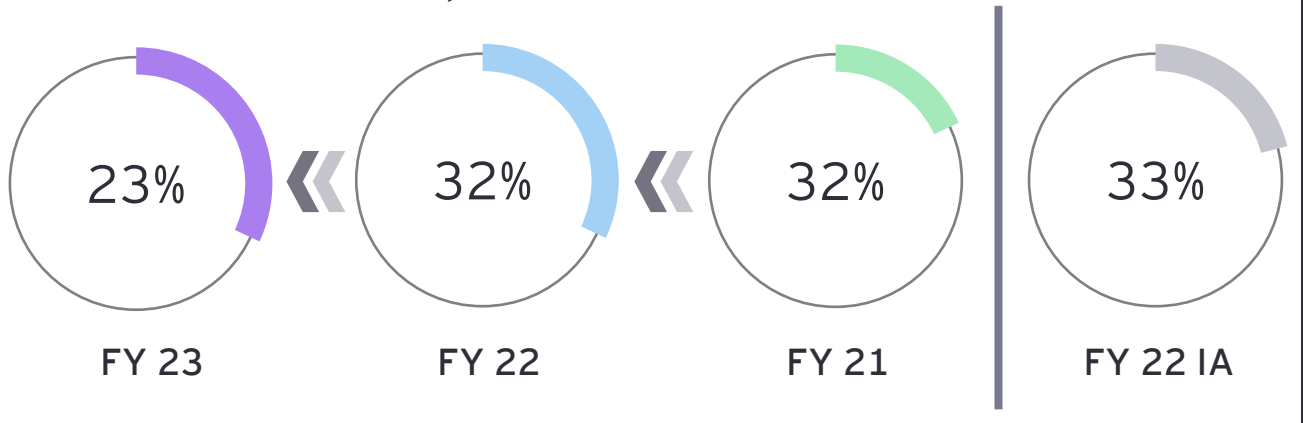
Headcount of audit personnel as at 30 June

	FY23	FY22	FY21
 Partners	49	45	44
 Managerial staff	174	188	188
 Non-managerial staff	1,530	1,375	1,306
Total:	1,753	1,608	1,538

Average headcount of audit personnel for the financial year

	FY23	FY22	FY21
Partners	47	46	45
Managerial staff	184	205	212
Non-managerial staff	1,542	1,415	1,500
Total:	1,773	1,666	1,757

Turnover rate for audit personnel



As we move beyond the Great Attrition, we have seen considerable improvement in the turnover rate for audit personnel in FY23. Headcount of audit personnel as at 30 June and average headcount have also increased, with the exception of managerial staff.

We recognise that recruiting, retaining and developing our talent are key contributors to the delivery of high-quality audits. We will continue to monitor and enhance our initiatives to achieve sustainable retention rates.

Audit Quality Indicators (AQI)

3 Headcount, experience and qualifications of audit personnel *(cont'd)*

Percentage of audit personnel with professional qualifications as at 30 June




	FY23	FY22	FY21	FY22 IA
With professional qualifications and/or MIA membership	16%	18%	22%	20%
Pursuing professional qualifications and/or MIA membership	77%	75%	73%	65%
Without professional qualifications and/or MIA membership	7%	7%	5%	15%

We are committed to invest in our people by providing them with the support to develop professionally, which in turn advances their own careers and helps them to deliver high-quality audits.

We have taken the following initiatives to address this:

- 1 Increase in firm-sponsored examination fees
- 2 Extended examination preparation leave

Average years of experience of audit personnel

	FY23	FY22	FY21	FY22 IA
 Partners	22.5	22.5	22.1	23
 Managerial staff	9.0	9.4	10.7	10
 Non-managerial staff	1.7	1.8	2.4	2




The average years of experience of audit personnel for FY23 and FY22 remain consistent but slightly lower than the FY22 industry average. We have taken the following initiatives to address this:

- ▶ Timely and direct senior professional involvement to enable on-the-job coaching and supervision;
- ▶ Ensuring the training curriculum is appropriate and adequate for all ranks; and
- ▶ Innovating learning delivery through the AAA (see page 64).

Audit Quality Indicators (AQI)

3 Headcount, experience and qualifications of audit personnel *(cont'd)*

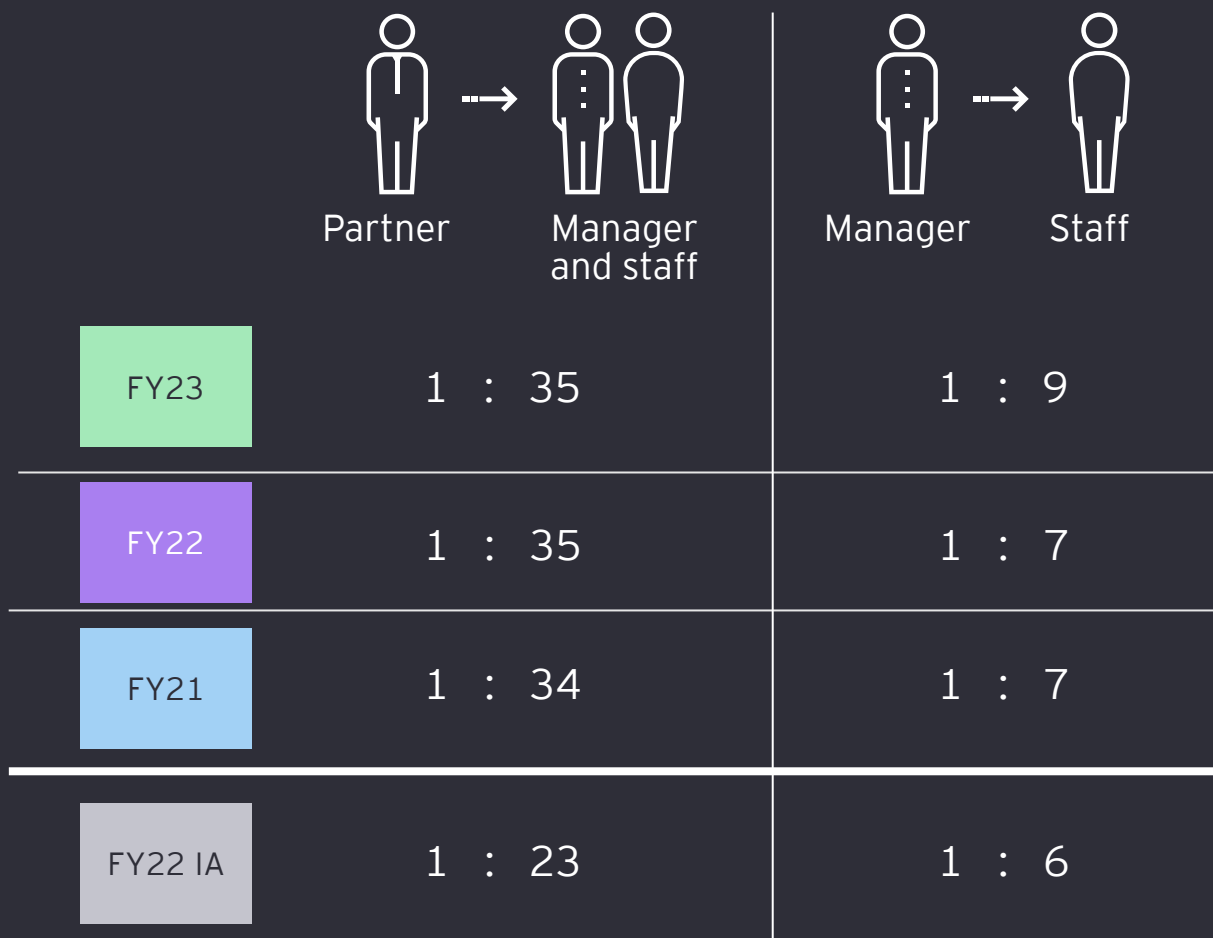
Percentage of the years of experience of audit personnel in their respective staff roles as at 30 June

