



**EY**

Building a better  
working world

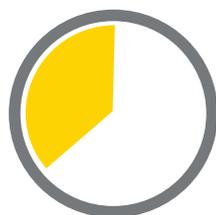
# Transparency Report 2019

**EY Thailand**



# 2019 Snapshot

**60** years in Thailand since 1959



**30%** market share - listed companies/IPOs

Audit over 3,100 companies, including listed and non-listed companies, and multi-national companies

## Our clients

EY Thailand serves more than 230 public company clients in the country, with each audit partner assigned to an average of four public company clients in 2019. We have also met the AARG target of a 25% reduction in the number of engagements with at least one findings.



Favorability for audit in Thailand from Global Brand Survey

With more than **2,000** professional staff in 4 service lines

Service	Partner	Staff
Assurance Services	62	1500
Tax Services	14	190
Transaction Advisory Services	6	50
Advisory Services	5	240



Delivered more than 1,000 classroom training hours for our staff in 2018.

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# Leadership messages

## Message from the Country Managing Partner and the EY Thailand Assurance Leader



Welcome to the *2019 Transparency Report* of EY Office Limited (“EY Thailand”). We believe that how we advance audit quality, manage risk and maintain our independence as auditors should be transparent to our stakeholders. We value regular dialogue, and this report is one of the ways in which we advise our stakeholders on what we are doing in each of these areas.

Executing high-quality audits continues to be our top priority and is at the heart of our commitment to serve the public interest. It enables us to grow the global EY network successfully and responsibly, while achieving our purpose of building a better working world. Auditors play a vital role in the functioning of capital markets by promoting transparency and supporting investor confidence. Companies, regulators and other stakeholders count on us to deliver excellence in every engagement.

We are focused on investing in tools to improve what we do, creating the highest-performing teams, and building trust and confidence in the audits we perform.

EY Thailand’s reputation is based on and grounded in providing high-quality professional audit services objectively and ethically to every company we audit.

We embrace the transparency objectives as encouraged by the Securities and Exchange Commission, Thailand for statutory auditors of public interest entities (PIEs) to publish annual transparency reports and here voluntarily issue our first transparency report for 2019.

In this report, you can learn more about our internal quality control system: how we instill professional values, how we perform an audit, our review and consultation processes, our approach to audit quality reviews, and our independence practices.

EY Thailand is focused on enhancing audit quality and upholding our independence, informed by several matters including external and internal inspection results. Continuous improvement of audit quality requires us to challenge approaches to audit execution, and we focus on this by evaluating all inspection findings and taking responsive actions.

In this report, we note that EY has provided full cooperation with all key initiatives of our regulators, including those relating to partner rotation, audit adjustments and IPO readiness.

In addition, EY has successfully met the target of the ASEAN Audit Regulator Group (AARG) target of 25% reduction in the number of engagements with one or more findings.

At EY, we still view audit as our strength and believe this is reflected in the fact that despite an increasingly competitive environment, EY remains the leader in both listed company and IPO markets in Thailand with an approximately 30% market share over the past three years, and our independently conducted 2019 Global Brand Survey showed executives rated EY Thailand 'high' for audit services.

Since 2010, EY Thailand has deployed EY Global IT/ Data Analytics tools as part of our advanced audit approach to enhance our audit effectiveness and efficiency for the benefit of all stakeholders. Data analytics tools are already routinely used by our professional staff now, and more and more tools are in the pipeline to be released for use in the years to come. This is a challenging and yet enjoyable journey for our audit service.

Finally, we encourage all our stakeholders – including our clients and their investors, audit committee members and regulators – to continue to engage with us regarding our strategy and any of the other matters covered in this report.



**Ruth Chaowanagawi**  
Country Managing Partner  
EY Office Limited



**Saifon Inkaew**  
Assurance Leader  
EY Office Limited

## **EY's purpose: building a better working world**

EY is committed to doing its part in building a better working world.

The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to stakeholders. In so doing, we play a critical role in building a better working world for our people, our clients and our communities.

# 2019 Transparency Report Highlights

## Our commitment to quality

The EY audit is focused on quality and is bound by a service approach that is connected, responsive and insightful.

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The seamless integration of technology into our audits drives quality and Exceptional Client Service.

### Connected

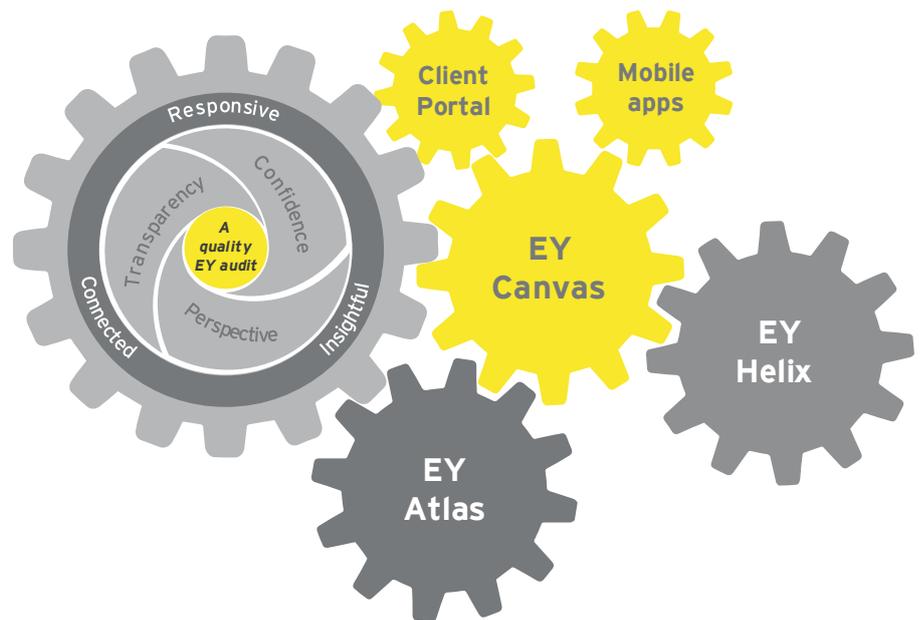
bringing all of EY to our clients, with the right people in the right locations, building trust and enriching relationships

### Responsive

having every person in EY demonstrate the desire and commitment to be proactive, visible and timely

### Insightful

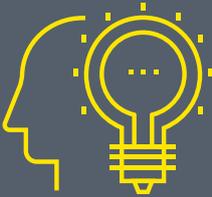
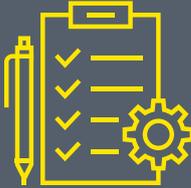
sharing EY experiences and a point of view tailored to our clients, thereby advancing their thinking



- ☀️ **EY Canvas**, our global online audit platform lies at the heart of the audit. EY Canvas **Client Portal** is integrated into EY Canvas and connects our clients directly with our auditors. EY Canvas **mobile apps** connect our people around the globe and allow them to support our clients on the go.
- ☀️ **EY Helix**, our suite of data analytics, are embedded in our audit process and help us provide deeper insights to our clients.
- ☀️ **EY Atlas** provides our auditors and our clients with the latest accounting and auditing content.

## Sustainable Audit Quality (SAQ)

Quality is the foundation of our work, and central to EY’s responsibility to provide confidence to the capital markets. This is reflected in the Sustainable Audit Quality (SAQ) program, which continues to be the highest priority for EY Assurance practices. SAQ establishes a strong governance structure that enables each member firm to provide high quality audits.

