

EY UK 2024 Transparency Report

October 2024





Context

EY purpose: Building a better working world

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

The audits delivered by EY people help build trust and confidence in business and the capital markets. EY auditors serve the public interest by delivering high-quality, analytics-driven audits with independence, integrity, objectivity and professional scepticism. In so doing, the EY organisation helps protect and promote sustainable and long-term value for stakeholders.

In the United Kingdom (UK), Ernst & Young LLP (Company number: OC300001) is a limited liability partnership, wholly owned by its members, incorporated in England & Wales and is a member firm of Ernst & Young Global Limited (EYG), a UK company limited by guarantee. In this report, we refer to ourselves as 'EY UK', 'we', 'us' or 'our'. 'EY' refers collectively to the global organisation of the member firms of EYG.

Unless otherwise stated, this report relates to the principal activities of EY UK for the reporting period from 1 July 2023 to 28 June 2024, referred to throughout the report as FY24.

Transparency

This report serves as an important mechanism for us to communicate with investors in the companies we audit, audit committee chairs and members, regulators and other stakeholders. Our aim is for this report to be fair, balanced and understandable.

Throughout this report, where we refer to the results of surveys, these surveys were sent to the full relevant population and the quoted results refer to the views of those people who responded. Where we refer to diversity representation, those percentages are calculated based on people who have declared their sex or ethnicity as relevant.

EU Audit Regulation

Article 13 of the EU Audit Regulation (537/2014) came into force on 17 June 2016 and requires the publication of an annual transparency report by audit firms that carry out statutory audits of public interest entities (PIEs). The EU Audit Regulation was incorporated into UK domestic law by Section 3 of the European Union (Withdrawal) Act 2018.

Local audit

We are also required to comply with the Local Auditors (Transparency) Regulations 2020, as in the current year we signed audit reports on the annual accounts of 'major local audits', as defined in the Local Audit (Professional Qualifications and Major Local Audit) Regulations 2014.

Audit Firm Governance Code

First published by the Financial Reporting Council (FRC) in January 2010, the Audit Firm Governance Code (AFGC or 'the Code') sets a benchmark for good governance. The scope of the Code is firms that audit UK PIEs. The FRC encourages all such firms to adopt this Code voluntarily and expects firms to apply it once they audit 20 or more PIEs or if they audit one or more FTSE 350 companies. The version of the Code as revised in 2022 is applicable to EY UK from FY24.

The way in which a firm applies this Code can demonstrate its commitment to good governance such that it enhances the firm's long-term sustainability and resilience, and helps it to achieve the purpose of this Code. In this report, we publicly set out how EY UK has applied the Principles of the Code. We also demonstrate how we have complied with its provisions and explain where we have not done so, including the alternative arrangements in place.

This Transparency Report was approved on 28 October 2024.



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Message from our leaders



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Foreword from the EY UK Chair

Introduction

Welcome to our EY UK 2024 Transparency Report.

The past 12 months have been one of the toughest years for UK professional services in a long time. A subdued level of activity in corporate transactions and initial public offerings (IPOs) has combined with a challenging market for consulting services, overlaid by rising geopolitical pressures and tensions that have impacted global business confidence and trade. In the UK, the sense of uncertainty was amplified by the run-up to the July 2024 General Election, an event that coincided closely with our financial year-end.

However, with the UK election results crystallised and a new government in place, 2025 offers the potential for stability, a key ingredient for building business confidence. We have been encouraged by the new government's early focus on pursuing economic growth, enhancing the UK's international competitiveness and engaging in constructive dialogue with the business community.

The actions we have taken over the past year mean we are well-positioned to adapt to any change in conditions. The difficult market conditions have required us to take some tough decisions, as we have strived to balance clients' needs with the long-term interests of EY UK, our people and wider society. In making these choices we have been at pains to keep responsible behaviour at the heart of our thinking and actions, and we have maintained our rigorous focus on serving the public interest.

At the same time, we have continued to invest in our business to create the platform for long-term success. We have navigated a smooth transition in EY global leadership, with Janet Truncate becoming the first woman to become a global chief executive of a Big Four organisation. Janet launched the new EY global strategy – 'All in' – aimed at creating value for our clients, people and stakeholders through purposeful growth. The strategy is focussed on helping us "shape the future with confidence" and centres on targeting future investments in areas where we are uniquely positioned to lead – such as transformation, managed services and sustainability – alongside an unwavering commitment to audit quality. In my view, it is the right global strategy at the right time.

With regards to my own transition, I was delighted to announce that Anna Anthony will be the next EY UK Managing Partner, from 1 January 2025.

Anna is an exceptional leader, with a breadth and depth of experience that makes her an excellent choice. I'm confident that, under Anna's leadership, EY will continue to lead the market and deliver in the public interest.

In line with the AFGC, the roles of UK Managing Partner and Chair will be separated going forward. I will continue as UK Chair until a separate selection process for this position has been completed early in the new year.

Regulatory developments

Turning to audit regulation in the UK, we have been pleased with the constructive engagement we've had with the FRC over the past year and have acted on its feedback and prior year recommendations. We welcomed the announcement of draft legislation by the summer of 2025 to establish the Audit, Reporting and Governance Authority (ARGA). EY UK has consistently advocated for a stronger regulator and enhanced accountabilities for directors, and we are pleased to see audit and corporate governance reform return to the legislative agenda.

Going forward, creating the right regulatory landscape will be key to the continued attractiveness of the UK as an investment destination, and the position and standing of the City of London as a global financial centre in a post-Brexit world. The UK's international competitiveness and economic growth will depend on the implementation of smart, considered regulation that reflects today's realities.

An existing regulatory change that we also welcome is the greater emphasis in the 2022 AFGC on the concept of public interest. Especially welcome is its focus on the role of the independent non-executives (INEs) in representing the public interest, and in considering what this means for a firm's audit and non-audit work. As I mentioned above, serving the public interest has long been at the heart of everything we do. We are pleased that the new AFGC supports and validates this approach.

Strategic themes in FY24

Against the shifting and often uncertain backdrop I've described, we have focussed on a select group of strategic themes during the period covered by this Transparency Report. Four themes have been especially prominent: diversity, equity and inclusiveness (DE&I); environmental, social and governance (ESG) reporting; artificial intelligence (AI) – including its roles and impacts both in society and within the audit profession; and ethical behaviour and building trust.

First, **DE&I**: for us, making progress towards higher levels of DE&I is not a box-ticking exercise, but a fast track to growth and a pathway to a more equal and inclusive society – meaning it simultaneously benefits EY UK, our people, our clients, the UK economy, and the country's population as a whole. Whilst we are making great strides on DE&I, we are also frank and open about the areas where we are making slower progress on diversity than we had hoped.

A key aspect of our responsibility to the public interest is helping to create a tolerant, inclusive society where the same opportunities are open to all. In my view, this has become even more important following the societal tensions that we have unfortunately witnessed recently. Whilst attracting, retaining and nurturing great talent from the widest possible range of sources is key to delivering for our clients and the entities we audit, it's also pivotal to our positive impact on wider society. So – for both of these reasons – we strive to ensure that careers within EY UK are available and attractive to a wide and diverse range of people. Our recruitment efforts have extended beyond traditional talent pools, and we are focussed on providing our people with greater flexibility, deeper purpose and wider opportunities from day one of their careers with us.

We are continuing to develop our talent and succession pipelines in a fair and equitable way, including by recruiting a growing proportion of our young hires directly from school and as apprentices rather than as graduates. During 2024¹ we welcomed over 1,140 university and secondary school graduates, with over 450 interns arriving on short-term placements, 47% of them based in regional locations across the UK. And more widely, the EY Foundation has supported more than 20,000 young people in poverty on their journey into employment during the 10 years since it launched. You can read more about our actions and progress around our DE&I approach in our latest Impact Report.

Our drive to foster social mobility and equality of opportunity is matched by our determination to move towards equality on gender and race in our business. In 2018 we set ourselves ambitious external targets to drive change – aiming to have 40% female partners and 20% ethnic minority partners (15% of them Black) by 2025. Whilst these targets have galvanised our progress, we recognise we still have further to go. As at the end of FY24, our representation of female partners stands at 26%. Meanwhile, 18% of our partnership consists of ethnic minority partners, of whom 8.9% identify as Black/mixed Black heritage. Whilst we are not yet where we want to be, we remain committed to our agenda of equality and opportunity across our firm.

In the area of **ESG reporting**, a development that I highlighted last year was the ongoing extension of assurance into environmental and social metrics. January 2024 saw the introduction of two new International Financial Reporting Sustainability Disclosure Standards from the International Sustainability Standards Board (ISSB), aiming to boost the transparency of companies' publicly-disclosed ESG information. Furthermore, the King's Speech in July 2024 indicated that climate action is central to the government's growth agenda. Action on the environment is key not only to cutting greenhouse gas emissions and demonstrating the UK's international leadership, but also to creating jobs, nurturing emerging green industries and boosting long-term competitiveness and growth. In this context, ESG reporting is an important element of holding companies to account for their climate actions.

I have noted previously that the expansion of assurance to include ESG brings significant implications for the audit profession. Already, companies are increasingly asking their financial auditors to provide assurance on these areas as well. What is more, the pressure from regulators is being mirrored and amplified by growing demands from investors and other stakeholders across society for greater transparency on ESG to provide a clearer view of long-term value. In response, we are helping clients to broaden their reporting, seek out new ways to communicate strategic performance, and integrate sustainability goals into their business strategy.

1. The data is in respect of the January to September 2024 intake.

I would like to make some observations here on the recent pushback in certain places against ESG reporting and investing. Combined with short-term financial pressures, the effect has been to trigger calls to roll back 'green' regulation. In my view, this would be a mistake. The climate emergency represents one of the most pressing global challenges of our time and the transition towards a sustainable global economy requires collective effort. The EY UK leadership team remains steadfast in our view that ESG reporting is essential for ensuring companies are aware of their environmental impact and held accountable for reducing it. Smart reporting regulation provides impetus for change and fosters transparency, and both will be needed to tackle the climate crisis. Ultimately, this approach will yield dividends for businesses, their workforce, and society at large.

Our third major strategic theme in FY24 has been **AI**. As with ESG reporting, this is a space where regulation globally is undergoing rapid evolution, and where EY is well positioned and qualified to support progress. The first global AI Safety Summit hosted by the UK government in November 2023, where the countries attending agreed to the Bletchley Declaration on AI safety, was an event that underlined the opportunity for the UK to lead the regulatory agenda around this emerging area.

As AI regulation continues to evolve, it's important to maintain a broad perspective on its impacts. Across the world, generative AI will undoubtedly change the way people live and work whilst providing an opportunity to boost economic opportunity and dynamism. We are excited about the potential of AI both at a societal and professional level. We are helping to drive efforts to harness the positive opportunity, whilst remaining alert to the need to ensure it is used in ethical and responsible ways. With regard to the potential impact on auditing, with more data available to inform and sharpen the focus of the audit, generative AI offers a way for us to augment, automate and scale up human expertise. Crucially, we don't see AI as a standalone solution, but as a tool to streamline routine analysis and enrich an auditor's perspectives and workflow.

Our fourth strategic theme has been **ethical behaviour and building trust** – an area becoming ever more important given the aforementioned impact of AI and the need for it to be used responsibly. Trust is the bedrock of our business and the foundation of our licence to operate. It's also key to our ability to promote and serve the public interest in everything we do. As our use of technology in audits increases, it's vital that people have confidence that we will use such emerging technology responsibly and with confidence – and doing so becomes a catalyst for us to build trust still further. Encouraging the ethical behaviour that helps to engender and grow this trust has been a consistent focus throughout the year, not least in our Culture of Audit Quality roadshows around the country.

Recognising individual contributions

I would like to close by once again recognising the performance and high-quality delivery of our EY UK audit teams in FY24, supporting our clients and society. And as I prepare to step down as EY UK Chair and Managing Partner, there are some specific people whose contributions I would like to acknowledge. At the EY Global level, I warmly welcome Janet Truncate to the role of EY Global Chair and CEO.

In the UK, I'm delighted to welcome Annie Graham as the new UK Head of Audit, succeeding Andrew Walton. My deepest thanks go to Andrew for his huge contribution during four years of great leadership, including navigating our audit business through operational separation and its increasing public interest responsibilities, whilst further embedding our culture of quality.

I would also like to say thank you and farewell to David Thorburn, who is stepping down as INE and ANE after eight years' sterling service, during which his deep insight and experience in financial service regulation has been invaluable on many occasions. Finally, a very warm welcome goes to our new non-executives (NEs) – Suzanne Raine and Sir Philip Rutnam.

Conclusion

Following what has been a very challenging year for UK professional services, I'm pleased to say that the decisions we have taken and the carefully targeted investments we've made in FY24 mean we enter FY25 well positioned for success. As well as navigating smooth senior leadership transitions – my own included – at both a UK and global level, we've continued to engage constructively with the FRC and made good progress on our strategic themes. As I approach the end of my tenure as EY UK Chair and Managing Partner, I'm confident that I leave EY UK in good shape and in safe hands.



Leadership messages



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Foreword from the EY UK Head of Audit

Introduction

As we look back over FY24, we would like to begin by thanking our people once again for the commitment and dedication they have demonstrated throughout the year. These qualities have enabled them – and EY UK as a whole – to keep delivering high-quality audits in a challenging and fast-changing environment. At the same time, we have continued to develop our audit strategy in line with our stated audit purpose of protecting the public interest and taking personal pride in audit, which aligns with our overall firm purpose of building a better working world. To achieve these objectives, our strategy is designed to deliver consistent high audit quality, give our people lifelong skills and experiences, and grow our business purposefully. In the past year we have taken various actions to deliver on this strategy – and we will now elaborate on these.

Our audit quality strategy

In setting our UK audit quality strategy for FY24, as part of our wider audit strategy, our core aim – consistent with previous years – was to achieve high-quality more consistently across all of our audits. To realise this ambition, we prioritised four key areas:

- ▶ Greater standardisation and simplification.
- ▶ More effective coaching and support.
- ▶ Rebalancing work intensity.
- ▶ Strengthening our purpose-led culture.

When it comes to audit quality, standing still is not an option, and we strive to raise the bar. This means continually evolving and adapting our audit strategy based on our own root cause analysis and the regulatory assessments we receive for our audits. It's important that audit quality is assessed holistically – and whilst the results from the FRC play a key role, there are also the findings from the Institute of Chartered Accountants in England and Wales (ICAEW) Quality Assurance Department (QAD) and our own audit quality review (AQR) process to consider.

Turning first to the FRC's results, 76% of the EY UK audits selected by the FRC for review were rated as good or needing limited improvements. Areas of good practice were identified across the audits reviewed and, for the fourth consecutive year, none required significant improvements. However, we recognise that there is – and always will be – more to do. In its Audit Quality Inspection and Supervision report on EY UK, the FRC commented: 'EY continues to focus on consistently delivering high audit quality. EY UK has identified, and taken action in, a number of priority areas where it can make improvements to achieve such consistency. In our view, these priority areas are the right ones.'

The other quality reviews of our audits published during the year were positive. The assessment by the ICAEW's QAD found that 90% of our audits inspected were rated as good/generally acceptable. And our internal FY24 cycle of audit quality reviews found that 91% of the 129 audits we inspected required no or only minor improvements.

In all of our efforts to deliver high audit quality more consistently, we take pride in the confidence that we give to the capital markets through our audit work. We also seek to foster a similar sense of pride across the profession, both in what we all stand for as auditors and in our shared commitment to serving the public interest. We have enhanced the capacity of our UK audit business by almost 400 people in the last financial year, and we continue to implement new tools, resources and training to ensure there is greater standardisation across our audits. Globally, we are applying new assurance technology capabilities, including advanced data analytics, which deliver greater levels of assurance and insights on the quality of management's financial reporting processes, whilst also driving more consistent and efficient execution of audits. You can find out more about our audit quality strategy in [Appendix 3: Audit quality and culture](#).

Addressing – and learning lessons from – reputational challenges

Whilst we have made good strides towards realising the ambitions set out in our audit quality strategy, we recognise that there are a number of investigations currently open into EY UK audits conducted some years ago. We always learn from investigations and embed change and enhancement as matters come to light – not waiting for the final outcomes of investigations. Of the FRC's 20 publicly announced investigations currently underway into UK audits, four relate to audits conducted by EY, compared to six at the same point last year. Regarding the FRC's EY audit investigations that have recently been concluded, we regret that our audit of London Capital & Finance plc fell short of the high standards expected of us and that we had not appropriately assessed the fee cap on Evraz plc as required by the Ethical Standard.

When our performance falls below our standards, we are committed to understanding the reasons and quickly remediating the issues that caused them. With this in mind, since the completion of these audits we have taken significant steps to address the shortcomings identified, including conducting root cause analysis and addressing findings through issuing additional guidance and training. We have also revised our audit quality strategy for FY25, factoring in our root cause findings, regulator insights, feedback from our people, and horizon scanning of emerging risks. And we continue to develop our data capabilities and harness the collective skills of our EY colleagues across EY UK, especially in more complex audit areas. You can read more about these actions in [Appendix 3: Audit quality and culture](#) and our [2024 UK Audit Quality Report](#).

More generally, we actively engage with the FRC in its approach to audit firm supervision, and will keep working constructively with the FRC and other stakeholders to ensure our audits deliver on our public interest role. Going forward, our commitment to keep raising the bar on audit quality will be further strengthened and supported by the new EY global strategy, 'All in' – a key part of which is an unwavering commitment to audit quality.

Strengthening the EY UK-wide ethics and our culture of quality and challenge

At the heart of everything we do are our strong purpose-led culture and ethical values orientated around delivering high-quality audits. As we noted above, strengthening our purpose-led culture of quality is one of the four key pillars of our audit quality strategy.

By way of background, in December 2023 we received three reports from the FRC. These were: The Annual Culture Assessment of EY UK; the results of an online cultural survey undertaken across the Tier 1 firms including EY UK; and the results of the same online cultural survey for EY UK specifically, with summarised key findings. We are pleased to say that, in each case, the results were largely positive.

During FY24, we have considered the reports and suggestions from the FRC, along with the results of our own internal analyses, and have developed responses in four key focus areas:

- **Moments that matter** – This centres on promoting consistency of leadership behaviour in the 'moments that matter' – in both the positive or negative sense. It could be a moment that people remember for the right reasons, for example when someone takes the time out to tell a colleague how proud they are of them. Or it could be a moment that leaves a negative impression, such as when someone reacts because they're tired or stressed and therefore doesn't behave as they should. To help our people handle both types of moments, in FY24 we have expanded our externally-facilitated, interactive ethical training programme from its initial focus on partners to cover all staff across EY UK. And we have included discussion around the 'moments that matter' within the 2024 Culture of Audit Quality roadshows agenda, with a dedicated section on how to identify those situations and consider actions to take.
- **Governance** – We have focussed our efforts on governance by enabling those charged with governance to identify, mitigate and monitor cultural and ethical risks. In FY24 we created an Audit Quality Culture Executive Committee to review the overall cultural health of our UK audit business, which will be expanded in FY25 to include monthly reporting of culture-related indicators.
- **Reward and recognition** – The link between audit quality and reward and recognition is an important one. In FY24, we have maintained our ongoing focus on assessing the quality contribution of an individual as a key determinant of their overall rating. As part of this, we have continued our existing reward and recognition initiatives, including factoring upwards

feedback for partners into their year-end performance and quality rating, keeping audit quality as a key tenet of our staff performance ratings and remuneration, and holding the annual Audit Trust Awards to recognise significant contributions to audit quality. For partners we apply financial sanctions against poor audit quality outcomes. As discussed in more detail in [Appendix 3: People, values and behaviours](#), for non-partner ranks we have adopted year-end review categories. As part of the year-end performance process, all individuals are allocated to a performance category, including for audit quality – thereby providing greater clarity on how performance is evaluated and reward is distributed.

- **Work intensity** – As we mentioned earlier in this message, we have been taking action to rebalance the work intensity that our people experience, and this has remained one of the key pillars of our FY24 audit quality strategy. The FRC's findings have been shared with the leaders of this workstream and factored into initiatives within it going forward. Rebalancing work intensity was also a major focus of our 2024 Culture of Audit Quality roadshows. One tool to help achieve this is recruiting more auditors, which we have been doing, as mentioned above. But more is needed, and we are continuing to evaluate ways to manage and rebalance how intensively our people work, including through careful management of how we allocate resources, maintaining fairness in assigning work opportunities and workloads, and using AI to augment our human auditors – an opportunity that Hywel highlights in his message.

Across all of these priorities, we have gained further guidance for our actions from our own annual audit quality culture assessment. This found that our 'cultural health score' – a measure to assess the extent to which our actual culture aligns with the desired attributes that support audit quality – stood at 90% (2023 – 96%). This result shows that EY Audit continues to have the right culture and tone to consistently deliver high-quality audits, and benchmarks favourably against the professional services industry as a whole.

Initiatives undertaken to strengthen our culture have included our continued investment in the wider aspects of ethics, our Code of Conduct, and the commitment we make to our people. Our strong focus this year on making them feel more comfortable speaking up has been supported by our Audit Non-Executives (ANEs) through their ongoing monitoring of our culture, as reported by Ruth and Tonia in their message.

Operational separation and market dynamics

After many years of internal preparations and discussions with the FRC, an important milestone in FY24 was that this was the first full year of operational separation in our business, including implementation of all the related governance structures, transfer pricing, financial reporting and resilience, and a separate Profit and Loss (P&L) for the Audit business. As a result, we have published our audit practice's financial results externally for the first time – you can read more [here](#). Alongside greater transparency, operational separation also brings us several

additional benefits, including a separate Audit Board and Remuneration Committee to provide a valuable senior board governance voice, together with a fresh mindset and perspective on our business, and arm's length transactions.

Turning to the dynamics of the audit market in FY24, we are now in the second wave of mandatory audit retendering for the FTSE 350. We are pleased to have successfully maintained our market share of publicly listed company audits throughout this process to date, and to be growing our market share among private businesses. In the context of serving the public interest, we know that declining to tender for an audit, or resigning from one, can have far-reaching consequences for the company in question and its investors. However, whilst this is a decision we would never take lightly, it is sometimes unavoidable. Whenever we approach such a choice, we always give due consideration to the public interest.

A further important focus in FY24 has been local government audits. We welcome the recent confirmation from the government about the approach to disclaiming audit opinions and resetting the audit market in the government sector. We also fully recognise the importance of government and public sector audits, which is why we stayed in this market. And we are actively working with system regulators and other stakeholders to provide a sustainable solution to the issues in this part of the audit market – you can read more about this in [Appendix 3: Public interest framework](#).

Our people and their importance to audit quality

Our ability to deliver high-quality audits is underpinned by our success in securing, training, and retaining outstanding talent. With this in mind, we'd like to restate our sincere gratitude for all the hard work our audit teams have put in this year, and the difference they make through everything they do – including standing up to management when needed, showing their deep dedication to high-quality delivery, and helping to drive continuous improvement.

As we seek to access new talent, an important development in the past year has been the changes made to immigration requirements and the raising of the minimum salary threshold for entry to the UK. This has made it harder for us – and other firms across the profession – to access talent from overseas, with knock-on effects on talent availability, resourcing and ultimately cost. Partly to help offset these effects, we intend to make greater use of offshore delivery centres to support our audits, whilst always applying appropriate safeguards and controls to ensure that quality is never compromised and that compliance with all relevant regulations is maintained.

It's also vital that we continue to attract new talent by making the audit profession one of the most appealing places to work. Whilst our purpose-led culture and inclusive workplace are key to achieving this, it is also vital that we provide our people with the skills they'll need to have long and successful careers in audit and ultimately progress to leadership roles. We invest constantly in developing all of

our people by equipping them with the skills needed to be successful auditors, through support including continual feedback, training in core audit skills like professional scepticism, and EY 'Badges' in topics such as AI and cybersecurity. All this helps to build a large and resilient leadership pipeline of Responsible Individuals (RIs). One reflection of the strength of this pipeline is that in FY24 we elevated 29 of our people to partner through internal promotions.

Whilst these actions can assist in making the audit profession more attractive to young talent, this is not something that we – or indeed the other audit firms – can achieve alone. Other stakeholders across the ecosystem, from companies to audit committees to regulators, also have a contribution to make. In our view, the government's plan to establish the ARGA provides a good opportunity to help advance the profession's status and attractiveness. We will continue to work with all relevant stakeholders to help make this happen.

Conclusion

We're delighted to report that the EY UK audit practice made good progress in FY24 across all four of the areas that underpin our ability to deliver high-quality audits more consistently. On audit quality we recognise that there is always more to do, and we will keep striving to raise the bar and strengthen our quality culture. We're proud of the progress made in FY24 in building our talent pipeline and making a career in audit at EY UK an attractive career option. If you have any questions or feedback, feel free to contact Annie at agraham2@uk.ey.com.



Leadership messages



Tonia Lovell

Independent and Audit Non-Executive, Chair of the EY UK Public Interest Board



Ruth Anderson

Independent and Audit Non-Executive, Chair of the EY UK Audit Board

Foreword from the EY UK Non-Executives

Introduction

This has been the third year of the two Boards – the Public Interest Board (PIB) and UK Audit Board (UKAB) – being in place. Both are now well established and embedded and we are satisfied that management has continued to embrace the input and challenge provided by the INEs and ANEs.

There were some new faces on both Boards in FY24 – it was the first year for both Ruth Anderson (as an EY UK INE, ANE and Chair of the UKAB) and Carl Hughes (as INE and ANE). We also said farewell to David Thorburn, who has made a huge contribution over the past eight years and will be sorely missed by all of us. As we wish David well for the future, we would also like to welcome the two new NEs who have come on board since the end of FY24. They are Suzanne Raine, who joins as an INE, and Sir Philip Rutnam, who joins as both an ANE and INE. Suzanne and Philip bring diverse and highly valuable new skills to the Boards, and as fellow NEs we are delighted to have the opportunity to work with them.

Promoting the public interest

During FY24 the PIB undertook several initiatives to promote the importance of public interest across EY UK. In response to the changes to the AFGC, the PIB oversaw the development and establishment of the new public interest framework, which you can read more about in [Appendix 3: Public interest framework](#). Going forward, the INEs will continue to monitor the application of the framework, including the objective that public interest considerations are debated thoroughly.

Throughout the year, the ANEs reinforced the importance of the public interest in maintaining high audit quality – and indeed the public interest mindset has long been promoted through the EY UK audit quality culture. Taking external market forces into account, the ANEs have confidence that audit resourcing and investment are not being impacted by the overall softer market for professional services, or by the ongoing tight availability of talent for roles as non-audit specialists supporting the audit teams.

The INEs took a close interest in how the public interest is served in the non-audit activities of the EY UK business. Each year, the PIB hears presentations from service lines on quality, performance and reputational issues. In FY24 presentations were delivered by Tax and Consulting service line leadership and additionally this year covered public interest considerations in the two service lines.

Efforts to ensure EY UK takes account of the public interest in its wider decision-making also included reporting to the PIB on matters handled by the Reputation and Conflicts Panel (RCP)¹. The INEs were impressed with the quality, diligence and thoroughness of the challenges raised throughout the RCP's process.

1. The RCP is a panel of senior leaders constituted on a case-by-case basis to enhance and complement existing engagement acceptance processes. Its role is to assess potential conflicts of interest, risk, public interest and reputational matters in order to protect trust in EY UK, its Partners and its employees.

People engagement

The revised AFGC suggests one INE should be designated as having primary responsibility for engaging with EY UK. For FY24, we chose to share this role between all the NEs, but we will keep this decision under review for future years.

Across the year we all continued to engage with EY UK employees and partners. In particular, we:

- Met with representatives of EY Voice, a forum of elected employee representatives from across EY UK.
- Hosted employee engagement sessions organised in conjunction with our Culture of Audit Quality roadshows; these were expanded to include specialists from outside the audit service line.
- Met with representatives of the Financial Services and UKI Partner Fora.
- Held regular meetings with the Head of Regulatory and Public Policy and the UK Managing Partner and Chair.

Monitoring culture

We monitor how EY UK is embedding and sustaining an appropriate culture, underpinned by sound values and behaviour across all service lines, with a particular focus on the audit practice. This year, the reporting to the PIB from the Head of Talent was expanded to include a specific focus on culture in addition to talent strategy, enhancing diversity and inclusiveness and people policies. We received regular reports on the results of various employee listening surveys, which included deep dives into the cultural aspects. Altogether, in FY24 we attended eight EY UK Culture of Audit Quality roadshows, from Aberdeen to London, which strongly emphasised the role of culture in meeting high audit quality standards.

Our monitoring of culture also included consideration of compliance with the Code of Conduct and whistleblowing process. We discussed with management whether the pressures the business is facing might be impacting behaviours and culture. We considered management's responses by reference to the number of cases raised through the speak-up processes, discussed in [Appendix 3: Managing risk](#), and reviewed the processes in place to make sure there are no adverse consequences for reporting. We are pleased that the refreshed audit quality strategy for FY25 continues to highlight the importance of our people feeling confident about speaking up.

The NEs are also pleased that EY UK established a Conduct and Ethical Oversight Committee, to raise the profile of – and embed – core conduct and ethical values, and to ensure that EY UK has appropriate processes and practices in place for addressing conduct and ethical matters. Its terms of reference bring under its remit partner disciplinary matters, issues regarding independence and speak-up provisions.

Audit practice

ANEs' role includes undertaking independent oversight of EY UK's audit quality plans, audit strategy and remuneration in the audit practice, and working to address any actual or potential risks to audit quality. Specifically this year, the ANEs were also involved in the process of appointing Annie Graham as the new EY UK Head of Audit, replacing Andrew Walton, who has provided strong and effective leadership during his four years in the role.

In line with the core aspects of its remit, the UKAB oversaw the execution of the audit quality strategy, and the development of the refresh mentioned by Andrew and Annie in their message, with a dedicated half-day strategy session. In challenging the refresh, we drew on understanding the user experience of audit services gained from our personal experiences and through our stakeholder engagement activities discussed in [Appendix 3: Stakeholder dialogue](#).

Resourcing and re-balancing work intensity in the audit practice to an appropriate level remained a permanent fixture on the ANEs' agenda. We were pleased to see positive outcomes in this respect. We introduced regular catch-up meetings with a representative from the learning team, improving our understanding of the core training available to auditors and how this supports them in their work.

In terms of assessing the resilience of the audit practice, the PIB heard a presentation on the EY UK recovery and resolution plan. We also continued to monitor the activities across EY UK and the global network for their potential to affect audit quality.

An important area mentioned by Andrew and Annie in their leadership message is local authority public sector audits, which was a major focus during the year for the UKAB. An additional ad-hoc PIB was also convened to discuss issues in this regard.

The Audit Board Remuneration Committee continued to oversee the application of the principles for setting partner pay, including ensuring that audit quality is the main driver of reward, and that audit partners are not remunerated for sales of non-audit services to the entities that we audit.

Addressing risks to the operational and financial resilience of EY UK

The NEs continue to welcome and value the openness and willingness to share information with us across all areas of the business and its strategy, enabling us to maintain effective oversight of how EY UK is addressing risks to its operational and financial resilience.

To enable us to assess the principal risks facing EY UK, the PIB received regular reports from the risk team on the board risk profile, risk trends, and the evolution of mitigating actions. We also received detailed reporting on how the financial performance and position of EY UK were being impacted by subdued economic and market conditions, including presentations to the PIB by the Chief Financial Officer (CFO). And we were briefed on and discussed the viability exercise, covering refinancing options, banking facilities, interest, and working capital.

Our increasing focus on AI included a detailed presentation to the PIB on how AI is enabling EY UK to deliver transformation both internally and in the context of client work, and on the operation of the global control environment.

We also received reporting on the review of the effectiveness of the EY UK risk management and internal control systems. Our challenges to the internal audit actions dashboard resulted in good progress on reducing the number of overdue actions.

Regulatory engagement

Another important activity for the NEs during the past year has been engaging in an open dialogue with the FRC through regular meetings. These gave us the opportunity to demonstrate to the FRC how we have added value to EY UK and to discuss the FRC's observations on EY UK. We have also received regular reports from the EY UK Head of Regulatory and Public Policy on the regulatory engagement activities.

Conclusion

During FY24, we have continued to challenge and hold EY UK management to account, with a particular focus on promoting the public interest. Ongoing engagement with EY UK employees and partners was a further key activity, fitting neatly with our monitoring of culture and of the progress made on rebalancing work intensity. Our oversight of EY UK's audit quality plans and operational and financial resilience further bolstered our confidence in the positioning and prospects of EY UK. Looking ahead to FY25, whilst maintaining our focus on audit quality, resilience and serving the public interest, we will also look to increase our emphasis on coaching and feedback, as well as on the ethical aspects of culture. We look forward to seeing how the new global 'All in' strategy is embedded, as it is not only a business strategy, but captures an attitude and way of working. To find out more, please feel free to contact any of us at eynonexecutives@uk.ey.com.



About us

About us



Legal structure, ownership and governance

Information on the governance of EY UK, including details on board and committee membership structure, among other things, is included in [Appendix 3: Governance and leadership](#).

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

EY UK is part of the EMEIA Area. Within the EMEIA Area, there are eight Regions. EY UK is part of the UK and Ireland (UK&I) Region, with the exception of its financial services practice, which is part of EMEIA FSO, which is treated as a separate region. The UK FSO leader sits on the EMEIA FSO leadership team.

Ernst & Young (EMEIA) Limited (EMEIA Limited), an English company limited by guarantee, is the principal coordinating entity for the EY member firms in the EMEIA Area. EMEIA Limited facilitates the coordination of these firms and cooperation between them, but it does not control them. EMEIA 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 \(GGC\)](#).

A holding entity, Ernst & Young Europe LLP (EY Europe), has been formed in conjunction with EMEIA Limited. EY Europe is an English limited liability partnership which, as at 28 June 2024, was owned by partners of the EY firms in the UK and the European Economic Area (EEA) and several other countries. It is an audit firm registered with the ICAEW, but it does not carry out audits or provide any professional services. EY Europe is a member firm of EYG. EY Europe acquired voting control of EY UK as of November 2008.

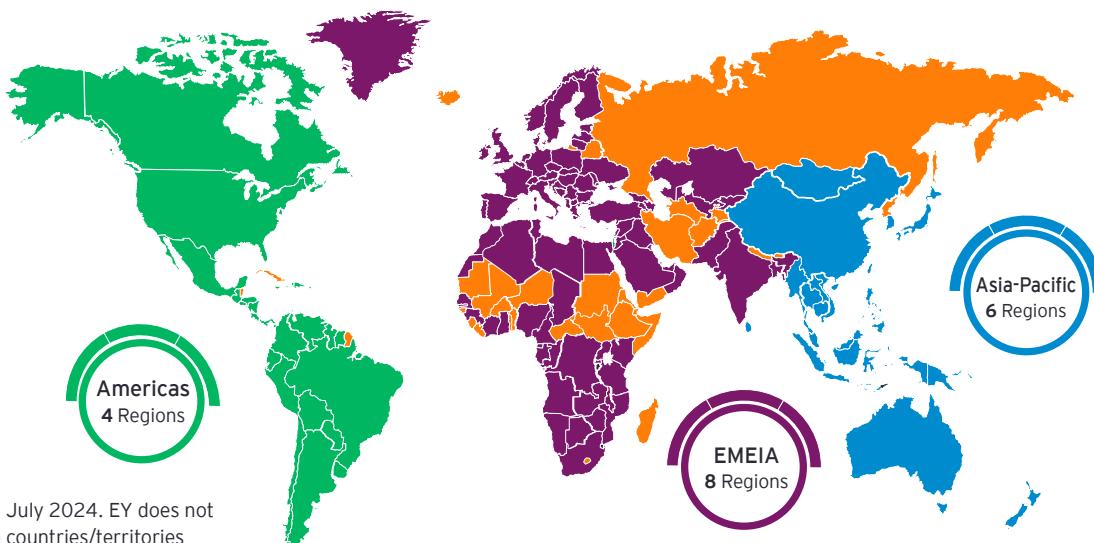
The Europe Operating Executive (EOE) of EY Europe has authority and accountability for strategy execution and management of EY Europe. The EOE comprises: the Europe Managing Partner; the Deputy Europe Managing Partner; the leaders for Markets, Talent and Risk Management; the service line leaders for Assurance, Tax, Consulting, and Strategy and Transactions; and all the European Regional Managing Partners.