	 Partners	 Managerial staff	 Non-managerial staff
Less than 1 year			
FY23	6%	27%	40%
FY22	-	26%	51%
FY21	-	15%	24%
Between 1 and 3 years			
FY23	10%	24%	45%
FY22	13%	18%	32%
FY21	11%	31%	49%
Between 3 and 5 years			
FY23	10%	16%	12%
FY22	16%	21%	13%
FY21	16%	17%	20%
More than 5 years			
FY23	74%	33%	3%
FY22	71%	35%	4%
FY21	73%	37%	7%

Our talent pool of partners and managerial staff is made up of many experienced personnel. The majority of our partners have been in their roles as partners for more than five years, while more than a third of our managers have more than five years of managerial experience.

Audit Quality Indicators (AQI)

4 Audit engagement supervision



The FY23 partner to manager and staff ratio has remained stable, while the FY23 manager to staff ratio has increased from the prior financial year. Both ratios continue to be higher than the FY22 industry average.

We aim to improve these AQIs and align them to industry benchmarks. To this end, we have deployed the following audit quality initiatives to strengthen supervision and coaching:

- ▶ Annual review of the audit partners' portfolio, considering factors such as the partners' capacity, experience and specialised industrial expertise
- ▶ Closer monitoring and supervision by our audit quality control function on the identified higher risk audit engagements
- ▶ On-the-job coaching provided by our audit quality control function to selected audit teams
- ▶ Training support for our audit personnel on key focus areas identified by our audit quality control function

Audit Quality Indicators (AQI)

5 Audit firm's investment to uphold audit quality



Average training hours attended by audit personnel

	FY23	FY22	FY21	FY22 IA
Partners	74	59	66	77
Managerial staff	152	85	133	75
Non-managerial staff	96	76	76	74

The increase in training hours in FY23 from the previous year is in line with our commitment to invest in continuous learning for our people. Every year, the content and focus of the training courses are adjusted to address new technologies and key focus areas that promote audit quality.

The average training hours attended by our managerial and non-managerial staff from FY21 to FY23 have consistently been higher than the FY22 industry average.

Audit Quality Indicators (AQI)

5 Audit firm's investment to uphold audit quality *(cont'd)*

Headcount of quality control personnel by function as at 30 June

	FY23	FY22	FY21
Risk Management & Legal	8	6	6
Training	4	4	6
Technical	12	14	15
Total[®]	24	24	27

In FY23, our quality control function is supported by 20 Asia-Pacific quality control partners and their teams.

We are taking the necessary actions to increase our quality control personnel headcount to ensure continued sufficiency of such resources to support our audit engagement teams.

[®] Includes 13 (FY22: 10; FY21: 12) personnel who have other roles within the organisation such as being involved in audit engagements or handling matters for the non-audit practice (i.e., tax, consulting and strategy and transactions) and one (FY22: 2; FY21: 2) personnel who is a contract employee of the firm.

Quality control personnel ratios

	FY23	FY22	FY21	FY22 IA
Quality control personnel to total audit personnel ratio	1:73	1:67	1:57	1:39
Quality control personnel to audit partners and managers ratio	1:9	1:10	1:9	N/A
Quality control partners to audit partners ratio	1:10	1:9	1:9	N/A

Audit Quality Indicators (AQI)

6 Internal and external monitoring reviews



Cold file reviews by the EYG Network

- Number of audit partners or engagements subjected to AQR⁺



External quality assurance reviews

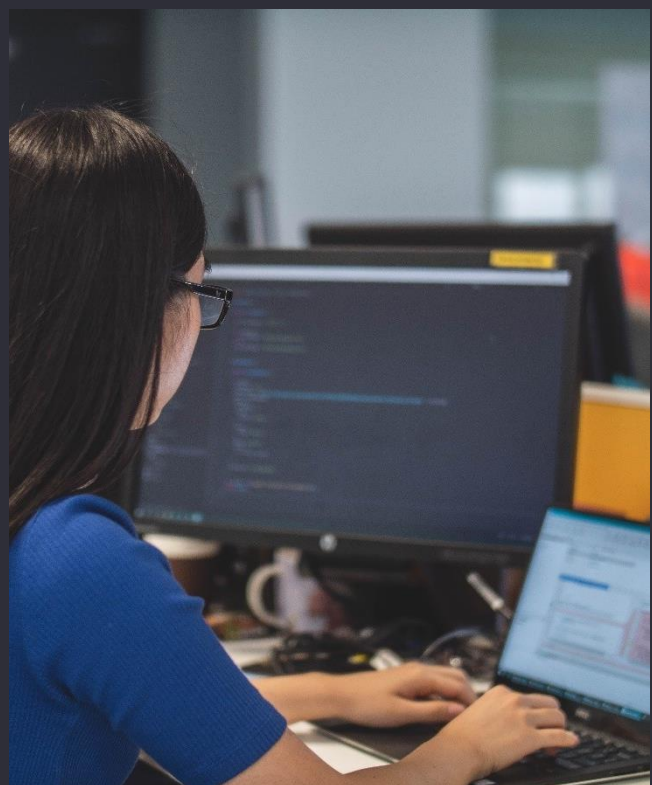
- Number of audit partners or engagements inspected by the AOB[#]