Tone at the top			
<p>The consistent stance of EY Thailand has been that no client is more important than our professional reputation – the reputation of EY Thailand and the reputation of each of our professionals. Our leadership is responsible for setting the right tone through their behavior and actions.</p>			
			
<p><b>Strengthen people capabilities</b></p> <p>EY Thailand invests in people by offering them opportunities to enhance their professional skills and personal development. To provide high quality audits, we need high-quality people.</p>	<p><b>Audit technology and digital</b></p> <p>EY has deployed world-class technological tools that enhance the quality and value of EY audits, including the EY Canvas online audit platform, the EY Helix analytics platform and the EY Atlas research platform.</p>	<p><b>Accountability, enablement and quality support</b></p> <p>At EY, we know that our commitment to audit quality is visible and that it is having an impact on outcomes. Accountability and enablement are critical drivers of quality. Accountability is about professional pride and individuals taking ownership of their enablement is giving our team work resources they need.</p>	<p><b>Simplification</b></p> <p>By converting complexity to simplicity, we are supporting our teams to carry out better-quality work, that is more efficient, more consistent and more focused on key markets.</p>
Accountability			

## Our commitment to quality

### Process for Acceptance of Clients and Engagements (PACE)

PACE is EY’s intranet-based system, used to efficiently coordinate client and engagement acceptance and continuance activities in line with global, service line and EY Thailand policies.

<p><b>New engagements or clients</b></p> <p>We have a rigorous approval process, and no new audit engagement may be accepted without the approval of our PPD. Key questions asked are:</p> <p><b>Can we commit sufficient resources to deliver quality service?</b></p> <p><b>Are the services the client wants appropriate for us to provide?</b></p>	 
<p><b>Existing engagements or clients</b></p> <p>Every year, the partner in charge of each audit, together with our Assurance leadership, reviews our relationship with the audit client to answer the question.</p> <p><b>Can we continue to provide quality service?</b></p> <p>If there is any doubt, additional monitoring of the audit engagements may be ordered or the audit client may be discontinued.</p>	 

### 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 a client engagement.

### Formation and review of audit engagement teams

Our policies describe the roles and responsibilities of each audit engagement team member.

When assigning people to audit teams, we consider factors like engagement size and complexity, need for specialized industry knowledge and experience, timing of work, continuity, and opportunities for on-the-job training.

Our Assurance leadership and Thailand PPD review listed-company partner assignments annually for these reasons:

#### 1 Assignment of the right people

Ensure that partners and key team members possess the appropriate competencies to fulfill their engagement responsibilities.

#### 2 Support with specialists when needed

#### 3 Auditor rotation

Ensure that we are compliant with auditor rotation regulations of the Securities and Exchange Commission, Thailand, Bank of Thailand, the code of the IESBA and EY Global policy. To reinforce independence and keep perspectives fresh, a rotated partner cannot resume a lead role on an audit for a minimum of three years.

### Review and consultation

#### Reviews of audit work

1

Supervisory members of an audit engagement team perform a detailed review of the audit documentation for accuracy and completeness.

2

Senior audit executives and engagement partners perform a second-level review to determine adequacy of the audit work as a whole, and the related accounting and financial statement presentation completeness.

3

A tax professional reviews the significant tax and other relevant working papers.

4

For listed and certain other companies, an engagement quality reviewer (described below) reviews important areas of accounting, financial reporting and audit execution, as well as the financial statements of the company we audit and our auditor's report.

5

For complex and sensitive matters, we have a formal process requiring consultation outside of the audit engagement team with other personnel who have more experience or specialized knowledge, primarily Professional Practice and Independence personnel.

6

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

7

Engagement quality reviews are performed by experienced audit partners independent of the audit team.

8

Our Country PPD approves all engagement quality review assignments.

9

If the engagement quality reviewer makes recommendations that the engagement partner 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.

“

Consultation is built into the decision-making process: it is not just a process to provide advice.

## Our commitment to quality

### EY audit quality reviews

The EY Global AQR (audit quality review) program facilitates monitoring of audit quality and provides important feedback for our continuing quality improvement efforts. Engagements are selected for review on a risk-based approach, emphasizing audit engagements that are large, complex or of significant public interest.

“

The primary goal of the AQR program is to determine whether systems of quality controls are appropriately designed to provide reasonable assurance of compliance with policies and procedures, professional standards, and regulatory requirements.

EY's audit quality reviews are conducted by people from EY offices in other countries, who are independent of the audit teams reviewed. Based on their feedback a list is prepared as follows:

- ▶ Follow-up actions to be taken
- ▶ The people responsible
- ▶ Timetable and deadlines
- ▶ Sign-off on completed actions

Measures taken by the audit team are monitored by Assurance leadership and our PPD.

Moreover, since 2017, EY Thailand has implemented root cause analysis for engagements which meet the criteria.

“

Generally, partners are subject to audit quality reviews at least once every three years.

### External quality assurance review

EY Thailand's audit practice and our registered statutory auditors are subject to annual inspection by the Securities and Exchange Commission, Thailand (Thai SEC). Thai SEC also evaluates our quality control systems and reviews selected engagements.

**EY has successfully met the target of the ASEAN Audit Regulator Group (AARG target) of a 25% reduction in the number of engagements with one or more findings.**

We thoroughly evaluate points raised during the inspection in order to identify areas where we can improve audit quality.

“

The Thai SEC inspection process and EY's AQR process are complementary and help ensure that our audits and related control processes are high quality and properly serve the interests of our clients, the markets and other stakeholders.

### Compliance with legal requirement

The EY Global Code of Conduct provides a clear set of standards that guide our actions and business conduct. EY Thailand complies with all applicable Thai laws and regulations, and EY's values underpin our commitment to doing the right thing.

#### Anti-bribery



The EY Global Anti-bribery Policy provides EY people with direction around certain unethical and illegal activities. It emphasizes the obligation to comply with anti-bribery laws and provides greater definition of what constitutes bribery.

#### Insider trading



The EY Global Insider Trading Policy reaffirms the obligation of our people not to trade in securities with insider information and identifies with whom our people should consult if they have questions.

#### Trade sanctions



EY monitors sanctions issued in multiple geographies and provides guidance to EY people on impacted activities.

#### Data privacy



The EY Global Personal Data Privacy Policy and specific Thailand policy in compliance with Personal Data Protection Act of Thailand B.E. 2562 set out the principles to be applied to the use and protection of personal data, including that relating to current, past and prospective personnel, clients, suppliers, and business associates.

#### Document retention



EY Thailand's record retention policy applies to all engagements and personnel. This policy addresses document preservation whenever any person becomes aware of any actual or reasonably anticipated claim, litigation, investigation, subpoena or other government proceeding involving us or one of our clients that may relate to our work.

### Independence and risk management

Independence policies help EY people understand their responsibility and to enable each of them to be free from interests that might be regarded as incompatible with objectivity, integrity and impartiality in serving an audit client. This requires our people to comply with the independence standards applicable to specific engagements, including the Code of Ethics of the IESBA and the Code of Ethics for Professional Accountants as issued by the Thai Federation of Accounting Professions.

We consider independence from several perspectives, including:

- ▶ our financial relationships
- ▶ our people
- ▶ employment relationships
- ▶ business relationships
- ▶ the permissibility of non-audit services we provide to audit clients
- ▶ partner rotation requirements
- ▶ fee arrangements
- ▶ audit committee pre-approval
- ▶ partner remuneration and compensation

Failure to comply with independence requirements will affect decisions relating our people's promotions and compensation, and may lead to other disciplinary measures.

#### Audit committees and oversight of independence

We recognize the important role of audit committees in the oversight of auditor independence and are committed to regular communication with them.



#### Risk management

While responsibility for high-quality service and ownership of associated risks is placed with EY Thailand, the Global and Area Risk Management Leader helps oversee the management of risks as part of the broader Enterprise Risk Management framework.



# Our technology

## Audit methodology and tools

**Our goal** is to perform the highest-quality audits in the profession.

To support this goal, EY regularly makes significant investments in improving our audit methodologies and tools.