Europe Governance Sub-committee

EY Europe has a Europe Governance Sub-committee, which includes one representative from each Region in Europe. It serves in an advisory role to the EOE on policies, strategies and other matters, and its approval is required for a number of significant matters, such as the appointment of the Europe Managing Partner, approval of financial reports of EY Europe, and material transactions.

EY Areas, Regions and countries*



*Figures are as of 1 July 2024. EY does not have a presence in countries/territories highlighted in orange.



Network arrangements

EY is a global leader in assurance, tax, strategy and transactions, and consulting services. Worldwide, nearly 400,000 EY people in over 145 countries share a commitment to building a better working world, united by shared values and an unwavering commitment to quality, integrity and professional scepticism. In today's global market, the seamless integrated EY approach is particularly important in providing high-quality multinational audits, which can span nearly every country in the world.

This seamless integrated approach supports EY member firms in developing and drawing upon the range and depth of experience required to perform such diverse and complex audits.

EYG coordinates the various activities of the EY 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 EY member firms worldwide. Each EY member firm is a separate legal entity. Each EY member firm's obligations and responsibilities, as a member of EYG, are governed by the regulations of EYG and various other agreements.

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

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



Global Governance Council (GGC)

The Global Governance Council (GGC) is a key governance body of EYG. It comprises one or more representative(s) from each Region, other at-large representatives from any member firm and INEs. The Regional representatives, who otherwise do not hold senior management roles, are elected

by their RPFs for a three-year term, with the ability to be reappointed for one additional three-year term. Since 1 July 2024, though, the GGC representatives of EY US are members of its elected Governing Board. The GGC advises EYG on policies, strategies, and the public interest aspects of its decision-making. The GGC approves, in some instances upon the recommendation of the Global Executive (GE), certain matters that could affect EY.



Independent Non-Executives (INEs)

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

Tonia Lovell, who is a UK INE, was appointed as a global INE in January 2023 and is currently serving her first term.



Global Executive (GE)

The Global Executive (GE) brings together EY leadership functions, service lines and geographies. It is chaired by the Chair and CEO of EYG and includes its Global Managing Partners of Client Service, Business Enablement, Growth & Innovation and Business Administration & Risk; the Area Managing Partners; the global functional leader for Talent; and the leaders of the global service lines – Assurance, Consulting, Strategy and Transactions, and Tax.

The GE also includes the Global Vice Chair – Markets, the Global Vice Chair – Strategy, the Chair of the Emerging Markets Committee, as well as a representative from the Emerging Markets.

The GE and the GGC approve nominations for the Chairman and CEO of EYG and appointments of the Global Managing Partners. The GE also ratifies appointments of Global Vice Chairs who are members of the GE. 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 EY member firms
- People initiatives, including criteria and processes for admission, evaluation, development, and reward and retirement of partners
- Quality improvement and protection programmes
- Proposals regarding regulatory matters and public policy
- Policies and guidance relating to member firms' service of international clients, business development, and markets and branding
- EY development funds and investment priorities
- EYG's annual financial reports and budgets
- GGC recommendations on certain matters

The GE is also updated regularly on priorities related to the System of Quality Management and on issues that may require their attention.

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



EY member firms

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

Above all, EY 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.

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

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



Global Practice Group

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



Creating long-term value for society

Faced with the urgent and interconnected challenges of climate change and social inequality, we believe businesses must go further, faster, to build a better working world and accelerate the transition to a new economy – one where business, people and planet thrive. This new economy will be socially just, economically inclusive and environmentally regenerative by design.

EY, as an organisation, is effecting change at scale by building alliances, forging collaboration and rallying everyone and every part of the business to take part. EY continues to focus on creating, protecting and measuring long-term value for EY people, EY clients, and society. It is by integrating all of these dimensions that EY fulfils its purpose of building a better working world.

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

As a proud participant in the United Nations Global Compact (UNGC) since 2009, EY is committed to integrating the UNGC Ten Principles and the UN Sustainable Development Goals (SDGs) into EY strategy, culture and operations. As the regulatory reporting landscape evolves, EY is preparing for sustainability reporting requirements such as those required by the EU Corporate Sustainability Reporting Directive (CSRD) and the standards of International Sustainability Standards Board (ISSB).

Among other things, this commitment to long-term value is reflected in:



Global Corporate Responsibility and Sustainability governance

The Corporate Responsibility Governance Council (CRGC) includes seven members of the GE and represents a cross-section of EY senior leaders across geographies. The CRGC coordinates the EY Global Corporate Responsibility function, which operationalises the EY Ripples programme – an EY corporate responsibility programme, which is anchored in a

long-term goal for EY to positively impact 1 billion lives by 2030 through supporting the next-generation workforce, working with impact entrepreneurs, and accelerating environmental sustainability – as well as driving greater transparency by coordinating non-financial reporting and progressing leading practices toward other sustainability programmes. The EY Global Corporate Responsibility function is led by the EY Global Corporate Responsibility Leader, who reports to a GE member and sits on the EY Global Sustainability Executive.

The EY Global Sustainability Executive includes leaders across EY service lines, sectors, industry, and geographies, who are responsible for setting the strategy around EY value-led sustainability offerings which are provided by member firms to EY clients. It is chaired by the EY Global Vice Chair – Sustainability, with representatives from across the global EY organisation including the EY Global Climate Change and Sustainability Services Leader.



EY People and Sustainability

Through training, engagement, and investment in technology tools, EY infuses sustainability across all areas of the organisation. Opportunities to engage, learn and develop are core to the EY talent proposition and vital for EY to develop and evolve services to emerging issues in ESG. The EY goal is to build expertise and sustainability fluency, whilst engaging and enabling EY people.

In FY24, EY accelerated sustainability learning across the organisation: over 3,477 Sustainability Badges were awarded to Assurance professionals – equating to over 53,129 learning hours – on the EY free-to-access, structured learning courses on sustainability including learning on climate change, the circular economy, and sustainable finance. A dedicated Sustainability and ESG learning series that targeted member firm partners, principal and director employee-level Assurance professionals attracted over 7,217 learners. Key to infusing sustainability across wider EY, over 21,855 EY Assurance professionals have completed the EY sustainability literacy programme including Sustainability Now and 4,189 have completed Sustainable Finance Now explainer courses. The EY Sustainability Masters programme is unique and free to access for EY people. A second cohort of eight EY Assurance professionals completed the Masters in 2024.

The EY culture embeds opportunities to learn, challenge and engage across the full spectrum of issues. Sustainability @ EY – an internal community of action – has more than 5,000 members.

A new internal Sustainability Leaders network engages with over 900 leaders on a monthly and quarterly basis to brief them on key developments relevant to EY capabilities and in the wider sustainability agenda and enables EY to share regional and local perspectives on how sustainability is influencing client and policy agendas. An employee-led, ground-up community of over 3,700 represent the eco-innovators of the EY organisation, opening up new avenues to challenge EY and for EY people to learn and exchange experiences on sustainability's impact on people and EY businesses.



The EY social impact ambition

Through [EY Ripples](#), EY people are devoting their time to SDG-focussed projects, bringing together the combined skills, knowledge and experience of the global EY network in pursuit of one shared vision: to positively impact 1 billion lives by 2030. In FY24 more than 168,000 EY people shared their time and skills on EY Ripples projects, positively impacting 64 million lives. Since EY Ripples launched in 2018, EY has positively impacted more than 192 million lives. So far in 2024, EY has made cash investments to the sum of US\$102 million into projects dedicated to strengthening communities, and EY people contributed 934,000 hours to a variety of initiatives and in-kind projects.

Through EY Ripples, EY collaborates with clients and shared purpose organisations on social impact initiatives on a pro-bono basis, to synergistically drive action towards the UN SDGs.

TRANSFORM, one of the flagship initiatives of EY, embodies this ethos. Led by Unilever, EY and the UK Foreign, Commonwealth and Development (FCDO), TRANSFORM unites corporates, donors, investors, and academics to help scale visionary impact enterprises across Africa, Asia and beyond. To date, TRANSFORM has funded approximately

125 projects in enterprises, across 17 countries, and over 150 EY people have volunteered to support enterprises in TRANSFORM's network.

In 2024, EY formally incorporated disaster response into the organisation's strategic priorities. This enhanced the EY methodology for assessing the disaster response impact to encompass all forms of aid, including volunteer efforts, donations and in-kind contributions.

As part of an ongoing [social impact alliance with Microsoft](#), EY continues to roll out the [Green Skills Passport](#) to unemployed youth, who are not in education or training. Pilots show that 61% of those completing the course plan to apply for green jobs and 43% plan to enrol in a university degree in sustainability or take more related classes. The Green Skills Passport is now available in ten countries, achieving 41,000+ course completions.

Impact entrepreneurs use innovative business models to bring about life-changing initiatives in local communities, but they frequently need support to deliver their programmes at scale. In FY24, EY hosted events at global forums to help forge and strengthen SDG-aligned partnerships between large companies, impact entrepreneurs and NGOs. At ChangeNOW, EY hosted an AI for Social Innovation event exploring the role of the private sector in unlocking AI for social innovation. EY also signed the Schwab Foundation for [Social Entrepreneurship Rise Ahead Pledge](#), committing to increase the EY investment in social innovation.

The equitable use of AI offers tremendous potential to create positive social change. EY is a [Building Partner with data.org](#), working with a global community of practitioners to advance the use of data in the social impact community. EY is also an active member of the [TeachAI community](#), joining Microsoft on the Advisory Board and supporting key initiatives. With Teach For All, EY has developed capacity for a network of 15,000 teachers, providing generative AI (GenAI) curriculum. As part of the [Technovation AI Forward Alliance](#), EY teams are providing mentoring and coaching to empower 25 million girls and young women through AI, coding and entrepreneurship education.



The EY decarbonisation ambition

EY remains on track to deliver on the existing decarbonisation targets, set in 2021. EY will reduce absolute emissions by 40% across Scopes 1, 2 and 3 by 2025, against an FY19 baseline, consistent with the EY 1.5°C science-based target. [A seven-point plan](#) outlined how EY would focus action by:

1. Reducing business travel emissions, with a target to achieve a 35% reduction by 2025 against the FY19 baseline
2. Reducing overall office electricity usage, and procuring 100% renewable energy for remaining needs, earning RE100 membership in 2025
3. Structuring electricity Power Purchase Agreements (PPAs) to introduce more renewable electricity than EY consumes into national grids
4. Using nature-based solutions and carbon-reduction technologies to remove from the atmosphere or offset more carbon than emitted, every year
5. Providing engagement project teams with tools that enable them to calculate, then work to reduce, the amount of carbon emitted in carrying out their work for the client
6. Requiring 75% of EY suppliers, by spend, to set science-based targets by no later than FY25
7. Investing in EY services and solutions that help clients decarbonise their businesses and provide solutions to other sustainability challenges and opportunities

The EY refreshed environmental strategy will expand the existing decarbonisation targets and nature positive practices to meet evolving market expectations and science-based standards. EY remains committed to a net zero target and is currently working on the next phase of the EY science-based decarbonisation plan. Please refer to [EY Environmental report](#) for more details.



Working with clients on sustainability

For over 20 years, EY has a proven track record of evolving its skills, services and solutions to meet client needs, whilst keeping pace with the evolving understanding of the science, and its implications for society. EY sustainability services are designed to challenge and support EY clients in seeing the bigger picture: managing risk, reducing cost and complexity,

spurring innovation, building trust and achieving measurable results.

EY combines deep sustainability and sector knowledge at a global scale, with regional and geographically relevant teams. Increasingly, EY services are examining the systems-level change needed to help EY clients create grounded plans for the near and long term.

EY teams serve clients in many ways:

- ▶ Specialist sustainability skills-led services, including nature and biodiversity, sustainability tax, financing and incentives and climate risk
- ▶ Regulatory and reporting services to support the complex and evolving requirements across multiple jurisdictions
- ▶ Strategy and transformation focussed on multi-disciplinary and sector specific sustainability led transformation, spanning strategy, operations, risk, technology, data, talent and finance
- ▶ Sustainability-infused services, where the EY wider end-to-end portfolio can respond to sustainability triggers and pathways for clients
- ▶ Climate-related reporting, including development of programmes to support non-financial reporting and disclosures of their performance in alignment with regulatory reporting requirements (e.g., Task Force on Climate-related Financial Disclosures (TCFD), CSRD, CSDDD (Corporate Sustainability Due Diligence Directive), ISSB and California Climate Corporate Data Accountability Act (CCDA)) and voluntary reporting frameworks (e.g., Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI))

Helping EY clients set ambitious goals and rigorously plan, invest and track their delivery is where EY can have the greatest impact on the transformation needed to respond to climate, nature and societal crises. EY sustainability services are provided to clients both through a dedicated teams for core ESG and sustainability challenges and through the entire range of traditional EY services.

EY services also include informing and supporting stakeholders in the development of standards including supporting the ISSB, European Financial Reporting Advisory Group (EFRAG), Taskforce on Nature-related Financial Disclosures (TNFD) and Taskforce on Climate-related Financial Disclosures.

In the UK we also publish our Impact Report, which describes the wider impact on our people, society and clients, as well as our ambitions going forward.



System of Quality Management

System of Quality Management

In 2023, the implementation of International Standard on Quality Management 1 (ISQM 1) in EY was finalised and for the first time, EY member firms evaluated their System of Quality Management and concluded on its effectiveness. ISQM 1 facilitated the implementation of a formalised system of quality management from the prior system of quality controls.

In the UK, the FRC adopted IAASB's ISQM 1 and issued the 'International Standard on Quality Management (UK) 1' in July 2021 (subsequently updated in March 2023), effective 15 December 2022 (ISQM (UK) 1), expanding the scope to include additional services and specific other requirements. References to the application of ISQM 1 for EY UK are in accordance with ISQM (UK) 1.

This year, a Global System of Quality Management Operational Leader and Global System of Quality Management Monitoring and Analysis Leader were appointed, capitalising on the implementation of ISQM 1 to help EY member firms improve quality. The Global System of Quality Management Operational Leader is focussed on further developing a robust and consistent System of Quality Management for all EY member firms to adopt with the ability for EY member firms to customise based on local considerations. The Global System of Quality Management Monitoring and Analysis Leader is focussed on understanding themes and learnings from monitoring activities to help EY member firms proactively address risks and continuously improve their System of Quality Management and audit quality.

The System of Quality Management presented here also meets the requirements of the International Standards on Quality Control (ISQC 1), issued by the International Auditing and Assurance Standards Board (IAASB). In the context of ISQM 1 and the annual evaluation of our System of Quality Management, EY UK refers to the following EY member firms performing audits or reviews of financial statements, or other assurance or related services engagements: Ernst & Young LLP.



Our role as auditors

Stakeholders need confidence in the capital markets to make important decisions that drive economic growth. Auditors play a critical role in building this confidence through their ability to validate and interpret data objectively and independently, providing the appropriate level of challenge.

In this way, audit quality plays a crucial role in creating long-term value for all stakeholders.

Providing high-quality audits has never been more important than in today's environment, due to increased global complexity, characterised by continuing globalisation, rapid movement of capital and the impact of technological changes. EY UK's reputation for providing high-quality professional audit services independently and objectively is fundamental to our success as independent auditors. We continue to invest in our System of Quality Management and to promote enhanced objectivity, independence, and professional scepticism. These are fundamental to the execution of high-quality audits. Designing, implementing and operating an effective System of Quality Management is essential to these efforts.

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

Whilst the market and stakeholders continue to demand high-quality audits, they also demand an increasingly effective and efficient way to provide audit services. EY continues to look for ways to improve the effectiveness and efficiency of its audit methodology and processes, whilst improving audit quality.

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



Designing, implementing and operating a System of Quality Management

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

ISQM 1 includes robust requirements for the governance, leadership and culture of professional accountancy firms, and requires a risk assessment process to focus the firm's attention on mitigating risks that may have an impact on engagement quality. It also requires extensive monitoring of the System of Quality Management to identify deficiencies that require implementation of corrective actions and to provide the basis for evaluating the overall effectiveness of the System of Quality Management.

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

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

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

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

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

- Evaluate policies, technologies, strategies, programmes and baseline quality objectives, quality risks and responses provided to them

- Determine if they need to be supplemented by the member firm to be appropriate for use (e.g., if the policy needs to be amended to comply with local laws and regulations or if it is necessary to translate the content into local language)

In the UK, in addition to the global baseline, we have added quality risks and quality responses to enhance and localise the System of Quality Management for EY UK, meet the requirements of the FRC and reflect laws and regulations relevant to the UK.



System of Quality Management roles

To enable the design, implementation, and operation of UK System of Quality Management, individuals are assigned to System of Quality Management roles. The individuals in these roles have the appropriate experience, knowledge, influence and authority, and sufficient time to fulfil their System of Quality Management roles and are accountable for fulfilling their responsibilities.

System of Quality Management roles and responsibilities are defined in the Global System of Quality Management policies to drive consistency in the execution of the EY UK System of Quality Management. For those individuals in EY member firm or regional leadership roles, there are accountability frameworks which outline how they will be held accountable for their System of Quality Management related responsibilities as well as other quality-focussed activities, and how the responsibilities link to their performance ratings.

Key roles within the System of Quality Management (SQM) include:

Ultimate responsibility and accountability: The Country Managing Partner is the individual assigned ultimate responsibility and accountability for the System of Quality Management including evaluating and concluding on its effectiveness. In the UK the SQM Ultimate Responsibility Committee (URC) has been established which is chaired by the UK Managing Partner, Hywel Ball, and includes the FS Managing Partner, the UK CFO and the Managing Partner, Core Business Services. The Ultimate Responsibility Committee receives a recommended Evaluation from the Operational Responsibility Committee that has been reviewed and challenged by the Oversight Committee.

Operational responsibility for the System of Quality Management: The Country Assurance Managing Partner is the individual assigned operational responsibility for the System of Quality Management. This includes overseeing

the remediation process and recommending the System of Quality Management annual evaluation conclusion to the Country Managing Partner.

EY UK has established an SQM Operational Committee which is co-chaired by the Regional Assurance Managing Partner and the Managing Partner, Risk Management.

The purpose of the SQM Operational Committee is to oversee the operational responsibility of the System of Quality Management. The SQM Operational Committee includes Service Line Quality Leaders, Quality Leaders and Functions Leaders (e.g., Independence, Risk Management, Talent, Professional Practice). Service Line Leaders oversee the conclusion.

Operational responsibility for compliance with independence requirements: The Country Independence Leader is the individual assigned operational responsibility for compliance with independence requirements. The Managing Partner, Risk Management takes accountability at the Board level.

Operational responsibility for monitoring the System of Quality Management: The Country Professional Practice Director is the individual assigned operational responsibility for monitoring the System of Quality Management in the EY firm structure. This includes overseeing the monitoring process and concurring with or proposing changes to the recommended System of Quality Management annual evaluation conclusion.

EY UK has formed an SQM Oversight Committee, chaired by the Country Professional Practice Director. The purpose of the SQM Oversight Committee is to oversee the monitoring processes and activities of the System of Quality Management. The SQM Oversight Committee includes individuals chosen for their knowledge and skills relevant to the role of the Committee including expertise in risk management, financial services, reporting accountant engagements, talent, and experience of risk and controls assessment.



Effectiveness: Annual evaluation conclusion as of 30 June 2024¹

On behalf of EY UK, the Ultimate Responsibility Committee which is chaired by the UK Managing Partner is required to evaluate the System of Quality Management on an annual basis, as of 30 June, and conclude on its effectiveness. The

evaluation process is executed annually based on the Global System of Quality Management Annual Evaluation policy.

This evaluation is based on whether EY UK's System of Quality Management provides reasonable assurance that:

- ▶ EY UK and its people are fulfilling their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and engagements are being conducted in accordance with such standards and requirements
- ▶ Reports being issued by the member firm and Partners in Charge (PICs) are appropriate in the circumstances

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

- ▶ Tests of System of Quality Management key controls.
- ▶ Internal and external engagement inspections.
- ▶ Other monitoring activities (e.g., tests of EY UK and its people's compliance with ethical requirements related to independence, evaluation of comments and findings made by external regulators relevant to the System of Quality Management, issues reported through the ethics hotline, compliance reporting, internal audits performed).

Professional judgement is used in evaluating the results of monitoring activities, including in determining whether findings, individually or in combination with other findings, rise to the level of a deficiency. Any deficiencies identified require a root cause analysis to be performed and a quality improvement plan to be developed. Further, deficiencies are evaluated to determine the severity and pervasiveness of the deficiency. If a severe deficiency was identified, a member firm would need to assess whether the effect of the deficiency was corrected, and the actions taken by 30 June 2024 were effective, in determining its System of Quality Management annual evaluation conclusion.



System of Quality Management annual evaluation conclusion as of 30 June 2024¹

The annual evaluation conclusion for EY UK as of 30 June 2024 is that the System of Quality Management provides reasonable assurance that the objectives of the System of Quality Management are being achieved.

1. Whilst the EY UK reporting period ended on 28 June 2024, the System of Quality Management is evaluated as at 30 June, to align with the rest of EY.



Components of our System of Quality Management

Components of our System of Quality Management

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

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



EY UK has designed and implemented a risk assessment process to establish quality objectives, identify and assess quality risks, and design and implement responses to address the quality risks as required by ISQM 1. The risk assessment process is executed annually based on Global System of Quality Management policies.

To drive consistency whilst providing EY member firms with an approach that is scalable and adaptable based on the facts and circumstances of the member firm, Global System of Quality Management baseline Quality Objectives, Quality Risks and Responses have been developed by representatives of EY Global Leadership (including Global Assurance Leadership) based on input from functional and service line groups at the Global, Area and Region level. Global System of Quality baselines include:

- ▶ System of Quality Management baseline Quality Objectives
- ▶ System of Quality Management baseline Quality Risks
- ▶ System of Quality Management baseline Responses
 - ▶ System of Quality Management baseline Resources (e.g., Global policies or technologies that mitigate an EY System of Quality Management baseline Quality Risk)
 - ▶ System of Quality Management baseline Key Controls to be designed and implemented to mitigate an EY System of Quality Management baseline Quality Risk

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

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

- ▶ Accepted or rejected the Global baseline Resources and Key Controls after appropriate analysis of our facts and circumstances. In the case of a rejection of Global baseline Resources and Key Controls, a preliminary discussion with the Area System of Quality Management Leadership is required.
- ▶ Together with the Area System of Quality Management Leadership, identified the level of execution of Global baseline Key Controls.
- ▶ Customised accepted Global, Area and Region baseline Key Controls for EY UK localisations.

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

In addition to reviewing the Global System of Quality Management baselines, EY UK determined if additional quality objectives, quality risks or responses were necessary.

As noted above, in EY UK we have added quality risks and responses to the EY baseline. We also customised certain baseline responses and added existing local responses to our SQM. These have been added mainly to reflect the laws, regulations and professional standards which are relevant to the UK, and also in response to an FRC SQM action plan that was issued to EY UK.



Governance and leadership



Tone at the top

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

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

The consistent stance of EY UK has been that no client or external relationship is more important than the ethics, integrity and reputation of EY.

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 programmes and internal communications. Senior leadership reinforces the importance of performing quality work, complying with professional standards, adhering to EY policies and leading by example. In addition, EY member firms assess the quality of professional services provided as a key metric in evaluating and rewarding EY professionals.

To measure the quality culture across EY member firms and provide EY UK with valuable insights into the perceptions of the culture of quality, including tone at the top, collaboration, and workload management and ethical behaviour, a Global Quality Survey was first launched in April 2023. The results of the 2024 Quality Survey were used to identify areas

where EY UK was doing well and where more actions may be required. The 2024 Quality Survey results indicate that EY people recognise that the tone at the top set by leadership demonstrates commitment to quality and that EY UK recognises and values contributions to quality.

The recognition of our strong culture of consultation, coaching and continuous quality improvement is also reflected in the results of the Quality Survey. However, the results also indicate that more still needs to be done to improve our culture around workload management.

Refer to [Appendix 3: Audit quality and culture](#) for additional details on the UK Audit Quality Survey that is also run annually.



Global Code of Conduct

We promote a culture of integrity among EY professionals as well as those working with EY. 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 people. The EY Global Code of Conduct is divided into five categories:

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

Through our procedures to support compliance with the EY Global Code of Conduct and through frequent communications, we strive to create an environment that encourages all EY people to act responsibly, including reporting misconduct without fear of retaliation. Overall, the results of the March 2024 employee listening survey, the People Pulse Survey, indicated that participants felt they could meet expectations whilst maintaining ethics and integrity and believe decisions made by leaders are consistent with the EY values and Code of Conduct.



Accountability frameworks

The accountability frameworks of EY are a set of policies and frameworks that put quality into action and outline how EY partners, principals, associate partners, executive directors, managing directors, directors and leaders will be held accountable for their System of Quality Management-related responsibilities as well as other quality-focussed activities and how the responsibilities link to their performance ratings.

The global accountability framework is applicable to all EY partners, principals, associate partners, executive directors, managing directors and directors no matter their role, service line or location. There is an Assurance-specific framework which supplements the global accountability framework, referenced above. In addition, two incremental accountability frameworks cover individuals in leadership roles at the member firm and regional levels, which are applicable for all service lines and functional leadership roles.

All the accountability frameworks set clear expectations for quality to maintain the confidence that external stakeholders place in EY. The frameworks outline criteria for ensuring an individual's quality rating is appropriately considered in their performance rating.



Relevant ethical and legal requirements



Compliance with the Global Code of Conduct

The EY Global Code of Conduct provides guidance about EY actions and business conduct. EY UK complies with

applicable laws and regulations, and EY values underpin our commitment to doing the right thing. This important commitment is supported by several policies and procedures, explained in the paragraphs below.



Independence

Compliance with relevant ethical requirements, including independence, is a key element of the System of Quality Management. It involves determining that we are independent in fact, as well as appearance. The ethical requirements relevant to EY audits and professional services are included in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code). We also comply with local ethical requirements or codes in the jurisdiction of EY audits and professional services. Refer to the Independence Practices section for information on policies, tools and processes relating to maintaining independence.



Non-compliance with laws and regulations (NOCLAR)

In accordance with the International Ethics Standards Board for Accountants (IESBA) Code, EY has adopted a policy designed to meet its obligations with respect to non-compliance with applicable laws and regulations (NOCLAR). The policy covers obligations with respect to non-compliant activity by clients or EY people, as relevant to their respective business activities.

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



Whistleblowing

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

When a report comes into the EY Ethics Hotline, either by phone or internet, it receives prompt attention by the member firm's ethics team. Depending on the content of the report, appropriate individuals from Risk Management, Talent or other functions are also involved in addressing the report.

Additionally in EY UK, the Culture Shift™ Report & Support tool complements the existing suite of reporting options for anyone who has experienced or witnessed behaviours they believe are unacceptable and do not align with EY's values.



Academic integrity

EY provides EY people with a comprehensive programme of learning to support quality and professional development. Academic integrity is foundational to that programme. EY UK supports our people in engaging meaningfully with the learning programme and makes clear that there will be consequences for any breach of academic integrity.



Anti-bribery

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



Insider trading

EY people are obliged to comply with applicable laws and regulations regarding insider trading, including the UK Market Abuse Regulation (UK MAR). This means EY people are prohibited from trading in securities whilst in possession of material non-public information, known as "inside information".

The EY Global Insider Trading Policy reaffirms the obligation of EY people not to trade in securities when in possession of inside information, provides detail on what constitutes inside information and identifies with whom EY people should consult if they have questions regarding their responsibilities. Furthermore, we have UK-specific guidance and tools to support our people in complying with the requirements of UK MAR, specifically around confidentiality arrangements for inside information and compliance with the firm's regulatory obligations.



Economic and Trade Sanctions

It is important that EY member firms and EY people comply with the ever-changing rules with respect to international Economic and Trade Sanctions. EY monitors Sanctions issued in multiple geographies both prior to business relationships being accepted and as they continue. Guidance is provided to EY people on impacted relationships and activities.



Anti-money laundering (AML)

EY UK is classified as an obliged entity under applicable anti-money laundering (AML) regulations. Consistent with the EY global guidance on AML, EY UK has implemented policies and procedures designed to meet these obligations, including Know Your Client (KYC) procedures, risk assessments and suspicious activity reporting. EY people are trained on their responsibilities under the regulations and provided guidance on who to consult when they have questions.



Data protection and confidentiality

The EY Binding Corporate Rules Programme and related EY policies set out principles and minimum standards to be applied to the collection, use and protection of all information that EY has responsibility for, including personal data relating to current, past and prospective EY professionals, clients, suppliers and business associates, as well as other information considered confidential to clients, third parties or the EY organisation. This policy is consistent with the requirements of the European Union General Data Protection Regulation (GDPR), UK GDPR, and other applicable laws and regulations concerning data protection and privacy in addition to relevant professional standards providing a framework for confidentiality. EY member firms, through local policy, may further strengthen applicable protections due under local law. The EY Binding Corporate Rules are approved by UK and EU regulators, and further provide a legal mechanism facilitating the movement of personal data within the EY network.



Rotation and long association

EY UK complies with the audit partner rotation requirements of the IESBA Code, the FRC's Revised Ethical Standard (ES) 2019 as well as the U.S. Securities and Exchange Commission (SEC), where required. EY UK supports audit partner rotation because it provides a fresh perspective and promotes independence from company management, whilst retaining experience and knowledge of the business. Audit partner rotation, combined with independence requirements and independent audit oversight, helps strengthen independence and objectivity, and is an important safeguard of audit quality.

For UK PIEs, the FRC's ES requires the lead engagement partner and other audit partners who make key decisions or judgements on matters significant to the audit, (together, the "Key Audit Partners (KAPs)), to be rotated after five years. For an existing audited entity which becomes a UK PIE, (including a newly-listed company), KAPs may remain in

place for an additional two years before rotating off the team if they have served the entity for four or more years prior to the entity becoming a PIE. The engagement quality reviewer is required to be rotated after seven years.

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

Where audited entities are subject to long association and rotation requirements that are more stringent than those promulgated by the FRC, these are adhered to accordingly.

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

We employ tools to effectively monitor compliance with internal rotation, and requirements for audit partners and other senior EY professionals who have had a long association with the audited entity.

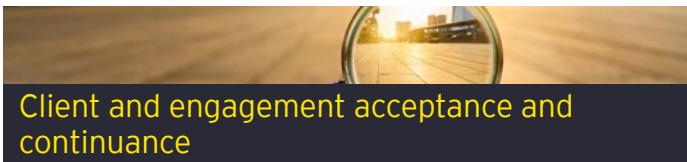
There is also a process for rotation planning and decision-making that involves consultation with, and approvals by, our Professional Practice and Independence professionals.



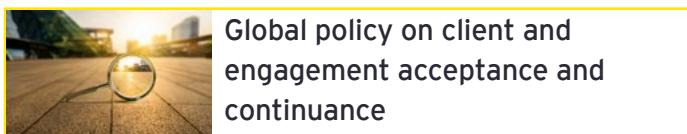
External rotation

For UK PIEs, we comply with the external audit firm rotation requirements of Sections 491 and 491A of the Companies Act 2006, and the FRC's Revised ES 2019.

As part of EY UK's ISQM1 framework, there are responses (notably processes and related controls) in place to trigger the advance identification of mandatory firm rotation dates. Communication relating to these deadlines with relevant engagement teams will trigger appropriate communication with entities.



Client and engagement acceptance and continuance



Global policy on client and engagement acceptance and continuance

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

The objectives of the policy are to:

- Establish a rigorous process for evaluating risk and making decisions on whether to accept or continue clients or engagements
- Meet applicable independence requirements
- Identify and deal appropriately with any conflicts of interest
- Identify clients or engagements that pose heightened risk
- Highlight clients or engagements that are inconsistent with EY values
- Require consultation with designated EY professionals to identify additional risk management procedures for specific high-risk factors
- Comply with legal, regulatory and professional requirements
- Determine that the intended engagement is within the EY Service Framework and does not involve a prohibited service

In addition, the EY global policy on conflicts of interest defines global standards for addressing categories of potential conflicts of interest and a process for identifying them. It also includes provisions aimed at mitigating

potential conflicts of interest as quickly and efficiently as possible, using appropriate safeguards. Such safeguards may include obtaining client consent to act for another party where a conflict of interest may exist, establishing separate engagement teams to act for two or more parties, implementing appropriate separations between engagement teams or declining an engagement to avoid an identified conflict.

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



Putting policy into practice

We use the EY Process for Acceptance of Clients and Engagements (PACE), an intranet-based system, for coordinating client and engagement acceptance and continuance activities in line with global, service line and EY 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. PACE is an example of technological resources made available to EY member firms across the globe with the aim of driving consistency.

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

As part of this process, we consider the risk characteristics of a prospective client or engagement, and the results of due diligence procedures. Before taking on a new client or engagement, we also determine whether we can commit sufficient and appropriate resources to provide quality services, especially in highly technical areas, and if the services the client is requesting are appropriate for us to provide. The approval process provides that new audit engagements may not be accepted without an approval by representatives from Professional Practice Director (PPD) and Assurance Managing Partner (AMP) teams at a Country, Region and Area level, as applicable.

In the EY annual client and engagement continuance process, we evaluate our services and ability to continue providing a quality service. The engagement partner, together with our Assurance leadership, annually evaluates the relationship with the entities we provide audit or assurance services to determine whether continuance is appropriate.

As a result of this evaluation, certain audit engagements are identified as requiring additional oversight procedures during the audit (close monitoring), and some audit relationships are discontinued, after due consideration of our public interest responsibilities. As with the client and engagement acceptance process, depending on the risk factors, our Regional and Area PPD and AMP are involved in the continuance process and should agree for the continuance to occur.



Engagement performance

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



The Role of Technology

The EY investment in technology is building on the strength of the existing leading-edge audit technology suite – integrating advanced technologies under one seamless platform whilst driving transformation by harnessing:

- ▶ Next-generation data access capabilities and advanced analytics
- ▶ AI at scale
- ▶ An elevated user experience

In 2024, EY released a further 25 new Assurance technology capabilities, supported by an expanded alliance with Microsoft, bringing the total to 45 releases during the first half of this four-year programme. These releases are deployed across EY and include globally scaled AI. These AI-enabled capabilities – leveraging publicly available and EY-generated data – are directly, seamlessly integrated with EY Canvas to support EY Assurance professionals in assessing risk. EY is also introducing new AI-enabled capabilities in

predictive analytics; content search and summarisation; and document intelligence, including financial statement tie-out procedures.

Spotlight on driving quality through technology

Next-generation data access capabilities and advanced analytics

Advanced data capabilities help to drive quality by supporting the analysis of entire data populations – supporting data-driven auditing that is embedded into methodology. The EY global analytics suite (EY Helix) already supports the use of mature analytics throughout the audit – allowing EY teams to drill down on the right data at the right time and better understand the audited company and its risk landscape. By further integrating advanced analytics directly into the workflow of EY Canvas, EY sets a strong foundation to expand the use of AI at scale and significantly elevates user experience. Enhancing data capture and analysis capabilities helps to provide further confidence in a high-quality audit by widening the range of data used to obtain audit evidence, including both disaggregated and non-financial data.

AI at scale

AI at scale and other intelligent capabilities help to drive quality by standardising processes and leveraging data to provide risk guidance and relevant recommendations to EY teams. Existing smart automation capabilities, such as EY Intelligent Checklists and EY Financial Statement Tie-out, automate and enhance routine audit activities, which helps efforts to be refocussed on higher-risk areas. Looking ahead, guided workflow and other enhancements will take this to the next level, using the knowledge and learnings of other EY teams to support deeper risk focus and continued confidence in a high-quality audit.

An elevated user experience

A leading-class experience helps to drive quality by facilitating highly integrated and consistently executed audits worldwide. EY Canvas sits at the centre of the audit experience today, supporting effective coordination, consistent documentation and easier collaboration between EY teams and companies around the world. Integrating a guided workflow, data and knowledge under a single platform empowers EY teams to access all the capabilities involved in providing high-quality audits, whilst also empowering company users with new features to better understand the status of the audit.