+ Includes three (FY22: 6; FY21: 4) non-PIEs engagements that were subjected to AQR

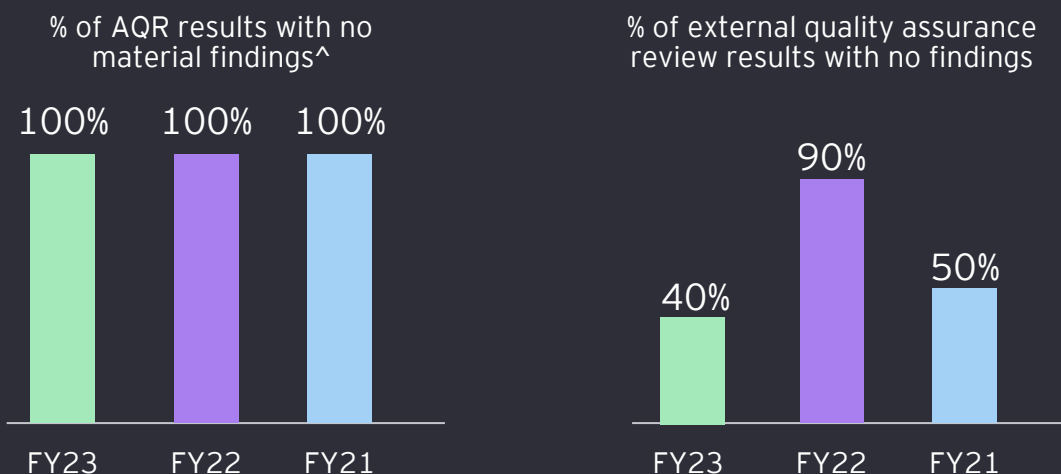
Note: There were no cold file reviews performed by EY PLT

The FY23 inspection by the AOB was carried out in July 2022. The final inspection report was issued in January 2023.



Over the last three years, all of EY PLT's audit engagements subjected to AQR did not have material findings.

In FY23, there were no findings for two out of five audit engagements inspected by the AOB. There were no findings raised in the firm-level review.



[^] We evaluate and rate the AQR results on a three-point scale: 1 = no or minor findings; 2 = findings that were more than minor but less than material; 3 = material findings. Engagements with no material findings represent those rated 1 and 2.

Non-financial reporting



Non-financial reporting

EYG member firms provide assurance services on a wide range of nonfinancial information and reporting-related information. The EY Sustainability Assurance Methodology (EY SAM) is a global framework for the application of a consistent approach to all assurance engagements on ESG and sustainability information. EY SAM provides for the delivery of high-quality assurance services through the consistent application of thought processes, judgments and procedures in all engagements, regardless of the level of assurance required. EY SAM is also adaptable to the nature of both the ESG reporting, and the criteria applied by the reporting entity in producing that report.

The methodology emphasises applying appropriate professional scepticism in the execution of procedures inclusive of the changing landscape in ESG reporting and criteria. EY SAM is based on the International Standards on Assurance Engagements (ISAEs) and is supplemented in Malaysia to comply with local assurance standards and regulatory or statutory requirements.

As part of our and other EYG member firms' obligation for high-quality assurance services related to nonfinancial reporting, EY has developed guidance, training and monitoring programs and processes used by EYG member firm professionals to execute such services consistently and effectively.

This includes EY Climate Change and Sustainability Services—a dedicated team of sustainability professionals. Guidance has also been developed for audit engagement teams to assess the impact of climate risk on financial reporting under the International Financial Reporting Standards (IFRS) or other financial reporting frameworks. The Global, Area, Regional and Country PPDs, EY quality functions and IFRS desks, together with other finance and sustainability professionals, who work with teams in each member firm, are knowledgeable about the changing regulatory nonfinancial reporting landscape, EY people, clients and processes. They are readily accessible to support Assurance engagement teams.

Additionally, EY has enhanced quality management-related processes to address such aspects as the engagement acceptance process, training and accreditation requirements, and resource assignments specifically related to assurance services over nonfinancial reporting matters.

EY provides input to a number of public and private initiatives to improve the quality, comparability and consistency of nonfinancial reporting, including climate risk. These activities take place at a global, regional and national level.

About us



EY purpose

Building a better working world

Every audit, tax return, consulting opportunity, every question we ask and every interaction with a client or colleague should make the working world better than it was before.

Therefore, the insights and quality services we deliver help build trust and confidence in the capital markets and in economies around the world. We develop outstanding leaders and teams that create long-term value for all stakeholders.

This leads to sustainable, inclusive growth.

EY ambition

The EY ambition is to create long-term value as the world's most trusted, distinctive professional services organisation.

NextWave is our strategy to deliver on our ambition, which is outward-facing and ties our success to the success of our stakeholders.

The EY purpose and ambition are closely connected: achieving our ambition helps fulfill our purpose.

EY values

- ▶ 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

These values influence the way we work with each other, the way we serve our clients and the way we engage with our communities. They reinforce the EY Global Code of Conduct, which guides the decisions we make and the way we do business.

About us

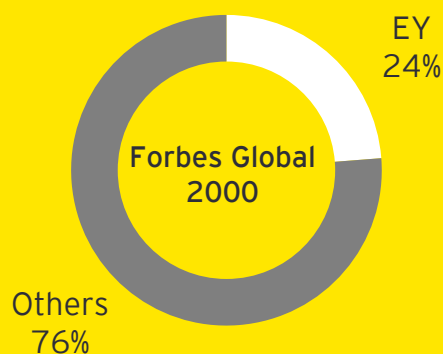
About EY, a global organisation

EY is a global leader in assurance, tax, strategy and transactions, and consulting services. Worldwide, more than 390,000 people in member firms in 148 countries share a commitment to building a better working world, united by shared values and an unwavering commitment to quality, integrity and professional scepticism. In today's global market, the integrated EY approach is particularly important in the delivery of high-quality multinational audits, which can span nearly every country in the world.