EY’s global framework for delivering high-quality audit services is called EY GAM. It is based on International Standards on Auditing (ISAs) and is supplemented in Thailand to comply with the Thai Standards on Auditing and regulatory or statutory requirements. EY GAM can also be “profiled” or tailored to present specific, relevant requirements and guidance, depending on the nature of the entity being audited.

**Seamless integration** of technology into our audits drives quality and enables exceptional client service. Our audit engagement teams use technology to assist in executing and documenting the work performed in accordance with EY GAM.

**EY Canvas** is the platform at the heart of our audit. It facilitates early and active involvement of audit team members, provides a platform for increased practice monitoring and better project management enabled by the Milestones functionality, and its mobile application integration and other features offer real-time validation checks

**EY Atlas** is our research platform.

**EY Helix** is our analytics platform. It enhances our ability to focus on areas of risk rather than testing a smaller sample, and to detect anomalies and unusual items. It also enables the audit of higher-risk transactions and assists our people in asking better questions about audit finding and evaluation outcomes, as well as offering a library of data analysers.

### EY GAM has two components

#### 1 Requirement and guidance

These reflect both auditing standards and EY policies and include:

- ▶ Consistent application of thought processes, judgments and procedures in all audit engagements, regardless of size.
- ▶ Compliance with relevant ethical requirements, including independence from the entity we audit.
- ▶ Application of appropriate professional skepticism in the execution of audit procedures.

#### 2 Supporting forms and examples

These include clear examples of leading practice and assist our people in performing and documenting audit procedures.

#### EY Helix Analytics

Covering the end-to-end business operating cycle



## Our technology

**Our technology** is used by our engagement teams to assist in executing and documenting the audit work performed. Our latest global audit platform enables us to provide a high-quality audit.



**EY Canvas** - linking all team members through one global methodology and one global audit platform to deliver one seamless audit.

**EY Canvas Client Portal** allows engagement teams to exchange and monitor requests and/or tasks with clients directly within EY Canvas (available in 10 languages).



**EY Helix** helps our team to identify hidden patterns and trends in your financial data, bringing you relevant business insights.

**EY Helix library** contains all of our data analytics from around the globe covering different industries and audit areas.

**EY Atlas** is our new cloud-based platform for accessing accounting and auditing content including external standards, EY interpretations, and thought leadership.

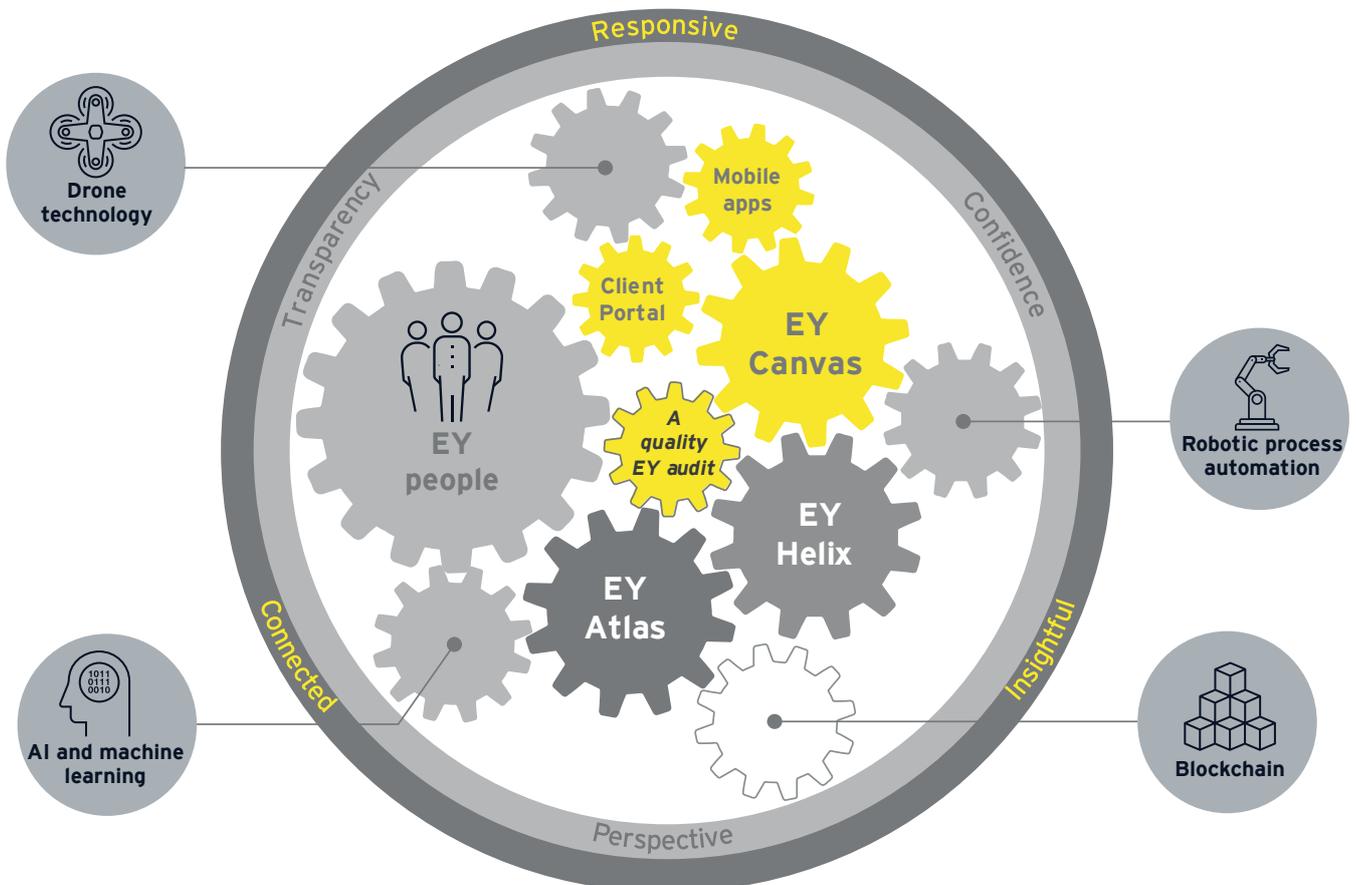
Our **EY Atlas Client Edition** also gives your team direct access to EY technical insights relating to accounting, financial reporting, and regulatory filing matters.

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In our journey to building a better working world, we will continue to innovate and integrate new technologies into our audit process. The three platforms discussed so far are just the start of our journey, designed to grow and be enhanced with additional functionalities.

### Future innovations

Audit quality is at the heart of our technological innovation strategy.



## Our audit professionals

# Our audit professionals

## Who we recruit

Number of audit professionals			
	2019	2018	2017
Audit partners	62*	62	52
Executive directors, senior managers and managers	258	244	241
Seniors and staff	1,138	1,230	1,190
<b>Total</b>	<b>1,458</b>	<b>1,536</b>	<b>1,483</b>
Ratios of partners to other audit professionals	23.5	24.8	28.5

\* 47 partners are CPA approved by Thai SEC.

Of 299 assistants joining EY Thailand in 2019, 245 (82%) work with our Assurance service line.

72% were female and 100% were university graduates.

In 2018 we took on 287 interns during the university holidays.

## Professional development

The continuous development of our people's skills and knowledge is critical to achieving our purpose of enhancing confidence in the capital markets.

Providing opportunities for the right experiences, learning and coaching helps our people grow and achieve their potential at a pace of progression that suits them.

The day-to-day experiences gained are assigned locally in a systematic way while the EY audit learning core curriculum is globally consistent. This is supported throughout by on-the-job coaching from more experienced professionals that helps to transform knowledge and experience into practice.