Quality at the core of technology development

The efforts of EY to provide this next-generation Assurance technology platform are consolidated under a global transformation programme. This programme includes standardised protocols that are adhered to with regard to technology concept creation, development and deployment. Multiple stakeholders are involved in this effort, including global and Area representatives from Professional Practice, the Global Assurance Quality Network and EY Technology.

New Assurance technology concepts are presented to a global committee of these stakeholders for evaluation based on several benefit criteria including quality, value for EY professionals and value for EY clients. If the committee believes that a concept lacks sufficient attributes under these and other criteria, the concept is rejected or adjustments are made, and the concept is re-presented to the committee.

Robust testing throughout the development cycle, including with end users, is a prerequisite for the release of any audit technology. The Assurance technology is then presented for release to global Assurance service line leadership once this extensive testing, including piloting, is completed, feedback is evaluated and incorporated, and the necessary certification is complete.

Technology-enabled methodology

Companies are leveraging technology to develop new systems and processes for business management, as well as analysing more data to inform business decisions. This trend is facilitating a more data analysis-driven and risk-based approach to the audit, which means that full populations of data can be analysed and focuses the auditor's attention on the complete transaction flow and process.

The embedded data-driven approach of the EY Global Audit Methodology (EY GAM) enhances the auditor's preliminary risk assessment and helps enable the auditor to challenge those conclusions throughout the various phases of the audit. The auditor can reassess risk based on what is identified in the data, which creates an audit flow that is iterative in nature.

Addressing the risk of technology over-reliance

EY has procedures, policies, and enablement in place to encourage the responsible use of audit tools and technology, including AI-enabled technologies, and to mitigate the risk of

over-reliance by the audit professional. In addition, EY GAM emphasises applying appropriate professional scepticism in the execution of audit procedures. The design of EY audit tools and technology, including AI-enabled technology, is intended to provide support for the audit team's procedures to address risks of material misstatement, but not replace the important role of the professional in applying their experience and judgement to reach a conclusion.



Emerging risks

Both traditional and emerging risks can have an impact on financial statements, and the auditor's approach should continuously evolve to address both types of risks. Emerging risks include changing macroeconomic and geopolitical conditions, evolving client use of technology (such as AI), cybersecurity risks, climate risks and event-specific client developments. We continue to develop tools to enhance our ability to monitor and address emerging risks in the audit portfolio. Audit teams may also involve specialists to address areas of emerging risk, including specialists in ESG, cybersecurity or AI.



Auditor's responsibility to detect fraud

As organisations become increasingly complex and more digital dependent, there is a need to enhance the auditor's efforts to identify and respond to risks of material misstatement due to fraud, as well as the auditor's response to identified or suspected fraud. EY is committed to addressing stakeholders' questions about the auditor's responsibilities with respect to fraud.

EY sees new opportunities to leverage data to identify and respond to the risk of fraudulent financial reporting. For example, auditors increasingly use data analytics to identify unusual transactions and their patterns that could indicate a heightened risk of fraud. There are EY tools and processes being developed that help EY teams identify and respond to the risk of material fraud. These include:

- ▶ **Document Authenticity Tool**, which tests for alterations to selected electronic documents using a variety of techniques and helps to identify when a document provided as audit evidence may have been altered, tampered with or modified.

- ▶ **Journal Entry Fraud Risk Analyser (JEFRA)**, which tests each journal entry selected for characteristics associated with an elevated risk of management override and identifies entries for incremental consideration.
- ▶ **Short seller report alert process**, which monitors and distributes reports globally to audit teams and leadership.
- ▶ **Adverse media searches**, which identify articles indicative of fraud or non-compliance risk. Selected articles are distributed internally for further consideration.
- ▶ **Enhanced forensics metrics**, which use data to identify indicators of elevated risk of fraud based on application of machine learning techniques to historical financial statement data sets, providing audit teams with the ability to enhance their assessment of fraud risks through specific account-level focus.



Reviews of audit work

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

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

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

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



Consultation requirements

EY consultation policies are built upon a culture of collaboration, whereby EY audit professionals are encouraged to share perspectives on complex accounting, auditing and reporting issues. In the 2024 Quality Survey, 86% of respondents said the EY culture of collaboration encourages them to seek advice and support.

As the environment in which EY member firms work has become more complex and globally connected, the EY culture of consultation has become even more important to help EY member firms reach the appropriate conclusions for entities that they audit on a timely basis. Consultation requirements and related policies are designed to involve the right resources, so that audit teams reach appropriate conclusions.

The EY culture of consultation supports audit teams in providing seamless, consistent and high-quality services that meet the needs of audited entities, their governance bodies and all stakeholders.

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

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



Engagement quality reviews

EY engagement quality review policies, which are in accordance with ISQM 2, *Engagement Quality Reviews*, address the audits that are subject to engagement quality reviews and the qualifications of engagement quality reviewers, with training and enablement supporting the execution of the engagement quality review. Engagement quality reviewers are experienced EY professionals with significant subject-matter knowledge. They are independent of the engagement team and provide an objective evaluation of the significant judgement the engagement team made, and the conclusions reached thereon. The performance of an engagement quality review, however, does not reduce the responsibilities of the PIC for the engagement and its performance. In no circumstances may the responsibility of the engagement quality reviewer be delegated to another individual.

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

Engagement quality reviews are performed by audit partners in compliance with professional standards for audits of listed entities and UK PIEs, as well as certain other companies (including those considered to need close monitoring). The Country AMP (or Country Audit Leader) and Country PPD approve the assignment of the engagement quality reviewer to each applicable engagement.



Engagement team resolution process for differences of professional opinion

EY has a culture that encourages and expects EY people to speak up, without fear of reprisal, if a difference of professional opinion arises or if they are uncomfortable about a matter relating to an engagement. Policies and procedures are designed to empower members of an audit

engagement team to raise any disagreements relating to significant accounting, auditing or reporting matters.

The nature of the EY culture is made clear to people as they join an EY member firm, 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, EY policies require that they refer it to the next level of authority until an agreement is reached or a final decision is made, including consultation with Professional Practice if required.

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

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



Records retention

The Records and Information Retention and Disposition Global Policy supports and builds upon provisions within the EY Global Code of Conduct regarding acting with professional integrity in terms of documenting work and respecting intellectual capital. This policy and the Global Retention Schedule (GRS) establish records and information management (RIM) requirements for the management of records and information and documents ("records and information") throughout their life cycle including the requirement to securely discard or delete records for which the retention period has expired, unless special and acceptable circumstances apply. This policy, the GRS and RIM requirements are in accordance with applicable professional standards and are based on regulatory, legal, and business requirements and obligations. They apply to all engagements and EY people, and address UK legal requirements applicable to the creation and maintenance of working papers relevant to the work performed.



Resources

There is continued EY investment in resources. Resources defined by ISQM1 include intellectual, technological and human resources.



Audit methodology

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

When relevant data is available and extracted from the entity into EY Helix global analytics suite, the embedded data-driven approach of EY GAM focuses on simplifying tasks and improving connection from one audit procedure to the next by leveraging full populations of entity data. The ability to analyse disaggregated data using EY Helix enhances audit teams' understanding of the entity's business, and helps teams focus on the identification of entity-specific risks, key transactions and trends and anomalies that may be indicators of misstatement or fraud. Audit procedures, including risk assessment and substantive procedures, start with a data-first mindset, by analysing relevant financial and non-financial data and supplementing this with traditional audit techniques such as inquiries, observations and inspection.

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

EY GAM specifically distinguishes the requirements and guidance that apply to audits of listed entities and PIs.

EY continues to develop the methodology, guidance and associated enablement to address changes and revisions in auditing and other professional standards and changes within entities' financial reporting processes, and to enhance guidance related to matters that are important to entities' stakeholders, such as climate-related risks, cybersecurity risk and the entity's use of emerging technologies within its operations or financial reporting processes (e.g., automation, AI, blockchain). EY audit engagement teams are provided methodology, guidance and resources to identify and respond to unique risks arising from macroeconomic and geopolitical conditions, climate-related matters, cybersecurity risk and technology disruption.

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

Recently, EY GAM was updated for the requirements of International Standards on Auditing (ISA) 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)* and revisions to the International Ethics Standards Board for Accountants' Code of Ethics to address independence considerations in a group audit. In EY UK these updates have been supplemented for the requirements of ISA (UK) 600 (Revised September 2022) *Special Considerations – Audits of Group Financial Statements (Including The Work of Component Auditors)*. A suite of enablement to implement the revised requirements was issued.

In addition, current and emerging developments are monitored, and timely audit planning and execution communications are issued along with updates to EY Atlas where necessary. These communications emphasise areas

noted during inspections as well as other key topics of interest to local audit regulators and the International Forum of Independent Audit Regulators (IFIAR).



Non-financial reporting

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

The methodology emphasises applying appropriate professional scepticism in the execution of procedures reflective of the changing landscape in ESG reporting and criteria. EY SAM is based on the International Standards on Assurance Engagements (ISAEs).

As part of our and other EY member firms' obligation for high-quality assurance services related to non-financial reporting, EY has developed guidance, training and monitoring programmes and processes used by EY member firm professionals to execute such services consistently and effectively. This includes the EY Climate Change and Sustainability Services – a dedicated team of sustainability professionals – who work on an increasingly integrated basis with our audit teams to the benefit of both our financial and non-financial assurance services.

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

There is continued EY investment in resources (human, intellectual and technological) for assurance engagements on sustainability reporting prepared in compliance with IFRS Sustainability Disclosure Standards or the European Sustainability Reporting Standards (ESRS).

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

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



Certification of technology

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

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



Diversity, equity and inclusiveness (DE&I)

The EY long-standing commitment to building high-performing, diverse, equitable and inclusive teams is especially important in audit, where diverse perspectives drive professional scepticism and critical thinking. A more diverse, equitable and inclusive environment helps drive better decision-making, stimulates innovation, and increases organisational agility.

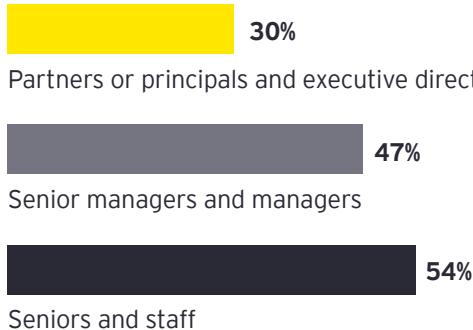
The EY DE&I journey has been ongoing for many years. Whilst substantial progress has been made under the global strategy, EY remains focussed on DE&I throughout the organisation. The GE has made a commitment to EY people

and the market to accelerate DE&I through signing the [GE DE&I Statement](#). This reinforces that DE&I is a key business lever, and holds EY member firms accountable for progress, starting with the tone at the top.

There has been a particular focus on promoting gender diversity over recent years. 37% of new audit EY member firm partners around the globe promoted on 1 July 2024 were women, and a strong pipeline of female leadership has been built, supported by 52.8% of all audit hires by EY member firms across the globe in 2024 being female (47.5% for EY UK).

Information about EY UK workforce diversity can be found in our Impact Report.

Audit professionals by rank that are women*



*As of 1 July 2024 (Global EY organisation)

Inclusive organisations maximise the power of all differences. Employees need to feel they are working for an organisation that not only values them as individuals and their contributions, but also sees differences as strengths. Fostering this sense of belonging is critical to helping EY attract the most talented individuals and helping EY professionals stay motivated and engaged. In the March 2024 employee listening survey (People Pulse Survey), 82% of EY auditors (also 82% in EY UK) said the EY organisation provides a work environment where they feel free to be themselves.

Leaders across EY make DE&I a priority and it is a key metric across all the organisation's talent management programmes. To enable greater accountability, the Global DE&I Progress Report is a key tool used to drive consistent actions and reporting across EY, in support of the ambition and strategy of EY. We continue to see collective progress across the organisation, as well as see areas where we can focus efforts and close gaps to ensure EY people have access to inclusive, equitable experiences.

As a global organisation, EY has an opportunity to address the impact of inequities and injustice and push for progress within EY and beyond. The creation of the EY Global Social Equity Task Force (GSET) heightened the commitment to an elevated and ongoing focus on social equity, which is about clearing obstacles, building more inclusive environments, and enabling access to resources and opportunities. Social equity means that we aim for each person at EY UK to have access to the resources and opportunities they need, given different starting points. It also means removing barriers to opportunities and inclusive experiences, that may lead to inequitable outcomes. EY believes businesses have direct influence to address these gaps and build a better working world, through teaming, inclusive behaviour, and the equitable assignment of work, as well as how performance evaluation, advancement and appointment decisions are made.

EY's values are guiding principles that shape our culture, behaviour and decisions. Our values define who we are:

Our values: who we are

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



Employee value proposition (EVP)

The EY employee value proposition (EVP) is the promise we make to our employees in return for working at EY UK. The EY workforce is changing continually, and we are in a dynamic and competitive talent market, where EY people now want different things from their workplace. What we promise in our EVP matters more than ever.

As part of the new EY strategy, the EVP has been updated to reflect that every employee can "shape your future with confidence." This signals a step change from enabling an exceptional EY experience to providing the opportunities to develop, empower and fuel extraordinary EY people.

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



Attracting and recruiting talent

In a world with a decreasing talent pipeline in accounting and audit, where the number of students graduating with a relevant degree continues to decline, competition for talent with the optimal skill set has never been higher. Finding the next generation of high-quality auditors remains a top priority for EY. This is also a top priority for several professional accounting bodies, highlighting this is a factor the profession as a whole needs to work together to address.

EY retains a strong global network of recruiters and continues to educate and upskill them regarding the key areas of focus for EY businesses, current trends and hot topics in assurance so that they are armed with the information to talk to candidates. EY is also exploring several recruitment innovation platforms and talent attraction initiatives with the purpose of networking with new and diverse audiences that EY didn't have the opportunity to connect with via the traditional channels, and of innovating in the ways EY communicates with and attracts its future talent.

For example, work is being done to develop an audit virtual work experience programme, with the support of an external vendor. This programme is designed primarily for university and college students who are at early stages of their studies and are looking to explore future career paths. The purpose of this programme is to connect with students and showcase the work EY teams do in audit across the globe, in a direct and informal way, with the aim of building a network with our future talent from the early stages in their academic journey. Students taking this virtual job simulation are more likely to apply, have an interview and be successful in securing an opportunity in EY audit teams.

EY has now embedded AI to source and identify talent, enabling candidates to upload their CV and help them find potential opportunities across EY. AI is used to help screen CVs, enabling recruiters to accelerate the review and interview process offering an overall better candidate experience, and better-quality candidates to fill the vacancies faster.

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



Retention and focus on wellbeing

Having recruited the talent, retaining it within the organisation is a key contributor in providing high-quality audits. Retention can vary based on external drivers, such as market conditions, but at 78% in June 2024, the global audit retention rate for EY is at a higher level than before the COVID-19 pandemic (88.3% for EY UK).

EY people have always wanted to achieve the right balance between their professional and personal lives, but the younger workforce generations are much quicker to take action if their desired level of flexibility or wellbeing is not met. Currently, 36% of EY auditors now work remotely two or more days per week, a figure that is stabilising as a working norm.

An increasingly important talent priority has been a focus on wellbeing and improving the day-to-day experience of EY people. The overarching goal is to embed a wellbeing culture through the commitment of leadership to provide the financial, physical, emotional and social support that enables EY people to be the best they can be. This can manifest itself in the provision of flexible working arrangements, recognition programmes, mental health awareness and wellbeing, learning and development, plus much more.

In practice, this also includes equitably balancing work allocations and breaking down barriers that have previously prevented EY professionals from setting and adhering to healthy boundaries. There is a stronger focus on experience management, scheduling auditors onto engagements, where they can find opportunities to expand their knowledge as part of longer-term career progression. 71% of EY auditors globally (59% for EY UK) agree that work experiences needed for career progression are assigned equitably, according to the March 2024 employee listening survey People Pulse Survey.

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



The Audit Academy

Changing environments mean that investments in exceptional talent need to be agile. Audit teams already bring together an increasingly diverse set of skills and this trend will only

accelerate as new technologies are adopted and the role of the audit professional continues to evolve. Skill sets will need to be further enhanced to encompass new competencies, such as coding and data visualisation, and new areas, such as the analysis of non-financial information (for example, rapidly changing ESG standards).

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

This is addressed through the Audit Academy, the EY global learning programme for auditors. It builds auditors' core skill sets and evolves over time, for example to complement those core skills with the new capabilities needed to support the EY Digital Audit. Every year, the content and focus of the Audit Academy is adjusted to address new technologies and strategic priorities that promote audit quality. In addition, inspection and quality review findings are reviewed regularly to assess and address root causes, and the conclusions are then fed into the Audit Academy curriculum as part of the annual maintenance. Any recommended changes are agreed with Assurance leadership, and then approved by the EY Global Assurance Learning Steering Committee.

Teams can be sure that they are receiving leading-class and globally consistent core learning. The Audit Academy encourages and empowers individuals to apply professional scepticism, think critically and provide exceptional client service. It creates an agile skillset that allows learners to adjust to changes in regulation, adoption of emerging technologies or the use of new data analytics tools and techniques.

The Audit Academy is designed to provide flexibility in deployment, through a blend of on-demand content and simulation or case study-based learning that can be deployed either physically or virtually.

EY UK requires audit professionals to obtain at least 40 hours of continuing professional education each year. Of these hours, a minimum of one hour on ethics is required to equip our people with the knowledge and confidence to demonstrate high standards of ethical conduct in their professional roles. Furthermore, 40% (16 hours each year) must cover technical subjects related to accounting and auditing.

Refer to [Appendix 3: People, values and behaviours](#) for more information on professional development.

In total, during the financial year to 30 June 2024, EY audit professionals globally undertook 9.1m hours of learning (compared with 8.8m hours for the previous year), averaging 89.7 hours each, well in excess of the minimum requirements. Whilst some of these incremental hours relate to technical accounting and auditing subject matter, others support the development of broader skills, such as those described in the next section. In the 2024 Quality Survey, 84% of respondents said they received sufficient training and development to enable them to provide quality audits or other assurance engagements, up 5% from 2023.

Refer to [Appendix 3: Audit quality and culture – Metrics on investment in audit quality \(training\)](#) for information on the hours of learning undertaken by EY UK audit professionals.



EY Badges and Partner Learning

In addition to audit specific learning, EY provides a broad curriculum of content. This covers legal, ethical and compliance related topics (such as independence, values and information security), as well as other skills such as wellbeing, coaching, counselling, teaming, and business development. To encourage the building of new skills, the EY Badges programme enables EY professionals to gain future-focussed skills including robotic process automation, teaming, innovation and cybersecurity, as well as other capabilities that are in high demand, such as AI and sustainability. EY Badges is a self-directed learning initiative that supplements a substantial programme of core structured training for auditors.

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

As of 30 June 2024, over 53,500 EY Badges had been awarded to current EY audit professionals, including 15,500 in analytics and data strategy alone. In addition, more than 31,000 EY Badges have been awarded to people who have since left EY.

There are also a variety of learning programmes that have been developed specifically for EY member firm partners. These are available to all EY member firm partners worldwide and cover topics including AI, Inspirational Leadership, Disruptive Technology, and Sustainability. These are supplemented by high-touch, immersive programmes

for selected groups of partners on topics such as Client Leadership and Disruptive Technology, and there are also regular learning programmes on audit-specific topics such as risk assessment and fraud.



Personalised careers with diverse experiences

As the workforce becomes more diverse in terms of background, skill sets, experiences and education, EY member firms are implementing more flexible career paths for all EY professionals.

Offering an agile and flexible career path that includes acceleration for the highest performers is vital in attracting new, diverse talent and in helping to develop and retain the existing workforce.

Promotions aim to focus on EY people's skills, not the number of years in a post. For example, promotion decisions are moving away from a traditional annual cycle as EY introduces more "agile promotions," where career progression takes place when an individual is ready, and there is a business need, rather than at set times in the year.

Recognising, however, that individuals often have different career expectations, EY people are provided the necessary tools and processes to manage their own progression their way. As evidence, in the 2024 Quality Survey, 90% of participants said that any relevant learning is encouraged as part of their career development to enable them to provide quality audits and other assurance services, up 2% from 2023.

Refer to [Appendix 3: Audit quality and culture – Metrics on investment in audit quality \(training\)](#) for information on the hours of learning undertaken by EY UK audit professionals.



Mobility

One of the most powerful experiences EY member firms can offer their people is to work across cultures and borders. We know that people join EY for exceptional and diverse experiences, with 89% of EY member firms' new hires in EY Assurance being motivated by joining a highly globally integrated organisation.

EY member firms provide a variety of on-demand mobility solutions and programmes. The global mobility platform, Mobility4U, provides EY professionals with a single point

of entry to undertake opportunities worldwide that provide a developmental experience and facilitate the sharing of specific knowledge and skills. In parallel there is a focus on strategic mobility programmes for member firm partners and future leaders, which support key business imperatives.

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

A recent analysis of the return on investment in mobility showed that international experience increased retention (+15%) and positively impacted career opportunities. 95% of mobility assignees reported a positive impact on career one year post assignment, 93% of assignees said their international assignment experience was exceptional and 97% would recommend an EY mobility assignment.



Performance management

The EY performance management framework, LEAD, supports EY people's careers, inspires their growth and recognises the value they bring to EY UK. Through defined global and local key performance indicators (KPIs), ongoing feedback, counsellor insights and conversations, LEAD helps align individuals with the EY strategy and enables a focus on the future. An individual's dashboard provides a view of their year-to-date feedback and comments about their engagement performance, including feedback related to quality, risk management and technical excellence. At year-end, individuals receive an outcome, called a category, based on aggregated feedback, progress against KPIs and contributions to EY via counsellor and leader insights. The category serves as one input to compensation and reward programmes.

At the centre of the framework are conversations between counselee and counsellor, covering topics such as feedback, career aspirations, creating an inclusive and equitable environment and pursuing learning and new experiences. These conversations help to identify opportunities for further development and to build future-focussed skills.

The performance management framework extends to partners, principals, executive directors and directors (PPEDDs), and applies to all EY member firms around the world. It reinforces the global business agenda by continuing to link performance to wider goals and values. The process

includes goal setting, ongoing feedback, personal development planning and an annual performance review, all tied to partners' recognition and reward. Documenting PPEDDs' goals and performance is the cornerstone of the evaluation process. An EY member firm partner's goals are required to reflect various global and local priorities across six metrics, the most important being quality.



Engagement

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

Engagement levels are regularly monitored through a variety of channels, and the March 2024 EY employee listening survey People Pulse Survey showed that 75% of audit professionals (73% for EY UK) had a favourable attitude in terms of engagement (down 1% from 2023 for EY UK).

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

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

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

EY Assurance runs an initiative known as "Global Voices" which unites up to 200 high-performing junior assurance professionals from across the world and all sub-service

lines. Its purpose is to empower and engage the EY member firms' workforces by seeking their feedback on a wide range of topics of strategic importance, to broaden leadership perspectives. Leadership teams are increasingly engaged and motivated to understand the group's perspectives on business-critical challenges like talent retention, technology and innovation and ESG and societal impact.



Knowledge and internal communications

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

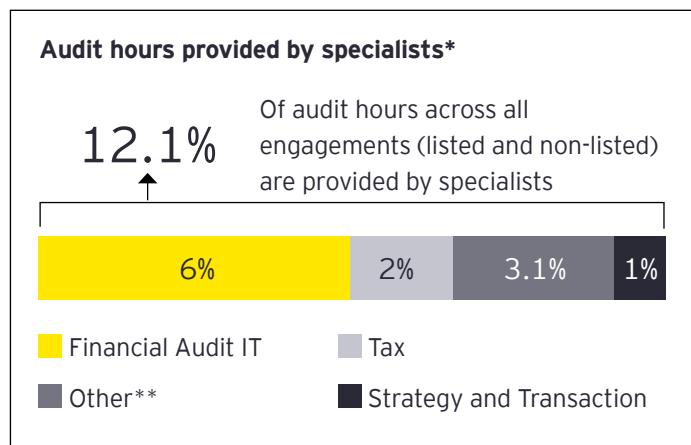
- ▶ EY Atlas, which includes local and international accounting and auditing standards, as well as interpretive guidance
- ▶ Publications such as International GAAP, IFRS developments and illustrative financial statements
- ▶ Global Accounting and Auditing News – a weekly update covering assurance and independence policies, developments from standard-setters and regulators, as well as internal commentary thereon
- ▶ Practice alerts and webcasts, covering a range of global and country-specific matters, designed for continuous improvement in EY member firms' Assurance practices



Formation of audit engagement teams

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

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



EY UK's policies require the approval of the assignment of individuals to specific audit roles by our UK Assurance leadership and UK PPD (or delegate). This is carried out, among other things, to make sure that the EY professionals leading audits possess the appropriate competencies (e.g., the knowledge, skills, abilities) and licences to fulfil their engagement responsibilities, and, when applicable, are in compliance with auditor rotation regulations.

Service delivery centres

Global Delivery Services (GDS) is an integrated network of EY service delivery centres that provide services to support EY member firms. In an era of unprecedented change, GDS continues to develop flexible business models and innovative ways to support other EY member firms and their evolving needs. Across all disciplines, GDS teams combine broad

technical knowledge with a focus on innovation, automation and process improvement to create hundreds of customised and scalable services that provide greater value for the EY organisation. As part of its audit transformation journey, EY Assurance services plan to increase their use of specialised teams to drive higher-quality outcomes, including GDS.

There are several onshore Delivery Centres of Excellence (COEs) integrated within EY UK, where it is proved effective to perform certain types of audit work (e.g., our pension testing centre), and to support audit teams in other ways including obtaining company data for audit purposes, and performing certain administrative tasks integral to the audit process.



Information and communication

The information and communication component focuses on obtaining, generating or using information and communicating relevant and reliable information, to enable the design, implementation and operation of the System of Quality Management. The quality objectives within the component address the effective two-way communication between:

- ▶ EY people
- ▶ Member firms within the EY network
- ▶ External parties
- ▶ Service providers

Effective two-way communication is essential to the operation of the System of Quality Management and the performance of audit engagements. The Global System of Quality Management policy provides the requirements for EY member firms to communicate internally and externally about the EY member firm's System of Quality Management. EY has a culture that encourages and expects EY people to communicate relevant and reliable information to the EY member firms to enable the System of Quality Management.



System of Quality Management monitoring and remediation

The System of Quality Management monitoring and remediation process is the cornerstone of the EY process to monitor the System of Quality Management, including audit quality. The objectives of EY UK's System of Quality Management monitoring and remediation process are to:

- ▶ Provide relevant, reliable and timely information about the design, implementation and operation of EY UK's System of Quality Management
- ▶ Provide a basis for the identification of deficiencies
- ▶ Take appropriate actions to respond to any identified deficiencies

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

System of Quality Management monitoring activities include evaluating:

- ▶ Tests of System of Quality Management key controls
- ▶ Internal and external engagement inspections
- ▶ Other monitoring activities, for example (and not exhaustive):
 - ▶ Tests of EY UK and its people's compliance with ethical requirements related to independence
 - ▶ Review of quality criticisms and quality positive observations made by external regulators relevant to the System of Quality Management
 - ▶ Review of issues referred from the EY Ethics Hotline
 - ▶ Results of internal audit reports
 - ▶ Results of staff surveys

The monitoring and remediation process is executed annually based on the Global System of Quality Management Monitoring and Remediation policy, which is a global intellectual resource provided to drive consistency in the execution of the EY UK's System of Quality Management. The monitoring and remediation process is coordinated and monitored by representatives of Region, Area and Global Professional Practice Director (Global PPD), with oversight by Region, Area, and Global Assurance leadership.



Tests of System of Quality Management key controls

System of Quality Management key controls have been designed and implemented to mitigate quality risks.

The objective of performing tests of System of Quality Management key controls within the EY UK's System of Quality Management includes determining whether the System of Quality Management key controls:

- ▶ Were designed, implemented and operated in accordance with Control Owner's understanding and documentation thereof
- ▶ Were operated on a timely basis by the Control Owner/Control Operator specified in the design of the System of Quality Management key control
- ▶ Resulted in the timely resolution of any matters identified
- ▶ Were based on reliable information (i.e., information used in the performance of the System of Quality Management key control is complete and accurate, if applicable)

Individuals testing the System of Quality Management key controls are competent, objective and independent of the control owners and control operators. The individual Control Owners and Operators and individuals in SQM leadership roles are approved by the SQM URC. This is a key control in our SQM baseline. Individuals testing System of Quality Management key controls operate under the independent direction of the ISQM 1 leadership. Results are reported to the Operational Responsibility Committee and Oversight Committee and consulted with PPD where appropriate. The Oversight Committee is overseen by the UK PPD Lead. A sample was subject to review by UK Internal Audit.

In addition to controls that exist at the EY member firm level, there may be controls within EY UK's System of Quality Management that are designed, implemented and operated at Region, Area or Global level. For example, global functions and service lines provide policies (e.g., EY Global Audit Methodology) and technologies (e.g., EY Canvas, PACE) to EY member firms. Global functions and service lines have controls over the development and maintenance of these resources. These controls form part of an EY member firm's System of Quality Management, and EY UK remains responsible for determining how those controls are used in its System of Quality Management, including any actions necessary to implement or supplement such controls.

The testing of these controls is performed at the Region, Area, or Global level, as relevant.

The approach to testing of controls at the Region, Area and Global level follows the same requirements and guidance set out in the Global System of Quality Management Monitoring and Remediation policy. Prior to testing starting, information is provided to the EY member firms which includes an overview of the controls to be tested, the approach to testing, and information about who will be performing testing, including how to allow an EY member firm to assess their competence and objectivity. For example, testing over global controls is performed by individuals independent of the control owners and operators under the supervision of the Global System of Quality Management Monitoring and Analysis Leader.

Information about the results of testing is also shared with the EY member firms through Results of Monitoring Activities memos and through other information (written and verbal) about the design, implementation, and operation of global key controls. EY UK obtains and evaluates the communicated information provided by the Region, Area or Global, as relevant, including evaluating whether there are findings relevant to the EY member firms' System of Quality Management.



Audit quality reviews (AQR)

EY UK executes the Global AQR programme, reports results and develops responsive action plans. The Global AQR programme involves inspection of completed audit engagements. It is a monitoring activity complying with the requirements and guidelines in the ISQM 1 and is supplemented, where necessary, to comply with EY UK professional standards and regulatory requirements. It also aids EY UK's ongoing efforts to identify areas where we can improve our performance or enhance our policies and procedures.

Audit quality reviews include the inspection of at least one completed engagement for each partner in charge, on a three-year cyclical basis, including elements of unpredictability. The engagements reviewed each year are selected on a risk-based approach covering a cross-section of EY UK's auditing practice. The Global AQR programme includes detailed risk-focussed file reviews covering a sample of listed and non-listed audit engagements, and PIEs and non-PIEs, to measure compliance with internal policies

and procedures; EY GAM requirements; and relevant local professional standards and regulatory requirements. It also includes reviews of a sample of non-audit assurance engagements performed by audit teams. These measure compliance with the relevant professional standards, and internal policies and procedures that should be applied in executing non-audit assurance services.

The Global AQR programme also informs us of our compliance with regulatory requirements, professional standards, and policies and procedures.

AQR reviewers and team leaders are selected for their skills and professional competence in accounting and auditing, and their industry specialisation. Audit reviewers are supported by other specialists, such as FAIT (IT audit), TARAS (tax), Forensics or Digital or other technical (e.g., sector or subject matter) for the review team to possess sufficient relevant knowledge and experience to conduct an effective AQR. Team leaders and reviewers are independent of the engagements and teams they are reviewing and are normally assigned to inspections outside of their home location.

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

The results of the AQR and OAQR processes are summarised globally (including for Areas and Regions), along with any key areas where the results indicate that continued improvements are required. Measures to resolve audit quality matters noted from the Global AQR programme, external quality assurance reviews and peer reviews are addressed by Assurance leadership and our PPD. These programmes provide important practice monitoring feedback for our System of Quality Management.

We provide additional detail of this monitoring in [Appendix 3: Audit quality and culture](#).



External quality assurance reviews

The EY UK audit practice is subject to inspection by the FRC and the ICAEW's QAD. As part of the inspections, the regulators evaluate quality control systems and review selected engagements.

The FRC is a member of International Forum of Independent Audit Regulators (IFIAR) and accordingly, the inspection results are submitted for inclusion in the annual IFIAR survey where appropriate.

The EY UK audit practice is also subject to inspection by the US Public Company Accounting Oversight Board (PCAOB).

The last quality assurance inspection by the PCAOB took place in 2024. We await the issuance of the PCAOB report.

The last quality assurance inspection by the FRC and ICAEW's QAD took place in FY24. Details of each of these are discussed in [Appendix 3: Audit quality and culture](#).

We respect and benefit from the regulators' inspection processes. We thoroughly evaluate the points raised during the inspection to identify areas where we can improve audit quality and the relevance to the System of Quality Management. Engagements with significant findings and certain other engagements are subject to root cause analysis (see next section). Together with the AQR process, external inspections provide valuable insights into the quality of EY audits. These insights help us to effectively execute high-quality audits.

Refer to [Appendix 3: Audit quality and culture](#) for further details of the latest inspections and findings

Engagement-level root cause analysis and action plans

Engagement-level root cause analysis is a central part of the EY UK's System of Quality Management, providing an in-depth assessment of the root causes that underlie an engagement's negative inspection outcome. In addition, positive quality outcomes are also analysed to understand the behaviours demonstrated on those engagements and to determine how those behaviours can be replicated and promoted across EY UK to continuously improve engagement quality. The findings of each root cause are analysed in detail. This process enables a better understanding of the drivers behind both positive and negative outcomes. It also allows us to focus on key behaviours that drive positive and high-quality results, a process that is fundamental to continuous improvement.

In conjunction with the performance of engagement-level root cause, EY member firms are responsible for assessing whether the matters are indicative of pervasive issues in their

System of Quality Management and developing responsive action plans for remediation.



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

Findings are information about the design, implementation and operation of the System of Quality Management which indicate that one or more deficiencies may exist. Findings are accumulated from the performance of monitoring activities at the member firm, Region, Area, or Global level. EY UK evaluates each finding or aggregation of findings considering the relative importance of the finding(s) to determine whether a deficiency exists. Potential findings are reviewed and concluded upon by the SQM Operational Committee and then challenged by the SQM Oversight Committee.

If any deficiencies are identified, analysis is undertaken to determine the root cause, assess the severity and pervasiveness of the deficiency, and develop responsive quality improvement actions.

In addition to the governance reviews carried out in the UK, representatives from Area and Global Professional Practice and Assurance leadership teams meet on a regular basis to review the results of the monitoring activities and the assessment of findings and deficiencies, in order to drive consistency in the application of the framework for identifying and assessing findings and evaluating deficiencies and performing root cause as described in the Global System of Quality Management Monitoring and Remediation policy.



System of Quality Management Quality Improvement Plans

For any identified deficiencies, EY UK quality improvement plans are developed, setting out actions:

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

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



Infrastructure
supporting
quality

Infrastructure supporting quality



Strategy

All in is the EY global strategy and ambition to shape the future with confidence and drive purposeful growth, together. The world's organisations and EY clients face more complex and inter-connected issues than ever before, and through **All in**, EY is helping EY stakeholders anticipate and navigate these challenges and opportunities – so they can shape the world, not be shaped by it. The global strategy will create new value for EY stakeholders and cement the EY organisation's position as a leader in professional services. Meanwhile, the EY purpose of *Building a better working world* continues to inspire EY people to use EY knowledge, skills and experiences to support the communities in which they live and work.

EY Assurance services has also embarked on a multi-year journey of bold changes across audit teams, processes and technology. Through this transformation, EY continues to harness the inherent strengths of its EY members firms' greatest asset – EY people. By enhancing their skills and experiences, whilst also transforming the way EY teams work (guided by intuitive methodology and tailored enablement and putting data and technology at the centre of the assurance services they provide), they better deliver on the EY purpose.

There is EY investment of more than US\$1b in next-generation Assurance technology as part of its continued commitment to providing high-quality audits. This investment is building on the strength of the existing leading-edge audit technology suite whilst also harnessing next-generation data-access capabilities and advanced analytics, AI at scale and an elevated user experience. Through a data-driven approach, enabled by the transformation and integration of digital technology capabilities, EY teams will continue to provide high-quality audits with independence, integrity, objectivity and professional scepticism.