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

Forbes Global 2000 - Market share of statutory auditors as at 29 August 2023

By number of companies audited



By market capitalisation of companies audited



About us

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

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

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

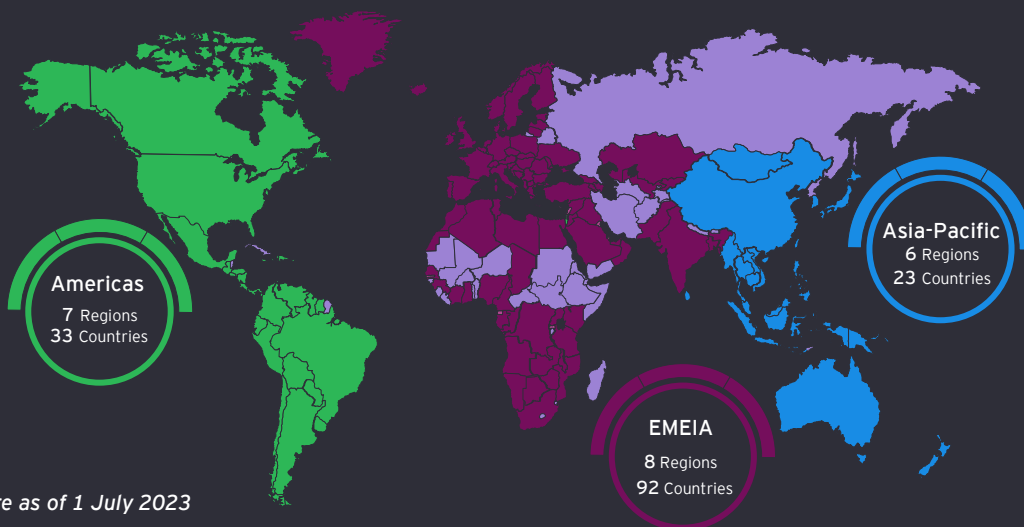
EYG member firms are grouped into three geographic Areas: Americas; Asia-Pacific; and Europe, Middle East, India and Africa (EMEIA). The Areas comprise multiple Regions. Regions are groupings of member firms along geographical lines (and in the case of EY US, within that member firm) with the exception of the Financial Services Organisation (FSO) Regions, which comprise the financial services activities of the relevant member firms within an Area.

EY PLT is part of the Asia-Pacific Area, which comprises member firms in 23 countries and is a member of Ernst & Young Asia-Pacific Limited (Asia-Pacific Limited). Within the Asia-Pacific Area, there are six Regions. EY PLT is part of the Asean and the FSO Asia-Pacific Region.

Asia-Pacific Limited, a Hong Kong company limited by guarantee, is the coordinating entity for the EYG member firms in the Asia-Pacific Area. Asia-Pacific Limited facilitates the coordination of these firms and cooperation between them, but it does not control them. Asia-Pacific Limited is a member firm of EYG, has no financial operations and does not provide any professional services.

Each Region elects a Regional Partner Forum (RPF), whose representatives advise and act as a sounding board to Regional leadership. The partner elected as Presiding Partner of the RPF also serves as the Region's representative on the Global Governance Council (see page 80).

EY Areas, Regions and Countries*



*Figures are as of 1 July 2023

About us

Global Governance Council

The Global Governance Council (GGC) is a key governance body of EYG. It comprises one or more representative(s) from each Region, other at-large representatives from any member firm and independent non-executives (INEs). The Regional representatives, who otherwise do not hold senior management roles, are elected by their RPFs for a three-year term, with the ability to be reappointed for one additional three-year term. The GGC advises EYG on policies, strategies, and the public interest aspects of its decision-making. The GGC approves, in some instances upon the recommendation of the Global Executive (GE), certain matters that could affect EY.

Independent Non-Executives (INEs)

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

Global Executive (GE)

The GE brings together EY leadership functions, services and geographies. It is chaired by the Chairman and CEO of EYG and includes its Global Managing Partners of Client Service and Business Enablement; the Area Managing Partners; the global functional leader for Talent; the leaders of the global service lines—Assurance, Consulting, Strategy and Transactions, and Tax; and one EYG member firm partner on rotation.

The GE also includes the Global Vice Chair of Markets, the Global Vice Chair of Transformation, the Chief Client Technology Officer, the Chair of the Global Accounts Committee, the Chair of the Emerging Markets Committee, as well as a representative from the Emerging Markets practices.

The GE and the GGC approve nominations for the Chairman and CEO of EYG and ratify appointments of the Global Managing Partners. The GE also approves appointments of Global Vice Chairs. The GGC ratifies the appointments of any Global Vice Chair who serves as a member of the GE.

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

- ▶ Global strategies and plans
- ▶ Common standards, methodologies and policies to be promoted within member firms
- ▶ People initiatives, including criteria and processes for admission, evaluation, development, and reward and retirement of partners
- ▶ Quality improvement and protection programs
- ▶ Proposals regarding regulatory matters and public policy
- ▶ Policies and guidance relating to the member firms' service of international clients, business development, and markets and branding
- ▶ EY development funds and investment priorities
- ▶ EYG's annual financial reports and budgets
- ▶ GGC recommendations on certain matters

The GE is also updated regularly on the status of ISQM 1 implementation and aspects that require their attention. The GE also has the power to mediate and adjudicate disputes between member firms.

About us

GE committees

Established by the GE, and bringing together representatives from across the organisation, the GE committees are responsible for making recommendations to the GE. In addition to the Global Audit Committee, examples of other committees include Assurance, Consulting, Tax, Strategy and Transactions, Global Markets and Investments, Global Accounts, Emerging Markets, Talent and Risk Management.

Global Practice Group

The Global Practice Group brings together the members of the GE, GE committees, Regional leaders, and sector leaders. It seeks to promote a common understanding of EY strategic objectives and helps drive consistency of execution across the organisation.