Learning is delivered through the award-winning Audit Academy, which combines interactive classroom-based simulations and "on-demand" e-learning modules with relevant reinforcement and application support.

### EY Thailand requires our audit professionals to obtain

- ▶ at least 20 hours of continuing professional education each year
- ▶ at least 120 hours of continuing professional education over a three-year period
- ▶ 40% (eight hours each year and 48 hours over a three-year period) are technical subjects related to accounting and auditing

### Universum's World's Most Attractive Employer

EY was named as one of the most attractive global employers, leading other Big Four accounting organizations in 2018 and 2019.



In addition to the large number of online courses available, we delivered 1,000 hours of classroom training to our staff



## Our audit professionals

### FORTUNE 's "100 Best Companies to Work For"

EY marked 21st anniversary as one of FORTUNE's "100 Best Companies to Work For" in 2019.

### 2018 Brand Finance Global "Top 500 most valuable brands"

EY was ranked among the top 100. It was also the first time EY was given an AAA+ brand rating.

## Knowledge and internal communication

EY has a multiple award-winning internal knowledge function. Globally and locally we understand the importance of knowledge and internal communications to keep our people up to date.

### EY Atlas (see page 27)

Local and international accounting and auditing standards, as well as interpretive guidance

### International GAAP

Local and international IFRS developments and illustrative financial statements

### Global Accounting and Auditing News

Weekly update covering assurance and independence policies, and developments from local and international standard setters and regulators

### Practice alerts and webcasts

Covers a range of global and Thailand-specific matters supporting the continuous improvement and awareness of our Assurance people

### FAAS notifications

Timely updates on changes in accounting standards and related interpretations, as well as discussion of their impact and model notes to financial statements when needed

### PPD newsletter

News on important professional practice issues and updates

## Performance management

**LEAD** is our new, forward-looking approach to people's career, development and performance, with an enhanced focus on continuous feedback.

LEAD is designed to support the growth and development of our people at all stages of their career at EY, working together with their individual counselors.

It provides our people with clear work expectations, and the opportunity to self-assess their performance, and identify opportunities for further development.



# EY Thailand 2019 Transparency Report



# About us

## Legal structure, ownership and governance

EY Office Limited is a limited company organized in Thailand and is a member firm of Ernst & Young Global Limited, a UK company limited by guarantee (EYG). In this report, we refer to ourselves as “EY Thailand,” “we,” “us” or “our.” EY refers collectively to the global organization of the member firms of EYG.

EY Thailand also includes the other EYG member firms in Thailand:

- ▶ EY Holding (Thailand) Limited
- ▶ EY Limited
- ▶ EY Corporate Services Limited
- ▶ EY Corporate Advisory Services Limited
- ▶ EY ACS Limited

EY Thailand was established in 1959 under the name Turquand Youngs & Co. - the first international accounting firm in the country.

Khun Songdej Praditsmanont is EY Thailand Chairman and Khun Ruth Chaowanagawi is Country Managing Partner.

As at 30 June 2019, EY Thailand employs over 2,000 people, with Assurance staffed by more than 1,400 professionals under the leadership of more than 60 partners.

EYG member firms are grouped into three geographic Areas: Americas; Asia-Pacific; and Europe, Middle East, India and Africa (EMEIA). The Areas comprise a number of Regions, which consist of member firms or sections of those firms. Japan was a separate fourth area, and on 1 July 2019 became part of Asia-Pacific. As a result, there are now six Regions within the Asia-Pacific Area, compared with five Regions previously. EY Thailand is part of the ASEAN Region.

EY Thailand 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”).

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 20).

## Network arrangements

EY is a global leader in assurance, tax, transaction and advisory services. Worldwide, over 260,000 people in member firms in more than 150 countries share a commitment to building a better working world, united by shared values and an unwavering commitment to quality, integrity and professional skepticism. 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.

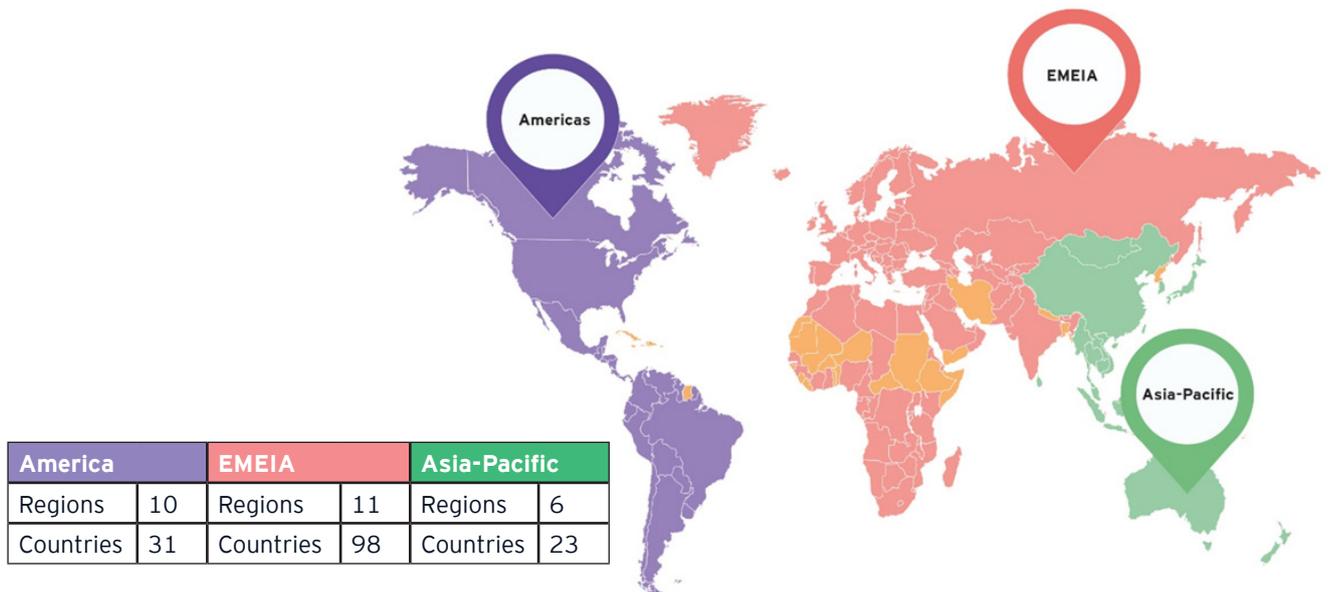
EYG coordinates the member firms and promotes cooperation among them. EYG does not provide services, but its objectives include the promotion of exceptional high-quality client service by member firms worldwide.

Each member firm is a legally distinct entity. Their obligations and responsibilities as members of EYG are governed by the regulations of EYG and various other agreements.

The structure and principal bodies of the global organization during the year ended 30 June 2019 are described below. They reflect the principle that EY, as a global organization, has a common shared strategy.

The Executive includes the Global Executive (GE), its committees and teams, and the leadership of the three (previously four) Areas. 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.

# About us



## Global Governance Council

The Global Governance Council (GGC) is the main oversight body of EYG. It comprises one or more representatives from each Region, other member firm partners as at-large representatives and up to six 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 provision for one successive reappointment. The GGC oversees EYG on policies, significant changes to our global vision and strategies, and the public interest aspects of its decision-making. The GGC approves, upon the recommendation of the GE, a number of matters that could affect EY.

## Independent Non-Executives

Up to six Independent Non-Executives (INEs) are appointed from outside EY. The INEs are senior leaders from both the public and private sectors, and reflect diverse geographic and professional backgrounds. They bring to the global organization, and the GGC, the significant benefit of their varied perspectives and depth of knowledge. The INEs also form a majority of the Public Interest Subcommittee of the GGC. The role of the PIC includes public interest aspects of decision-making, issues raised under whistleblowing policies and procedures, perspectives on stakeholder views and engagement in quality and risk management discussions. The INEs are nominated by a dedicated committee.