AI at scale and other intelligent capabilities will help to drive quality by standardising processes and leveraging data to provide risk guidance and relevant recommendations to EY teams. EY member firms remain future-focussed as they transform, including ever-more sophisticated data analytics and efficiently delivering greater insight in support of the high-quality audits that are valued by the entities that EY

member firms audit and the capital markets. By applying leading-edge technologies, EY Assurance services teams will contribute meaningfully to the overall EY purpose of building a better working world.



Global Assurance Quality Network



The Global Assurance Quality Network and the Global Professional Practice Group (GPPG) work in tandem to support the delivery of quality audits. Supporting these two functions, additional quality focus is driven by:

- ▶ The Global System of Quality Management network
- ▶ Quality leaders within the non-Assurance service lines

The EY Global Assurance Quality Network is a group of senior Assurance leaders around the world who support EY member firm engagement teams and practice leaders in the execution of high-quality audits.

The Global Assurance Quality Network (the Network) is instrumental in serving as:

- ▶ Experienced change agents who effectively communicate changes coming and the rationale behind the changes, and positively influence behaviours
- ▶ Dedicated methodology leaders who can guide engagement teams in their execution of audit strategies and answer technical questions
- ▶ Risk management leaders who can oversee audit portfolios and remain alert to signs of execution or client risk, and positively intervene when necessary

- Operational drivers who can enforce policies and support the System of Quality Management through activities such as monitoring adherences to pacing milestones, monitoring the level of executive involvement and assessing partner workloads, and eliminating optionality to drive global consistency.

The Global Assurance Quality Network drives a focus on audit quality through:

Monitoring Audit Quality Indicators (AQIs)

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

Supported by strong global integration of tools, practices and policies, country-specific data is accumulated monthly on a variety of topics. The AQIs include both leading and lagging quality-related indicators and include metrics related to inspection results, audit pacing/execution and resource demands/workforce planning. Each AQI is measured against established geographically specific and global targets, with outliers requiring an evaluation and remediation plan. The AQIs are also aligned to the EY accountability framework to reinforce priorities for the country leadership network and are subject to an annual review to help ensure they remain relevant and responsive to quality initiatives.

Examples of EY AQIs include:

- Internal and external inspection results
- Adherence to engagement pacing milestones and executive involvement
- Actual vs. planned headcount
- Completeness of longer-term workforce planning/audit scheduling

The global AQI dashboard helps to inform the leadership at all levels of the EY organisation about whether actions are having the intended effect, and provides an early warning where intervention is warranted, helping improve audit quality.

We provide details of some AQIs in [Appendix 3: Audit quality and culture](#).

Monitoring adherence to pacing milestones

Effective project management helps audit teams to stay focussed on the risks that matter most across the audit cycle, better balancing the workload by allocating the right amount of time to complete the right tasks and involving executives in a timely way.

Milestones set completion due dates for important phases of the audit, and when used effectively, Milestones help to avoid time compression during the peak busy season. A well-paced, well-organised audit can result in a less stressful work environment. Teams that work collaboratively to set a manageable pace for the audit by tackling issues and clearing review notes in real time report higher morale overall, as well as a sense of personal ownership and accomplishment for the individual auditor.

Additionally, project management encourages auditors to be more thoughtful and intentional at every stage of the audit, accelerating learning and development as well as creating a more meaningful experience along the way. The focus on project management in the global audit platform, EY Canvas, is powered by the Milestones programme. Facilitated through dashboards in EY Canvas and the EY Canvas Reporting Hub, Milestones breaks the audit cycle down into specific tasks, with dates and steps designed to help achieve timely completion, and appropriate supervision and review. Adherence to Milestones is monitored via AQIs, and the intervention with audit teams when Milestones are not achieved is an element of the System of Quality Management of EY.

Usage of EY Canvas Client Portal requests

EY Canvas allows EY teams to send clients requests for documents used to support the audit or for work to be performed by internal audit, as permitted by local laws and regulations. Clients work on the requests, upload documents and respond by using EY Canvas Client Portal. Clients can see requests that have been assigned to them or to the group(s) of which they are a member (e.g., accounting, payroll or internal audit). EY Canvas Client Portal also has several features available to assist them with project management.

Designing and providing in-flight coaching

More than 1,500 engagements a year receive some form of coaching under a globally provided programme. This coaching is principally directed at those areas where there have been more pervasive inspection findings as well as those areas impacted by new or revised auditing standards.

Coaching can be directed at audit teams utilising new technology and automated tools and techniques to evaluate the proficiency with which the engagement teams are utilising the technology. In the 2024 Global Quality Survey, 80% of respondents said they receive timely on-the-job coaching and feedback.

Observations from these coaching engagements are discussed with the audit teams and for items identified of more significance, local representatives from the Global Assurance Quality Network assist engagement teams in addressing the observations prior to the issuance of the auditor's report.

Additional coaching initiatives in EY UK are discussed in [Appendix 3: Audit quality and culture](#).

Designing and deploying enablement for new technology

Working with technology product owners and the GPPG, the Global Assurance Quality Network designs and deploys enablement to assist audit teams in utilising the automated tools and techniques as designed. This enablement is deployed to engagement teams and supported in local practices by the respective representatives of the quality network.

The enablement is designed to be intuitive and easily consumable (e.g., short videos) whilst bridging the technology with methodology, thus explaining the audit rationale behind the technology. Through the Global Assurance Quality Network's working relationship with the technology leadership team and the GPPG, the mandatory usage of certain automated tools and techniques is agreed on prior to release.

Designing and deploying enablement to address new or revised auditing standards and methodology enhancements

Working with the GPPG and other stakeholders, the Global Assurance Quality Network works to develop and deploy enablement to support the adoption of new or revised auditing standards as well as enhancements made to EY GAM.

Over the past year, significant focus was placed on implementing ISA 600 (Revised) Audits of Group Financial Statements (Including the Work of Component Auditors) and changes made to the EY engagement risk assessment process. For these initiatives, specific classroom learning was developed and deployed, and enhanced functionality was built into EY Canvas to facilitate a guided workflow for executing an engagement risk assessment and local methodology networks activated to support engagement teams on the ground.



Professional Practice

The GPPG is a worldwide network of dedicated technical subject-matter professionals in corporate reporting and assurance standards who consult on accounting, auditing and financial and non-financial reporting matters. They also perform various quality management oversight and monitoring roles, and risk management activities.

The GPPG develops accounting and auditing guidance, learning and quality oversight policies used by the EY network, and the tools and enablement used by EY audit professionals to execute audits consistently and effectively.

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

The Global PPD oversees the development of EY GAM and related audit policies and technologies so that they are consistent with relevant professional standards and regulatory requirements. The GPPG also oversees the development of the guidance, training and monitoring programmes, and processes used by audit professionals to execute audits consistently and effectively. Additionally, the GPPG develops accounting and auditing guidance to respond to event-specific issues such as geopolitical conflicts and economic volatility.

The Global, Area, Regional and Country PPDs, together with other professionals who work with them in each member firm are readily accessible for consultation with audit teams.

Additional resources often augment the GPPG, including professionals focussed on:

- ▶ Internal-control reporting and related aspects of EY GAM
- ▶ Accounting, auditing and risk issues for specific topics, industries and sectors
- ▶ General engagement matters and how to work effectively with those charged with governance

Further, the Country PPD has operational responsibility for monitoring the System of Quality Management of the member firm. This includes concurring with or proposing changes to the recommended System of Quality Management annual evaluation conclusion. The System of Quality Management monitoring process is coordinated and monitored by representatives of the GPPG.

As described above, the Country PPD also has responsibility for reviewing the results of AQR and external inspections, as well as the associated RCA, and for agreeing to the actions taken to resolve audit quality matters identified. The PPD also liaises with regulators on firm registration, inspections, and enforcement matters.



Risk Management

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

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

The Global RM Leader is responsible for establishing a globally consistent risk management framework around the globe and enabling the EY member firms to manage risk across the EY organisation.

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

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

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

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

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



Cybersecurity

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

The EY approach to cybersecurity is proactive and includes the implementation of technologies and processes necessary to manage and minimise cybersecurity risks around the globe. EY information security and data protection programmes, consistent with industry practices and applicable legal requirements, are designed to protect and defend against unauthorised access to systems and data. There is a dedicated team of cybersecurity specialists, who constantly monitor EY systems and respond to cyber-attacks globally.

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

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



Independence practices

Independence practices

The EY Global Independence Policy requires EY UK and our people to comply with the independence standards applicable to specific engagements, (e.g., the IESBA Code). In the UK, the requirements of the FRC's Ethical Standard are incorporated with the EY Global Independence Policy into the EY UK & Ireland Independence Policy.

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

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

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

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



Global Independence System (GIS)

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

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



Global Monitoring System (GMS)

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

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



Independence compliance

EY processes and programmes are aimed at enabling and monitoring the compliance with independence requirements of EY member firms and their people. These include the following activities, programmes and processes.

Independence confirmation

Annually, EY UK 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 client-serving professionals at the ranks of manager through partner, and certain others based on role or function, are required to confirm compliance with independence policies and procedures quarterly. In addition, all EY professionals are required to confirm compliance with the EY Global Code of Conduct and independence policies and procedures annually.

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 entities that EY member firms audit and financial relationships of EY member firms.

During FY24, EY UK's independence practices have been subject to internal review by EY UK Internal Audit.

Personal independence compliance testing (PICT)

Each year, the EY Global Independence team establishes a programme for personal independence compliance testing (PICT), which is an audit of an individual's compliance with the requirement to report financial interests in GMS. As part of the PICT, the selected individuals will provide account statements and other documentation of their financial interests, which are then compared to information reported in GMS as of the relevant period being tested to determine if there are unreported interests and relationships. Any unreported interests or relationships are evaluated with consequences assigned as deemed appropriate. For the 2024 testing cycle, EY UK tested more than 920 partners and other professionals.



Non-audit services

EY enables and monitors compliance with professional standards, laws and regulations governing the provision of non-audit services to audited entities through a variety of mechanisms. The enablement includes the use of tools, such as PACE, GIS, and the Service Offering Reference Tool (SORT), and training. The monitoring includes required procedures completed during the performance of audits and internal inspection processes, such as the Global Compliance Engagement Testing. There is also a process in place for the review and approval by Independence professionals of certain non-audit services in advance of accepting the engagement.



Global independence learning

EY develops and deploys independence learning programmes for EY people. All EY client-facing professionals, and certain other professionals based on role or function, are required to participate in annual independence learning to help maintain independence from the entities EY member firms' audit.

The goal is to help EY people understand their responsibilities 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 carrying out an audit.

The annual independence learning programme covers independence requirements, focussing 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.

EY UK supplements this programme with local content to cover local independence requirements under the FRC's ES that differs from the EY Global Independence Policy.

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

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



Business Relationships Independence Data Gathering and Evaluation (BRIDGE)



Service Offering Reference Tool (SORT)

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

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

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

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

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



Audit committees and oversight of independence

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



Revenue and remuneration

Revenue and remuneration



Financial information

Revenue represents combined, not consolidated, revenues, and includes expenses billed to clients, and revenues related to billings to other EY member firms. Revenue amounts disclosed in this report include revenues from both entities we audit and non-audit clients.

Revenue is presented in accordance with Article 13, The Transparency Report, Statutory Audit Regulation (Regulation EU) No 537/2014), as amended by the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit).

Regulations 2019 and includes revenues from:

- ▶ The statutory audit of accounts of UK PIEs, and separately members of groups of undertakings whose parent undertaking is a UK PIE
- ▶ The statutory audit of accounts of other entities
- ▶ Permitted non-audit services to entities audited by the statutory auditor
- ▶ Non-audit services to other entities

Financial information for the period ended on 28 June 2024 expressed in £million

Service	FY24		FY23 ^{1,2}	
	Revenue	Per cent	Revenue	Per cent
Statutory audits and directly related services for UK PIEs	266	7%	217	6%
Statutory audits and directly related services for entities whose parent is a UK PIE	58	2%	56	1%
Other audit services and directly related services for non-UK PIEs	513	14%	464	13%
Total audit revenues	837	23%	737	20%
Non-audit services provided to entities we audit	179	5%	160	4%
Total revenues from entities we audit	1,016	28%	897	24%
Non-audit services provided to other entities	2,651	71%	2,773	75%
<i>Total revenue from the Channel Islands excluded from the categories above</i>	34	1%	29	1%
Total revenue	3,701	100%	3,699	100%

The Local Audit Transparency Instrument requires disclosure of the turnover in the financial period of the local auditor in relation to performing local audit work as defined by the instrument. For EY UK, this revenue totals £20 million (FY23: £17 million). A list of major Local Audits is included in [Appendix 8](#).

1. FY24 revenues represent a 52-week accounting period and FY23 revenues represent a 52-week accounting period. The revenue figures stated above have not been prepared on an IFRS basis.
2. Fee income in FY23 was revised down by £56m to reflect a reclassification between revenue and client expenses. There is no impact on net revenue, profit or balance sheet. This is in line with the same adjustment recorded in the EY LLP statutory accounts for the year ended 28 June 2024.

Financial information for the separated audit practice for the period ended on 28 June 2024 expressed in £million

Operationally separated audit practice	FY24
Gross revenue	934
Expenses and disbursements on assignments	(52)
Net revenue	882
Other income	14
Revenue	896
Staff costs	(357)
Other operating charges	(397)
Operating profit attributable to the audit practice	142
Finance income (expense)	(6)
UK audit practice profit	136

Basis of preparation

- ▶ We have produced a separate profit and loss account for the audit practice which is prepared on a consistent basis with the firm's published statutory financial statements. This is required to be published for the first time this year in accordance with the Principle 20 of the Principles for Operational Separation issued by the FRC. The separate profit and loss account reflects transactions between the audit practice and the rest of the firm conducted on an 'arms-length' basis (Principle 15) and overhead absorption on an equitable basis (Principle 16).
- ▶ Adjustments have been made to allocate overheads, the basis for these allocations reference the most appropriate basis such as FTE, occupancy or revenue.
- ▶ The definition of what constitutes the audit practice under operational separation is a decision made by each firm. The EY UK audit practice is defined as the Audit sub service line in our management structure. The audit practice routinely procures audit support from experts outside of the audit ringfence in areas such as tax, valuations and technology and also delivers permitted non-audit services.
- ▶ The profit and loss account includes the total revenue generated by professionals within the audit practice. It also includes revenues generated by others in the firm providing services to audit clients where engagements are led by the audit practice, which are then treated as costs in the other operating charges line.



Partner remuneration

Quality is at the centre of the EY strategy and is a key component of EY performance management systems. EY UK partners¹ are evaluated and compensated based on criteria that include specific quality and risk management indicators. Equally, when EY UK partners do not adhere to quality standards, remedial actions are taken. These may include performance monitoring, compensation adjustment, additional training, additional supervision or reassignment – or, in instances of repeated or particularly serious non-compliance, separation from EY.

Please see the Accountability Frameworks section of this report to better understand how the frameworks outline criteria for measuring alignment between an individual's overall performance rating and their quality rating.

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

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

- ▶ Providing technical excellence

- ▶ Living the EY values as demonstrated by behaviours and attitude
- ▶ Demonstrating knowledge of, and leadership in, quality and risk management
- ▶ Complying with policies and procedures
- ▶ Complying with laws, regulations and professional duties

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

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

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

- ▶ Experience
- ▶ Role and responsibility
- ▶ Long-term potential

1. When not capitalised, references to the term "partner" in this report for EY UK in FY24 relate only to members of Ernst & Young LLP. A list of members' names is available for inspection at 1 More London Place, London, SE1 2AF, the principal place of business of EY UK and its registered office and at Companies House [<https://www.gov.uk/get-information-about-a-company>] under the registration number OC300001.



Appendix 1: List of UK PIE companies we audit

Appendix 1: List of UK PIEs audited by EY UK



UK PIE companies audited by EY UK

In the period 1 July 2023 to 28 June 2024, EY UK performed audits of the following UK PIEs:

4imprint Group plc	CLS Holdings plc
Aetna Insurance Company Limited	Clydesdale Bank PLC
Ahli United Bank (UK) PLC	Coats Group plc
Al Rayan Bank Plc	Coca-Cola Europacific Partners plc
Allica Bank Limited	Co-operative Group Holdings (2011) Limited
Artesian Finance II plc	Co-operative Group Limited
Artesian Finance III plc	Coutts & Company
ASA International Group plc	D A S Legal Expenses Insurance Company Limited
Ashoka India Equity Investment Trust plc	DB UK Bank Limited
Ashoka WhiteOak Emerging Markets Trust Plc	De La Rue plc ¹
Aspen Insurance UK Limited	DS Smith Plc
Associated British Foods plc	Edinburgh Worldwide Investment Trust plc
Assura plc	Endurance Worldwide Insurance Limited
Aston Martin Lagonda Global Holdings plc	Energean plc
Astrenksa Insurance Limited	F&C Investment Trust PLC
AXA XL Insurance Company UK Limited	Fidelity Asian Values PLC
Baillie Gifford China Growth Trust Plc	Fidelity China Special Situations PLC
Baillie Gifford Japan Trust Public Limited Company (THE)	Fidelity European Trust Plc
Baillie Gifford UK Growth Trust plc	Fidelity Japan Trust PLC
Bank Mandiri (Europe) Limited	Fidelity Special Values PLC
Bank of Georgia Group PLC	Finance for Residential Social Housing Plc ¹
Bank of London and The Middle East plc	Financial Guaranty UK Limited ¹
Bank Sepah International plc	Flood Re Limited ¹
Beazley plc	FM Insurance Company Limited
Bellevue Healthcare Trust PLC	Foresight Sustainable Forestry Company PLC
Bellway p.l.c.	Forterra plc
BG Energy Capital plc	Fresnillo plc
BlackRock Energy and Resources Income Trust plc	Fuller, Smith & Turner P.L.C.
BlackRock Frontiers Investment Trust plc	Genuit Group plc
BlackRock Greater Europe Investment Trust plc	Gore Street Energy Storage Fund plc
BlackRock Latin American Investment Trust Plc	Great American International Insurance (UK) Limited
Bristol Water Plc	Great Lakes Insurance UK Limited
Brown Shipley & Co. Limited	Gulf International Bank (UK) Limited
Burberry Group plc	Harbour Energy plc
Burford Capital PLC	Harmony Energy Income Trust Plc
Bytes Technology Group plc	Harworth Group plc

List of UK PIs audited by EY UK (Cont'd)

Henderson European Trust Plc	Monzo Bank Limited
Henry Boot PLC	Morgan Sindall Group plc
Hill & Smith PLC	National Deposit Friendly Society Limited
Hochschild Mining plc	National Westminster Bank Plc
HSB Engineering Insurance Limited	Nationwide Building Society
ICG Enterprise Trust plc	Natwest Group PLC
Imperial Brands Finance PLC	NatWest Markets Plc
Imperial Brands PLC	New Star Investment Trust Plc
Integrafinc Holdings plc	Nomura Bank International plc
Integralife UK Limited	Nottingham Building Society
Intermediate Capital Group plc	On the Beach Group plc
International General Insurance Company (UK) Limited	PA (GI) Limited ¹
Invesco Perpetual UK Smaller Companies Investment Trust plc	PageGroup plc
Investec Bank plc	Pantheon Infrastructure Plc
Investec Investment Trust plc ¹	Pantheon International Plc
Investec plc	Pearson Funding plc
J Sainsbury plc	Pearson plc
JPMorgan European Discovery Trust PLC	Pennon Group plc
JPMorgan Global Growth & Income Plc	Persimmon Plc
JPMorgan Japanese Investment Trust PLC	Personal Assurance Plc
JPMorgan UK Small Cap Growth & Income Plc	Phoenix Group Holdings Plc
Julian Hodge Bank Limited	Phoenix Life Limited
Jupiter Fund Management PLC	Pinnacle Insurance Plc
Jupiter Green Investment Trust PLC	Prudential Funding (Asia) Plc
Keller Group plc	Prudential Plc
Lanark Master Issuer PLC	QIB (UK) plc
Land Securities Group PLC	Reassure Life Limited
Lannraig Master Issuer PLC	Reassure Limited
London Borough of Redbridge ¹	RELX PLC
London Stock Exchange Group plc	Renishaw plc
Lowland Investment Company plc	Rightmove plc
LSEGA Financing Plc	RIT Capital Partners plc
LSL Property Services plc	Riverstone Credit Opportunities Income Plc
Majedie Investments PLC	RM Infrastructure Income Plc
Managed Pension Funds Limited	Sainsbury's Bank plc
Manchester Airport Group Funding Plc	Savills plc
Martin Currie Global Portfolio Trust plc	Schroder & Co. Limited
Mears Group PLC	Schroder Asian Total Return Investment Company plc
Methodist Insurance plc	Schroder AsiaPacific Fund plc
Mizuho International plc ¹	Schroder British Opportunities Trust plc
Mobius Life Limited	Schroder European Real Estate Investment Trust Plc

List of UK PIs audited by EY UK (Cont'd)

Schroder Income Growth Fund plc	Templeton Emerging Markets Investment Trust PLC
Schroder Pension Management Limited	The Bankers Investment Trust PLC
Schroders Capital Global Innovation Trust PLC	The Baptist Insurance Company Plc
Schroders plc	The Co-operative Bank Holdings Limited
Scotland Gas Networks Plc	The Co-operative Bank p.l.c.
Scottish Hydro Electric Power Distribution plc	The European Smaller Companies Trust Plc
Scottish Hydro Electric Transmission plc	The Gym Group plc
SG Kleinwort Hambros Bank Limited	The Higher Education Securitised Investments Series No.1 plc
Shell plc	The Monks Investment Trust PLC ¹
Shires Income PLC	The Rank Group Plc
SIG PLC	The Royal Bank of Scotland plc
Silverstone Master Issuer plc	The Sage Group plc
Skipton Building Society	The Scottish American Investment Company Plc
Softcat plc	THG PLC
Soteria Insurance Limited	Transport for London
South Staffordshire Water PLC	TransRe London Limited
South West Water Finance plc	Tullow Oil plc
Southern Electric Power Distribution plc	UBS Asset Management Life Ltd
Southern Gas Networks Plc	University College London
Spire Healthcare Group plc	University of Liverpool
SSE plc	Unum Limited
Stagecoach Group Limited	USAA Limited
Standard Chartered Bank	Virgin Money UK PLC
Standard Chartered PLC	Vodafone Group Plc
Standard Life Assurance Limited	Volution Group plc
Standard Life Pension Funds Limited	Warwick Finance Residential Mortgages Number Three Plc
Stewart Title Limited	Watches of Switzerland Group PLC
STS Global Income & Growth Trust Plc	Wesleyan Assurance Society
Sun Life Assurance Company of Canada (U.K.) Limited	Wessex Water Services Finance Plc
Target Healthcare REIT PLC	William Hill Limited
Tate & Lyle PLC	Zurich Assurance Ltd
TD Bank Europe Limited	

1. Continuing engagement not signed in period.



Appendix 2: Approved EY member firms

Appendix 2: Approved EY member firms



List of approved EY member firms in an EU or EEA member state or in Gibraltar

As of 28 June 2024, the following EY member firms are approved to carry out statutory audits in an EU or EEA member state or in Gibraltar:

Member state	Statutory auditor or audit firm
Austria	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
Belgium	EY Assurance Services SRL
	EY Bedrijfsrevisoren SRL
	EY Europe SRL
Bulgaria	Ernst & Young Audit OOD
Croatia	Ernst & Young d.o.o.
Cyprus	Ernst & Young Cyprus Limited
	Ernst & Young CEA (South) Services Ltd
	Ernst & Young CEA (South) Holdings Plc
Czech Republic	Ernst & Young Audit, s.r.o.
Denmark	EY Godkendt Revisionspartnerselskab
	EY Grønland Godkendt Revisionsanpartsselskab
Estonia	Ernst & Young Baltic AS
	Baltic Network OU
Finland	Ernst & Young Oy
France	Auditex
	Ernst & Young Audit
	Ernst & Young et Autres
	EY & Associés
	EY Audit & Conseil
Germany	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft
	Ernst & Young Heilbronner Treuhand-GmbH Wirtschaftsprüfungsgesellschaft
	EY Revision und Treuhand GmbH Wirtschaftsprüfungsgesellschaft
	TS GmbH Wirtschaftsprüfungsgesellschaft
	Schitag Schwäbische Treuhand GmbH Wirtschaftsprüfungsgesellschaft
	EY Deutschland GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
	EY Verwaltungs-GmbH Wirtschaftsprüfungsgesellschaft
	EY-Parthenon GmbH Wirtschaftsprüfungsgesellschaft
Gibraltar	TS Beteiligungs-GmbH Wirtschaftsprüfungsgesellschaft
	EY Limited
Greece	Ernst & Young (Hellas) Certified Auditors Accountants S.A.
Hungary	Ernst & Young Könyvvizsgáló Korlátolt Felelősségi Társaság
Ireland	Ernst & Young Chartered Accountants
Italy	EY S.p.A.
Latvia	Ernst & Young Baltic SIA

Approved EYG member firms (Cont'd)

Member state	Statutory auditor or audit firm
Liechtenstein	Ernst & Young AG, Basel
	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany
	Ernst & Young AG, Vaduz
Lithuania	Ernst & Young Baltic UAB
Luxembourg	Ernst & Young Luxembourg
	EYL Luxembourg
	Ernst & Young
Malta	Ernst & Young Malta Limited
Netherlands	Ernst & Young Accountants LLP
	EY Accountants B.V
Norway	Ernst & Young AS
Poland	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością
	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością Doradztwo Podatkowe spółka komandytowa
	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością Finance spółka komandytowa
	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa
Portugal	Ernst & Young Audit & Associados-SROC, S.A.
Romania	Ernst & Young Assurance Services SRL
	Ernst & Young Support Services SRL
Slovakia	Ernst & Young Slovakia, spol. s r.o.
Slovenia	Ernst & Young d.o.o.
Spain	ATD Auditores Sector Público, S.L.U
	Ernst & Young S.L.
Sweden	Ernst & Young AB

Total turnover for the year ended on 30 June 2024 for these EY member firms, resulting from statutory audits of annual and consolidated financial statements was approximately EUR 2.8 billion.



Appendix 3: EY UK specific content

Appendix 3: EY UK-specific content



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Public interest framework

The 2022 Audit Firm Governance Code's (the Code) purpose was revised to include a specific focus by audit firms on the public interest i.e., *"to ensure firms take account of the public interest in their decision-making, particularly in audit."*

The Code describes public interest as *"... about putting the common good and wellbeing of society above the interests of an individual or small group of individuals"*. Given it is a broad and abstract concept, we developed a framework to operationalise its application.



Approach to developing the framework

Our principles-based approach involved and was informed by research on the concept of public interest in the accountancy profession and feedback from and discussion with our INEs following their attendance at a cross-firm FRC roundtable. We held several leadership discussions to iteratively help shape our thinking. The framework was approved by the LLP Board, following feedback and challenge from the PIB.

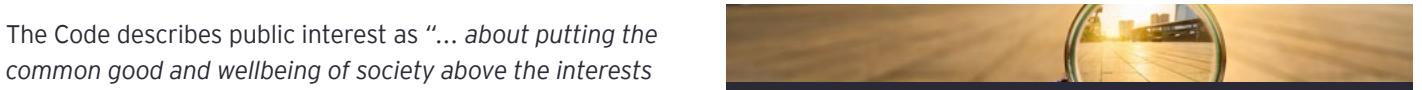


Application across EY UK

Audit: As discussed in the [leadership message](#) from the Head of Audit, public interest has been and remains central to the EY UK audit quality strategy, and our audit quality purpose commits to consistently delivering high-quality audits that protect the public interest. We have reinforced the message that client service considerations should not override those related to public interest. Similarly, when deciding whether or not to accept new audit clients, we are clear that taking the public interest into account does not require us to make decisions that put significant strain on our capacity or pose risks to audit quality.

Beyond audit: Given the Code's purpose in relation to public interest is not limited just to our audit business, we

included in the framework broader considerations that could materially impact the resilience of EY UK and its reputation or that of the wider profession.



Applying our framework in the context of the management and governance structure of EY UK

To operationalise the framework, we tiered its application as follows:

1. EY UK governance structure and UK Country Committee

For our governance structure and the UK Country Committee, we:

- ▶ Adapted materials, including agenda and related meeting papers, to include an explicit consideration of public interest. This was to support appropriate debate on whether the matter under consideration invoked public interest considerations that could impact resilience of EY UK; its or the profession's reputation; and/or the overall quality of UK PIE audits we perform.
- ▶ Briefed the governance bodies and UKCC on the importance of considering public interest and our framework for applying it.
- ▶ Provided guidance to those who regularly present to the governance bodies and UK Country Committee on matters to consider in presenting on their subject matter. These matters could include factors such as an articulation of stakeholders impacted, and feedback received; the due review process that had been followed in proposing a decision (including consultations); and the safeguards that have been/would be applied.

2. The rest of EY UK and its people

Outside our governance structure and the UK Country Committee, we discussed and challenged whether existing activities, policies and processes already allow for a consideration of public interest.

In summary the following help to embed public interest considerations across EY UK:

Policies	Tools	Training	Other
<ul style="list-style-type: none">WhistleblowingCode of ConductDisciplinaryData protection	<ul style="list-style-type: none">Ethics PointCulture Shift™ Report & Support tool	<ul style="list-style-type: none">Annual Code of Conduct and annual declarationAnnual ethical trainingAnnual independence trainingAudit specific training including at the Audit Quality Summit	<ul style="list-style-type: none">Reputation and Conflicts PanelOur people engagement forum – EY Voice

Case study:

Our public interest role to contribute towards the stabilisation of the local audit market

As noted in [Appendix 3: Audit quality and culture – Other considerations relating to audits](#), whilst the challenges that have led to a deterioration in the timeliness of completion of local audits are complex and system-wide, we recognise our public interest role to contribute towards the stabilisation of the local audit market.

Timely, high-quality financial reporting and audits of local bodies are a vital part of our democratic system. They support good decision-making by local bodies and ensure effective governance, financial management, transparency and accountability to local taxpayers.

Cognisant of our public interest role, we collaborated with key stakeholders in the local audit system to contribute to the development of a comprehensive strategy to help reset and recover the local audit market, with the aim of ensuring its sustainability and rebuilding public trust. This has involved:

- Influencing:** in FY24, we contributed to the plans of system leaders to reset and recover the local audit market, including responding to three national consultations from the Department for Levelling Up,

Housing and Communities (now Ministry of Housing, Communities and Local Government), the National Audit Office and the Chartered Institute of Public Finance and Accountancy, which were linked to clearing the backlog of historical financial reporting and audits.

- Engagement:** we engaged with these bodies and the FRC (in its role as shadow systems leader for local audit) on an ongoing basis, as proposals for legislation to implement a backstop date; a revised Code of Practice; and implementation guidance were being developed. Such engagement continues.
- Resource allocation:** we prioritised and invested audit resources into the reset and recovery of the local audit market, by seeking to maximise assurance and focus on the most current financial year, thereby maximising the benefit of audit to support the sustainability of the local audit market.
- Governance:** senior leadership and our ANEs have guided the EY UK response and strategy to provide oversight to ensure we are working collaboratively and transparently in the public's interest.

In September 2024, the government tabled legislation in Parliament to implement backstop dates by which time local authorities are required to publish audited financial statements.



Given the greater emphasis on public interest in the 2022 AFGC, we will keep our application of it under review and consider the need to evolve our framework, for example, to take account of any changes in EY UK's own circumstances and developments in the FRC's or other stakeholders' expectations.



Governance and leadership



EY UK Key Performance Indicators on governance

The AFGC provides that firms should introduce KPIs on the performance of their governance system and report on performance against these KPIs in their transparency reports. We explain below how we performed against our governance KPIs in FY24.

Status legend: met not met

KPI	Status	Progress in FY23
Leadership		
The EY UK Board should meet at least four times per annum.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none">▶ The EY UK Board met 11 times during the year. This comprised the main quarterly meetings and ad hoc meetings.▶ Various decisions were also made via electronic fora.
The gender and ethnic minority diversity of the EY UK Board should reflect that of the partnership.	<input type="checkbox"/>	<ul style="list-style-type: none">▶ As at 28 June 2024, of the 10 EY UK Board members, six were male (including one of ethnic minority) and four were female.▶ Female representation on the EY UK Board (40%) exceeded the gender diversity of the partnership (26%).▶ Ethnic minority representation on the EY UK Board (10%) was below that of the partnership (18%).
There should be a minimum attendance target of 80%, over a rolling 12-month period, for EY UK Board meetings.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none">▶ The EY UK Board, at its main quarterly meetings, had an attendance rate of 100%.

KPI	Status	Progress in FY23
Values		
As part of the culture assessment of EY UK, we run People Pulse Surveys three times throughout the year, with the EY UK Board acting upon the cultural aspects of the findings. The surveys assess people's views on EY UK and their engagement.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none">▶ The Engagement Index score is derived by aggregating responses across different survey areas relating to advocacy, satisfaction, commitment and pride.▶ We disclose the results of the latest survey covering engagement that was run during the year and the most recent post-year-end survey, if the results are available sufficiently in advance of the publication of this report.▶ Overall, the EY UK engagement score from the March 2024 survey was 69% (being the most recent survey in which EY UK measured engagement prior to publication of this report). On a like-for-like basis, the equivalent score for March 2023 was 73%.▶ The EY UK Board takes actions, as and when appropriate, in response to the findings of the survey (discussed throughout this report).
On at least a bi-annual basis, the EY UK Board should receive reports on the UK's compliance with the Global Code of Conduct.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none">▶ The EY UK Board received a report on Global Code of Conduct matters (including ethical behaviour and the status of affirmation of people's compliance and familiarisation with the content of the Global Code of Conduct) in December 2023 and July 2024.

KPI	Status	Progress in FY23
INEs		
There should be at least three INEs, and the PIB should meet at least four times per annum.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> During the year EY UK had a minimum of three INEs. The PIB held four quarterly meetings during FY24, as reflected in the attendance table in Appendix 6. In addition, an ad hoc meeting was held in May 2024.
On an annual basis, the EY UK Board must satisfy itself that the INEs remain independent from EY UK.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> The EY UK Board is satisfied that the INEs remained independent from EY UK throughout the year, as explained later in this section.
The UKAB should be chaired by and have a majority of ANEs.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> During the year the UKAB was chaired by an ANE and had a majority of ANEs.
At least one of the ANEs should not be a firm INE (doubly independent).	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> Philip Tew is not an INE and is therefore doubly independent.
The UKAB should meet at least four times per annum.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> The UKAB held four quarterly meetings during FY24, as reflected in the attendance table in Appendix 6. In addition, separate meetings were held to review the FY25 refresh of the audit quality strategy and to approve the FY23 Transparency Report and FY23 Audit Quality Report.

KPI	Status	Progress in FY23
Operations		
The Risk Oversight Committee (ROC) should meet at least four times per annum, with the goal of helping to ensure that there are no material failings or weaknesses in the internal controls of EY UK.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> The ROC met six times during the year. The activities undertaken by the ROC, along with commentary on the internal controls of EY UK, are set out in Appendix 3: Managing risk.

KPI	Status	Progress in FY23
Reporting		
The EY UK Board should review the annual Transparency Report to satisfy itself that it is fair, balanced and understandable, and complies with the AFGC, or explains otherwise.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> The EY UK Board approved the EY UK 2024 Transparency Report on 28 October 2024, after satisfying itself that it was fair, balanced and understandable, and in compliance with the AFGC, Article 13 of the EU Audit Regulation (537/2014) (as incorporated into UK domestic law by Section 3 of the European Union (Withdrawal) Act 2018), and the Local Auditors (Transparency) Regulations 2020. EY UK has complied with the provisions of the AFGC or has otherwise provided a considered explanation.

KPI	Status	Progress in FY23
Dialogue		
The EY UK Board should satisfy itself, on at least an annual basis, that a formal programme of investor dialogue is occurring.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> The EY UK Board is satisfied that, as set out in Appendix 3: Stakeholder dialogue, a programme of investor dialogue took place.