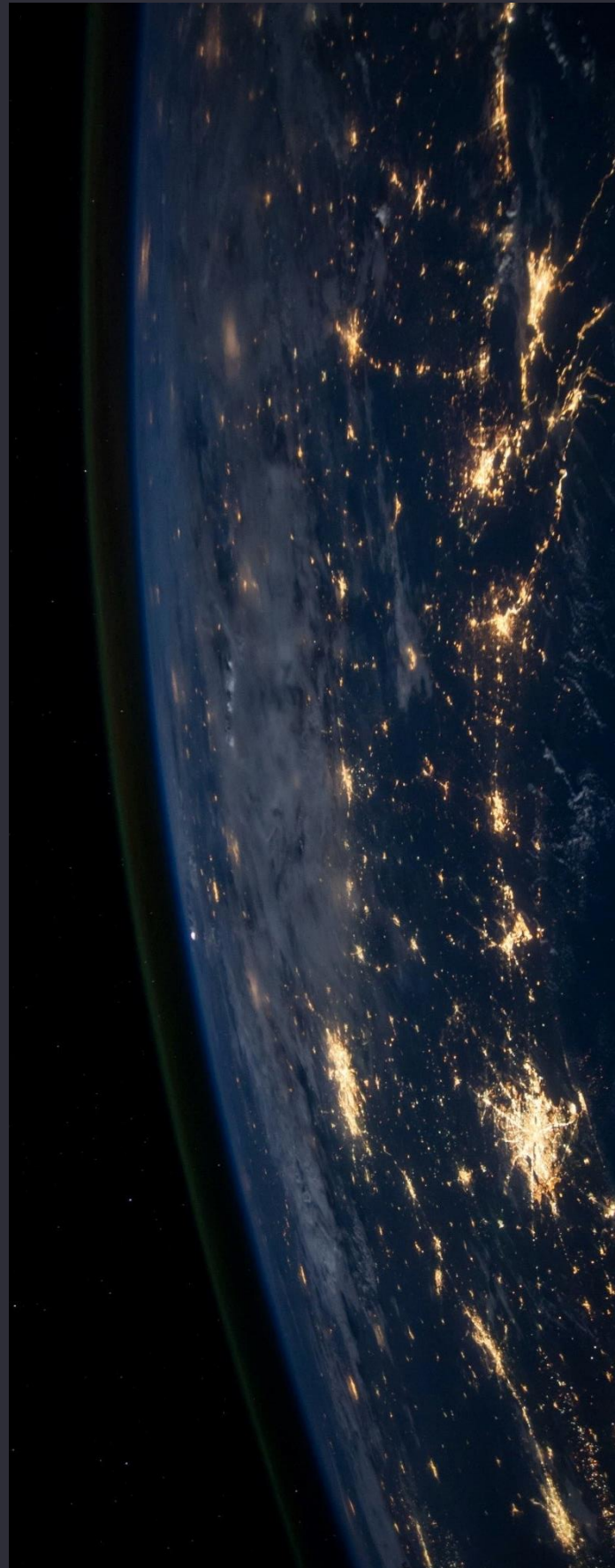
EYG member firms

Under the regulations of EYG, member firms commit themselves to pursue EY objectives, such as the provision of high-quality services worldwide. To that end, the member firms undertake the implementation of global strategies and plans, and work to maintain the prescribed scope of service capability. They are required to comply with common standards, methodologies and policies, including those regarding audit methodology, quality and risk management, independence, knowledge sharing, talent and technology.

Above all, EYG member firms commit to conducting their professional practices in accordance with applicable professional and ethical standards, and all applicable requirements of law. This commitment to integrity and doing the right thing is underpinned by the EY Global Code of Conduct (see page 22) and EY values (see pages 5 and 77).

Besides adopting the regulations of EYG, member firms enter into several other agreements covering aspects of their membership in the EY organisation, such as the right and obligation to use the EY name and share knowledge among member firms.

Member firms are subject to reviews to evaluate adherence to EYG requirements and policies governing issues, such as independence, quality and risk management, audit methodology and talent. Member firms unable to meet quality commitments and other EYG membership requirements may be subject to termination from the EY organisation.



About us

Creating long-term value for society

At EY, we believe sustainability is everyone's business. EY, as an organisation, is effecting change at scale by building alliances, forging collaboration and rallying everyone and every part of the business to take part. EY continues to focus on creating, protecting and measuring long-term value across all four dimensions of the NextWave strategy—people value, client value, societal value and financial value. It is by integrating all of these dimensions that EY fulfils its purpose of *Building a better working world*.

From advising governments on how to build more sustainable and inclusive economies, to encouraging businesses to focus and report on their creation of long-term value for all stakeholders, EY services already play a vital role in this. However, more can and must be done as all stakeholders define their roles in this journey.

As a proud participant in the United Nations Global Compact (UNGC) since 2009, EY is committed to integrating the UNGC Ten Principles and the UN Sustainable Development Goals (SDGs) into EY strategy, culture and operations.

Among other things, this commitment is reflected in:

1

Corporate responsibility governance structures

2

The EY social impact ambition

3

Commitment to human rights

4

The EY carbon ambition



About us

1

Corporate responsibility governance structures

Corporate responsibility across EY is coordinated by the EY Corporate Responsibility Governance Council (CRGC). This body includes members of the EY GE, and provides senior leadership representation from across EY services lines, functions and geographic areas.

2

The EY social impact ambition

The global corporate responsibility programme, [EY Ripples](#), brings together the global EY network with a goal of positively impacting one billion lives by 2030. In the financial year (FY) to 30 June 2023, EY people have positively impacted 46 million lives through the EY Ripples programme. To date, EY Ripples initiatives have cumulatively impacted the lives of more than 127 million people, aided by:

- ▶ A rigorous focus on three areas (supporting the next generation workforce, working with impact entrepreneurs and accelerating environmental sustainability) where the distinctive skills, knowledge and experience of EY people can make the biggest difference.
- ▶ A collaboration with other like-minded organisations to build ecosystems that are capable of creating change at scale. For example, the TRANSFORM initiative with Unilever and the UK Foreign, Commonwealth & Development Office, which aims to change the lives of 150 million people across sub-Saharan Africa and South Asia by 2030 by tackling inequality.
- ▶ Further collaboration to create lasting positive social impact through activities such as the creation of a text-based learning program for underserved students. EY recently received the 2022 SAP Pinnacle Award for Social Impact, for this work.