## Global Executive

The Global Executive (GE) brings together EY’s leadership functions, services and geographies. As of 1 July 2019, 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 leadership for Talent and Finance; the leaders of the global service lines – Assurance, Advisory, Tax and Transaction Advisory Services (TAS); and one EYG member firm partner on rotation.

The GE also includes the Chair of the Global Accounts Committee and 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, reward and retirement of partners

- ▶ Quality improvement and protection programs
- ▶ Proposals regarding regulatory matters and public policy
- ▶ Policies and guidance relating to member firms' service of international clients, business development, markets and branding
- ▶ EY's development funds and investment priorities
- ▶ EYG's annual financial reports and budgets
- ▶ GGC recommendations

The GE also has the power to mediate and adjudicate disputes between member firms.

### **GE committees**

Established by the GE and bringing together representatives from the three (previously four) Areas, the GE committees are responsible for making recommendations to the GE. In addition to the Global Audit Committee, there are committees for Global Markets and Investments, Global Accounts, Emerging Markets, Talent, Risk Management, Assurance, Advisory, Tax, and TAS.

### **Global Practice Group**

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

### **EYG member firms**

Under the regulations of EYG, member firms commit themselves to pursue EY's objectives, such as the provision of high-quality service 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, human resources, 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 and EY values (see page 31).

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

Member firms are subject to reviews of their adherence to EYG requirements and policies governing issues such as independence, quality and risk management, audit methodology, and HR. Member firms unable to meet the quality commitments and other EYG membership requirements may be subject to separation from the EY organization.

# Commitment to sustainable audit quality

## Infrastructure supporting quality

### Quality in our service lines

Vision 2020+, which sets out EY's purpose, ambition and strategy, calls for EYG member firms to provide exceptional client service worldwide. This is supported by an unwavering commitment to quality and service that is professionally and globally consistent, and means service that is based on objectivity, professional skepticism, and adherence to EY and professional standards.

EYG member firms and their service lines are accountable for delivering quality engagements. EY service lines manage the overall process for quality reviews of completed engagements and input for the quality of in-process engagements, which helps achieve compliance with professional standards and EY policies.

Vision 2020+ has reinforced the ownership of quality by the service lines, including audit. It has also resulted in increased clarity around the role of risk management in policies and practices that support and improve audit quality.

The Global Vice Chair of Assurance coordinates member firms' compliance with EY policies and procedures for assurance services.

### Professional Practice

The Global Vice Chair of Professional Practice, referred to as the Global Professional Practice Director (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 is overseen by the Global PPD and the related Area Assurance Leader. This helps provide greater assurance as to the objectivity of the 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 specialists in accounting and auditing standards, who consult on accounting, auditing and financial reporting matters, and perform various practice monitoring and risk management activities.

EY Thailand has a country PPD, who is supported by a group of technical partners and senior managers to ensure audit quality, technical consultation and monitoring processes.

The Global PPD oversees development of the EY Global Audit Methodology (EY GAM) and related 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 programs and processes used by member firm professionals to execute audits consistently and effectively. The Global, Area and Regional PPDs, together with other professionals who work with them in each member firm, are knowledgeable about EY people, clients and processes, and 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 audit methodology
- ▶ Accounting, auditing and risk issues for specific industries and sectors
- ▶ Event-specific issues involving areas of civil and political unrest; or sovereign debt and related accounting, auditing, reporting and disclosure implications
- ▶ General engagement issues and how to work effectively with audit committees

### Risk management

Responsibility for high-quality service and ownership of the risks associated with quality is placed with the member firms and their service lines. Among other things, the Global Risk Management Leader helps oversee the management of these risks by the member firms, as well as other risks across the organization as part of the broader Enterprise Risk Management framework.

Member firm partners are appointed to lead risk management initiatives in both the service lines and member firms (supported by other staff and professionals within member firms), including coordinating with the service lines on such matters. The Global Risk Management Leader is responsible for establishing globally consistent risk management execution priorities and enterprise-wide risk management.

These priorities cascade to member firms, and their execution is monitored through an Enterprise Risk Management program.

### Global confidentiality policy

Protecting confidential information is ingrained in the everyday activities of EYG member firms. Respect for intellectual capital and all other sensitive and restricted information is required by the EY Global Code of Conduct, which provides a clear set of principles to guide the behaviors expected of all EY people. The Global Confidentiality Policy further details this approach to protecting information and reflects the ever-increasing use of restricted data. This policy provides added clarity for EY people and forms the fundamental element of broader guidance that includes key policies on conflicts of interest, personal data privacy and records retention. Other guidance includes:

- ▶ Social media guidance
- ▶ Information-handling requirements

In addition, the global policy on Reporting Fraud, Illegal Acts and Other Non-compliance with Laws, Regulations and EY's Code of Conduct require EY professionals to speak up on seeing any behavior that is believed to be a violation of applicable law or regulation, applicable standard or EY's Global Code of Conduct. This includes the unauthorized or improper disclosure of confidential information.

Furthermore, the global policy on Personal Data Protection supports and builds upon provisions within the EY Global Code of Conduct regarding respecting and protecting personal information, in accordance with local law and professional standards, and was recently updated to comply with the EU General Data Protection Regulation (GDPR).

### Cybersecurity

Managing the risk of major and complex cybersecurity attacks is a part of doing business for all organizations. While no systems are immune from the threat of cyber-attacks, EY Thailand is vigilant in the steps taken to secure the environment of EYG member firms and to protect their clients' data. The EY approach to cybersecurity is proactive and includes the implementation of technologies and processes necessary to manage and minimize cybersecurity risks globally. EY information security and data privacy programs, consistent with industry practices and applicable legal requirements, are designed to protect against unauthorized disclosure of data. There is a dedicated team of internal and external cybersecurity specialists who actively monitor and defend EY systems.

Beyond technical and process controls, all EY people are required to affirm in writing their understanding of the principles contained in the EY Global Code of Conduct and their commitment to abide by them and to participate in an annual security awareness learning activity. There are various policies outlining 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 around the Acceptable Use of Technology. EY cybersecurity policies and processes recognize the importance of timely communication. EY people receive regular and periodic communications reminding them of their responsibilities around these policies and general security awareness practice.

### Components of the audit quality control program

In the following sections, we describe the principal components of the audit quality control program, which EY Thailand follows:

- ▶ Instilled professional values
- ▶ Internal quality control system
- ▶ Client acceptance and continuance
- ▶ Performance of audits
- ▶ Review and consultation
- ▶ Rotation and long association
- ▶ Audit quality reviews
- ▶ External quality assurance reviews
- ▶ Compliance with legal requirements

## Instilled professional values

### Sustainable Audit Quality

Quality is the foundation of our work and central to EY's responsibility to provide confidence to the capital markets. This is reflected in the Sustainable Audit Quality (SAQ) program, which is the highest priority for our Assurance practices.

SAQ establishes a strong governance structure that enables each member firm to provide high-quality audits. It is implemented locally, and coordinated and overseen globally. The word "sustainable" in SAQ is used to demonstrate that this is not a one-off, short-term initiative, but an ongoing process of improvement.

## Commitment to sustainable audit quality

There are six SAQ pillars: tone at the top, strengthening people capabilities, simplification and innovation, audit technology and digital, enablement and quality support, and accountability. The pillars are supported by a foundation of serving the public interest.

Significant progress has been made through SAQ. EY's internal and external inspection findings globally are improving, and there is greater consistency in execution. EY has deployed world-class technological tools that enhance the quality and value of EY audits, including the EY Canvas online audit platform, the EY Helix analytics platform and the EY Atlas research platform.