Legal structure

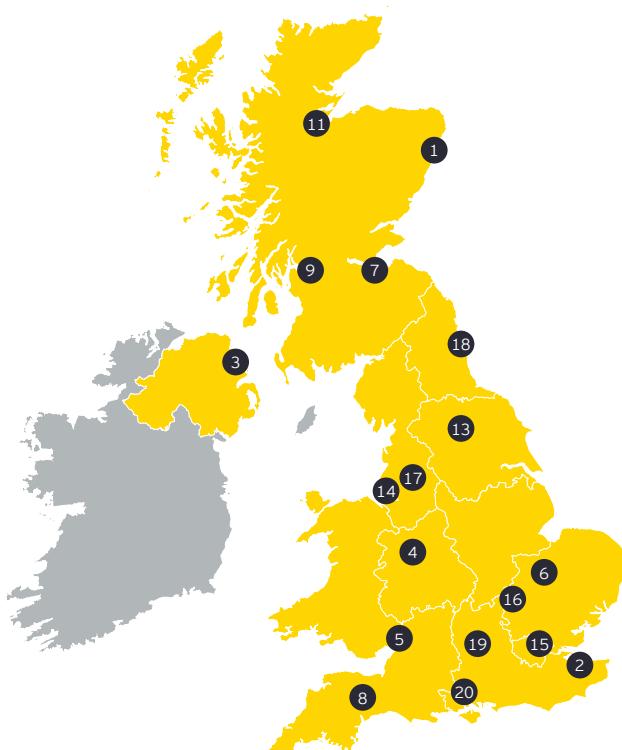
EY Europe has voting control of EY UK. As a normal condition of authorisation as a registered auditor, all partners of EY Europe (i.e., not just those who are UK-based or who are accountants or auditors) become ICAEW affiliates if they are not already members of ICAEW or another UK audit Recognised Supervisory Body.¹ This means that they are all subject to, among other things, the ICAEW's ethical and professional standards.

EY UK is covered by the governance arrangements established by EMEIA Limited and EYG (for further details refer to [Section 1: About us](#)). The EY UK leadership is subject to regular review of its actions and its performance across all areas of business activity; senior individuals also participate in a number of international EY fora, which enables the sharing of best practice with peers. Although decision-making

is local, the regular review process provides another level of informed challenge to proposed decisions and plans. Details of entities related to EY UK can be found in its statutory financial statements.

In 2022, the term 'Partner'² was extended to include some of our most senior people who are employees and not members of Ernst & Young LLP. As at 28 June 2024, EY UK had 1,581 Partners in total, of which 864 were members³ (1,578 and 864 as at the end of the previous financial year, respectively). Of the total number of Partners, 28% were female and 17% of minority ethnicity; of the members, 26% were female and 18% were of minority ethnicity.

Effective from 29 June, EY UK had 70 new Partners and the number of members increased by 30.



*Offices in the process of being closed.

The number of EY offices as at 28 June 2024 was 22 across the UK, including Jersey and Guernsey (decreased from 24 as at the prior year-end).

1. Aberdeen	12. Jersey
2. Ashford*	13. Leeds
3. Belfast	14. Liverpool
4. Birmingham	15. London (More London Place, Churchill Place and Gray's Inn Road*)
5. Bristol	16. Luton
6. Cambridge	17. Manchester
7. Edinburgh	18. Newcastle-Upon-Tyne
8. Exeter	19. Reading
9. Glasgow	20. Southampton
10. Guernsey	
11. Inverness	

1. In FY24, the Recognised Supervisory Bodies were: ICAEW, the Institute of Chartered Accountants of Scotland (ICAS), the Institute of Chartered Accountants in Ireland (ICAI) and the Association of Chartered Certified Accountants (ACCA).
2. When not capitalised, references to the term "partner" in this report relate only to members of Ernst & Young LLP.
3. A list of members' names is available for inspection at 1 More London Place, London, SE1 2AF, the principal place of business and registered office of EY UK and at Companies House [<https://www.gov.uk/get-information-about-a-company>] under the registration number OC300001.



Governance structure and management

[Section 1: About us](#) sets out details of EY's network and regional structure; EY UK is part of the EMEIA Area. Within the EMEIA Area, there are eight Regions. EY UK is part of the UK&I Region, with the exception of UK FSO, which is part of the EMEIA FSO. EMEIA FSO is treated as a separate Region within the EMEIA Area. The UK FSO leader sits on the EMEIA FSO leadership team; the UK&I Region is separately led by the UK&I leadership team.

The EY UK Board has ultimate responsibility for matters which impact EY UK (including legal, regulatory and reputational matters, and financial resilience) and these matters are also managed, from an operational perspective, at the UK Country Committee (UKCC). The UKCC includes representation of both the UK&I Region and UK FSO.

The overall responsibility and oversight of matters relevant to the AFGC purpose rests with the EY UK governance structure (EY UK Board, PIB and UKAB) and UKCC, which are indicated in yellow below and discussed in further detail in this section. The management of EY UK is accountable to its owners and no individual has unfettered powers of decision. As partners, members of management of EY UK have an obligation to act in the best interests of EY UK in carrying out their duties.

Members of governance structures, including INEs and ANEs, are supplied with information in a timely manner and in an appropriate form and quality to enable them to discharge their duties. The boards' Terms of Reference require that papers are circulated a minimum of five calendar days before meetings, or such other period as may be deemed necessary by the meeting Chair. Members are encouraged to provide feedback on papers when they are presented, and feedback on the quality of papers and board administration is requested and collated as part of each board's periodic effectiveness review.

The appointments to the governance structure and country management are a combination of the following:

- ▶ Roles-based appointments:

- ▶ These have been considered to ensure that the right skillset and representation is maintained. They are not time-limited; the relevant individuals will serve for

so long as they hold the relevant role and that role is appointed to the governance structure or country management. Individuals appointed based on their roles are subject to annual evaluation that takes their performance in role into consideration.

- ▶ Non-executive appointments:

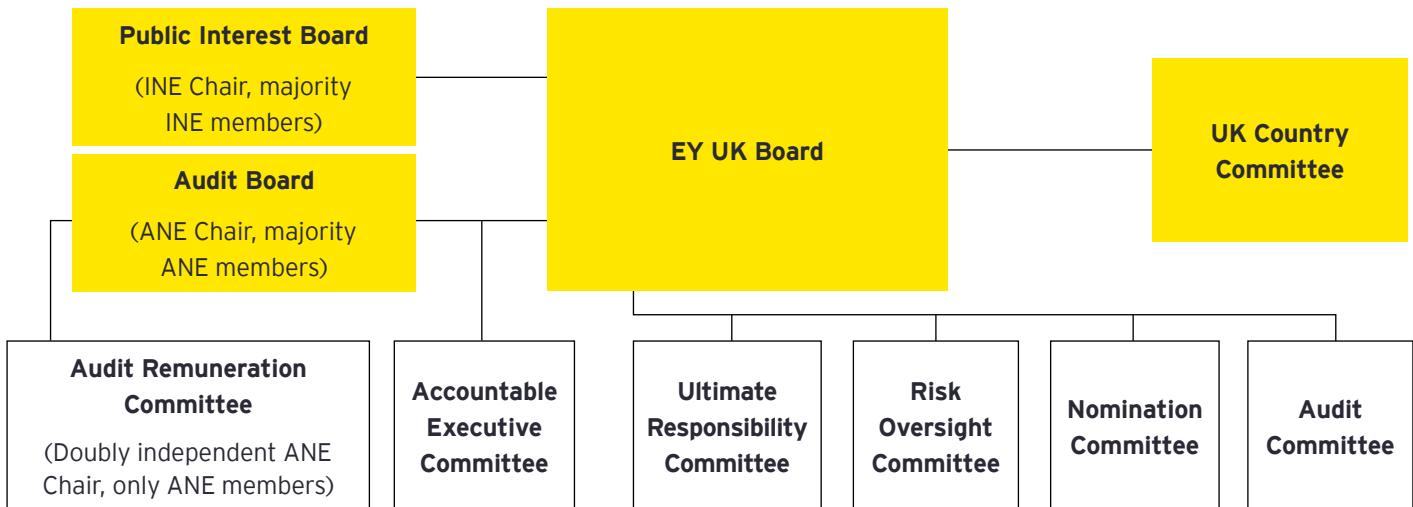
- ▶ The AFGC requires a firm to appoint INEs to its governance structure who, through their involvement, collectively enhance the firm's performance in meeting the purpose of the AFGC. All EY UK INEs are members of the PIB.
- ▶ Operational separation principles also require the appointment of ANEs to a firm's governance structure who focus on the audit practice only. All EY UK ANEs are members of the UKAB.

Through membership of the PIB and UKAB, and attendance by the Chairs of the PIB and UKAB at quarterly meetings of the EY UK Board, the INEs and ANEs are able to observe, challenge and influence decision-making in EY UK. The individual performance of the non-executive members of the PIB and UKAB is reviewed by the Nomination Committee (NomCo) on a periodic basis.

Appointment and termination of INEs and ANEs are discussed in detail later in this section, and their involvement in EY UK governance structure has been set out on the following page.

- ▶ Elected representatives:

- ▶ The EY UK Board includes three representatives of the UK&I and FS Partner Fora, which are each comprised of individuals who have been elected to the relevant Partner Fora by EY UK partners. Further details of the appointments process are set out on the following page.
- ▶ Members of the Partner Fora will serve as members of the EY UK Board for an initial period of up to three years, which may be extended by a further term of up to three years (subject to their remaining as members of the Partner Fora).



The Terms of Reference for the EY UK Board require that it carries out periodic reviews of its own performance and the performance of its committees, and that it agrees and implements a plan to take forward any actions resulting from these evaluations. A review of the EY UK Board's performance, which is facilitated by an external adviser, is also required at least once every three years.

The Terms of Reference of the UKCC, PIB and UKAB also require that the boards carry out a periodic review of their own performance.

During FY24, an external adviser, Independent Board Evaluation, was engaged to facilitate an effectiveness review of the EY UK Board, the PIB, the UKAB and the UKCC. As at year-end, work was underway in relation to these reviews. The process is expected to take several months. The scope and methodology of the reviews by Independent Board Evaluation includes:

- ▶ Preparation and briefing meetings with key personnel to establish the scope and key areas of focus.
- ▶ Observation at meetings of the EY UK Board, UKAB, PIB and UKCC.
- ▶ Review of relevant materials, including meeting packs.
- ▶ Interviews with members of the relevant boards and committees.
- ▶ Presentation of final reports to the relevant bodies.

The results of the externally-facilitated review are expected to be reported to EY UK during FY25.

In parallel with the external review and in accordance with the AFGC, the other committees of the EY UK Board are undertaking a formal process of annual evaluation for FY24, facilitated by an internal team of qualified governance professionals.



Independent and Audit Non-Executives

As required by the AFGC and Operational Separation Principles, the NEs of EY UK are INEs who have an EY UK-wide remit and are members of the PIB; and/or ANEs, who are focussed on the EY UK audit practice and are members of the UKAB. The Terms of References of the PIB and UKAB reflect the fact that, under the EY UK governance structure, the PIB and UKAB operate independently of one another, but their remits are complementary.

NEs provide constructive challenge and specialist advice to EY UK's leadership on matters within their remit; this includes public interest matters (see [Appendix 3: Public interest framework](#)).

NEs are required to act objectively and with an independent mindset in overseeing policies and procedures across the entirety of EY UK. They are involved, in a monitoring capacity, in such matters as the review of the whistleblowing policy of EY UK, the review of risk management and internal control systems, and reviewing compliance with the Global Code of Conduct.

Alongside their membership of the PIB and UKAB, NEs also discharge their duties through individual actions. These include attending meetings with the FRC and other stakeholders, employee engagement activities and attendance at audit quality initiatives such as the annual Culture of Audit Quality roadshows. Further commentary on the activities undertaken by the NEs is given in the [Leadership messages](#).

The NEs are also embedded in other governance structures. As Chairs of the UKAB and PIB, respectively, Ruth Anderson and Tonia Lovell are invited to EY UK Board meetings as attendees with participation rights (rather than as members, which ensures they maintain their independence but are nonetheless able to provide constructive challenge). This is one of the ways in which the NEs have visibility of the entirety of the business of EY UK, and are able to monitor the impact of the network on the operations and resilience of EY UK, and the public interest in the UK. It is also one of the ways in which the NEs can monitor the impact of strategy on EY UK and the audit practice in particular. Details of their attendance at scheduled, quarterly Board meetings during FY24 are given in [Appendix 6](#).

As part of attending the quarterly EY UK Board meetings, Tonia and Ruth provide updates on the activities of the boards they chair. Philip Tew, who took on the role of

As at 28 June 2024, the non-executives were as follows:

Name	Role	First appointed	Term as NE (NEs may serve a maximum of three terms of three years)
Ruth Anderson*	<ul style="list-style-type: none"> ▶ ANE and INE ▶ Chair of the UK Audit Board 	September 2023	First term
Carl Hughes*	<ul style="list-style-type: none"> ▶ ANE and INE 	September 2023	First term
Tonia Lovell	<ul style="list-style-type: none"> ▶ ANE and INE ▶ Chair of the Public Interest Board 	June 2019	Second term
Philip Tew*	<ul style="list-style-type: none"> ▶ ANE ▶ Chair of the Audit Board Remuneration Committee 	July 2021	First term**
David Thorburn*	<ul style="list-style-type: none"> ▶ ANE and INE 	June 2016	Third term ***

*NE has competence in accountancy and/or audit as required by Provision 29 of the AFGC.

** Philip Tew's second term as an NE commenced in July 2024.

*** David Thorburn stepped down as an NE at the end of June 2024.

Interim UKAB Chair as discussed below, did not attend the EY UK Board meetings when acting as Interim UKAB Chair to safeguard his doubly independent status. Tonia Lovell provided an update on the activities of the UKAB at the July and October 2023 meetings on his behalf. Tonia Lovell is also a member of the Nomination Committee, the remit of which is discussed below.

NEs have full access to EY UK management and there is ongoing, regular dialogue. On a monthly basis, the NEs meet formally with the Head of Regulatory and Public Policy, and on a quarterly basis with the UK Managing Partner and Chair. In addition, the UK Managing Partner, Risk Management was a member of the PIB during FY24 and provided updates to the PIB, in her capacity as Ethics Partner, on the independence activities of EY UK and any emerging issues. She also meets with the PIB Chair on a monthly basis and the INEs and ANEs have access to the Ethics Partner as required.

Furthermore, the INEs meet with each other on a quarterly basis as a private group to discuss matters within their remit, typically ahead of any PIB meetings; the ANEs meet ahead of UKAB meetings. This enables them to share information and maintain dialogue to the extent relevant to their boards' remit. They also participate in briefings on the agenda between the PIB and the UKAB.

During FY24, Mridul Hegde acted as an INE and ANE until 18 September 2023 when she stepped down, with Ruth Anderson and Carl Hughes being appointed as NEs on the same date. Prior to Ruth's appointment as Chair of the UKAB, Philip Tew acted as Interim UKAB Chair between February and September 2023.

Following year-end, Suzanne Raine was appointed as an INE, and Sir Philip Rutnam was appointed as an INE and ANE from 1 September 2024 and 1 October 2024 respectively.

Biographical details of the INEs and ANEs are included in [Appendix 5](#), including details of skills and experience relevant to their positioning. For the work of the INEs and ANEs, see the report from the Chairs of the PIB and the UKAB in the [Leadership message](#).

Provision 29 of the AFGC requires that INEs should number at least three and be in the majority on a body chaired by an INE that oversees public interest matters (such as the PIB). A majority of ANEs is also expected on the UKAB by the FRC's Operational Separation Principles (Principle 3).

For a period at the start of the financial year there was an equal number of INE and executive members on the PIB until Ruth Anderson and Carl Hughes were appointed as INEs on 18 September 2023. However, there were no PIB meetings during this period and PIB members were not required to vote on any matters.

Furthermore, as was explained in last year's Transparency Report, under the Terms of Reference of the PIB and UKAB the voting rights of members are such that NEs will always hold the majority of voting rights, even if they are not in a majority by number. Both the PIB and UKAB are also chaired by NEs who hold a casting vote.

Appointment and termination of Independent and Audit Non- Executives

INEs and ANEs are appointed by the EY UK Board for an initial term of three years. With the approval of the EY UK Board, an INE or ANE may be invited to serve for a maximum of two additional terms of three years.

Rights and responsibilities of the INEs and ANEs are set out in a Letter of Appointment and Service. This letter provides that INEs and ANEs have the same obligations regarding independence and objectivity under the governance structure of EY UK. The NEs' individual letters of appointment set out

the expectations for time commitment in each case, with a greater time commitment required for certain roles such as the Chairs of the PIB and UKAB and a lesser commitment for those who only hold a single INE or ANE role.

An appointment may be terminated by either the INE/ANE or EY UK giving six months' written notice. In the event of a fundamental disagreement that cannot be resolved, the appointment may be terminated immediately under the dispute resolution provisions (see further detail above).

Fundamental disagreements

In the event that there is a fundamental disagreement between an INE and/or ANE and members of the EY UK Board and/or its governance structures, the INE and/or ANE shall set out the nature and status of the disagreement, in writing, to the Chair of the EY UK Board (copied to the members, including the other party in disagreement), together with any other details such as a need for further information, the respective positions of the parties and any preferred criteria for resolving the disagreement.

The Chair shall respond to the INE and/or ANE in writing by setting out any proposed timescale and method for resolving the disagreement. At the conclusion of the proposed time, the INE/ANE and the other party in disagreement shall indicate to the Chair whether or not the disagreement has been resolved. In the event that the disagreement has not been resolved, both the INE and/or ANE and the other party in disagreement must indicate whether a further intercession by the Chair is desired. In the event that no such indication is made and the disagreement persists or, if the nature of the disagreement relates directly to the Chair, the INE, ANE or EY UK may terminate the INE and/or ANE appointment.

Independence of Independent and Audit Non-Executives

Prior to being appointed, EY UK INEs and ANEs are interviewed and briefed on the ongoing independence requirements. The INEs and ANEs are required to confirm their independence from EY UK and its partners, and the entities EY UK audits, in accordance with the AFGC and the FRC's Ethical Standard. This process involves ongoing annual self-declarations of independence, and the finite tenures of INEs and ANEs help to ensure their independence is not compromised.

Independence from EY UK requires, among other things, that:

- ▶ The appointment of the INEs and ANEs by the EY UK Board is limited to an initial term of three years that may only be extended by a maximum of two additional three-year terms. Details on the current NEs and their length of service are set out below.
- ▶ Members of the INE's or ANE's immediate family are not partners or employees of EY.
- ▶ The INEs and ANEs may not have a joint investment with EY.

As regards independence from the entities EY UK audits:

- ▶ Generally, there are no restrictions on the types of relationships INEs and ANEs may have with entities audited by EY, as they are not considered in the EY UK chain of command and the FRC's Ethical Standard specifically excludes them from these requirements.
- ▶ However, we prohibit the INEs and ANEs from holding an officer, director or employee role at an entity audited by EY.
- ▶ The INEs and ANEs confirm their independence in accordance with EY UK requirements both on appointment and annually thereafter.

There were no independence issues or concerns involving the NEs noted for FY24; none of the NEs were in post for more than nine years.

Support provided to the NEs by EY UK

To support them in performing their duties, INEs and ANEs receive a detailed induction programme and ongoing training and development. Following their appointment in September 2023, Ruth Anderson and Carl Hughes were provided with an induction programme designed to provide them with insight into EY UK governance structures, management and activities, along with a briefing on current issues and focus areas.

EY UK provides INEs and ANEs with full administrative support in performing their duties, including assistance from the Company Secretary, Director of Governance & Public Policy (stakeholder engagement) and an EY Executive Assistant (administration and expenses). INEs and ANEs are entitled to request all relevant information about the affairs of EY UK, including access to relevant partners, as is reasonably necessary to discharge their duties. All such information is provided in a timely manner and in an appropriate form and quality.

EY UK also provides access to independent professional advisers at the expense of EY UK (subject to consultation with the EY UK Board Chair to establish and approve the appropriate means of obtaining this professional advice).

The INEs and ANEs have the benefit of a policy of directors' and officers' indemnity insurance in respect of their roles.

Oversight of people management and engagement

Provision 15 and 16 of the AFGC require that firms regularly review the effectiveness of their systems for promoting and embedding an appropriate culture, underpinned by sound values and behaviour, across the firm and in audit in particular. INEs and ANEs should be involved in this review and should be satisfied that there is an effective whistleblowing policy and procedure in place.

The NEs are involved in an oversight capacity and provide an independent perspective and the necessary challenge in the review process. They do this by receiving regular updates at the PIB on the processes EY UK utilises to assess culture, including the results of the triannual People Pulse Survey, a bi-annual update on the UK People Strategy, and other relevant management information produced by the EY UK Talent function which gives an insight into the culture of EY UK.

Through the UKAB, the ANEs receive regular reports on culture concerning the audit practice from executive management, including updates on audit culture initiatives and the results of the Audit Culture Survey which is undertaken each July.

The PIB also receives updates in respect of the newly constituted Conduct & Ethical Oversight Committee whose remit is to raise the profile of, and embed, the core conduct and ethical values of EY UK (including those set out in the EY Global Code of Conduct) and to ensure that EY UK has appropriate processes for addressing conduct and ethical matters. The INEs also receive an annual update on whistleblowing processes, which includes data on trends in reporting.

The INEs and ANEs also provide oversight of people management policies and procedures through their participation in the PIB and UKAB. This role includes receiving updates on recruitment and promotion processes, remuneration and incentive structures, training and development activities, and diversity, equity and inclusiveness initiatives. They also receive updates on talent acquisition and retention through updates to the PIB from the Risk Oversight Committee and, in the case of the ANEs, resourcing updates as part of the Audit Quality Report to the UKAB.

Finally, the INEs and ANEs use a range of data and engagement mechanisms to understand the views of EY UK people and to communicate their own roles and the AFGC's purpose (for details of the AFGC purpose, see the PIB section below). This is achieved both through presentations and discussion at the PIB and UKAB, and through activities the

NEs undertake individually – such as attendance at Culture of Audit Quality roadshows and related focus groups, attendance at the Audit Quality Summit, and meetings with the Partner Fora. The NEs also engage regularly with EY Voice, being the official representative forum for EY UK people, and that forum also provides reports to the PIB.

Although the NEs are responsible collectively for engaging with EY UK people, Tonia Lovell, as Chair of the PIB, is responsible for collating and coordinating feedback.

Independent Non-Executives' remuneration

EY UK INEs and ANEs are paid a fixed annual income, based on an agreed number of days' service per annum, which has been benchmarked with FTSE 100 Non-Executive Directors (NED) roles.

The salaries of the INEs and ANEs in respect of their UK roles in FY24 were:

	NE role	Chair role	Total
Ruth Anderson*	£78,296.70	£31,318.70	£109,615.40
Mridul Hegde*	£21,667	n/a	£21,667
Carl Hughes*	£78,296.70	n/a	£78,296.70
Tonia Lovell	£100,000	£40,000	£140,000
Philip Tew	£100,000	£14,000	£114,000
David Thorburn	£100,000	n/a	£100,000

*Fees have been prorated to reflect the time spent in role during FY24.

Tonia Lovell also received an additional £140,000 for her INE role on the GGC in FY24. See [Section 1: About us](#) for further details regarding the GGC.



The EY UK Board

The EY UK Board is the ultimate governance body of EY UK and is responsible for managing the commercial, financial and reputational interests of EY UK, together with the general and operational management of EY UK as a whole. In accordance with its published Terms of Reference, certain matters are reserved to the EY UK Board, including oversight of the strategic direction of EY UK and ensuring an adequate and effective internal control framework is in place. Standing agenda items of EY UK Board include risk management reporting, oversight of the audit business and the commercial performance and outlook of EY UK.

Management decisions at EY UK are taken in a variety of different fora, including within individual service lines and at an industry grouping level. In its oversight role, the EY UK Board invites the representation of different facets of management, considers the performance of the service lines and exercises oversight more generally through the matters laid down in its agenda. As discussed in more detail below, the EY UK Board is supported by, and receives recommendations from, various board committees and it has delegated its authority for certain matters to these committees. In particular, it is required under its Terms of Reference to take account of recommendations of the UKAB in relation to audit matters.

The agenda of the EY UK Board includes consideration of matters across EY UK, on which the EY UK Board takes decisions to ensure that the purpose of the AFGC is achieved, including:

- ▶ Commercial, financial and reputational interests
- ▶ Values and Culture
- ▶ Risks (with a specific focus on reputational matters and financial resilience) and regulatory matters
- ▶ Governance matters
- ▶ The audit business (with a specific focus on audit quality matters and the status of Operational Separation)

In accordance with the EY UK public interest framework (see [Appendix 3: Public interest framework](#)) the EY UK Board is required to take account of public interest considerations in its discussions and decision-making.

UK Managing Partner

During FY24, the UK Managing Partner (“the UK MP”) chaired the EY UK Board. The UK MP is appointed by the Europe Managing Partner of EY Europe, who has the right to remove the UK MP, having consulted with the EY UK Board and appropriate partners and with the consent of the Europe Operating Executive (EOE).

In FY24, the UK MP of EY UK was Hywel Ball. The role of the UK MP includes:

- ▶ Representing and promoting the interests of EY UK.
- ▶ Providing leadership for the partners and employees of EY UK and its subsidiary undertakings.
- ▶ Acting as the interface with regulators and governmental authorities.
- ▶ Being responsible for managing risk, public policy, purposeful growth and geostrategic service offerings.
- ▶ The ultimate responsibility and accountability for the systems of quality management for all the member firms of the country.

During FY24, Hywel Ball also chaired the UKCC in his capacity as UK MP. However, in FY25, it is intended that the role of the EY UK Board Chair and the UK MP will be separated into two distinct roles.¹ Although both the EY UK Board and UKCC were chaired by the UK MP during FY24, the UK MP does not have unfettered powers of decision, for example:

- ▶ The Chair/UK MP does not have the power to appoint/remove members of the EY UK Board.
- ▶ Members of the EY UK Board can out-vote the Chair/UK MP with weighted voting rights in favour of audit qualified individuals.

1. Following year-end, it was announced that Anna Anthony will assume the role of UK Managing Partner from 1 January 2025. Any ensuing changes to EY UK leadership during FY25 will be set out in the FY25 Transparency Report.

- If an individual has a conflict of interest, they are not permitted to take part in the discussion/decision-making. If the conflict relates to the Chair/UK MP, the other Board members decide the question of conflict acting by simple majority.

Additionally, the Chairs of the PIB and UKAB (who are NEs) attend meetings of the EY UK Board with participation rights. This provides independent challenge and ensures that an external perspective is brought to board discussions.

EY UK Board membership

The EY UK Board is appointed by the EOE of EY Europe. The membership of the EY UK Board as at 28 June 2024 was as follows:

EY UK Board Members	Title	Time served on the EY UK Board to the nearest year
Roles-based appointments		
Hywel Ball (Chair)	UK Managing Partner	8 years (Chair for 4 years)
Anna Anthony	Managing Partner, UK FSO	4 years
Christabel Cowling	Managing Partner, Core Business Services	6 years
Alison Duncan	UK Head of Regulatory & Public Policy	3 years
Jane Goldsmith	Managing Partner, Risk Management, UK	4 years
Gavin Jordan	UK Chief Financial Officer	1 year
Andrew Walton	UK Head of Audit	4 years
Other Board members – appointed for a three-year term, subject to individuals remaining as Partner Forum members. These members may remain on the EY UK Board for a maximum of six years (two terms of three years).		
Adrian Browne	UK&I Partner Forum representative	First term, 1 year with two years remaining of current term
Adam Munton	FSO Partner Forum representative	First term, 3 years with no years remaining of current term
Sundar Viswanathan	UK&I Partner Forum representative	First term, 3 years with no years remaining of current term.

Since November 2023, the roles of Chief Operating Officer and General Counsel have no longer formed part of the roles-based appointments to the EY UK Board, and EY UK no longer has a Chief Operating Officer role. Instead, the roles of UK Chief Financial Officer and Managing Partner, Core Business Services form part of the roles-based appointments to the EY UK Board as reflected in the Terms of Reference. As such, in November 2023, Lynn Rattigan, former Chief Operating Officer, and Lisa Cameron, UK General Counsel, stood down as members of the EY UK Board and, at the same time, Gavin Jordan was appointed as an EY UK Board member in the role of Chief Financial Officer. Alison Duncan ceased to be a member of the UK&I Partner Forum in mid-November 2023 having served the maximum of two terms and no longer sat as a UK&I Partner Forum representative member of the EY UK Board. Adrian Browne was appointed as a UK&I Partner Forum representative from November 2023.

Christabel Cowling was appointed Managing Partner, Core Business Services from July 2023 and held that role concurrently with the Head of Regulatory and Public Policy role until 1 January 2024. On that date, Alison Duncan took over the role of Head of Regulatory & Public Policy from Christabel Cowling and continued as an EY UK Board member in that capacity. Christabel Cowling continued as a Board member in her role as Managing Partner, Core Business Services from 1 January 2024.

Biographical details of each EY UK Board member and the attendance records for each of the governance bodies (as outlined in the governance structure above) are included in [Appendix 4](#) and [6](#) respectively. There were no nominated (i.e., co-opted) EY UK Board members in FY24.

Provision 2 of the AFGC provides that at least half of a firm's Board should be selected from among partners who do not have significant management responsibilities within the firm. Provision 6 provides that the individual members of a firm's governance structures and Management should be subject to formal, rigorous and ongoing performance evaluation and, at regular intervals, should be subject to re-election or re-selection.

As is reflected in the table above, three members of the EY UK Board are representatives of the UK&I and FSO Partner Fora. These members are deemed not to have significant management responsibilities in EY UK and were appointed to bring a broader perspective on behalf of the partnership to the EY UK Board, offering a diverse view. The Partner Fora members were appointed to the EY UK Board by the EOE on the recommendation of the Nomination Committee (having been put forward to the Nomination Committee by the relevant Partner Forum). They are eligible to serve as members of the EY UK Board for a maximum of six years (comprising two terms of three years) subject to remaining as members of the UK&I or FSO Partner Forum.

The other members of the EY UK Board have been appointed by virtue of the roles they hold in EY UK. These individuals will remain as members of the Board for so long as they occupy that role. Each role has been purposely selected to ensure appropriate experience, knowledge, influence, authority and skills within the composition of the EY UK Board. Although these members are not subject to re-selection or re-election at regular intervals, account is taken of their performance as EY UK Board members during the course of their annual performance evaluations.

Given the EY UK Board members' seniority, EY UK does not have in place arrangements for determining remuneration and progression matters for members, which support and promote effective challenge to Management (as specified in Provision 5 of the AFGC). As partners, EY UK Board members have a duty to act in the best interests of the LLP and effective challenge to Management is considered a core aspect of members' duties in performing their role as board members.

Meetings of the EY UK Board

The EY UK Board held four quarterly meetings during FY24, as reflected in the attendance table in [Appendix 6](#). The quarterly meeting held on 4 July 2024 fell outside of FY24 and will be captured in the FY25 Transparency Report. In addition, the EY UK Board held other ad hoc meetings and conducted business through electronic fora.



The Public Interest Board (PIB)

The PIB is not a decision-making body. Rather, its role is to enhance the performance of EY UK in meeting the purpose of the AFGC, namely to:

- Promote audit quality.
- Safeguard the sustainability and resilience of the audit practice and EY UK as a whole.
- Ensure that EY UK takes account of the public interest in its decision-making, particularly in audit.

In connection with the AFGC's purpose, the PIB is responsible for the independent oversight of:

- EY UK's policies and procedures for ensuring sustainability and resilience.
- The effectiveness of EY UK's approach to any risks that its governance and leadership arrangements may pose to achievement of the AFGC purpose.
- EY UK's policies and procedures in promoting and embedding an appropriate culture (including policies and processes concerning conduct and people management matters and compliance with laws and regulations).
- EY UK's risk management and internal controls systems (including reviews of effectiveness).

To help ensure the public interest is protected, regular items on the PIB's agendas include:

- ▶ Updates on key matters facing the business of EY UK, including market and financial performance and emerging regulatory and reputational issues.
- ▶ Audit Quality updates from the UKAB.
- ▶ Updates from the Risk Oversight Committee (ROC) to enable oversight of risks and the effectiveness of EY UK's internal controls.
- ▶ Independence updates from the Ethics Partner.
- ▶ Consideration of global reputational risk matters emanating from the EY network, including those which have the potential to affect audit quality and the resilience of the audit practice.
- ▶ Updates on changes to the governance structure and country management since the last meeting.
- ▶ Summaries of INE internal and external engagement activities.
- ▶ Annual report on whistleblowing/Speak Up.

At its meeting in June 2024, the PIB also received an update on the implementation of the EY UK public interest framework during FY24 (see [Appendix 3: Public interest framework](#)).

The membership of the PIB as at 28 June 2024 was as follows:

PIB Members	Title	Time served on the PIB to the nearest year ¹
Non-Executive members		
Tonia Lovell (Chair)	Independent Non-Executive	5 years
Ruth Anderson	Independent Non-Executive	1 year
Carl Hughes	Independent Non-Executive	1 year
David Thorburn	Independent Non-Executive	7 years
Roles-based appointments		
Anna Anthony	Managing Partner, UK FSO	3 years
Hywel Ball	UK Managing Partner	3 years
Jane Goldsmith	Managing Partner, Risk Management, UK	3 years

Mridul Hegde stepped down as an NE on 18 September 2023, with Ruth Anderson and Carl Hughes being appointed as NEs and appointed to the PIB on the same date. Following financial year-end, Suzanne Raine was appointed as INE from 1 September 2024 for an initial term of three years. Sir Philip Rutnam was also appointed as INE and ANE on 1 October 2024 for an initial term of three years.

The PIB held four quarterly meetings during FY24, as reflected in the attendance table in [Appendix 6](#). In addition, an ad hoc meeting was held in May 2024 and the INE members of the PIB met regularly as a separate group.

Meetings of the PIB were conducted both in person and through electronic fora. As noted above, the voting rights of members of the PIB are such that INEs will always hold the majority of voting rights, even if they are not in a majority by number.

1. The PIB was previously known as the Independent Oversight Committee and was redesignated during FY21. This column includes time spent by Tonia Lovell and David Thorburn as members of the Independent Oversight Committee.



UK Audit Board (UKAB)

The UKAB was established in response to the Operational Separation Principles.

The UKAB is not a decision-making body. Rather, its role is to provide independent oversight of EY UK's pursuit of improved audit quality by ensuring that people in EY UK's audit practice are focussed above all on the delivery of high-quality audits in the public interest.

The UKAB operates independently of the PIB in providing oversight of EY UK's audit practice. Its activities are complementary to those of the PIB which has visibility of EY UK more broadly, including the non-audit business.

The duties of the UKAB include, among other matters:

- ▶ Providing independent oversight of audit quality initiatives.
- ▶ Considering matters of public interest relevant to the audit practice and referring to the EY UK Board any material strategic and regulatory matters impacting the audit practice.
- ▶ Reviewing the EY UK audit strategy, having regard to the resilience of the audit practice.
- ▶ Providing oversight of the UKAB Remuneration Committee.
- ▶ On the recommendation of the UKAB Remuneration Committee, reviewing and making recommendations to the EY UK Board regarding policies for audit partner remuneration and promotion with respect to audit quality.

In accordance with its role in providing oversight of the pursuit by EY UK of improvements in audit quality, standing items on the UKAB agenda include:

- ▶ Receiving updates in relation to audit quality indicators used to measure audit quality performance.
- ▶ Receiving updates on audit quality matters, including ambitions for audit quality and monitoring of key audit metrics and related actions.
- ▶ Reviewing and making recommendations to the EY UK Board with respect to resourcing within the audit practice.
- ▶ Reviewing outcomes from the EY UK RCA process.
- ▶ Receiving updates in relation to promoting a culture supportive of the public interest.
- ▶ Considering matters of reputational concern to the audit practice, and monitoring and referring to the EY UK Board any material strategic and regulatory matters impacting the audit practice.
- ▶ Reviewing the audit strategy having regard for the resilience of the audit practice.

Further details on the role of the UKAB and ANEs in the oversight of audit quality can be found in [Appendix 3: Audit quality and culture](#).

To support its oversight role, the UKAB may commission reviews from EY UK's internal audit function in discharging its duties.