3

Commitment to human rights

In 2021, the GE signed a statement reaffirming its commitment to uphold and protect human rights. The commitment focuses on the rights of all EY people, the impact of client engagements, stakeholders in EY supply chains and active inclusiveness. EY has continued to focus on strong governance around this commitment.

About us

4

The EY carbon ambition

EY achieved carbon negative status in 2021, remained carbon negative in 2022 and aims to become net zero in 2025. EY endeavours to achieve this by significantly reducing absolute carbon emissions, and then removing or offsetting more than the remaining amount every year. To reach net zero by FY25, the EY global organisation plans to reduce absolute emissions by 40% across Scopes 1, 2 and 3 (versus an FY19 baseline), consistent with a 1.5°C science-based target approved by the Science Based Targets initiative (SBTi). Specific actions include:

- ▶ Reducing business travel emissions, with a target to achieve a 35% reduction by FY25 against the FY19 baseline
- ▶ Reducing overall office electricity usage, and procuring 100% renewable energy for remaining needs, earning RE100 membership by FY25
- ▶ Structuring electricity Power Purchase Agreements (PPAs) to introduce more renewable electricity than EY consumes into national grids
- ▶ Using nature-based solutions and carbon-reduction technologies to remove from the atmosphere or offset more carbon than emitted, every year
- ▶ Providing EY teams with tools to calculate, then work to reduce the amount of carbon emitted in carrying out client work
- ▶ Requiring 75% of EY suppliers, by spend, to set science-based targets by no later than FY25
- ▶ Investing in EY services and solutions that help clients create value from decarbonising their businesses, and provide solutions to other sustainability challenges and opportunities

About us



About EY PLT

EY PLT is a limited liability partnership formed in Malaysia and a member firm of EYG.

Ownership

EY PLT is owned by our partners in Malaysia ("members").

None of our EY PLT partners hold more than 5% equity share in the partnership. None of our partners have any family relationship with partners in a leadership role or hold a substantial equity in the partnership, or with other partners of the audit firm.

Affiliated entities

The affiliated entities of EY PLT in Malaysia are as follows:

- ▶ Hanafiah Raslan & Mohamad PLT
- ▶ Ernst & Young Tax Consultants Sdn. Bhd.
- ▶ Ernst & Young Consulting Sdn. Bhd.
- ▶ Agensi Pekerjaan EY Sdn. Bhd.
- ▶ Ernst & Young Trust Ltd
- ▶ EY Technology Solutions Sdn. Bhd.
- ▶ EY Identity Asia Sdn. Bhd.
- ▶ EY Identity Sdn. Bhd.
- ▶ EY Digital CX Sdn. Bhd.
- ▶ EY Insolvency Services PLT
- ▶ EY Associates PLT
- ▶ Ernst & Young Offshore Services Sdn. Bhd.
- ▶ EY Forge Sdn. Bhd. (formerly known as Ernst & Young Transaction Advisory Services Sdn. Bhd.)

About us

About EY PLT

As at 30 June 2023, EY PLT operates in:



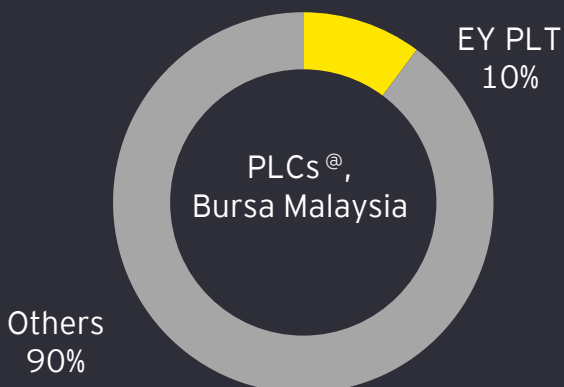
49
Audit partners

approximately
1,700
Audit personnel

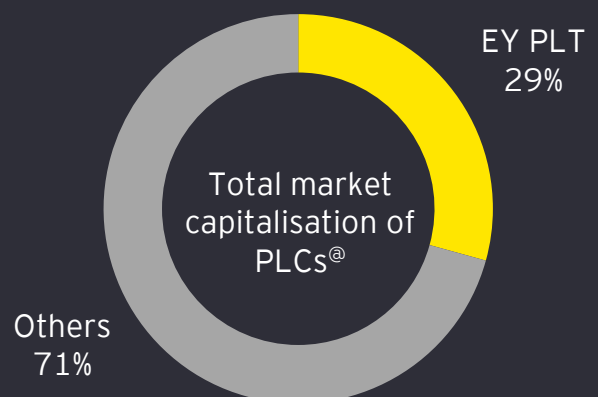
As at 30 June 2023,
EY PLT audits
185 PIEs

Audit market share of statutory auditors as at 30 June 2023

By number of PLCs[@] audited



By market capitalisation of the PLCs[@] audited



[@]PLCs - Public listed companies

About us

Organisational structure of EY PLT:

Dato' Abdul Rauf Rashid
Malaysia Managing Partner

helps EY PLT's and its affiliated entities' overall business strategies and ensures the execution of long-term value for our clients, regulators, employees and other stakeholders.

ASSURANCE BUSINESS

Ong Chee Wai
Malaysia Assurance Managing Partner

leads EY PLT's business growth, strategic direction and execution across industry sectors and geographical locations.

Our specialised industry sectors include, but are not limited to the following:

Banking and Capital Markets	<p style="color: #008080; font-weight: bold;">Expanded Assurance</p> <div style="background-color: #008080; color: white; padding: 2px;">ESG Audit</div> <div style="background-color: white; padding: 2px;">Capital Market and Shared Service Centre</div> <div style="background-color: #008080; color: white; padding: 2px;">Climate Change and Sustainability Services (CCaSS)</div> <div style="background-color: white; padding: 2px;">Forensic, Integrity and Disputes Services</div> <div style="background-color: #008080; color: white; padding: 2px;">Financial Accounting and Advisory Services (FAAS)</div>
Insurance	
Wealth and Asset Management	
Retail and Consumer Products	
Technology, Media & Entertainment and Telecommunication	
Infrastructure and Transportation	
Plantation	
Real Estate and Construction	
Oil and Gas	
Power and Utility	

ASSURANCE QUALITY CONTROL FUNCTION

Professional Practice	
<p>Teoh Soo Hock Professional Practice Director (PPD)</p> <p>Dato' Megat Shah Deputy PPD</p>	Lead and oversee accounting and auditing consultations, the development of local guidance and the practice of monitoring activities.
Quality Enablement	
<p>Yeah Seok Luan Quality Enablement Leader (QEL)</p>	Leads improvements in audit quality by providing support through various quality initiatives.