A key feature of EY Canvas is the Client Portal, which enables clients to communicate with audit teams and confirm what information auditors have requested and whether that information has been provided. EY Canvas also facilitates the use of the Milestones project management program, which helps audit teams keep on track and highlights potential matters to be addressed during the audit process.

When Milestones is combined with the EY Client Portal, engagement teams have more time to focus, to be curious and to be skeptical. As a result, audit quality is enhanced.

Other recent SAQ initiatives include: a new approach to pictorially depict a company's internal controls and processes; the Personal Workload Tool, which reviews personal responsibilities and assesses whether there is sufficient time to execute high-quality audits; Purpose-Led Outcome Thinking (PLOT), a framework that focuses on the behaviors that drive high quality audits; and Key Findings Review, which helps coach our teams.

There are also a network of Quality Enablement Leaders (QELs), an overall Global Audit Quality Committee and a Culture and Behaviors Taskforce. They help us in executing and reviewing root-cause analysis and understanding the impact of our initiatives in driving quality outcomes, better behaviors and a continuous improvement mindset.

Audit quality is something that every team member must understand and be committed to implementing locally. SAQ is essential to all our goals and ambitions, and each Regional and Area leader has oversight of the efforts to achieve those goals.

The SAQ infrastructure demonstrates that audit quality is the single most important factor in our decision-making and the key measure on which our professional reputation stands.

### Tone at the top

EY Thailand leadership is responsible for setting the right tone at the top and demonstrating EY's commitment to building a better working world through behavior and actions. While the tone at the top is vital, our people also understand that quality and professional responsibility start with them. Our shared values, which inspire our people and guide them to do the right thing, and our commitment to quality are embedded in who we are and in everything we do.

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 management regularly reinforces the importance of performing quality work, complying with professional standards, adhering to our policies, leading by example and through various communications. Also, EY's quality review programs assess professional service as a key metric in evaluating and rewarding all professionals.

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 clients correctly follow consultation advice, and we emphasize this when necessary.

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

## 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:

- ▶ Working with one another
- ▶ Working with clients and others
- ▶ Acting with professional integrity
- ▶ Maintaining our objectivity and independence
- ▶ Respecting intellectual capital

Through our procedures to monitor 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.

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

When a report comes into the EY Ethics Hotline, either by phone or internet, it receives prompt attention. Depending on the content of the report, appropriate individuals from Risk Management, Talent, Legal or other functions are involved to address the report. The same procedures are followed for matters that are reported outside of the EY Ethics Hotline.

## Our values: who we are

People who demonstrate integrity, respect and teaming

People with energy, enthusiasm and the courage to lead

People who build relationships based on doing the right thing

## Internal quality control system

### Structure

EY Thailand'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 skepticism. These are fundamental attributes of a high-quality audit.

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

We recognize that in today's environment – characterized by continuing globalization and the rapid movement of capital and the impact of technology changes – the quality of our audit services has never been more important. As part of EY Vision 2020+, we continue to invest heavily in developing and maintaining our audit methodology, tools and other resources needed to support quality service.

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

We work to understand where our audit quality may not be up to our own expectations and those of stakeholders, including external audit firm regulators. We seek to learn from external and internal inspection activities and to identify root causes of adverse quality occurrences to enable us continually to improve audit quality, and we believe that taking effective and appropriate actions to improve quality is important.

### Effectiveness of the quality control system

EY has designed and implemented a comprehensive set of global audit quality control policies and practices. These policies and practices meet the requirements of the International Standards on Quality Control issued

by the International Auditing and Assurance Standards Board (IAASB). EY Thailand has adopted these global policies and procedures, and has supplemented them as necessary to comply with local laws and professional guidelines, and to address specific business needs.

We also execute the EY Audit Quality Review (AQR) program to evaluate whether our system of audit quality control has operated effectively so as to provide reasonable assurance that EY Thailand and our people comply with applicable professional standards, internal policies and regulatory requirements.

The results of the AQR program and external inspections are evaluated and communicated within EY Thailand to provide the basis for continual improvement in audit quality, consistent with the highest standards in the profession.

The GE has oversight of the implementation of quality improvement. As such, it reviews the results of our internal AQR program and external audit firm regulatory reviews, as well as any key actions designed to address areas for improvement.

The recent results of such monitoring, together with the recent feedback from independent external audit firm regulators, provide EY Thailand with a basis to conclude that our internal control systems are designed appropriately and are operating effectively.

In addition to AQR, EY Thailand has a coaching and review program called Internal Quality Enhancement (IQE) that further enhances audit quality and efficiency. The reviewers for this program are partners with experience in relevant business sectors and, as with AQR, all audit partners are subject to this review on a 3-year cycle.

## Client acceptance and continuance

### EY policy

The EY global policy on Client and Engagement Acceptance sets out principles for member firms to determine whether to accept a new client or a new engagement, or to continue with an existing client or engagement. These principles are fundamental to maintaining quality, managing risk, protecting our people and meeting regulatory requirements. 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
- ▶ 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 for managing potential conflicts of interest as quickly and efficiently as possible through the use of 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 “Chinese Walls” between engagement teams or declining an engagement to avoid an identified conflict.

The EY global policy on Conflicts of Interest and associated guidance take into account 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 International Ethics Standards Board for Accountants (IESBA) standards.

### Putting policy into practice

We use the EY Process for Acceptance of Clients and Engagements (PACE), an intranet-based system, for

efficiently coordinating 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 professional standards needed to assess both business opportunities and associated risks.

As part of this process, we carefully consider the risk characteristics of a prospective client or engagement and the results of several due diligence procedures. Before we take on a new engagement or client, we determine whether we can commit sufficient resources to deliver quality service, especially in highly technical areas, and if the services the client wants are appropriate for us to provide. The approval process is rigorous, and no new audit engagement may be accepted without the approval of our PPD.

In the EY annual client and engagement continuance process, we review our service and ability to continue to provide quality service, and confirm that clients share EY Thailand's commitment to quality and transparency in financial reporting. The partner in charge of each audit, together with our Assurance leadership, annually reviews our relationship with the audit client 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 clients are discontinued. As with the client acceptance process, our local PPD is involved in the client continuance process and must agree with the continuance decisions.

Decisions about acceptance or continuance of clients and engagements consider the engagement team's assessment of whether the company's management may pressure us to accept inappropriate accounting, auditing and reporting conclusions to undermine quality. Considerations and conclusions on the integrity of management are essential to acceptance and continuance decisions.

## Performance of audits

There has been significant investment in EY to improve audit methodologies and tools, with the goal of performing the highest-quality audits in the profession. This investment reflects EY's commitment to building trust and confidence in the capital markets and in economies the world over.

### 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 size. EY GAM also requires compliance with relevant ethical requirements, including independence from the entity we audit. 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 emphasizes applying appropriate professional skepticism in the execution of audit procedures. EY GAM is based on International Standards on Auditing (ISAs) and is supplemented in Thailand to comply with the local auditing standards and regulatory or statutory requirements.

Using an online tool, EY Atlas, an EY auditor is presented with a version of EY GAM organized 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. The forms and examples include leading practice illustrations, and assist in performing and documenting audit procedures.

EY GAM can be "profiled" or tailored to present the relevant requirements and guidance, depending on the nature of the entity being audited - e.g., there are profiles for listed entities and for those considered non-complex entities. Enhancements to the audit methodology are made regularly to address new standards, emerging auditing issues and matters, implementation experiences, and external and internal inspection results. In addition, we monitor current and emerging developments, and issue timely audit planning and execution communications that emphasize areas noted during inspections as well as other key topics of interest to our local audit regulator (or regulators) and the International Forum of Independent Audit Regulators (IFIAR).