The membership of the UKAB as at 28 June 2024 was as follows:

UKAB Members	Title	Time served on the UKAB to the nearest year
Non-Executive members		
Ruth Anderson (Chair)*	Audit Non-Executive	1 year
Carl Hughes*	Audit Non-Executive	1 year
Tonia Lovell	Audit Non-Executive	3 years
Philip Tew*	Doubly independent Audit Non-Executive	3 years
David Thorburn	Audit Non-Executive	3 years
Roles-based appointments		
Andrew Bates	UK FSO Head of Audit	1 year
Justine Belton	UK Country Professional Practice Director and UK Audit Compliance Principal	3 years
Andrew Walton	UK Head of Audit	3 years

*ANE has experience of audit at an appropriate level of seniority.

In accordance with the Operational Separation Principles, the UKAB is chaired by an ANE and has a majority of ANE members.

Mridul Hegde stepped down as an NE and member of the UKAB on 18 September 2023, with Ruth Anderson and Carl Hughes being appointed as NEs and appointed to the UKAB on the same date. In addition, Ruth Anderson was appointed as the Chair of the UKAB. Following financial year-end, Sir Philip Rutnam was appointed as an ANE on 1 October 2024 for a term of three years.

Andrew Bates replaced Javier Faiz as UK FSO Head of Audit on 1 January 2024 and therefore was appointed as a non-ANE member of the UKAB from that date.

Following the year-end, Annie Graham replaced Andrew Walton as UK Head of Audit and was therefore appointed as a non-ANE member of the UKAB with effect from 1 July 2024. In accordance with Operational Separation Principle 7, the UKAB (through its Chair and doubly independent ANE) was consulted on Annie's appointment as UK Head of Audit. Annie also participated in a pre-appointment meeting with the FRC prior to taking on the role.

The UKAB met six times during FY24, being; four quarterly meetings, a session to review the FY25 audit quality strategy refresh and a meeting to approve the FY23 Transparency Report and FY23 Audit Quality Report, as reflected in the attendance table in [Appendix 6](#). As noted above, the voting rights of members of the UKAB are such that ANEs will always hold the majority of voting rights, even if they are not in a majority by number.



UK Country Committee (UKCC)

The purpose of the UKCC is to manage the operations of EY UK with respect to matters that have, or may have, a UK country-specific impact, including legal, regulatory, and reputational matters and financial resilience.

Its published Terms of Reference provide that, to the extent relevant to its purpose, the UKCC is responsible for the general operational management of EY UK, its financial resilience and acquisitions, risk management and people, values and culture matters.

During FY24, the UKCC met to consider and take decisions on various issues within its areas of responsibility, including but not limited to:

- ▶ Reviewing and monitoring the commercial performance and financial resilience of EY UK.
- ▶ Reviewing and commenting on the external and internal communications strategy of EY UK.
- ▶ Reviewing and approving changes to the people strategy and policies of EY UK.
- ▶ Reviewing and commenting on social impact matters including corporate responsibility projects and DE&I strategy.
- ▶ Identifying and monitoring highly significant emerging issues relevant to EY UK.
- ▶ Overseeing risk management performance of EY UK.
- ▶ Reviewing and commenting on engagement by EY UK with its regulators and external stakeholders.
- ▶ Overseeing and monitoring contentious matters.
- ▶ Reviewing and approving matters related to certain ISQM1 controls.
- ▶ Considering and approving operational matters including the adoption of a new Microsoft Dynamics CRM system.

The composition of the UKCC is determined by the EY UK Board and is roles-based to ensure it has the appropriate skillset and representation to consider and decide matters within scope of the UKCC's purpose.

The membership of the UKCC as at 28 June 2024 was as follows:

UKCC Members	Title	Time served on the UKCC to the nearest year
Roles-based appointments		
Hywel Ball (Chair)	UK Managing Partner	4 years
Anna Anthony	Managing Partner, UK FSO	4 years
Lisa Cameron	UK General Counsel	4 years
Justine Campbell	Managing Partner, Talent	4 years
Christabel Cowling	Managing Partner, Core Business Services	1 year
Jane Goldsmith	Managing Partner, Risk Management, UK	4 years
Gavin Jordan	Chief Operating Officer, UK FSO	4 years
Ally Scott	Managing Partner, Scotland	4 years
Rupert Taylor	Managing Partner, UK FSO Talent	4 years

With effect from 30 June 2023, due to changes in the roles-based appointments to the UKCC, Lynn Rattigan, Alison Kay and Rodney Bonnard stood down from the UKCC and Christabel Cowling (in the role of Managing Partner, Core Business Services) joined as a member.

Following the year-end, Sharon McMullen replaced Rupert Taylor as Managing Partner, UK FSO Talent and joined the UKCC as a member with effect from 1 October 2024.

The UKCC is supported by various sub-committees and may delegate its authority for certain matters to those sub-committees.

The UKCC meets at least ten times per year, and it reports to the EY UK Board with a regular summary of significant matters considered and decisions it has made.



Committees supporting the EY UK governance structure

The governance structure of EY UK is supported by the following sub-committees of the EY UK Board and of the UKAB:



Accountable Executive Committee (AEC)

The AEC is a committee of the EY UK Board and is responsible for ensuring the desired outcomes and principles for Operational Separation are delivered, embedded and monitored.

With effect from 28 June 2024, the AEC's Terms of Reference were amended to specify the members of the committee who are nominally responsible and accountable for ensuring compliance with the Operational Separation Principles. This was to enhance compliance with Principle 21 which requires that firms appoint one individual (or a small number of individuals with clearly defined and non-overlapping responsibilities) from the Senior Management team to be responsible and accountable for ensuring the outcomes and principles for operational separation are delivered, embedded and monitored.

The membership of the AEC as at 28 June 2024 was as follows:

AEC Members	Title	Time served on the AEC to the nearest year
Hywel Ball (Chair)	UK Managing Partner and Chair	3 years
Anna Anthony	Managing Partner, UK FSO	3 years
Gavin Jordan	UK Chief Financial Officer	1 year

Due to changes in the roles-based appointments to the AEC, Christabel Cowling served as a member of the AEC between 30 June 2023 and 28 June 2024 in her capacity as Managing Partner, Core Business Services. Lynn Rattigan served as an AEC member in her former capacity as EY UK's Chief Operating Officer and stood down from the AEC, following a short transition period, on 31 October 2023. Gavin Jordan was appointed to the AEC on 28 June 2024 in the role of UK Chief Financial Officer.



Nomination Committee (NomCo)

The NomCo is a permanent committee of the EY UK Board and acts on its behalf in respect of the consideration for appointment and extensions to the terms of appointment of:

- ▶ INEs and ANEs.
- ▶ EY UK Board representatives of the UK&I and FSO Regional Partner Fora.
- ▶ Additional nominated (i.e. co-opted) members of the EY UK Board pursuant to the EY UK Board Terms of Reference.
- ▶ Members of the Audit Committee and ROC.

In FY24, the NomCo was convened on three occasions to consider proposed appointments to the governance structure of EY UK. It also passed resolutions by electronic means.

With respect to NE appointments, during FY24 the NomCo considered and recommended to the EY UK Board:

- ▶ The appointment of Ruth Anderson and Carl Hughes as NEs on 1 September 2023.
- ▶ The extension of Philip Tew's term of appointment.
- ▶ The appointment of Suzanne Raine and Sir Philip Rutnam as NEs in July 2024 (following year-end).

As part of the NE appointment process, the NomCo considered the skills and experience of the candidates and the existing NEs to identify any gaps. Consideration was also given to the time commitment for the role and candidates' existing commitments. For succession planning purposes, NEs' terms of appointment are published each year in the Transparency Report.

On a periodic basis, the NomCo will review the individual performance of the non-executive members of the PIB and UKAB. During FY24, an external adviser was engaged to facilitate an effectiveness review of the EY UK Board, the PIB, the UKAB and the UKCC. As at year-end, work was underway in relation to these reviews. It is intended that, during FY25, the NomCo will use the results of the effectiveness reviews to assess the individual performance of the non-executive members of the PIB and UKAB in FY24.

The membership of the NomCo as at 28 June 2024 was as follows:

NomCo members	Title	Time served on the NomCo to the nearest year
Anna Anthony (Chair)	Managing Partner, UK FSO	3 years
Hywel Ball	UK Managing Partner	3 years
Alison Duncan	UK Head of Regulatory & Public Policy	1 year
Sundar Viswanathan	UK&I Partner Forum representative	3 years
Non-Executive members		
Tonia Lovell	Independent and Audit Non-Executive	3 years

Alison Duncan was appointed to the NomCo as UK Head of Regulatory & Public Policy on 1 January 2024 when she took over the role from Christabel Cowling.



Risk Oversight Committee (ROC)

The ROC is a committee of the EY UK Board. Its role is to support the EY UK Board with respect to risk monitoring and management and to support the profitable growth of EY UK through the effective management of risk. Its role is discussed in detail in [Appendix 3: Managing risk](#). Its duties include, among other matters:

- ▶ Overseeing the framework for identifying, assessing, monitoring and reporting risk.
- ▶ Supporting the EY UK Board in carrying out its risk management responsibilities.
- ▶ Overseeing internal audit activities.

Members of the ROC, including the Chair, are appointed by the EY UK Board having been recommended for appointment by the NomCo. The membership of the ROC as at 28 June 2024 was as follows:

ROC Members	Title	Time served on the ROC to the nearest year
Chris Bowles	Independent Chair, ROC	7 years
Michael-John Albert	Partner, FSO	2 years
Alison Duncan	UK Head of Regulatory & Public Policy	1 year
Jane Goldsmith	Managing Partner, Risk Management, UK	4 years
Jon Hughes	Partner, Transformation Strategy Leader	2 years
Stuart Thomson*	Partner, Risk Management	6 years
James Tufts	Partner, Regulatory & Risk Management, UK FSO	1 year

*Stuart Thomson retired from EY UK on 28 June 2024.

Alison Duncan was appointed to the ROC as UK Head of Regulatory & Public Policy on 1 January 2024. James Tufts was appointed to the ROC on 1 November 2023 when he took over the role of Partner, Regulatory & Risk Management, UK FSO from Jenny Clayton upon her retirement from EY UK.



UK Audit Committee (UKAC)

The UKAC reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements. It is also responsible for making recommendations in relation to the appointment of the external auditor and for approving the remuneration and terms of engagement of the external auditor. The UKAC monitors the integrity of the financial statements of EY UK, reviews significant financial reporting judgements and recommends the approval of the financial statements to the EY UK Board.

The EY UK Board selects UKAC members based on their roles and expertise, with their period of appointment reflecting this.

Representatives from management teams attend certain UKAC meetings, including the UK Chief Financial Officer, Finance Director, General Counsel and UK Head of Audit. In addition, the Head of Internal Audit and the external auditors regularly attend the meetings of the UKAC and the Chair has regular informal meetings with the external audit partner.

The membership of the UKAC as at 28 June 2024 was as follows:

UKAC Members	Title	Time served on the UKAC to the nearest year
Alison Duncan (Chair)	Audit Partner	3 years
Jane Goldsmith	Managing Partner, Risk Management, UK	3 years
Mike Rudberg	Audit Partner	1 year
Chris Voogd	Audit Partner	6 years
Sarah Williams	Audit Partner	5 years

During FY24, the UKAC engaged in the process to rotate the role of BDO LLP lead audit partner in line with requirements as per the FRC's Ethical Standards. The lead audit partner rotated to Mark Cardiff for the period ended 28 June 2024.

The topics covered throughout the annual cycle of meetings were considered necessary for the UKAC to be in a position to fulfil its responsibilities on behalf of the EY UK Board in relation to the external audit process and the EY UK financial statements. The UKAC meets at least twice annually; in FY24 it conducted a total of seven meetings/briefings and undertook the activities set out below.

With respect to the external auditor, BDO LLP, the UKAC:

- ▶ Approved the appointment and fees of the external auditor.
- ▶ Challenged and approved the audit plan, considering the risks identified by the external auditor.
- ▶ Read and discussed the audit results and observations as reported by the external auditor.
- ▶ Monitored the effectiveness and independence of the external auditor, including the partner rotation process as noted above.

With respect to other matters, the UKAC:

- ▶ Reviewed the FY24 Internal Audit Plan, received reports and discussed with the Head of Internal Audit the findings arising from its work, the status of agreed action plans and considered the impact, if any, on the financial reporting processes and controls of EY UK.
- ▶ Received reports and briefings on a number of finance related matters, including impairment and provisions for professional liability claims and regulatory matters, and considered the implications for the FY24 year-end financial close process and reporting.
- ▶ Reviewed the application of the Operational Separation policies in preparing the financial information of the operationally separated audit practice as set out in [Section 6: Revenue and remuneration](#).

Specifically, as it pertained to the integrity of the EY UK FY24 financial statements, the UKAC reviewed analyses and/or reports provided by management and the external auditors, specifically focussing on areas of significant estimation and judgement, including:

- ▶ Revenue recognition and valuation of unbilled receivables.
- ▶ Completeness and valuation of provisions for professional liability claims and regulatory matters.
- ▶ Annual impairment test for the carrying value of goodwill.
- ▶ Appropriateness of the going concern basis of preparation of the financial statements.

The UKAC reported to the EY UK Board at its meetings on 14 October 2024 and on 23 October 2024 and recommended the approval of the FY24 financial statements.



Ultimate Responsibility Committee (URC)

The URC is a committee of the EY UK Board and is responsible and accountable for the System of Quality Management within EY UK. Specifically, the URC is responsible for:

- ▶ Evaluating the effectiveness of the System of Quality Management each year.
- ▶ Concluding, in relation to EY UK's quality objectives being achieved, that the System of Quality Management has provided EY UK with:
 - ▶ Reasonable assurance
 - ▶ Reasonable assurance, except for, or
 - ▶ No reasonable assurance
- ▶ Fulfilling the System of Quality Management-related responsibilities which includes the promotion of a culture of quality, overseeing the establishment of Quality-related organisational structures, and approving Quality-related investments and resource allocations.

The membership of the URC as at 28 June 2024 was as follows:

URC Members	Title	Time served on the URC to the nearest year
Hywel Ball	UK Managing Partner	2 years
Anna Anthony	Managing Partner, UK FSO	2 years
Christabel Cowling	Managing Partner, Core Business Services	1 year
Gavin Jordan	UK Chief Financial Officer	1 year

Gavin Jordan and Christabel Cowling were appointed to the URC with effect from 1 December 2023 in place of Lynn Rattigan who was formerly Chief Operating Officer of EY UK. Christabel Cowling as Managing Partner, Core Business Services and Gavin Jordan, in his role as UK CFO, are viewed as valuable additions to the committee as the people with responsibilities over the resources related to quality investments affecting the operation of the SQM.



Audit Board Remuneration Committee (ABRemCo)

The ABRemCo is a sub-committee of the UKAB, whose membership is comprised solely of ANEs. The ABRemCo was formed in response to the Operational Separation Principles which includes a requirement for the UKAB to have a remuneration sub-committee. The role of the ABRemCo is to oversee the remuneration and promotion of audit Partners.

The membership of the ABRemCo as at 28 June 2024 was as follows:

ABRemCo Members	Title	Time served on the ABRemCo to the nearest year
Non-Executive members		
Philip Tew (Chair)	Doubly independent Audit Non-Executive	3 years
Ruth Anderson	Audit Non-Executive	1 year
Carl Hughes	Audit Non-Executive	1 year
Tonia Lovell	Audit Non-Executive	3 years

Mridul Hegde stepped down as an NE on 18 September 2023, with Ruth Anderson and Carl Hughes being appointed as NEs on the same date and then further appointed to the ABRemCo on 4 October 2023. On 1 October 2024, Sir Philip Rutnam was appointed as an ANE and appointed to the ABRemCo.

With respect to remuneration responsibilities, in particular the ABRemCo scrutinises policies to make sure that audit Partners are not incentivised for non-audit sales, but its main focus is monitoring whether policies related to audit Partner pay give primary weight to a Partner's contribution to audit quality.

Partner pay takes account of experience, roles and responsibilities, long-term potential, as well as being directly linked to a Partner's overall in-year performance. Performance is measured within the context of the EY performance management framework which includes consideration of the audit quality grading, various financial metrics and people-teaming factors.

The annual quality rating is determined by a panel of partners independent of those being rated and reflects a comprehensive and structured assessment of an individual Partner's performance in regard to audit quality. The ratings are derived from various considerations including external and internal inspection results, complexity of the Partner's audit portfolio, broader contributions made to delivering high audit quality and compliance with mandatory training and internal policies.

The quality grading provides both a cap (when a low-quality rating exists) and a floor (when a high-quality rating exists) to the overall performance rating. Any deviations from the cap and floor being applied to individual Partners require independent approval. There may also be financial sanctions for poor audit quality outcomes or additional rewards given to Partners for exceptional audit quality outcomes.

The outcomes of this process are presented to the ABRemCo, which considers whether policies and processes in relation to audit Partner remuneration have been appropriately applied. The ABRemCo advises the UKAB with respect to the results of the annual audit Partner performance assessment process with reference to the policies, process and outcomes related to audit quality.



People, values and behaviours



EY UK talent team

The EY UK talent team facilitates the career lifecycle of our diverse, multi-generational workforce of around 20,000 colleagues. EY UK talent has seven centres of excellence delivering talent services across EY UK, including business partnering, employee relations, health and wellbeing, talent development, talent attraction, diversity and inclusiveness, enablement, reporting & analytics and reward & pensions. All talent functions work closely with the service lines to enable transformation, provide data and insights, and improve the employee experience of UK EY people.

The talent team is supported by experienced individuals from within service lines, referred to as 'counsellors'. These people play a vital role in nurturing, engaging, and overseeing the performance and development of a small number of junior colleagues each (their counselees). Counsellors have a positive impact on the careers of our people by motivating and challenging their counselees, as well as providing coaching.

Talent leaders regularly deliver presentations to the PIB on a variety of talent-related topics, helping the INEs to discharge their duties under the AFGC.



Embedding culture

Our common culture is a critical component of our success, as it influences how our teams interact with one another, with their clients and with the entities they audit. It is also fundamental to how employees approach their work and decision making, whilst taking public interest into account. Our culture enhances our work environment and helps us to attract and retain the best employees and clients.

The EY UK culture is based on a set of clear, long-established values.

We are:

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

We expect our people to adhere to our values across all areas of activity. One of the ways in which we reinforce them is via our internal 'applause' recognition platform, where colleagues can acknowledge one another's contributions in an innovative, fun, and public way. Nominations can be made for financial or non-financial awards, including an online 'wall' where people can publicly recognise colleagues who have made a difference and demonstrated our values.

Underpinning our values is a comprehensive set of policies, outlining the standards and behaviours we require of our people. Our global Code of Conduct sets out our globally consistent expectations, and all employees must sign their agreement to meet these each year. The signatures are monitored via our year-end quality and risk metrics. The global Code of Conduct is categorised into five key areas, which include expectations on working with one another, expectations when working with clients and others, acting with professional integrity, maintaining objectivity and independence, and protecting data, information, and intellectual capital. Employees can access advice and assistance related to our Code of Conduct through a variety of channels including service-line support, risk management & independence, talent, legal counsel, and an ethics hotline.

The EY UK dignity at work policy outlines the behaviour that is expected when interacting with colleagues or other individuals connected to EY UK, including clients, suppliers, contractors and job candidates. It also sets out examples of behaviour that will not be tolerated, such as bullying, harassment and victimisation. We provide multiple avenues of support and opportunities for our people to speak up, using various tools including Culture Shift™ Report & Support, EY/ethics, our counsellor advice team, and an employee assistance programme that includes access to professional counselling.



Reporting concerns

Operated by an independent external organisation, our ethics hotline provides our people and external stakeholders with a means of reporting – either anonymously or on a disclosed basis – any activity that they suspect may involve unethical or illegal behaviour. Examples of incidents that can be reported include those that may be in violation of professional standards or otherwise inconsistent with our EY global Code of Conduct. Reports can be submitted online or via a telephone hotline. All reports received are given careful attention, and reporters can check the status of an existing question or concern. We have made a commitment to protecting our people from retaliation when they raise a concern. We also report all non-financial conduct matters to the FRC on a quarterly basis, as required.

An important aspect of our 'speak up' culture is encouraging anyone who has experienced or witnessed behaviours they believe to be unacceptable to report them. In 2022 we introduced our Culture Shift™ Report & Support tool, designed to provide another safe route to report cultural concerns and behaviours that are not in line with EY values. Issues reported through this tool might relate – for example – to a group dynamic or everyday behaviour that cannot be resolved through routine conversations with managers and counsellors, but which may not meet the bar for a formal grievance. An employee does not have to identify themselves when using the reporting tool, although we encourage them to do this in case we need to investigate an incident more thoroughly. We support anyone who raises genuine concerns, even if they turn out to be mistaken. We regularly analyse the types of issues being reported to enable us to better understand common themes. The resulting insights influence the steps we may take to address people's concerns.

We are also developing an ethics strategy to bring together the approach and activity related to ethical behaviour matters in one place. One element has been the implementation of learning and development programmes that aim to inform and empower our people about ethical principles, practices and EY UK policies. We have also introduced an ethical communication campaign to promote awareness and engagement in our ethics strategy.



Promoting inclusion and equity

EY UK has committed to accelerating our progress on diversity, equity, and inclusiveness (DE&I): our goals include creating a culture where everyone feels they belong, closing the 'say-do' gaps, and significantly shifting the make-up of our partnership by 2025. For example, we have set bold targets on the proportion of female and ethnic minority partners, and we recognise the need for greater equity to close our pay and bonus gaps. Please refer to our Impact Report for more detail.

As an equal-pay employer, we undertake comprehensive pay audits. Understanding our pay gaps shows us where we need to act to achieve better representation for some of our communities. We publish our gender pay gap and, going beyond this regulatory obligation, we also provide reporting on additional characteristics including ethnicity, disability, sexual orientation, and social mobility.



Open dialogue and connecting with our people

The EY UK employee forum, EY Voice, provides for an ongoing and open dialogue between leadership and employees. The forum includes 15 representatives elected from across the business for a two-year term. They meet with senior leaders, including the UK Chair, on a quarterly basis, as well as presenting to the PIB and meeting with the NEs to share their thoughts and ideas. The forum enables leadership to understand how people are feeling, what they want, and where and how we can improve their experience of working for EY UK.

EY Connect sessions represent a further channel for two-way communication with our people. These meetings are facilitated locally within teams to foster social interaction, deepen the connection to EY UK and reinforce our shared purpose. The content is a mixture of centrally-curated material and team-specific information. The teams discuss

topics that matter to our employees. For example, during FY24 the sessions covered emotional intelligence, diverse abilities, gen AI and neuro inclusivity.

During FY24, EY Connect sessions also introduced 'All in Moments' (AIM), a framework designed to help ensure that all our colleagues' voices are truly heard and valued in team meetings. AIM provides useful guidance on best practice when working with people of different levels of seniority, working styles, cultural backgrounds and service lines, whilst also offering examples of how to work effectively within a hybrid environment. The framework focuses on making everyone feel welcomed and understood and sets out the ways in which different perspectives can be sought out by challenging the status quo.

EY UK also has seven employee networks which house 33 different communities, consisting of groups of people from all service lines, at all ranks, who come together based around a shared set of interests, experiences, and perspectives. For example, the life network encompasses carers, menopause, family, military, age inclusion, and mindfulness communities. We also have networks for social mobility, race & ethnicity, embrace – faith & belief, unity – LGBT+, and women, as well as an ability network. Each network has a partner sponsor and co-chairs, as well as an annual budget. EY UK networks are empowered to lead their own communities and events, meaning they can take an autonomous approach.

Other channels for employee engagement include 'town hall' meetings within the regions and London, as well as quarterly 'all people' calls and separate partner calls. Topics in FY24 have centred around wellbeing, our DE&I strategy, and business and performance updates.



Monitoring engagement

We monitor culture in a number of ways. Specifically in respect of our audit practice, we deploy an annual Audit Culture Survey, as discussed in more detail in [Appendix 3: Audit quality and culture](#).

EY measures culture and engagement more broadly via the EY People Pulse (EYPP), which is deployed three times a year across all service lines. It consists of a series of questions designed to indicate employee sentiment.

The survey focuses on different aspects of everyone's experience, including wellbeing, inclusivity, sustainability, and how employees feel about their role at EY UK. Consistent questions are asked for trending purposes, relating to exceptional experience and engagement. One-off, topical questions are also included, with recent examples including connected working, ethics and trust.

Our survey reporting enables us to select and analyse all scores by business area, rank, gender, ethnicity and more. This allows us to build action plans within teams and focus on specific issues to make improvements.

We monitor employee engagement closely throughout the year, and are mindful of the impact that organisational restructuring can have on our people. EY UK undertook business transformation within various service lines in FY24, resulting in unavoidable restructuring. We make a commitment to uphold our values throughout these challenging periods and aim to provide compassionate and meaningful support during the process. We provided for the election of employee representatives and consulted with the impacted people over a number of weeks, taking their views into careful consideration. We also informed EY Voice, which provided challenge around decision making. We were successful in redeploying some employees, and those that were made redundant received an enhanced redundancy package, which included access to professional counselling and an outplacement service to help them secure another role.



Professional development

EY UK provides technical and enterprise-wide learning, offering a range of learning opportunities including in-person sessions, targeted talent development programmes, coaching, on-the-job learning, and developmental roles and assignments. To ensure our employees are able to dedicate sufficient time for learning, we organise regular learning days. Employees are invited to attend sessions on priority topics and are encouraged to complete learning in areas of their own professional interest and passion. We encourage employees to take charge of and plan their own learning and professional growth, with the support of their counsellors.

We regularly review our Continuing Professional Development (CPD) process to keep it aligned with regulatory changes, including the new ICAEW regulations that took effect on November 1, 2023. All EY UK audit professionals are required to complete 40 hours of CPD learning annually.

EY UK also designs and delivers bespoke apprenticeship learning in accounting and taxation, and is ranked 18th in the Top 100 Apprenticeship Employers for 2024. In June 2024, EY UK achieved an 'Outstanding' grade in our first full Ofsted inspection for delivery of the Level 7 Accountancy and Taxation Professional apprenticeship.

More detailed requirements related to our audit professionals are set out in [Appendix 3: Audit quality and culture](#).



Nurturing our employees

Our Transformative Leadership Model is interwoven into our development tools, and is designed to enable growth and purposeful reflection about 'what we do' and 'how we do it'. In summary, the model includes:

1. Better Me – curiosity, wellbeing, agility.
2. Better Us – inspiring, belonging, teaming.
3. Building a Better Working World – positively impacting our business, society and clients.



Counsellor support

Throughout FY24 we have focussed on upskilling our population of around 7,000 counsellors, via a refreshed and expanded learning programme aimed at enabling our counsellors to build their leadership skills and engage in better conversations. These sessions are complemented by quarterly counsellor excellence briefings, which provide practical upskilling on topics such as managing performance, spotting and nurturing talent, managing absence, career progression and family leave. These briefings are available live – averaging around 1,000 attendees – and on demand.

We have introduced a counsellor workspace that provides a broad range of useful materials and information in one place, including expectations of the role, performance management requirements, counsellor learning resources, FAQs, and a newsfeed for the latest updates. Counsellors are also kept up to date via emails and plasma screen updates across our offices, highlighting deadlines, performance dates and other LEAD cycle activity.

EY UK Talent includes a Counsellor Advice team, which provides policy guidance to our counsellors. Topics on which this team provides advice may include areas such as family leave queries, hybrid working, under-performance, and grievance issues. The team also provides support around conduct cases and is the first point of contact for disclosures regarding safeguarding or mental health matters. In addition, we have created an AI talent assistant which provides instant responses to counsellors' queries.



Celebrating successes

For colleagues progressing to senior, manager, or senior manager roles, we celebrate promotions twice a year with an invitation to our 'milestone programmes'. In FY24, seniors attended a virtual programme¹ and managers/ senior managers attended an in-person event in Dublin. As in previous years, this event included keynote presentations from EY leadership and clients, each sharing their own experiences to help prepare the newly promoted people to excel in their role. Recently we have also added a keynote speaker on the topic of AI readiness and AI's impact on the future of business.

Alongside the presentations, the programme includes a range of interactive challenges, with a focus on client centricity, leadership, business acumen and driving purposeful growth. There is also an emphasis on building long-term, trusted relationships and expanding networks across EY. Overall, the programme aims to enable promoted colleagues to achieve growth and effective performance in their new role, through encouraging self-reflection, exploration and planning for action.

1. From September 2024 this is an in-person event.



Pathways to partners

We conduct regular reviews of our talent pipeline to cultivate talent and ensure an effective succession plan. As part of this, we invite a selected group of employees to participate in a development programme called 'Pathways to Partner'. This two-year journey supports participants in building the personal and business skills they will need to become a partner. The programme commences with a development centre, designed to test candidates' current skills, and provide rich, honest feedback from which a clear development plan can be created. It also enables personalisation of experiences through a menu of learning that supports people's individual development goals. Prospective partners receive transparent feedback on their progress, giving them the best opportunity to realise their full potential.

Professional coaching and peer coaching are available to help our people develop transformative leadership skills and a clearer understanding of 'self' in readiness for establishing a personal case for career advancement. The spotlight learning opportunities available in FY24 included sessions on risk management and compliance requirements, FY24 market updates, sustainability at EY, and the importance of learning in leadership.



Managing performance and career growth

LEAD is our employee review process designed to help drive career growth and personal development. We have recently introduced LEAD categories, with the aim of clarifying performance expectations for each rank and providing a clearer link to reward. The categories consist of four consistent definitions: Needs to Progress, Progressing, Differentiating, and Strategic Impact. These definitions had previously been applied only to our directors and partners. The majority of our employees will be assessed as 'Progressing' – a category that is defined as someone who is 'continuing to grow and excel' and 'exhibiting high standards of performance'.

Individual work performance is assessed against expectations within a colleague's specific rank, and an initial category is determined by the counsellor.

Counsellors are supported in their role by a counsellor connect leader (CCL), who provides them with a sounding board when required. The CCL is responsible for overseeing performance for a group of employees and holds a meeting twice a year, during which the performance of employees is discussed and collectively evaluated. Performance is outlined within our rank expectations guidance, and everyone is held to the same standard, according to their rank.

A final assessment is made by our business leaders during a Leadership Review panel. This ensures transparency across our business and enables thoughtful application of the LEAD categories.



Talent attraction and retention

During 2024¹ we welcomed more than 1,140 university and secondary school graduates, with over 450 interns arriving on short-term placements. During FY24 overall, we hired more than 2,400 people.



Graduate and school leaver recruitment

To recruit students, EY UK works with universities and schools across the UK and utilises direct sourcing tools to promote opportunities to a broad and diverse audience of students. In FY24, EY UK ran 120 recruitment events across 24 universities, and 120 events in schools and colleges. These included careers fairs, skills sessions, on-campus brand campaigns, and EY office open evenings.

We also host gatherings as part of our strategy to attract a wider range of demographics. In FY24, examples included an African Caribbean society evening, an international women's day event, and a social mobility event with the 93% Club, a charity and social enterprise that provides opportunities for people who went to state schools in the UK.

1. The data is in respect of the January to September 2024 intake

We supplement this on-campus activity with virtual webinars on application tips to help students navigate the selection process successfully. In addition, we work with key strategic partners who engage with their student networks to assist in attracting students to EY UK. Each of these partners is given targets to help fill our positions and meet our diversity objectives.

As part of a multi-year plan, EY UK runs a series of key programmes to engage talent at an early stage and convert this interest into permanent graduate and apprenticeship hires. We host a two-day programme for underrepresented groups of university students, focussing on women, black heritage, and social mobility backgrounds. The first day includes an online introduction to EY, covering our people, work and culture. The second day involves an in-person event at our EY offices, including an interview/assessment centre workshop and an opportunity to network with EY UK people and their peers. After students have attended this programme, we encourage them to apply and be fast-tracked to the next EY programme in their journey, whether that be an internship or a graduate role.

The four-week summer internship is for penultimate year university students, with the successful interns being offered a graduate position. The career-starters programme is a two-day work experience programme for year 11 and 12 students, after which candidates can apply to be fast-tracked to convert to an apprentice role. The EY UK student selection process is designed to assess whether a candidate has the strengths and capabilities needed for success in their chosen programme. This involves the digital EY ONE assessment covering behaviours, motivations and cognitive abilities. EY ONE also includes content that brings the programme to life. For example, the EY ONE apprentice assessment includes videos of recent apprentices sharing their experiences and tips for success. In 2024 we re-launched in-person assessment centres for audit graduates.



Experienced hire recruitment

Our recruitment function uses robust data analytics and candidate insights to inform strategic decisions and attract top-tier talent. We provide our recruiters with training on

LinkedIn talent insights and create online communities of potential future talent, helping us to address future hiring plans and build talent pipelines for EY UK.

We utilise a number of tools to assist us in the hiring process, both from within the UK and globally. For example, we capture detailed data on candidates' salaries, bonuses, benefits, and reasons for seeking new roles. This data provides us with insights into how to best position ourselves with candidates and understand how we compare to other organisations within the market. We also have a candidate relationship management system which creates unique experiences for candidates, encouraging them to regard EY UK as their employer of choice.

We have also enhanced our assessment and selection methods to streamline and improve our hiring processes into the audit sub-service line. For example, we have implemented a new training programme for interviewers, and launched targets across recruitment and audit leadership.

Additionally, we are partnering with membership bodies and local senior talent, as well as implementing measures to detect and prevent duplicate profiles.



Reward proposition

A further important enabler for attracting and retaining high-calibre employees is our total reward proposition, which was recently reviewed to ensure it remains competitive in the market. Previously, our benefits were differentiated for employees with longer service or in higher ranks, but we have now moved towards benefits harmonisation by introducing private healthcare insurance for all employees. We have also introduced a wellbeing fund of £500, which gives employees the flexibility to choose a benefit which is most important to them. It could – for example – relate to their social wellbeing, with money being reimbursed on theatre tickets or pet insurance costs. Alternatively, if their chosen benefit relates to their physical wellbeing, they could spend the funds on a gym membership or spa sessions. This wellbeing fund has now become the benefit that is valued most highly by our employees, with the highest participation.



Responsive strategies for a changing environment



Addressing the use of AI in exam cheating

Usage of generative AI became far more prevalent across recruitment processes in early 2023. This prompted us to undertake a full review of opportunities to cheat, followed by the implementation of new processes and controls to mitigate this risk. We recently moved all our assurance assessment centres back to in-person assessments.

A retrospective review was carried out for the 2023 intake, and continuous monitoring of online assessment scores put in place. Today, the ways in which individuals could cheat are both novel and evolving: they include written responses by AI, AI plugins trained to take assessments, assessments copied and shared online, and enabling an unfair advantage in preparation. Candidates demonstrating suspicious behaviour are either removed from the assessment process or re-tested. If the re-test demonstrates non-suspicious outcomes, they can continue in the process and could proceed to an offer of employment. If their re-test results are suspicious, they are removed from the assessment process.



Changes to skilled worker visas

In April 2024, the salary threshold at which employers can sponsor the skilled worker visa changed at short notice. A single salary rate for sponsorship was implemented, with no regional variation. This required us to complete an urgent review of our graduates who were intending to use the new entrant route for September 2024. After deciding on an approach that would meet our legal and statutory obligations, we communicated with the student candidates – a step that resulted in 20% of them no longer being eligible for sponsorship. Whilst a number of offers were unavoidably rescinded, for some individuals we were able to find alternative routes for self-sponsorship, along with alternative roles. We have now updated our future hiring approach to reflect the change to the skilled worker visa threshold, and the application form now requires disclosure of any requirement for visa sponsorship. Candidates who are not eligible are withdrawn from the process.



Audit quality and culture



EY UK Audit Quality Programme

Delivering sustainable, consistent high-quality audits is a priority for EY UK and the drive to achieve this is captured in the audit quality purpose.

Audit quality purpose

At EY UK we are committed to consistently delivering high-quality audits that serve the public interest.