CORE BUSINESS SERVICES

Represents various support services used by EY PLT and its affiliated entities.

Each of these services have leaders located in Malaysia, or is centrally coordinated and led at the Asean or Asia-Pacific levels.

Talent	Brand, Marketing and Communications	Finance	Independence	Legal
Learning & Development	Technology	Admin	Risk Management	Internal Audit

About us

Representation in industry and professional bodies

Our People also contribute to the wider ecosystem through our participation in various industry and professional bodies in Malaysia.



*MFRS - Malaysian Financial Reporting Standards

**MQA - Malaysian Qualification Agency

Appendix



List of PIE audit clients of EY PLT as at 30 June 2023 Public Listed Companies (PLC)

- | | | |
|--|---|---|
| 1. 7-Eleven Malaysia Holdings Berhad | 34. Jaya Tiasa Holdings Bhd | 65. PPB Group Berhad |
| 2. AirAsia X Berhad | 35. JCY International Berhad | 66. Progressive Impact Corporation Berhad |
| 3. AMMB Holdings Berhad | 36. Keck Seng (Malaysia) Berhad | 67. Public Bank Berhad |
| 4. Amway (Malaysia) Holdings Berhad | 37. Kenanga Investment Bank Berhad | 68. REDtone Digital Berhad |
| 5. Apex Healthcare Berhad | 38. KESM Industries Berhad | 69. Rhong Khen International Berhad |
| 6. Atlan Holdings Bhd. | 39. Kia Lim Berhad | 70. S P Setia Berhad |
| 7. Avaland Berhad (fka. MCT Berhad) | 40. Kim Hin Industry Berhad | 71. Sapura Energy Berhad |
| 8. Berjaya Corporation Berhad | 41. Kim Loong Resources Berhad | 72. Sapura Industrial Berhad |
| 9. Berjaya Food Berhad | 42. KKB Engineering Berhad | 73. Sapura Resources Berhad |
| 10. Berjaya Land Berhad | 43. KLCC Property Holdings Berhad | 74. SEG International Bhd. |
| 11. Bermaz Auto Berhad | 44. Kluang Rubber Company (Malaya) Berhad | 75. SKP Resources Berhad |
| 12. Bintulu Port Holdings Berhad | 45. KPJ Healthcare Berhad | 76. Sports Toto Berhad |
| 13. Boustead Heavy Industries Corporation Berhad | 46. Kuchai Development Berhad | 77. Sungei Bagan Rubber Company (Malaya) Berhad |
| 14. Boustead Plantations Berhad | 47. Kumpulan Fima Berhad | 78. Suria Capital Holdings Berhad |
| 15. Bursa Malaysia Berhad | 48. Lingkar Trans Kota Holdings Berhad | 79. Symphony Life Berhad |
| 16. Cahya Mata Sarawak Berhad | 49. LTKM Berhad | 80. TDM Berhad |
| 17. Capital A Berhad | 50. Magnum Berhad | 81. Telekom Malaysia Berhad |
| 18. CelcomDigi Berhad | 51. Malayan Banking Berhad | 82. Tien Wah Press Holdings Berhad |
| 19. CJ Century Logistics Holdings Berhad | 52. Malaysia Airports Holdings Berhad | 83. TMC Life Sciences Berhad |
| 20. Concrete Engineering Products Berhad | 53. Malaysia Marine & Heavy Engineering Holdings Berhad | 84. Top Glove Corporation Bhd |
| 21. DKLS Industries Berhad | 54. Malaysia Smelting Corporation Berhad | 85. Tropicana Corporation Berhad |
| 22. DKSH Holdings (Malaysia) Berhad | 55. Manulife Holdings Berhad | 86. Tune Protect Group Berhad |
| 23. Dutaland Berhad | 56. MISC Berhad | 87. Turbo-Mech Berhad |
| 24. Eastern & Oriental Berhad | 57. MNRB Holdings Berhad | 88. UEM Edgenta Berhad |
| 25. Encorp Berhad | 58. MPH Capital Berhad | 89. UEM Sunrise Berhad |
| 26. Fima Corporation Berhad | 59. Nestlé (Malaysia) Berhad | 90. UMW Holdings Berhad |
| 27. Gamuda Berhad | 60. NTPM Holdings Berhad | 91. United Malacca Berhad |
| 28. Golden Pharos Berhad | 61. Olympia Industries Berhad | 92. United Plantations Berhad |
| 29. Guocoland (Malaysia) Berhad | 62. OSK Ventures International Berhad | 93. Velesto Energy Berhad |
| 30. Hap Seng Consolidated Berhad | 63. Pacific & Orient Berhad | 94. WCT Holdings Berhad |
| 31. Harbour-Link Group Berhad | 64. Paramount Corporation Berhad | 95. WMG Holdings Bhd. |
| 32. Hup Seng Industries Berhad | | |
| 33. Innoprise Plantations Berhad | | |