### Technology

Our audit engagement teams use technology to assist in executing and documenting the work performed in accordance with EY GAM.

EY Canvas, the global EY audit platform, lies at the heart of the audit and enables us to provide a high-quality audit. EY Canvas is built using state-of-the-art technology for

## Commitment to sustainable audit quality

web applications. This allows us to provide data security and to evolve our 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 listing requirements and industry. This helps to keep our audit plans customized and up-to-date, and provides direct linkage to our audit guidance, professional standards and documentation templates. EY Canvas is built with a user interface that allows the team to visualize risks and their relationship to the planned response and work performed in key areas. It also enables a linkage for our group audit teams to communicate inter-office risks and instructions so that the primary audit team can direct execution and monitor performance of the group audit.

EY Canvas includes a Client Portal to assist teams in communicating with clients and streamlining their client requests. Mobile applications are integrated with EY Canvas to help our people in their audit work - e.g., in monitoring the status of the audit, capturing audit evidence securely and performing inventory observations.

Audit engagement teams use other applications, data analyzers, and forms during various phases of an audit to assist in executing procedures, making and documenting audit conclusions, and performing analysis. This includes EY Smart Automation, a collection of applications that are being developed and deployed globally through EY Canvas to digitally enable EY audit professionals in executing audit procedures and processes.

At EY, we are making data analysis integral to our audits. Our use of data and analysis is not about additive procedures or visualizations. It is about taking large populations of company data, and applying our globally consistent technology (EY Helix) and methodology (EY GAM) to audit that data.

EY Helix is a library of data analyzers for use in audits. These data analyzers are transforming the audit through the analysis of larger populations of audit-relevant data, identifying unseen patterns and trends in that data, and helping to direct our audit efforts. The use of data analytics also allows us to obtain better perspectives, richer insights and a deeper understanding of transactions and areas of risk.

EY is deploying data analyzers to analyze the business operating cycles of the companies that we audit, supported by analytics-based audit programs to aid the application of these data analyzers.

Using the EY Helix library of data analyzers, our engagement teams can enhance their audit risk assessment, enabling the audit of higher-risk transactions, and assisting our people in asking better questions about audit findings and evaluating the outcomes.

EY Atlas is a global technology platform that enables our auditors to access the latest accounting and auditing content, including external standards, EY interpretations and thought leadership.

### **Formation of audit engagement teams**

EY Thailand policies require an annual review of partner assignments by our Assurance leadership and Country PPD to make sure that the professionals leading listed-company audits possess the appropriate competencies (i.e., the knowledge, skills and abilities) to fulfill their engagement responsibilities, and are in compliance with applicable auditor rotation regulations.

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

In many situations, internal specialists are assigned as part of the audit engagement team to assist in performing audit procedures and obtaining appropriate audit evidence. These professionals are used in situations requiring special skills or knowledge, such as information systems, asset valuation and actuarial analysis.

## Review and consultation

### 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. Supervisory members of an audit engagement team perform a detailed review of the audit documentation for accuracy and completeness. Senior audit executives and engagement partners perform a second-level review to determine adequacy of the audit work as a whole, and the related accounting and financial statement presentation. A tax professional reviews the significant tax and other relevant working papers. For listed and certain other companies, an engagement quality reviewer (described below) reviews important areas of accounting, financial reporting and audit execution, as well as the financial statements of the company we audit and our auditor's report.

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

- ▶ The risk, materiality, subjectivity and complexity of the subject matter
- ▶ The ability and experience of the audit team members preparing the audit documentation
- ▶ The level of the reviewer's direct participation in the audit work
- ▶ The extent of consultation employed

Our policies also describe the roles and responsibilities of each audit engagement team member for managing, directing and supervising the audit, as well as the requirements for documenting their work and conclusions.

### 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. Consultation requirements and related policies are designed to involve the right resources so that audit teams reach appropriate conclusions.



Consultation is built into the decision-making process; it is not just a process to provide advice.

For complex and sensitive matters, we have a formal process requiring consultation outside of the audit engagement team with other personnel who have more experience or specialized knowledge, primarily Professional Practice and Independence personnel. In the interests of objectivity and professional skepticism, our policies require members of Professional Practice, Independence and certain others to withdraw from a consultation if they currently serve, or have recently served, the client to which the consultation relates. In this circumstance, other appropriate individuals would be assigned.

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

### Engagement quality reviews

Engagement quality reviews are performed by audit partners in compliance with professional standards for audits of all listed companies and those considered close monitoring. Engagement quality reviewers are experienced professionals with significant subject matter knowledge. They are independent of the engagement team and able to provide objective evaluation of significant accounting, auditing and reporting matters. In no circumstances may the responsibility of the engagement quality reviewer be delegated to another individual.

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. Our Country PPD approves all engagement quality review assignments.

### **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 a client 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 agreement is reached or a final decision is made.

Furthermore, if the engagement quality reviewer makes recommendations that the engagement partner 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. EY policies require documentation of disagreements and their resolution.

## Rotation and long association

EY supports mandatory audit partner rotation to help reinforce auditor independence. EY Thailand complies with the audit partner rotation requirements of Thai SEC, the IESBA Code, and EY Global policy. Moreover, once rotated a partner cannot resume a lead role on an audit for a minimum of three years. EY Thailand supports audit partner rotation because it provides a fresh perspective and promotes independence from company management, while retaining expertise 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 are important safeguards of audit quality.

For 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 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 the listing.

Upon completing the maximum service period for rotation, a key audit partner may not lead or coordinate professional services to the PIE audit client until after completing a cooling-off period. 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 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 audit partner rotation requirements applicable to PIE audit clients, EY has established a long association safeguards framework that, consistent with the requirements of the IESBA Code includes consideration of the threats to independence created by involvement of professionals over a long period of time on an audit 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 long association with the audit client. There is also a process for rotation planning and decision-making that involves consultation with, and approvals by, our Professional Practice and Independence professionals

## Audit quality reviews

The EY Global AQR program is the cornerstone of the EY process to monitor audit quality. EY Thailand executes the Global AQR program, reports results and develops responsive action plans. The primary goal of the program is to determine whether systems of quality control, including those of EY Thailand, are appropriately designed and followed in the execution of audit engagements to provide reasonable assurance of compliance with policies

and procedures, professional standards, and regulatory requirements. The Global AQR program complies with guidelines in the International Standard on Quality Control No. 1 (ISQC No. 1), as amended, and is supplemented where necessary to comply with Thai professional standards and regulatory requirements. It also aids EY Thailand's continual efforts to identify areas where we can improve our performance or enhance our policies and procedures.

Executed annually, the program is coordinated and monitored by representatives of the Global PPD network, with oversight by Global Assurance leadership.

The engagements reviewed each year are selected on a risk-based approach, emphasizing 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 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 engagements. These measure compliance with the relevant professional standards and internal policies and procedures that should be applied in executing non-audit services. In addition, practice-level reviews are performed to assess compliance with quality control policies and procedures in the functional areas set out in ISQC No. 1.

The Global AQR program complements external practice monitoring and inspection activities, such as inspection programs executed by audit regulators and external peer reviews.

AQR reviewers and team leaders are selected for their skills and professional competence in accounting and auditing, as well as their industry specialization; they often work 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 assigned to inspections outside of their home location and are independent of the audit teams reviewed.

The results of the Global AQR program, external practice monitoring and inspection activities are evaluated and communicated to improve quality. Any quality improvement plans describe the follow-up actions to be taken, the people responsible, the timetable and deadlines, and sign-off on completed actions. Measures to resolve audit quality matters noted from the Global AQR program, regulatory inspections and peer reviews are addressed

by Assurance leadership and our PPD. The actions are monitored by our PPD and Assurance leadership. These programs provide important practice monitoring feedback for our continuing quality improvement efforts.