The EY UK audit quality strategy is refreshed each year to support the attainment of this goal and in particular achieving consistency. The strategy, which is an extension of the EY global strategy, has evolved for FY25 to concentrate on EY UK people and how they feel as a result of the initiatives launched. The focus is on driving personal pride and motivation; developing a curious mindset and inspiring individuals to learn and challenge; driving excellence by individuals striving for continuous improvement and embracing change; and in doing so, driving greater collaboration, better connected teams, and further rebalancing work intensity. Purpose-led culture continues to be fundamental to these objectives and underpins the audit quality strategy.

The EY UK audit quality programme is well established. Since the start of this, EY UK has implemented a wide variety of initiatives, many of which continue to support the delivery of high-quality audits today. Some of these initiatives such as the Audit Quality Executive Committee (AQE) (as discussed further below) form part of the day-to-day governance and oversight. Other areas of continuous development include:

- ▶ Annual Audit Quality Summit and National Academies for training, as well as the Culture of Audit Quality roadshows that were introduced in 2022 to focus on the desired audit culture for EY UK.

- ▶ With the rapid growth in technology including AI, the global investment of \$1 billion in next-generation assurance technology for improving teams' connectivity, introducing increased automation, and data analytics tools supported by enhancements to the audit methodology remains a critical initiative.
- ▶ Significant investment in additional support for audit teams through 'hot file' reviews, coaching packs, enhanced risk review processes and good practice documentation and other strategic actions as discussed further in the [2024 UK Audit Quality Report](#).
- ▶ Introduction of a new technology enabled 'one-stop-shop' that is easily accessible and supports teams in finding the right answers, information and good practice examples, when they need them.
- ▶ Greater linkage between audit quality and reward for audit partners and EY UK people.
- ▶ Annual audit trust awards to celebrate outstanding contributions to a quality-led culture from across UK audit at all levels, as well as specialists who support audits.
- ▶ Furthermore, during the year, a specific Quality Leader function has been introduced across all of Assurance to support the continued integration of specialists with audit, and to supplement the established Oversight Committees with non-audit service lines.
- ▶ Continued enhancement of controls under the ISQM 1 framework as discussed further in [Section 2: System of Quality Management](#), as well as continued use of AQIs to monitor and improve project management and quality.



The EY UK audit quality strategy ("AQS", "the strategy")

The audit quality strategy was designed to be adaptable, so as circumstances change, areas that have the greatest impact on audit quality can be prioritised. The development and implementation of the strategy are subject to ongoing review and challenge by the ANEs and internal audit reviews. The priority focus areas throughout FY24 were:

- ▶ Elevating effective coaching and support.
- ▶ Greater standardisation and simplification.
- ▶ Rebalancing work intensity.
- ▶ Purpose-led culture.

A purpose-led culture leads to the right teaming, the support and confidence to constructively challenge, and being professionally sceptical at all times. The fundamental elements underpinning the culture are:

- ▶ The essential attributes of the audit business (right resources, right first time and right reward); and
- ▶ EY UK people, focussed on a common audit quality purpose, taking personal and professional pride in the work they do.

Highlights of activities undertaken to strengthen culture during FY24 included:

- ▶ Delivery of the 2024 Culture of Audit Quality roadshows across EY UK. These focussed on the continued drive of a cultural mindset to embed further challenge and professional scepticism into the audit, and promote a speaking up culture. 'Moments that matter' has also been a key feature to promote recognition of good work and the importance of feedback. Offshore delivery centre staff were included again via a virtual session in September 2024.
- ▶ Introducing partner mentoring for all newly promoted audit partners.
- ▶ Regular governance oversight by the Audit Quality Executive (AQE) to oversee and monitor culture.
- ▶ The defining of clear role expectations to be released for the FY25 personal development cycle. This will reinforce what it means to be an audit professional and

will help people to deliver on their individual and business performance responsibilities.

- ▶ An ethical training programme that was initially focussed on partners has been tailored and delivered to all staff across EY UK.

Other key enhancements made through the FY24 strategy include:

- ▶ Issue of good practice examples and standardised working papers for areas including: pension assets; leasing; business combinations; and specialists.
- ▶ Launch of a pension assets COE where work can be performed centrally and consistently.
- ▶ Expansion of technology-enabled support, including release of further task-specific tutorials and onboarding of the Financial Reporting Group and Government and Public Sector business to the queries and consultation application.
- ▶ Enhancement of the Audit Quality Support Team (AQST) through greater upfront and ongoing facilitated coaching of audit teams.
- ▶ An improvement in the work intensity index, developed to quantify and track the work intensity of people, over the last two years. This is a reflection of additional heads in the business and detailed review of people's portfolios undertaken, including the phasing of work.



The strategy is built on a thorough review of those specific factors that most successfully deliver high-quality audits. The effectiveness of the strategic initiatives is regularly monitored, to ensure that it continues to assist in delivering against the audit quality purpose. This is considered through the RCA programme, assessment of AQIs, feedback from the business, ISQM1 controls, and publications from regulators and other internal and external parties. As a result of this approach of continuous evolution and improvement, the strategy has been refreshed again for FY25. Whilst some of the areas are different, the focus areas remain similar, with the desired outputs now at the forefront resulting in the design being reframed with EY UK people at the heart of the model.

The development and implementation of our strategy has been subject to ongoing review and challenge by our independent Audit Non-Executives (ANEs), as discussed further below. Purpose-led culture will continue to be fundamental to the strategy, with the 2025 Culture of Audit Quality roadshows to drive the continuous improvement, curiosity and connection, and other matters such as partner support networks being expanded.

Other key attributes of the FY25 strategy include:

Curious mindset

- ▶ Nurturing curious mindset and commercial acumen through the development of an interactive training session utilising the techniques and insights from Transaction specialists to build out business acumen skills focussed on a deeper understanding of the environment and businesses that we audit. This will include the consideration and application of developing technologies.

Connected teams

- ▶ Building on connections to bring the right skills coaching and experiences.
- ▶ Reinvigorating the Purpose-Led Outcome Thinking (PLOT) initiative to embed this mindset with the development of a 'roadmap' enabled to facilitate mini-PLOTs to assess core audit risk areas and planned response that support early executive involvement. In addition, we are focussing further on building a strong team culture, leveraging our learnings from successful teams and utilising already developed enablement.

- ▶ Utilisation of recent updates made to the global audit platform, EY Canvas, that provide a guided workflow as part of understanding the business and developing the audit strategy and related response assessment which will help to facilitate full team discussions early, including with specialist colleagues from tax and technology risk, etc.

Continuous improvement

- ▶ Continued focus on driving excellence through standardisation and simplification.
- ▶ Embed, create and share best practice and areas of simplification through targeted campaigns focussed on sharing and celebrating best practice and areas of simplification across the audit practice.
- ▶ Development of a clear and concise writing programme to help improve documentation skills.
- ▶ Development of standardised work programmes focussed on sector-related significant and fraud risks in industries with multiple audits or similar characteristics.
- ▶ Mandating the use of standardised working papers across routine areas of the audit and in parallel increase the usage of centres of excellence and offshore delivery centres.

For further details on the achievements throughout FY24 and the planned evolution for the FY25 strategy refer to the [2024 UK Audit Quality Report](#).



Root cause analysis (RCA)

As explained in [Section 3: Components of our System of Quality Management](#), RCA is a central part of the EY quality improvement framework, providing in-depth assessment of the underlying root cause of the positive or negative outcomes on audits. At EY UK, the results of the RCA are used, along with other factors, in developing the audit quality strategy. They are reported along with proposed actions to internal and external stakeholders, including the AQE, ANEs, the FRC and the ICAEW.

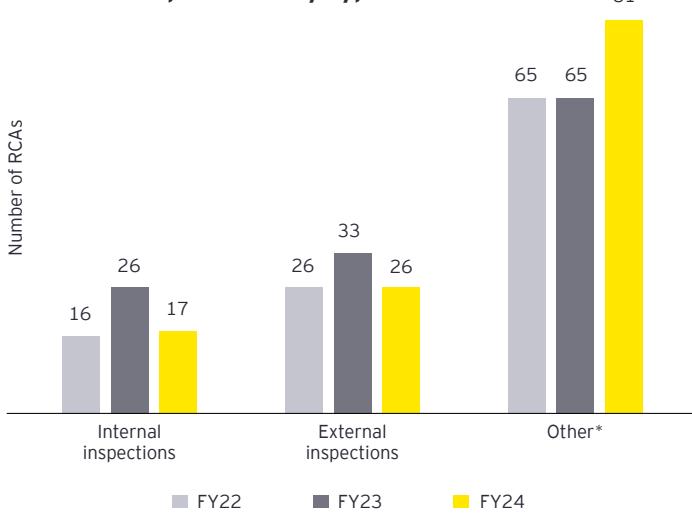
Enhancements continue to be made to the approach to RCA to develop the analysis and understanding of positive and negative behaviours that drive findings. Key improvements in the year included:

- ▶ Further acceleration of the RCA process.
- ▶ Increased implementation of actions prior to the RCA process conclusion where this was appropriate, to expedite the learning being shared across the business.
- ▶ Additional focus on comparing and contrasting the quality occurrences with positive quality events to further understand why there is inconsistency in execution and overlap between areas of good practice and findings.

Focus groups were again held to enable a real time view of audit quality, alongside a consideration of the historical engagement level RCA.

The coverage of audits inspected to identify potential themes in FY24 is consistent with prior year. In total 124 RCA reviews were performed in the current cycle (FY23: 124, FY22: 107). This included positive quality events, for which interviews included more junior members of the teams to help fully identify any potential learnings. Due to the timing of inspections, the RCA on 2024 internal inspections is ongoing.

Annual RCAs performed by Type



*Includes prior year audit adjustments, non-audit reviews and non-personal independence breaches

There are a variety of root causes from this year's external inspection cycle. More detail regarding the outcome of RCA on inspections is provided in the public report available on the FRC website. In summary, the key themes were:

- ▶ There is a clear link between a high degree of engagement by more senior members and a strong team culture resulting in high audit quality.
- ▶ Adapting to the evolving circumstances of the engagement; adjusting priorities and increasing resources accordingly is critical to ensuring appropriate review and supervision.
- ▶ Audit teams need to consistently 'stand back' and consider their findings and any contra-evidence before reaching a conclusion.
- ▶ Where audit teams have taken advantage of existing standardised work programmes there are fewer findings in regulatory reviews.



The AQE is responsible for the delivery of the Audit Quality Programme, the goal of which is to design and implement actions to improve the quality of audits undertaken by EY in the UK, with the aim of achieving consistently high audit quality to serve the public interest. The AQE's role includes oversight, implementation and periodic review of the audit quality ambition, including ensuring continued alignment with the FRC Principles for Operational Separation of Audit Practices, recommending amendments where appropriate.

The AQE reports to the UKAB, with the UK Quality Leader (UKQL) presenting at each meeting a report on the audit quality matters within the remit of the AQE for feedback and challenge from the UKAB prior to finalisation. This includes:

- ▶ Ambitions for audit quality and the audit quality strategy.
- ▶ The audit quality programme monitoring of key audit quality metrics such as AQIs, inspections, surveys, etc.
- ▶ Proposed audit quality initiatives to be implemented into the business, as monitored through the single quality plan.

Additionally, as EY UK is monitored under review programmes promulgated by EY Global regarding a range of audit quality indicators (e.g., inspection results, resources, training, compliance, milestones, support for audit teams, and other key areas of quality support), monitoring of these metrics and reporting to these stakeholders is undertaken by

the AQE. The AQE also ensures that EY Global and EY EMEA quality initiatives are implemented appropriately.

The AQE is chaired by the UKQL. The AQE consisted of six management members throughout FY24 including the Heads of the audit practice, the Quality Leaders, the Professional Practice leader and the RCA leader. During the year, the AQE

met 13 times, including two sessions to review the FY25 strategy refresh.

To support the AQE in discharging its duties it has a list of standing agenda topics, annual agenda topics and key additional topics which are brought as required. These include those listed in the table:

Standing agenda topics	Annual agenda topics	Key additional topics in FY24 ¹
<ul style="list-style-type: none"> ▶ Development, implementation and effectiveness considerations of the AQS and Single Quality Plan (SQP) ▶ Resourcing ▶ Updates from EY UK service line oversight committees (as they affect audit quality) ▶ Monthly monitoring of AQIs ▶ RCA findings and actions ▶ Guidance from regulators ▶ AQST reviews ▶ Internal and external inspections ▶ Update on ISQM1 in relation to the potential impact to audit quality 	<ul style="list-style-type: none"> ▶ Audit Quality Summit ▶ UK learning plans ▶ Annual RCA plan and report ▶ Results of the audit quality survey (discussed further in this section) ▶ Formal approval of the AQS, having considered the input and challenge from the EYAB for each annual refresh ▶ Independence ▶ Developments in technology and smart delivery models 	<ul style="list-style-type: none"> ▶ Particular focus on personal independence compliance and improvement ▶ Continued development of culture to support audit quality ▶ Detailed consideration of insurance audit methodology in response to IFRS 17 implementation ▶ Public sector updates with a focus on the backlog of opinions²

1. Key additional topics are driven by emerging factors in the period and will vary year on year. Where appropriate, the AQE invites individuals from the business to present these topics and other priorities.

2. The Public Sector Leader has attended to provide updates on the progress made in relation to the backlog of opinions and the proposed government backstop provisions, which is discussed at the end of this section.



The UKAB and ANE oversight of audit quality

One of the roles of the UK audit board and ANEs is to engage with a broader set of external stakeholders, including regulators, investors and audit committee chairs. Details on the activities undertaken during the year are provided in the Leadership statements and [Appendix 3: Governance and Leadership](#). Specifically with respect to Audit Quality, the role of the UKAB is to provide independent oversight of the AQE (including the approach to the assessment of the quality of audit work delivered by specialists outside the audit practice), monitor and challenge management responses with respect to audit quality review outcomes, monitor and challenge levels of resourcing within the audit practice, particularly skills and capacity, and review outcomes from the RCA process.

The UKAB reports to the EY UK Board, with the Chair of the UKAB presenting an overview of the audit practice at each

EY UK Board meeting, which includes key updates on audit quality matters and, as appropriate, recommendations with respect to these matters.

The UKAB met six times during the year, being; four quarterly meetings, a session to review the FY25 AQS refresh and a meeting to approve the FY23 Transparency Report and FY23 Audit Quality Report. The agenda for quarterly meetings is set to discharge the duties of the UKAB and to consider ad hoc topics as they arise from horizon scanning and emerging developments.

As outlined above, the UKQL presents key audit quality matters within the remit of the AQE to the UKAB each quarter, which includes; ambitions for audit quality, the audit quality programme, monitoring of key audit quality metrics and related actions and reporting on audit quality, including to the FRC (such as the SQP). The UKAB also receives regular reports on other matters pertinent to audit quality, such as, audit leadership and partner remuneration (following review by the UKAB Remuneration Committee), culture and the

implications of regulatory publications, amongst others. The UKAB, through the UKAB Remuneration Committee, also reviews the design and integrity of the partner promotion process and attends a selection of partner assessment panels to ensure that audit quality is appropriately considered in promotion and remuneration decisions.

The AQS is a key focus of the UKAB and at the annual strategy session the AQS refresh is presented by the UKQL and other members of the AQE as appropriate. This session provides an opportunity for the UKAB to provide guidance and challenge on the detailed plans contained within the AQS

refresh proposals. Progress against the goals of the AQS is monitored through the reports received from the AQE each meeting. Some members of the UKAB also attend a selection of the Culture of Audit Quality roadshows to meet with people within the business to gain a better understanding of how the strategy and other actions are being implemented on the ground and whether they are working.

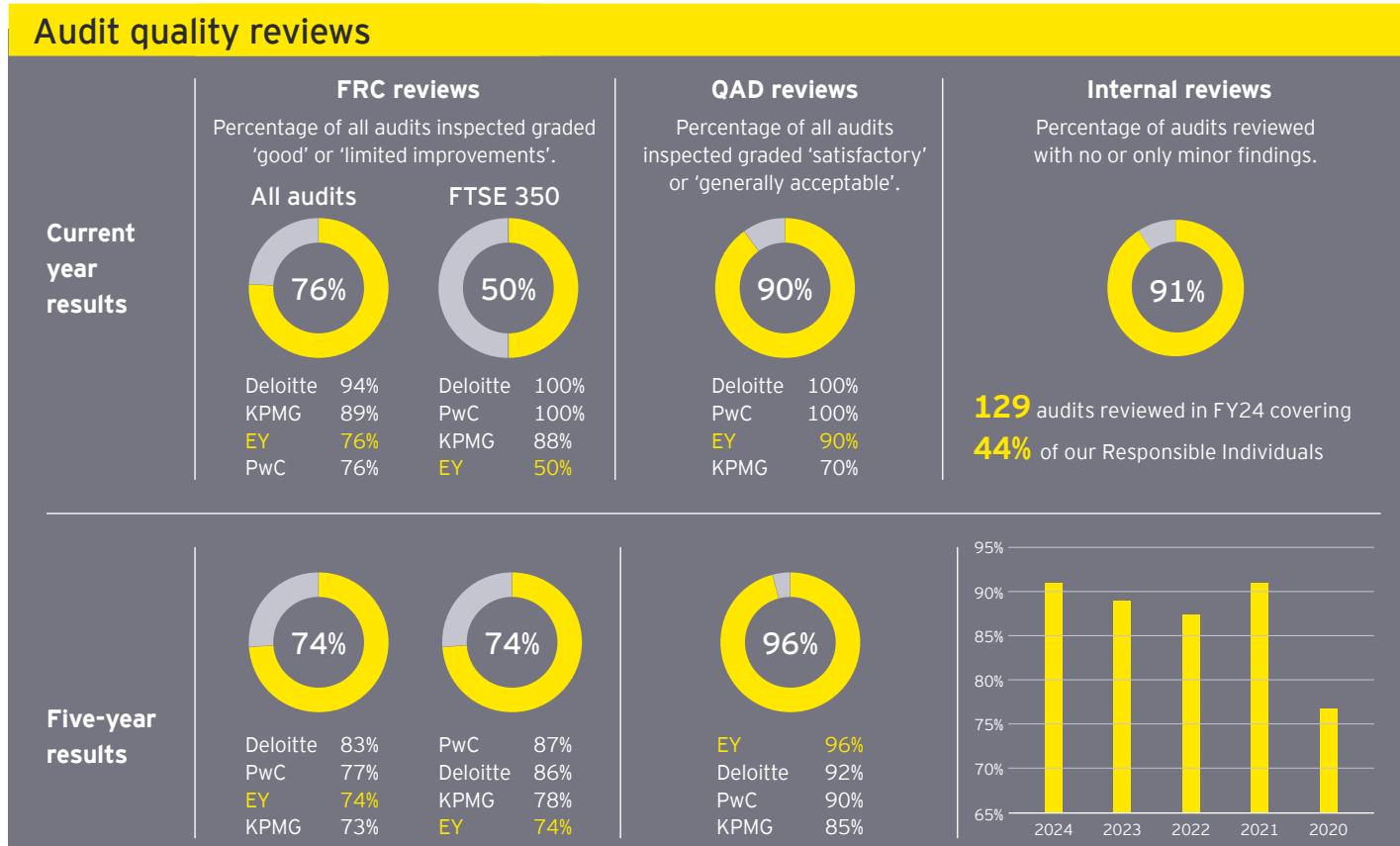
Further information on the work of the INEs and ANEs, and the oversight and challenge they provided in FY24, can be found in their [Leadership message](#).



Audit Quality Indicators and outcomes

In 2014, working through the Policy and Reputation Group (PRG), six of the largest audit firms identified the key factors contributing to audit quality and determined a number of metrics as AQIs that audit firms should report on in their Transparency Reports. This mix of agreed qualitative and quantitative metrics, that are not otherwise disclosed elsewhere in the report, are reported below. In order to assess risks to audit quality and take timely actions when

required, a bigger population of AQIs is monitored for management purposes and reported to the AQE monthly. Those outcomes reported below represent a sample of the AQIs monitored. Following FRC consultation, a suite of ten AQIs is being considered for public reporting that will come into effect in June 2025 and will replace the existing measures agreed through the PRG.





Partner and staff audit quality survey

At EY UK, the people that provide the audit services are pivotal in the successful delivery of audit quality, so it is critical that their feedback about how we deliver quality is obtained and considered. Therefore, an annual UK Audit Quality Survey is conducted (in addition to the Global Quality Survey) to provide insights that are used as one of the inputs into the quality agenda for the coming year. The results of the latest survey that ran in September 2024 are shared below.

Question asked	Notes	2024	2023	2022
I understand my purpose as an auditor in providing independent assurance, supporting strong capital markets and protecting the public interest.		100	100	100
The EY leadership team communicates audit quality as priority.		95	95	95
* I have sufficient time and resources to deliver quality audits.	(i)	76	72	64
* I receive sufficient training and development to enable me to deliver quality audits.		81	82	76
EY places sufficient emphasis on audit quality.		93	94	92
Delivering quality audits is a priority for me.		97	97	98
I believe EY recognises and values contributions to audit quality. ¹	(ii)	78	65	62
I believe that I am able to apply professional scepticism when performing my audits.		94	94	96
* I am encouraged and supported by audit engagement partners to deliver quality audits.		88	88	n/a

Most questions consist of a five-point range – from strongly agree to strongly disagree. The percentages shown in the table above reflect the proportion of respondents answering strongly agree or agree.

The items highlighted in bold are those historically agreed by the PRG for disclosure. The items annotated with an asterisk are included in the FRC definitions² on firm-level AQIs.

Responses in relation to the question "I have sufficient time and resources to deliver quality audits" specifically have been stated above to include both favourable and neutral responses to improve comparability with the publications of other firms. This has been restated for 2023 and 2022. The results are as follows: 2024: 54% favourable, 22% neutral; 2023: 50% favourable, 22% neutral; 2022: 46% favourable, 18% neutral. All other questions are stated as favourable only.

As seen through the global survey, we are pleased that the UK survey results also indicate that UK teams continue to show a strong regard for delivering high-quality audits and consider that leadership place sufficient emphasis on this and set a strong tone from the top to support this ambition. The two questions which achieved less than 80% positive responses have both shown a positive trend in recent years, which is reflective of the investments and efforts applied through the audit quality agenda throughout FY24 and earlier. But we continue to take actions to improve on these areas, focussing particularly on two aspects of the results:

i. The improved result for the resourcing survey question is in line with the achievement of an improvement in our work intensity index as noted earlier in this section. These results show improvement whether considered as

favourable only, or as restated as favourable and neutral combined. This is a positive impact from resourcing interventions implemented under the rebalancing work intensity workstream in the FY24 audit quality strategy.

In addition, significant investment continues in EY UK processes, people and technology. We have enhanced the capacity of our UK audit business by almost 400 people in the last financial year. Actions also continue to be taken to implement new tools, resources and training to ensure there is greater standardisation across the portfolio of audits. Globally, new assurance technology capabilities, including advanced data analytics, enhance this approach and drive more consistent execution across this business.

Resourcing interventions and continued enhancements have had a positive impact on workload management. Whilst no longer a separate workstream, activities to support an outcome of reducing work intensity are embedded in each of the workstreams within the refreshed strategy. The refreshed strategy aims to create an environment that provides teams with the circumstances to get things right first time with the right training, right coaching, and effective use of tools and enablement. In addition, by focussing time earlier in the

1. In previous years, the question asked was "I believe that EY recognises and rewards audit quality."

2. Each of the questions in the FRC definitions note refer to 'high-quality audits'. To remain consistent with the questions asked in previous years, we referred in our survey to 'quality audits'.

audit cycle to identify risks, challenge the audit approach and improve project management, this will enable teams to continue to improve workload management.

ii. There has been a 13% increase in agreement to the question relating to EY UK recognising and valuing contributions to audit quality. This evidences that the steps taken to date have had a positive impact and people are increasingly seeing the link between recognition and their contribution to audit quality.

EY has a performance management framework, LEAD, that supports EY people's careers, inspires their growth and recognises the value they bring to the global organisation. A key contributing factor to an individual's overall annual appraisal outcome in LEAD continues to be their rating in relation to audit quality. This rating is used as a primary input to compensation and reward programmes as well as providing a platform for further development opportunities for individuals.

This is in line with one of the fundamental elements of the purpose-led culture of the UK audit business, which is providing people with the right reward. During FY24, we have also had a primary focus on 'moments that matter', which includes the recognition of good work, and giving and receiving timely feedback.

The annual Audit Trust Awards – which launched in 2022 to recognise individuals who have really made a difference and helped to shape our culture and deliver high-quality audits – have also continued, further contributing to this reward and recognition improvement.

Whilst the continued improvement is noted, these areas remain forefront of the quality agenda with the ambition to demonstrate a marked improvement in the coming years.



Metrics on external investigations

EY UK is regulated and subject to professional disciplinary action in cases of misconduct. The FRC discloses on its website a list of investigations that have been publicly announced and summarises its work in an annual report. In its Annual Enforcement Review published on 25 July 2024, the FRC disclosed that as at 31 March 2024 there were 35 open investigations into individuals and firms for audit work. As at the date of this report, 20 of these that remain underway have been publicly announced, and the following relate to audits conducted by EY:

- ▶ The audits of Thomas Cook Group plc for the 2017 year-end and 2018 year-end
- ▶ The audit of NMC Health plc for the 2018 year-end
- ▶ The audit of Stirling Water Seafield Finance Limited for the 2019 year-end
- ▶ The audit of Evraz plc for the 2021 year-end. The investigation related to a breach of the fee cap requirements set out in the FRC's Revised Ethical Standard 2019 and closed subsequently to this reporting, details are included below
- ▶ The audit of Made.com plc for the 2021 year-end

On 7 May 2024, the FRC published the outcome of its investigations into the audits of London Capital & Finance plc, which resulted in sanctions against three firms. EY UK was issued with financial and non-financial sanctions in respect of its audit of London Capital & Finance plc for the year ended 30 April 2017. On 7 August 2024 the FRC published the outcome of its investigation into the audit of Evraz plc for the year ended 31 December 2021, issuing financial and non-financial sanctions against EY UK. Since these audits were conducted, EY UK has taken actions to improve audit quality in the areas where breaches were identified. As part of the non-financial sanctions EY UK is working with the FRC to assess the effectiveness of the audit quality improvement measures taken and will respond to any further findings that arise from these and other investigations as they are concluded.

Full details of the FRC's 2024 Annual Enforcement Review can be found at [Annual Enforcement Review 2024](#).

Results of FRC reviews

The FRC grades audits in three categories in its public inspection reports as follows: 'good or limited improvements required', 'improvements required' or 'significant improvements required'. The FRC published its report on its latest inspection of EY UK on 30 July 2024, together with [The annual review of audit quality](#).

The FRC inspected 17 EY UK audits, of which 76% were assessed as requiring no more than limited improvements. The results are consistent with those achieved in 2023, where 80% of these audits met this standard. Four audits were identified as requiring improvements, three of which were in the FTSE 350, compared to last year where one of the four audits with this grading was FTSE 350. For the fourth consecutive year, none of these audits were assessed as requiring significant improvements.

Action has been taken in response to findings throughout the year, including sharing learnings from ongoing reviews in regular messaging to the audit practice throughout the inspection cycle. Other actions taken include issuing good practice examples and case studies to teams, and providing guidance, training and targeted support to audit clients with identified impairment risk factors.

No systemic issues have been identified, and it is observed this cycle that the majority of the key areas identified as requiring improvements in audit quality overlap with examples of good practice. Therefore, focus on consistency needs to be maintained, supported by the audit quality strategy, including ongoing enhancement of the existing suite of standardised work programmes and the proactive coaching and support to ensure these are embedded within EY UK audits.

The good practice examples identified by the FRC indicate that the steps taken are having a positive impact.

The FRC's report also commented on aspects of our firm-wide quality control procedures, identifying both good practice examples and some areas for improvement.

For full details of the FRC's findings and EY UK's response, please refer to the FRC website.

FRC inspections of public sector audits

The FRC has direct responsibility for inspecting all 'major local audits' (defined within the Local Audit (Professional qualifications and Major Local Audit) Regulations 2014 (SI 2014/1627)). Public sector audits that fall outside the remit of 'major local audits' are monitored by the ICAEW's QAD.

During FY23 the FRC inspected two public sector appointment engagements as part of their 2023 cycle, both with a March 2022 year-end.

As the FRC's public report had not been published by end of September 2024, the FRC inspection results have not been included in this report. The FRC's report is due for release later in 2024. The FRC report for the 2022 cycle is available [here](#).

FRC thematic reviews

The FRC supplements its routine monitoring programme with a series of thematic reviews of certain aspects of corporate reports and audits where there is shareholder interest and scope for improvement and learning from good practice.

Some of these culminate in public feedback and for others the feedback is given privately to the firms. These thematic review reports are helpful in identifying areas of good practice as well as opportunities to improve.

In the year, EY UK responded to the FRC firm-wide reviews into "audit sampling", the "hot review process", "certification of automated tools and techniques", "professional judgement framework", "network resources and service providers", and "root cause analysis". The feedback received from the FRC on these topics is welcomed, and ongoing dialogue to agree the best course of action for implementing recommendations, where applicable, is considered.

There have been numerous other information requests, including continued dialogue in relation to ISQM1 implementation and monitoring. These are responded to as and when required and regular meetings are held with the FRC to ensure EY UK is consistently discharging our duty of serving the public interest.

Results of PCAOB inspections

EY UK is inspected every three years by the PCAOB. The most recent inspection took place in 2024, jointly with the FRC, and was completed as expected. We await the issuance of the PCAOB report.

Results of ICAEW's QAD reviews

The ICAEW's QAD conducts monitoring visits to all firms registered for audit with the ICAEW. Its monitoring visits contribute to the ICAEW's objective of maintaining the highest standards among member firms. EY UK is in the population of firms that the ICAEW's QAD visits on an annual basis, but for which the FRC has the lead regulatory responsibility.

The last ICAEW's QAD inspection took place in 2023, when ten files were selected. The resulting private report, issued in the spring of 2024, noted: "Overall the quality of audit work continues to be acceptable in most files. Nine files were either good or generally acceptable and one file required improvement."

The ICAEW's QAD inspection identified good practice in several of the files reviewed. Examples included:

- ▶ Effective audit team discussions at the planning stage, particularly in relation to estimates and going concern
- ▶ Stocktake work incorporating unpredictability in the selection of locations to attend

- ▶ Clear documentation and an internal consultation in response to a potential litigation claim arising during the audit.

On the file requiring improvement, there were weaknesses in the reliance on work of other network firms, and in testing inventory. We have taken actions in response including root cause analysis, delivering training, providing additional support to the audit team, and implementing a remedial action plan to avoid recurrence of similar issues on subsequent audits.

We have also undertaken RCA on a sample of the 'good' and 'generally acceptable' engagements to identify actions that can be taken to improve audit quality further.

ICAEW's QAD inspections of public sector appointments

The ICAEW's QAD inspects public sector engagements that fall outside the remit of 'major local audits'. During 2024, it performed two standard reviews and one focussed engagement review.

The private report noted:

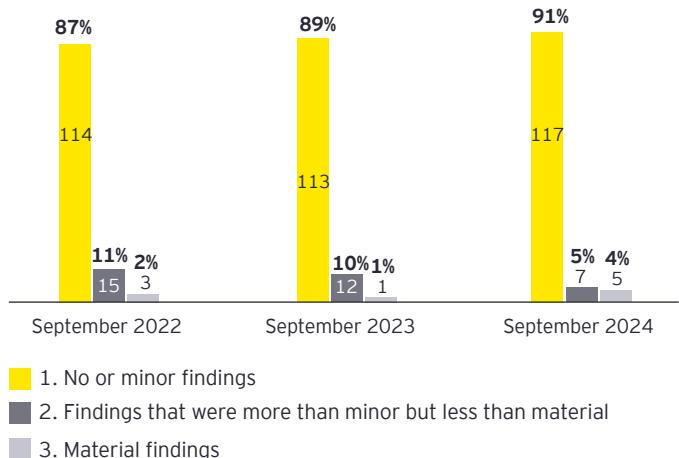
"The quality of the firm's audit work on both the financial statements and the work to support the VFM was good, with no findings arising."

A number of good practice examples were also identified, including:

- ▶ Well designed and documented audit work on fixed asset valuation, which clearly showed appropriate challenge of valuer assumptions.
- ▶ Examples of clear and informative documentation reconciling financial statement figures to detailed audit testing.
- ▶ Comprehensively documented audit work to support a restatement of non-current assets, including timely and appropriate internal consultation.

Results of internal audit quality reviews (AQR)

In the 2024 cycle, a total of 129 internal AQR reviews were performed, covering audits with financial year ends between 31 March 2022 and 4 April 2024 inclusive. The results are set out below:



Five of the engagements subject to internal AQR were rated 3. The material findings driving the 3 ratings related to:

- ▶ Insufficient audit procedures performed or documented
- ▶ An error noted in an audit opinion
- ▶ Lack of evidence of timely and appropriate supervision and review

The internal AQR reviews covered 16% of FTSE 350 audits performed by EY UK. One of these FTSE 350 engagements was given a 2 rating, with the remainder all gaining the highest 1 rating.

RCA is undertaken for each engagement that is rated either 2 or 3 to identify actions we can take across our practice to continue to improve audit quality. This is ongoing for the 2024 AQR inspections.

The AQR process is discussed in [Section 3: Components of our System of Quality Management](#).



Percentage of RIs subject to quality reviews

The review process is intended to cover all RIs – Partners authorised to sign audit reports – at least every three years, and every FTSE 350 audit every six years. One exception to the policy to review every FTSE 350 audit every six years was approved for the 2024 cycle, due to three other audits signed by the RI being reviewed by external regulators in the same period. The relevant FTSE 350 audit will be reviewed in the next cycle. Other audits are selected for review to cover a cross-section of the audit practice. However, the selection is weighted towards those engagements with higher risk factors. In the current year 129 engagements were reviewed (of which five were public sector engagements). This gave coverage of 44% of UK RIs (2023: 45%) and 29% (2023: 57%) of public sector engagement leads in the 2024 AQR cycle.



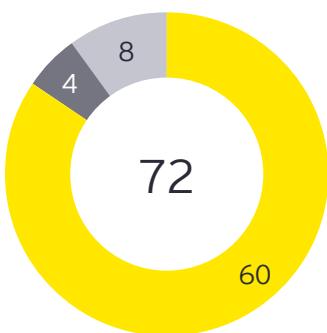
Metrics on investment in audit quality (training)

Training curricula are reviewed each year to reflect the current needs of the business, taking account of inspection findings, new audit and accounting standards and other regulatory changes. This is supported through a robust learning needs analysis, with a focus on delivering curriculums that support consistent delivery of high-quality audits and professional development of EY UK people.

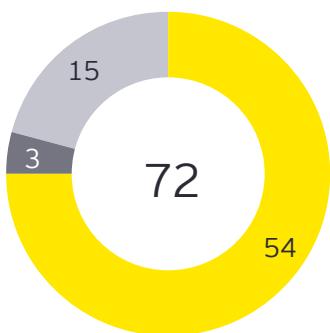
We ensure that all EY UK audit professionals have the opportunity to learn through a blended modality approach. Formal training is generally a combination of physical instructor led classroom courses, virtual instructor led courses, webcasts, web based learning, self-study reading and practice. This is all supported by on-the-job learning and coaching. The learning deployment strategy is continually being improved to ensure the right balance of instructor-led offerings (face-to-face and in the virtual classroom) and on-demand, self-directed content.

Average number of hours of mandatory training completed by audit Partners and professionals (excluding professional qualification training*)

FY24 Curriculum Year



FY23 Curriculum Year



■ Mandated Accounting and Auditing Learning

■ Independence, Ethics, and Risk Mgt. Learning

■ Role related required learning

*In total, during the FY24 curriculum year¹, EY UK audit professionals undertook approximately 790,000 hours of mandated learning to keep their knowledge up to date and build foundational knowledge and skills for those in their qualification contracts and those new to EY UK or new in grade. Removing hours related to professional qualification learning this represents 72 hours on average per audit professional, including Partners.