Appendix



List of PIE audit clients of EY PLT as at 30 June 2023 Financial Institutions*

- | | |
|--|---|
| 1. Al Rajhi Banking & Investment Corporation (Malaysia) Berhad | 23. Maybank Investment Bank Berhad |
| 2. AmBank (M) Berhad | 24. Maybank Islamic Berhad |
| 3. AmBank Islamic Berhad | 25. MIDF Amanah Investment Bank Berhad |
| 4. AmGeneral Insurance Berhad | 26. Munchener Ruckversicherungs-Gesellschaft, Malaysia Branch |
| 5. AmInvestment Bank Berhad | 27. Pacific & Orient Insurance Co. Berhad |
| 6. AmMetLife Insurance Berhad | 28. Progressive Insurance Berhad |
| 7. AmMetLife Takaful Berhad | 29. Prudential Assurance Malaysia Berhad |
| 8. Bank Pembangunan Malaysia Berhad | 30. Prudential BSN Takaful Berhad |
| 9. Bank Pertanian Malaysia Berhad | 31. Public Investment Bank Berhad |
| 10. Berjaya Sompoo Insurance Berhad | 32. Public Islamic Bank Berhad |
| 11. China Construction Bank (Malaysia) Berhad | 33. Standard Chartered Bank Malaysia Berhad |
| 12. Deutsche Bank (Malaysia) Berhad | 34. Standard Chartered Saadiq Berhad |
| 13. Etiqa Family Takaful Berhad | 35. Takaful Ikhlas Family Berhad |
| 14. Etiqa General Insurance Berhad | 36. Takaful Ikhlas General Berhad |
| 15. Etiqa General Takaful Berhad | 37. The TOA Reinsurance Company Limited, Kuala Lumpur Branch |
| 16. Etiqa Life Insurance Berhad | 38. Tune Insurance Malaysia Berhad |
| 17. Export-Import Bank of Malaysia Berhad | 39. United Overseas Bank (Malaysia) Bhd |
| 18. FWD Insurance Berhad (fka. Gibraltar BSN Life Berhad) | 40. Zurich General Insurance Malaysia Berhad |
| 19. FWD Takaful Berhad | 41. Zurich General Takaful Malaysia Berhad |
| 20. Kuwait Finance House (Malaysia) Berhad | 42. Zurich Life Insurance Malaysia Berhad |
| 21. Malaysian Reinsurance Berhad | 43. Zurich Takaful Malaysia Berhad |
| 22. Manulife Insurance Berhad | |

* For listed financial institutions, please refer to page 89

Appendix



List of PIE audit clients of EY PLT as at 30 June 2023 Capital Markets Services Licence (CMSL) Holders

1. Amanah Saham Nasional Berhad
2. Amanah Saham Sarawak Berhad
3. Amanahraya Investment Management Sdn Bhd
4. AmFunds Management Berhad
5. AmIslamic Funds Management Sdn Bhd
6. AmREIT Managers Sdn Bhd
7. Assar Asset Management Sdn Bhd
8. Bursa Malaysia Depository Sdn Bhd
9. Bursa Malaysia Derivatives Berhad
10. Bursa Malaysia Derivatives Clearing Berhad
11. Bursa Malaysia Securities Berhad
12. Bursa Malaysia Securities Clearing Sdn Bhd
13. CGS-CIMB Futures Sdn Bhd
14. CGS-CIMB Securities Sdn Bhd
15. Damansara REIT Managers Sdn Berhad
16. Eastspring Al-Wara' Investments Berhad
17. Eastspring Investments Berhad
18. Fedrums Sdn Bhd
19. Inter-Pacific Asset Management Sdn Bhd
20. Inter-Pacific Securities Sdn Bhd
21. i-VCAP Management Sdn Bhd
22. Kenanga Futures Sdn Bhd
23. Kenanga Investors Berhad
24. Kenanga Islamic Investors Berhad
25. KLCC REIT Management Sdn Bhd
26. Manulife Investment Management (M) Berhad
27. Maybank Asset Management Sdn Bhd
28. Maybank Islamic Asset Management Sdn Bhd
29. MIDF Amanah Asset Management Berhad
30. Navis Management Sdn Bhd
31. Nomura Asset Management Malaysia Sdn Bhd
32. Nomura Islamic Asset Management Sdn Bhd
33. Nomura Securities Malaysia Sdn Bhd
34. Pelaburan Hartanah Nasional Berhad
35. Permodalan Nasional Berhad
36. PineBridge Investments Malaysia Sdn Bhd
37. Principal Asset Management Berhad
38. Principal Islamic Asset Management Sdn Bhd
39. PTB Unit Trust Berhad
40. Public Mutual Berhad
41. Rakuten Trade Sdn Bhd
42. Saham Sabah Berhad
43. Sentral REIT Management Sdn Bhd
44. Taurus Investment Management Berhad
45. UBS Securities Malaysia Sdn Bhd
46. UOB Asset Management (Malaysia) Berhad
47. UOB Islamic Asset Management Sdn Bhd

Glossary

AAA	Assurance Advanced Academy	IFIAR	International Forum of Independent Audit Regulators
AI	Artificial Intelligence	IFRS	International Financial Reporting Standards
AOB	Securities Commission Malaysia's Audit Oversight Board	INEs	Independent Non-Executives
AQIs	Audit Quality Indicators	ISAE	International Standards on Assurance Engagements
AQR	Audit Quality Review	ISAs	International Standards on Auditing
BRIDGE	Business Relationships Independence Data Gathering and Evaluation	ISQC 1	International Standard on Quality Control 1
CEO	Chief Executive Officer	ISQM 1	International Standard on Quality Management 1
CRGC	Corporate Responsibility Governance Council	LEAD	Leadership Evaluation and Development
EMEIA	Europe, Middle-East, India and Africa	MASB	Malaysian Accounting Standards Board
ERM	Enterprise risk management	MFRS	Malaysian Financial Reporting Standards
ESG	Environmental, social and governance	MIA	Malaysian Institute of Accountants
EY	The EY organisation	MQA	Malaysian Qualification Agency
EY GAM	EY Global Audit Methodology	PACE	Process for Acceptance of Clients and Engagements
EY PLT	Ernst & Young PLT	PIC	Partner-in-charge
EY SAM	EY Sustainability Assurance Methodology	PICT	Personal Independence Compliance Testing
EYG	Ernst & Young Global Limited	PIE	Public interest entity
FSO	Financial Services Organisation	PLC	Public listed company
FY	Financial year	PPAs	Power Purchase Agreements
GAAP	Generally Accepted Accounting Principles	PPD	Professional Practice Director
GAM	Global Audit Methodology	QEL	Quality Enablement Leader
GAQC	Global Audit Quality Committee	RM	Risk Management
GDPR	General Data Protection Regulation	RPF	Regional Partner Forum
GE	Global Executive	SAQ	Sustainable Audit Quality
GGC	Global Governance Council	SC	Securities Commission Malaysia
GIS	Global Independence System	SDGs	Sustainable Development Goals
GMS	Global Monitoring System	SEC	U.S. Securities and Exchange Commission
GSET	Global Social Equity Task Force	SORT	Service Offering Reference Tool
IESBA	International Ethics Standards Board for Accountants	SQM	System of quality management
		UNGC	United Nations Global Compact

EY | Building a better working world

EY exists to build a better working world, helping create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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ED None

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