## External quality assurance review

EY Thailand's audit practices and our registered statutory auditors are subject to annual inspection by the Securities and Exchange Commission, Thailand (Thai SEC). As part of its inspections, Thai SEC evaluates quality control systems and reviews selected engagements.

EY Thailand has successfully met the target of the ASEAN Audit Regulator Group (AARG) of a 25% reduction in the number of engagements with one or more findings.

We respect and benefit from Thai SEC inspection process. We thoroughly evaluate points raised during the inspection in order to identify areas where we can improve audit quality. Together with the AQR process, external inspections aid us in making our audits and related control processes of the highest quality in the interests of our clients' investors and other stakeholders.

## Compliance with legal requirements

The EY Global Code of Conduct provides a clear set of standards that guide our actions and business conduct.

EY Thailand complies with applicable laws and regulations, and EY's values underpin our commitment to doing the right thing. This important commitment is supported by a number of policies and procedures, explained in the paragraphs below.

### **Anti-bribery**

The EY Global Anti-bribery Policy provides EY people with direction around certain unethical and illegal activities. It emphasizes the obligation to comply with anti-bribery laws and provides greater definition of what constitutes bribery. It also identifies reporting responsibilities when bribery is discovered. In recognition of the growing global impact

## Commitment to sustainable audit quality

of bribery and corruption, efforts have been increased to embed anti-bribery measures across EY.

### **Insider trading**

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

### **Trade sanctions**

It is important that we are aware of the ever-changing situation with respect to international trade sanctions. EY monitors sanctions issued in multiple geographies and provides guidance to EY people on impacted activities.

### **Data privacy**

The EY Global Personal Data Privacy Policy, revised and reissued in 2018, sets out the principles to be applied to the use and protection of personal data, including that relating to current, past and prospective personnel, clients, suppliers, and business associates. This policy is consistent with the strict requirements of the European Union's General Data Protection Regulation and other applicable laws and regulations concerning data protection and privacy. EY also has Binding Corporate Rules approved by EU regulators in place to facilitate the movement of personal data within the EY network. Furthermore, we have a policy to address our specific data privacy requirements and business needs.

### **Document retention**

EY Thailand's record retention policy applies to all engagements and personnel. This policy addresses document preservation whenever any person becomes aware of any actual or reasonably anticipated claim, litigation, investigation, subpoena or other government proceeding involving us or one of our clients that may relate to our work. It also addresses Thailand's legal requirements applicable to the creation and maintenance of working papers relevant to the work performed.

# Independence practices

EY Global Independence policies require EY Thailand and our people to comply with the independence standards applicable to specific engagements, including the Code of Ethics of the IESBA and the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions.

We consider and evaluate independence from several perspectives, including our financial relationships and those of our people; employment relationships; business relationships; the permissibility of non-audit services we provide to audit clients; applicable firm and partner rotation requirements; fee arrangements; audit committee pre-approval, where applicable; and partner remuneration and compensation.



Failure to comply with applicable professional 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 Thailand.

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

## **EY Global Independence Policy**

The EY Global Independence Policy contains the independence requirements for member firms, professionals and other personnel. It is a robust policy predicated on the IESBA Code of Ethics and supplemented by more stringent requirements where prescribed by a given regulator. The policy also contains guidance designed to facilitate an understanding and the application of the independence rules. The EY Global Independence Policy is readily accessible and easily searchable on the EY intranet.

## **Global Independence System (GIS)**

The 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 clients and their affiliates, but they can be other types of attest or assurance clients too. The tool includes family-tree data relating to affiliates of listed audit clients and 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.

## **Global Monitoring System (GMS)**

The 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, professionals receive a notice, and are required to dispose of the security. Identified exceptions are reported through the Global Independence Incident Reporting System (GIIRS) for regulatory matters.

GMS also facilitates annual and quarterly confirmation of compliance with independence policies, as described below.

## **Independence compliance**

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

## **Independence confirmations**

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

All EY professionals, and certain others, based on their role or function, are required to confirm compliance with independence policies and procedures at least once a year. All partners are required to confirm compliance quarterly.

# Independence practices

## 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 member firms.

## Personal independence compliance testing

Each year, the EY Global Independence team establishes a program for testing compliance with personal independence confirmation requirements and with reporting of information into GMS. For the 2018 testing cycle, EY Thailand tested more than 50 partners and other personnel.

## Non-audit services

We monitor compliance with professional standards governing the provision of non-audit services to audit clients through a variety of mechanisms. These include the use of tools, such as PACE (see page 26) and Service Offering Reference Tool (SORT) (see below), and training and required procedures completed during the performance of audits and internal inspection processes. We also have a process in place for the review and approval of certain non-audit services in advance of accepting the engagement.

## Global independence learning

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

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The goal is to help EY people understand their responsibility and to 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 is monitored closely. For the current cycle, 100% of our staff completed their independence learning.

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

## Service Offering Reference Tool (SORT)

We assess and monitor our portfolio of services on an ongoing basis to confirm that they are permitted by law and professional standards, 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 provides EY people with information about EY service offerings. It includes guidance around which services can be delivered to audit and non-audit clients, as well as independence and other risk management issues and considerations.

## Business Relationship Evaluation Tool (BRET)

Our people are required to use BRET in many circumstances to identify, evaluate and obtain advance approval of a potential business relationship with an audit client, thereby supporting our compliance with independence requirements.

## Audit committees and oversight of independence

We recognize 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 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.

# Continuing education of audit professionals

## Professional development

The continuous development of our people's skills and knowledge is critical to achieving our purpose of enhancing confidence in the capital markets.

Providing opportunities for the right experiences, learning and coaching helps our people grow and achieve their potential at a variable pace of progression that suits them.

The day-to-day experiences gained are assigned locally in a systematic way while the EY audit learning core curriculum is globally consistent. This is supported throughout by on-the-job coaching from more experienced professionals that helps to transform knowledge and experience into practice.

Learning is delivered through the award-winning Audit Academy, which combines interactive classroom-based simulations and "on-demand" e-learning modules with relevant reinforcement and application support. This high impact learning is supplemented by learning programs that are developed in response to changes in accounting and reporting standards, independence and professional standards, and emerging practice issues.

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

EY Thailand requires our audit professionals to obtain at least 20 hours of continuing professional education each year and at least 120 hours over a three-year period. Of these hours, 40% (eight hours each year and 48 hours over a three-year period) must cover technical subjects related to accounting and auditing.

In addition to formal learning, professional development occurs through the coaching and experiences our professionals receive on-the-job. Coaching helps to transform knowledge and experience into practices.

Experienced professionals are expected to coach and develop less-experienced personnel to create a continual learning environment. We also manage the assignment of our people to particular engagements in a systematic way that helps provide them with exposure to a range of experiences as part of their own development.

## Knowledge and internal communications

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

- ▶ EY Atlas, which includes local and international accounting and auditing standards, as well as interpretive guidance (replacement for Global Accounting and Auditing Information Tool - GAAIT - since the fiscal year 2017)
- ▶ Publications such as International 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 Thailand-specific matters designed for continuous improvement in member firms' Assurance practices

## Performance management

LEAD is our forward-looking approach to people's career, development and performance focusing on continuous feedback resulting in better conversations built around 90-day cycles. Feedback is aggregated and used as an input to compensation and reward programs.

It is designed to support the growth and development of our people at all stages of their career at EY. An individual's personal dashboard provides an easy to interpret snap-shot of their performance against the Leadership at EY dimensions and assess performance against peers.

LEAD retains components that were also included in our previous Performance Management and Development Process approach. Those were providing our people with clear work expectations and the opportunity to self-assess their performance. During the course of the year, every professional, in conjunction with their counselor, identifies opportunities for further development.

**About EY**

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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