- ▶ UK audit professionals completing professional qualification contracts completed an additional 203 hours on average per learner (approximately 5.5 weeks) during FY24.
- ▶ Mandated accounting and auditing training, including firm-wide mandated training on independence, ethics, and risk management topics made up 41% of the total training hours delivered to UK audit professionals during the most recent curriculum year. Key training themes included:
 - ▶ Regular updates on accounting and regulatory matters
 - ▶ Sharpening the focus on fraud and risk including response to risk of management override
 - ▶ Auditing prospective financial information
 - ▶ Independence matters particularly around fee caps and ratios
 - ▶ Methodology-focussed topics: Audit sampling and ISA 220 Revised Executive Involvement
 - ▶ Coaching
 - ▶ Getting ready for ESG

1. Measurement of learning hours is done on a curriculum year basis which is aligned to the compliance date of the respective learning module. Therefore, mandated learning referred to here would have fallen due within FY24.

- ▶ Further implementation of the data-driven audit continues, along with fully embedding this into the practice, facilitated by learning
- ▶ Ethics and risk management training

Our training programme is continuous to respond to changes in external developments impacting the practice as they happen. Accordingly, and for example, training on changes to group audits under ISA 600 (Revised) has also been undertaken up to the date of this Transparency Report.

- ▶ For qualified staff and partners, approximately 90% of their training programme consists of this mandated accounting and auditing learning, allowing 10% to be more learner-defined on need and interest. This other role-related learning includes:
 - ▶ US technical learning required for UK audit professionals serving on component teams or as a primary team on US engagements
 - ▶ Onboarding training for experienced professionals who join EY UK, whether on secondment or on a permanent basis
 - ▶ Industry-specific learning (primarily related to FSO and government and public sector audits)
- ▶ Other training not captured in the hours above which audit professionals consume includes, but is not limited to:
 - ▶ Counsellor and transformative leadership learning
 - ▶ EY Badges (curated learning to develop future-focussed technology, leadership and business skills) and other non-technical training
 - ▶ Personal development training and learning such as milestone events (e.g., new senior, manager and senior manager and Partner programmes) and pathway to Partner development programme
 - ▶ Industry- and sector-specific updates including key developments in the industry, economic considerations, market updates, hot topics, specific audit considerations and regulatory focus
 - ▶ Office and cluster quality enablement local training sessions, and Culture of Audit Quality roadshows
 - ▶ ITEM Club economic briefings
 - ▶ Reading of Global Accounting and Auditing news, UK Assurance Technical Alerts and key communications from the Audit Quality team
 - ▶ Partner-specific quality communications and discussions on audit quality and risk management



Other AQIs agreed through the PRG

The other AQIs agreed through the PRG on investment in audit innovation and investor liaison are addressed in Hywel Ball's [Leadership message](#) and [Appendix 3: Stakeholder dialogue](#).

With regard to Audit Committee Chair impact, following the release of the UK Corporate Governance Code update in 2024, guidance has been issued to audit teams to support conversations with Audit Committees about adopting the recommendations within the Code.



Other considerations relating to audits



Group Audits

Collaboration and coordination across EY member firms is a critical success factor in the timely delivery of quality audits. The highly globally integrated EY organisation facilitates the consistent execution of high-quality audits across EY through a consistent audit methodology and audit delivery tool.

The EY audit methodology sets out clear guidance on how EY member firms conduct group audits. The group engagement partner is responsible for the direction, supervision and performance of the group audit engagement. Policies, guidance and forms help execute these responsibilities and document how this has been done. As noted in [Section 3: Components of our System of Quality Management](#), EY GAM was updated for the requirements of ISA 600 (Revised) and ISA 220 (Revised), which included the methodology and enablement relevant for group audits.

The EY Canvas audit technology enables cross-border teams to work consistently, transparently and securely together on audit planning, execution and reporting with the companies that we audit. These tools enable documentation of the group auditor's oversight of work performed by both firms within the EY network and other audit firms.

The impact of the separation of the EY member firms in Russia and Belarus, which took place in 2022, was worked through with any audit teams impacted. Our audit portfolio

is continuously evaluated in light of the various sanction regimes in place across the world which may impact them given the regular revisions which take place to these regimes in the UK and elsewhere. Guidance is issued to the practice where appropriate and we engage as necessary with regulators and the UK government. It is ensured that teams both meet the regulatory obligations and EY UK ambitions for high-quality audits and where this will not be possible, withdrawal from the audit is actioned.



Audits of Local Public Bodies (Local Audits)

All engagement leads for Local Audits (as defined by The Local Auditors (Transparency) Regulations 2020) are registered as KAPs with the ICAEW and are supported by dedicated public sector audit staff. In addition to the programme of training for assurance professionals, outlined above, all KAPs and staff working on Local Audit engagements are required to undertake sector-specific mandatory training for Local Audit work.

This training covers health, local government and local government pension schemes and is delivered at both the planning and execution stages of the audit. Additional training is also delivered to KAPs on their additional powers and duties under the Local Audit and Accountability Act 2014. The results of both internal and external quality reviews of Local Audit engagements are communicated to all Government and Public Sector assurance staff, along with training in relation to findings to avoid re-occurrence. Core skills training on Local Audits has also been delivered during the year. KAPs attend quality panels to assess their competency when they are appointed in the same way as the RIs.

Monitoring of local audit performance takes place in accordance with the applicable regulations. Full details of these reviews and results are included in the section "Audit Quality Indicators and Outcomes".

There has been a recognised deterioration in the timeliness of the completion of local public audits since 2017/18 across local government in England, with delays compounding during the Covid 19 pandemic. The challenges facing the existing framework for local authority audits in England have been highlighted by auditors, the Redmond Review, the National Audit Office, Public Sector Audit Appointments (PSAA) Ltd, the Local Government Association and Parliament. The critical factors leading to these delays are multi-layered and are well documented. Measures to seek to address the local public audit market were first announced in July 2023. On 9 September 2024, the UK government tabled legislation in Parliament to address the local government audit backlog. This Statutory Instrument, laid alongside the revised Code of Audit Practice from the National Audit Office (NAO), will introduce backstop dates for local bodies and their auditors to publish audited accounts. For financial years up to 2022/23, the backstop date is 13 December 2024 and for 2023/24, 28 February 2025. The NAO has developed Local Audit Reset and Recovery Implementation Guidance notes (LARRIGs) to help auditors meet the requirements of the revised Code of Audit Practice.

EY UK remains committed to delivering high-quality local audit in the public interest. In line with our strategy, EY UK continually reviews our portfolio of appointments to ensure the appropriate resourcing necessary to deliver high-quality public audit and to maximise the level of assurance provided. As such, in our successful appointment to a new PSAA contract starting from 2023/24, we bid specifically to reduce our market share to better match available audit resources. We continue to work with the system stakeholders to understand their expectations of all auditors to implement the government's policy proposals effectively.



Managing risk

The environment in which EY UK operates creates a broad range of diverse risks. Effective management of these risks is critical to safeguarding the organisation, delivering on its purpose and ambition and ensuring alignment with the AFGC's risk management principles. Consequently, EY UK

operates a robust risk management process to identify, assess, measure and monitor the risks faced. Furthermore, there is ongoing investment in initiatives to promote enhanced objectivity, independence and professional scepticism in the delivery of audits.



Risk management overview

EY UK operates a robust 'Three Lines of Defence' model for risk management, illustrated below.

First Line of Defence

- ▶ The first line comprises front-line staff supported by service line quality teams.
- ▶ Key activities include client and engagement acceptance and risk management during project, engagement and audit delivery.

Second Line of Defence

- ▶ The second line includes experienced risk management professionals supporting independence, compliance (including financial crime and data protection), enterprise risk management and business resilience.
- ▶ Policies, frameworks, tools, advice, training and guidance are provided to the first line.
- ▶ Oversight, challenge and monitoring is provided to maintain the effectiveness of the first line.

Third Line of Defence

- ▶ A programme of internal audits is delivered by professionals from the Consulting service line.
- ▶ The programme is aligned to EY UK's risk profile and ensures coverage against each risk over a three-year cycle.

The EY UK Board has overall responsibility for risk management and internal control across the business. To support the EY UK Board in discharging this responsibility, the organisation reviews the effectiveness of the internal control system on an annual basis. The primary mandate of the Risk Oversight Committee (ROC) is to support the EY UK Board in the management of risk. The ROC meets six times per year, with a standing agenda covering risk management, compliance and internal audit activity. The ROC's work in FY24 included:

- ▶ Monitoring exposure for each of the 15 principal risks within the risk profile.
- ▶ Reviewing and discussing the performance of Key Risk Indicators (KRIs) against risk tolerances.
- ▶ Monitoring the risk impact from geopolitical situations.
- ▶ Assessing horizon risk, including the impacts of AI.
- ▶ Assessing the risk associated with the economic downturn.
- ▶ Overseeing the ongoing development of the Three Lines of Defence.
- ▶ Managing risks associated with third parties and the global EY business as they impact EY UK.
- ▶ Overseeing the delivery of internal audits and progress against improvement actions raised.
- ▶ Reviewing the identification and management of EY UK and service-line specific risks.
- ▶ Monitoring regulatory requests and developments relevant to the management of risk.
- ▶ Overseeing the ongoing management of the framework for enterprise risk.
- ▶ Maintaining risk policies, including new policies and amendments required.

The ROC is supported in the management of risk across the business by the Risk Executive Committee (REC) which meets monthly and includes first line risk leadership from all service lines. The REC receives a risk update from each of the service lines across both UK regions on a rolling basis and is a useful forum for discussion and identification of cross service line risks and mitigating actions. The REC reports to the UK Country Committee (UKCC) and provides an important link from the Board and the ROC to the first line of defence on risk matters.



Proactively strengthening risk management

The scope, activities and performance of the Risk Management function are continually monitored to ensure it remains effective in responding to the business risk profile and to regulatory expectations. This has enabled the strengthening of the control environment and management of risk through business-as-usual activity and a series of change initiatives.

Following its implementation in FY23, ISQM1 has continued to be an area of focus for Risk Management in collaboration with the business. The team has continued to strengthen the approach to the management of risk across service lines and to support the business with resources, frameworks and tools. Other areas of focus have included enhancing the compliance monitoring programme, transforming the anti-money laundering Client Due Diligence process, preparing the business for the new Economic Crime and Corporate Transparency Act 2023 and enhancing desktop controls further to reduce data loss. In addition, the Reputation & Conflicts Panel (RCP) – formed of senior leaders – continues to complement the existing processes for more complex and higher risk activities in addressing potential conflicts of interest and reputational matters in engagement acceptance decisions.

The quality of risk exposure reporting is improving continuously, providing insightful information to facilitate effective decision-making by the ROC and the Board and providing updates to other committees such as UKCC and the PIB. This reporting includes a forward-looking outlook for each risk, highlighting potential areas of concern and mitigating actions.

The second line of defence has performed an assessment of financial viability in FY24 using various factors, including business modelling of internal and external risk events and scenarios to understand their potential impact on working capital, financial performance and the principal risks. The assessment's conclusions supported the ongoing viability of the business under these stress scenarios.



Risk compliance

EY UK is committed to complying with all laws and regulations. With this goal in mind, a compliance framework has been implemented covering all Risk Management policies. The compliance approach includes horizon scanning, testing, monitoring, control improvements, reporting, education and communication. The following were areas of focus in FY24:

- ▶ All compliance policies were assessed to identify inherent risk, controls effectiveness and residual risk.
- ▶ Five policies were updated and relaunched in line with risk management policy governance protocols: (i) Health & Safety (ii) UK Government Information Security (iii) Travel Safety & Security (iv) Anti-fraud and (v) Sanctions.
- ▶ There was a continued focus on data protection compliance, in line with UK government GDPR, global policy and UK addendum requirements. Controls are mature and remain effective and revised guidance on data incidents has been issued to the business. Mandatory annual data protection refresher training continues to be assigned to all UK staff. Furthermore, a UK-wide data exfiltration tool was implemented in FY24.
- ▶ There are robust controls in place to minimise the risk of money laundering and terrorist financing. All relevant staff receive regular training in financial crime prevention, anti-money laundering and anti-bribery awareness and reporting. The new Suspicious Activity Reporting tool implemented in FY23 is now live. A transformation of the Client Due Diligence process was initiated in FY24 with the expansion of the onshore team and technological innovation.

- ▶ Sanctions compliance has continued to be a key topic in FY24, with the policy refresh reflecting the regulatory updates following Russian and trade sanctions developments. A training video on understanding compliance with sanctions was issued to relevant staff across the UK. A cross-disciplinary team across Risk Management, General Counsel Office and Service Line Quality, continued to respond to the new Russian asset freezes and service sanctions.
- ▶ There is continued focus on fraud prevention. The policy content was strengthened to include the provisions set out in the Economic Crime and Corporate Transparency Act 2023 on fraud prevention. A new multi-disciplinary fraud forum has been established to enable a business-wide approach to fraud matters across EY UK.

Outside the formal governance channels noted above, IA periodically reports on the key themes and status of management actions emerging from reviews to the UKAC, PIB, UKAB and other senior leadership forums, to promote a strong control culture across the UK business. In addition, the Head of Internal Audit has quarterly meetings with the Global Chief Audit Executive to share internal audit plans and key findings.

The team is led by a suitably qualified and experienced individual. The team's size increased during FY24 and continues to be supplemented with subject matter resources from service lines as required to support on specific reviews. During FY24, over 10,500 hours of IA activity were delivered across 21 audits and the reviews of the status of internal audit actions.

The FY24 plan was approved by the ROC and the Board in June 2023 and is aligned to the principal risks within the business risk profile and strategic issues facing senior management. The plan also takes into consideration prior year coverage and results and coverage from other assurance sources, for example, AQR/AQST, Global Internal Audit. Consistent with previous years, the FY24 plan had an overarching principle that it should be agile to respond to the changing risk profile of the UK business. This could include new regulatory requirements, such as ISQM1 and Operational Separation, along with internal transformation and strategic change. In addition, other factors are considered, such as the consequences of challenging market conditions and revised business priorities. In response, the ROC formally reviewed the validity of the FY24 plan quarterly with revisions approved by the ROC to reflect the changing risk profile. As noted, each audit planned for FY24 was mapped to the relevant principal risks to ensure adequate coverage of the risk profile. In many instances, an audit will address more than one principal risk.

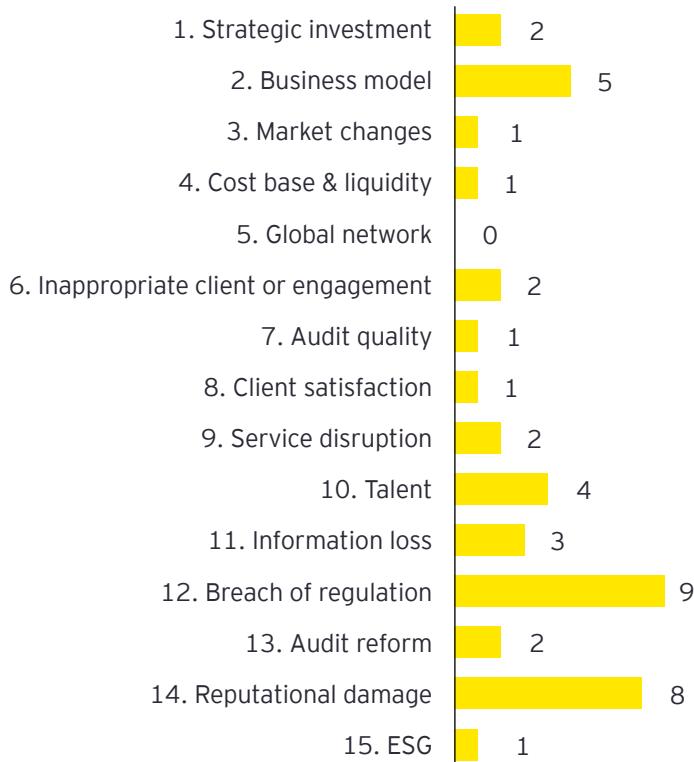
Internal audit (IA)

There is an ongoing commitment to strengthen the Internal Audit (IA) function to continue to provide an effective third line of defence. IA reports quarterly to the ROC and half yearly to the Board. The IA Charter sets out the way the function is operated and governed, its responsibilities and objectives along with the support in place from EY UK to fulfil these. The Charter also sets out how the function interacts with the Global Internal Audit function. This can include sharing annual internal audit plans and final reports. The Charter, the performance of the Head of Internal Audit and the effectiveness of the function are reviewed annually and approved by the ROC. Quarterly progress updates to the ROC consider:

- ▶ The validity of the remaining plan and adequacy of resources
- ▶ Results of recent completed reviews
- ▶ Status of audit actions, including oversight of overdue actions (completed quarterly)

The risk coverage from the 21 audits in the FY24 plan was as follows:

Audit Coverage of Principal Risks delivered in FY24



The IA team is committed to continuous improvement and reports regularly to the ROC, PIB and Board on progress against its Quality Improvement Programme. In April 2024 the ROC approved IA's strategy for the continued evolution and maturity of IA, which will be monitored going forward, including ensuring the function remains compliant with the new Global IA Standards issued in January 2024.



Ethics and whistleblowing

The Global Code of Conduct provides a behavioural and ethical framework on which EY member firms and people are expected to base their decisions and actions. It is established at a global level, but its principles are consistent with the relevant principles of the AFGC. All new joiners are required to complete the Global Code of Conduct learning to confirm

that they will act in compliance with the Global Code of Conduct. Additionally, all people must affirm annually that they have acted, and will continue to act, in compliance with the Global Code of Conduct, having re-familiarised themselves with the content. An ethics hotline is available for any EY person to report concerns about any conduct that they consider to be unethical, illegal, in violation of professional standards or otherwise inconsistent with the Global Code of Conduct. In addition to this, the reporting app, 'CultureShift Report & Support', has been available since December 2022. This tool complements the existing suite of reporting options for anyone who has experienced or witnessed behaviours that they believe are unacceptable. The ethics hotline is also available to external parties who want to report any concerns, including but not limited to clients, suppliers, and the general public.

As noted in [Section 3: Components of our System of Quality Management](#), EY has a global NOCLAR policy which reinforces the general principles of the Global Code of Conduct by rejecting unethical or illegal business practices, supporting compliance with laws, regulations and standards, and upholding the business's commitment to ethical behaviour and quality. NOCLAR confirms individual responsibility to speak up.

In EY UK there are various avenues in place for people to make a whistleblowing report in confidence and anonymously. The whistleblowing guidance has been drafted to be fully accessible and user-friendly for all people. It explains:

- ▶ The types of behaviour that should be reported
- ▶ How to make these reports
- ▶ What is done to protect whistleblowers from retaliation or adverse treatment which may result from speaking up

There are robust procedures in place for the investigation and handling of whistleblowing reports, to ensure consistency of process and record-keeping.

An increased emphasis has been placed on ways to 'speak up'. A reminder that concerns can be raised about any unethical behaviour or treatment employees have faced or witnessed is circulated on regular internal leadership emails and other UK-wide communications. These communications remind all partners and staff that they have a personal

responsibility to report all instances of non-compliant and unethical behaviour without fear of reprisal. During FY24 training has been developed on leading ethically that will be rolled out initially to all senior leaders in FY25. The training will specifically address the need to create a culture where people speak up without fear of retaliation. This training will then be cascaded down throughout the business through the EY Connect sessions.

The PIB received reporting on the whistleblowing arrangements and monitors the types of issues raised under that process. Reports on issues raised by the whistleblowing process are also discussed at the Board which is also attended by the Chair of the PIB and Chair of the UKAB.



Principal risks

On an annual basis, the risk profile is reviewed to ensure that the principal risks are assessed, and controls are in place to monitor them. The process includes a robust assessment of the risks that would threaten the business model, future performance, solvency or liquidity and the sustainability of the audit practice. Recent acceleration with AI enablement is expected to impact on all the principal risks, with appropriate mitigating actions being evaluated and implemented. Controls and mitigants are regularly reassessed throughout the year with the key mitigating actions against each principal risk noted in the table below. Where controls are identified as ineffective or are required to be implemented in response to issues and events, appropriate management actions are taken. In addition, as part of the ISQM process, when required, quality improvement plans are designed and implemented. These are monitored for effectiveness and overseen by ISQM governance committees.

Principal risks	Risk drivers	Actions to mitigate risks
1. Strategic investments do not generate an adequate return	<p>There is continual investment in new assets and services aligned to strategic objectives, which may be developed in-house or through acquisition, which is complemented by ongoing recruitment and development of Partners. It also invests in a range of strategic alliances with other service providers. Investments will not provide the required return if:</p> <ul style="list-style-type: none"> ▶ Strategic investments are made without a clear business case or governance being established. ▶ Strategic investments are not delivered in line with expectations. 	<p>To ensure appropriate oversight of strategic investments and to ensure investments are responsive to changing circumstances:</p> <ul style="list-style-type: none"> ▶ There is a governance framework in place to approve and manage strategic investments. All investments are assessed and approved based on individual business cases by investment boards and executive committees. ▶ The returns on investments are monitored and any necessary action is taken by management. ▶ Use of established processes is required for the development of new assets and services, including enhanced support for new partners. ▶ There is ongoing collaboration between service lines and with other EY member organisations to leverage from investments across EMEIA and worldwide.

Principal risks	Risk drivers	Actions to mitigate risks
2.	<p>The business model is unsustainable</p> <p>There is commitment to a sustainable business model, including global investment in leading data analytics tools, creation of a digital methodology supporting audit services and expansion of new services. Delivery of services may become unsustainable if:</p> <ul style="list-style-type: none"> ▶ Technology, nearshore and offshore talent and third parties/alliance partners are used ineffectively as part of delivery models. ▶ Services are priced such to not generate a sustainable margin or the client portfolio is mis-aligned to the business model. ▶ The business model does not offer an attractive proposition to the right people, at the right time, with the right experience and motivation. ▶ Culture becomes either too risk-averse or too risk-taking. ▶ Clients no longer perceive the value provided as a significant differentiator. ▶ Conflict on the international stage impacts the business model directly or indirectly. ▶ Change is managed ineffectively resulting in not achieving business objectives. 	<p>The business model is continually monitored and managed through the following actions:</p> <ul style="list-style-type: none"> ▶ Service line and regional leadership continually monitors the performance of the business. ▶ Appropriate management action is taken when necessary to adjust to changing market conditions and new developments that could impact the business model. ▶ Membership of the global network provides broader insights, analysis and actions, enabling close collaboration with other EY member organisations. ▶ Performance is measured against the annual plan. ▶ Cash and billing controls act as early warning indicators for business model and engagement management issues. ▶ Methodologies and approvals processes are in place to manage complex engagements, from inception to fruition. ▶ Ongoing review at an engagement level allows for continuous monitoring of pricing, scope and margin. ▶ Continuing investment in assets, centres of excellence and alliances to grow delivery capability and expand client service offerings in line with strategy. ▶ The recruitment strategy is continually monitored, to have the right talent and globally aligned talent pathways to deliver the services needed by clients whilst being commercially aware. ▶ Talent is recruited that will enable us to use technology to transform traditional services and launch new offerings, extracting maximum value from the technology investment plan. ▶ Regular people surveys allow continual assessment of colleague engagement and organisational culture.
3.	<p>Services are not adaptable to changing market conditions</p> <p>Continual evolution is required to meet changing market conditions. This will not be achieved if:</p> <ul style="list-style-type: none"> ▶ Macroeconomic or geopolitical shifts, for instance worsening economic conditions, are not anticipated or actions taken sufficiently quickly. ▶ Significant market changes (for example technology developments including artificial intelligence), regulatory change and competition including new market entrants and not anticipated or acted on. ▶ There are not sufficient or appropriate people for the business to adapt quickly. ▶ Pricing is not sufficiently competitive. ▶ Major accounts, market segments or sectors significantly reduce spend due to recession, or other structural changes. ▶ Services and solutions are not sufficiently relevant to market demand. 	<p>Service line management monitors developments in the macroeconomic and political environment to:</p> <ul style="list-style-type: none"> ▶ Respond to changing market conditions in an agile way, with regular formal monitoring against plan, including deep dive sessions. ▶ Prepare ourselves for new competitors or adjusted business models of existing competitors. ▶ Restructure and exit service offerings in an appropriate manner to align with changes in market demand. ▶ Continue to monitor trends in client needs (e.g., digitalisation, artificial intelligence and technology-enabled transformation) and align services and investment strategy accordingly. ▶ Amend recruitment, training and performance management strategies to deliver the services client needs in the future. ▶ Oversee reporting and monitoring processes that highlight revenue and missed opportunities.

Principal risks	Risk drivers	Actions to mitigate risks
4. The cost base and liquidity position are not appropriately managed	<p>The largest components of the cost base are people, technology, facilities and global network-related costs. Costs may rise faster than revenue due to market forces and/or inadequate management of service delivery and overheads. External factors, particularly responses to regulation and laws or the economic climate may also increase cost.</p> <p>Specific risks would arise if:</p> <ul style="list-style-type: none"> ▶ Working capital and cashflow are managed inadequately. ▶ Direct and indirect costs are managed ineffectively. 	<p>Costs are managed in the following ways:</p> <ul style="list-style-type: none"> ▶ Financial controls in place at all levels of the organisation. ▶ Ongoing management reviews of the cost/income position, including monitoring for operational efficiencies. ▶ Robust management of working capital and liquidity including regular oversight of billing and ongoing review of banking facilities. ▶ Effective engagement planning and control. ▶ Appropriate monitoring and governance over investment spend.
5. There is a negative impact through association with the global EY network	<p>Reputational damage may arise because of a failure on the part of another EY member organisation. This would arise for example if:</p> <ul style="list-style-type: none"> ▶ There is inappropriate conduct or a compliance breach by another member organisation. ▶ A service failure in a member organisation has implications for a global engagement managed in the UK. 	<p>There is continual monitoring of reputational issues caused by the global EY network through:</p> <ul style="list-style-type: none"> ▶ Ongoing monitoring and engagement, at a global level as well as between the Legal and PPD teams, to understand the implications of activities in other member organisations and their regulatory environments, with guidance issued to the UK as appropriate. ▶ Commitment to consistent service quality. ▶ Quality and risk management teams providing further support and guidance to manage and mitigate risks. ▶ Where a member organisation's ISQM 1 annual evaluation conclusions may be other than reasonable assurance, this is communicated by Global in a timely fashion to the UK. Policies dictate that engagement teams evaluate such conclusions for any impact on their ISQM 1 engagements.

Principal risks	Risk drivers	Actions to mitigate risks
6. An inappropriate client or engagement is accepted	<p>There is a robust policy and decision-making process over client and engagement acceptance. Inappropriate clients or engagements might be accepted if:</p> <ul style="list-style-type: none"> ▶ Judgements are not made using the right information in determining whether to accept or continue a client relationship or engagement – including in relation to ethical requirements. ▶ It is not determined the engagement can be performed in accordance with professional standards or legal and regulatory requirements. ▶ The decision to accept or continue a client or engagement is unsuitable in the context of financial and operational priorities. ▶ Clients and engagements are not monitored continuously with appropriate action being taken. ▶ There is lack of awareness of changing stakeholder expectations regarding the clients and sectors to which professional services should be provided or changing expectations on the nature of services provided. 	<p>Policies, procedures and governance are in place alongside a system of quality management that meets the requirements of ISQM1, supporting client acceptance and continuance, including:</p> <ul style="list-style-type: none"> ▶ Independence and global conflicts policies and controls to prevent independence issues and conflicts of interests. ▶ Client and Engagement Acceptance Global Policy, Client and Engagement Global Policy – UK Addendum and mandatory use of the global PACE system for all client and engagement acceptance and continuance. ▶ Mandatory use of the BRIDGE tool for engagement in third-party relationships. ▶ Ring-fencing of teams where appropriate. ▶ Financial crime controls, senior leadership involvement and compliance with sanctions in response to geopolitical events. ▶ Training, guidance and regular awareness campaigns in respect of areas of compliance on client and engagement acceptance. ▶ The use of the Reputation and Conflicts Panel (RCP) to enhance the process for more complex client and/or engagement circumstances. ▶ Bid forums for the acceptance of high profile clients, country level governance for more complex engagements and ongoing SL monitoring of high risk engagements. ▶ The role of the Global Client Service Partner (GCSP) in client and engagement risk management, in particular where there are independence or other risk considerations.

Principal risks	Risk drivers	Actions to mitigate risks
7. Audits are not performed or documented in accordance with auditing standards	<p>Acting in public interest is of paramount importance in provision of audit services, including acting ethically, with integrity and commitment to public trust. This commitment will not be met if:</p> <ul style="list-style-type: none"> ▶ A culture is not fostered that is committed to quality and continuous improvement. ▶ Engagement teams fail to understand and fulfil their responsibilities, including exercising appropriate professional judgement and scepticism. ▶ Sufficient and appropriate resources are not established and assigned or there is lack of appropriate direction and supervision to engagement teams given the nature and circumstances of the engagements. ▶ Open communication, challenge and consultation is not promoted. ▶ Audit documentation that satisfies applicable requirements is not assembled and retained. ▶ Relevant professional standards and regulatory and ethical requirements including independence are not complied with. ▶ An effective system of quality management is not designed, implemented and operated. 	<p>Mitigating actions include comprehensive and well-established internal quality and compliance procedures, alongside a system of quality management that meets the requirements of ISQM1, including:</p> <ul style="list-style-type: none"> ▶ A governance and leadership structure that promotes quality in decision making and strategic priorities, as well as maintains and monitors the system of quality management. ▶ An infrastructure that supports and promotes quality and consultation, including in-house tools to manage the audit process, combined with supporting functions with specialised knowledge, such as the Quality Enablement Leaders network, Financial Reporting Group network and the Professional Practice Development team. ▶ An audit quality strategy that is sustainable, adaptable and responsive to emerging issues, reinforcing a culture of professional scepticism and challenge. ▶ Ongoing monitoring of resources, including professional, technological and intellectual, combined with processes supporting the recruitment, development, and assignment of resources. ▶ Engagement of specialists in situations requiring specific skills or knowledge. ▶ Quality reviews, including commitment to learn from internal and external inspection activities and to identify root causes of positive or negative outcomes on audits, to enable continual improvement with an ongoing alignment to responses in the ISQM. ▶ Development and deployment of a variety of learning programmes, including these covering accounting and audit technical learning, independence, ethics and fraud awareness. ▶ Exchange of information such as through business-wide or service line specific communications, meetings, roadshows or publications. ▶ The Global Monitoring System (GMS) requires all staff subject to independence restrictions, to declare all holdings. Monitoring of this takes place at various points in the year and/or in response to specific circumstances (promotion etc). ▶ Exchange of information with external parties through engagement-specific communications, as well as through, publications and ongoing engagement with regulators. ▶ The system of quality management is designed to provide reasonable assurance that all ISQM 1 quality objectives have been met. Those responsible for the system of quality management are appointed through a series of governance committees, with the final sign-off for the ISQM 1 conclusion being owned by the Ultimately Responsibility Committee (URC), chaired by the Country Managing Partner.

Principal risks	Risk drivers	Actions to mitigate risks
8. Clients are dissatisfied with the quality of work delivered	<p>Delivering high-quality services to clients is central to the strategy. Failure to deliver services that meet client expectations harming reputation as a trusted service provider and impacting the ability to win further business could result if:</p> <ul style="list-style-type: none"> ▶ There is a contract to deliver a service that is outside of capabilities. ▶ Scope, deliverables, timescales, dependencies and assumptions are not managed at inception or during the engagement lifecycle. ▶ Contractual obligations are not managed and delivered resulting in legal implications and reputational damage. 	<p>The aim of delivering exceptional client service is sought through:</p> <ul style="list-style-type: none"> ▶ Engagement with audit committees on service offerings. ▶ Rigorous recruitment and development of people. ▶ Client and engagement acceptance and continuance processes to verify that the right service is provided to the right client and with the appropriately skilled team. ▶ Comprehensive and well-established internal quality and compliance procedures to address the risks of service failure. ▶ Adjusting the delivery approach on an engagement-specific level (e.g., use of offshore capabilities). ▶ Service line-specific policies designed to assist client teams in understanding and managing the risk of poor quality or non-compliant service delivery (e.g., breach of independence). ▶ Continued improvements to governance over engagement initiation and new client acceptance, including additional oversight and support by Industry Leaders and for large engagements. ▶ Quality review procedures over service delivery and continued enhancement of delivery tools, with strengthened close monitoring of high-risk client engagements. ▶ The Global Client Service Partners, supported by the account teams, playing a strong role in ensuring adequate focus on quality of client delivery.

Principal risks	Risk drivers	Actions to mitigate risks
9. The provision of service delivered is disrupted	<p>People, premises and technology are critical to the successful running of the business. Engagements and services will not be delivered as expected due to the impact of certain events for example:</p> <ul style="list-style-type: none"> ▶ Technology, system and application performance and recovery, continuity and replacement procedures are inadequate. ▶ IT change is not managed effectively. ▶ Malicious physical acts or cyber-attacks impact the delivery of services. ▶ Events occur leading to inaccessibility to EY or client premises, or there is unexpected or unplanned unavailability of key personnel (e.g., due to a pandemic, terrorist attack, natural disaster, warfare). ▶ Third party relationships are not managed effectively resulting in service/client disruption or reputational damage. 	<p>There are designated functions that protect service delivery and mitigate the impact of unwanted events. Controls include:</p> <ul style="list-style-type: none"> ▶ Risk horizon scanning and protective intelligence. ▶ A business continuity programme and tested crisis management plan with supporting scenario playbooks. ▶ Integrated management of technology in use globally, with a close working relationship between the UK business and Global IT. ▶ Management of technology lifecycles and system performance supported by disaster recovery procedures and employee support. ▶ Professional IT change management and programme governance involving senior stakeholders in the UK business. ▶ Independently attested processes and use of proven technologies, supported by a mature information security and cyber defence policy framework and management systems, enable response to risks emanating from the changing geopolitical landscape. ▶ Access control security across all EY office locations as part of an integrated physical security programme. ▶ Comprehensive contingency and operational resilience planning, covering all service lines, functions and locations. ▶ Specialist services and applications to keep in touch with people whilst in the UK and whilst travelling globally, enabling updates on incidents and access to medical and evacuation services where required. ▶ Continually updated training materials and sessions to raise awareness of staff regarding internal and external IT and cyber risk. ▶ Key controls that are continually assessed against prevailing industry standards, best practice and emerging risks. ▶ Ongoing evolution of controls supporting monitoring and the prevention of data including monitoring use of unauthorised cloud applications, internet usage and messaging services. ▶ Controls supporting engagement of service providers to ensure their compliance with relevant requirements.

Principal risks	Risk drivers	Actions to mitigate risks
10. Talent is not attracted, integrated, retained and managed	<p>The proposition is to be an employer of choice and be attractive to the brightest and best talent. This will be weakened and the right individuals will not be able to be retained if:</p> <ul style="list-style-type: none"> ▶ The partnership model offered is insufficiently attractive which in turn impacts the effectiveness of succession planning. ▶ Attractive and flexible working arrangements are not provided to people or health and wellbeing is not promoted. ▶ Attractive career paths are not provided for people with professional and personal development along with appropriate compensation. ▶ People are not engaged through effective leadership, management and support. ▶ A diverse and inclusive culture is not created that is open to all members of society without bias. ▶ Sufficient people with the right skills and experience are not attracted and retained at the right time. 	<p>Processes and procedures are in place to manage the recruitment, retention and management of people. These include:</p> <ul style="list-style-type: none"> ▶ Onboarding process and experience for new joiners. ▶ Individual counselling and 'buddying' programmes to develop the right talent. ▶ Implementation of a business-wide harmonised learning and development strategy, including ongoing monitoring of professional development requirements where applicable. ▶ Multi-year talent programmes, including diversity and inclusiveness initiatives. ▶ Induction and post-induction programmes, at staff and partner levels. ▶ 'Market learning sponsors' to ensure senior management buy-in, with embedded learning and development in respective service line strategies. ▶ Regular leadership communications covering strategy and performance. ▶ Ongoing employee listening surveys to measure employee experience and engagement and new joiner and exit surveys. ▶ Improved management of performance through mandated counsellor training. ▶ Individual performance, readiness for promotion and development are discussed regularly at internal performance appraisal groups. ▶ Annual benchmarking of total reward by grade, location and competency groups. ▶ Focussed actions to address heightened industry-wide risks related to resourcing given high competition for the right talent.

Principal risks	Risk drivers	Actions to mitigate risks
11. Confidential information is misappropriated, mishandled or corrupted	<p>It is important to protect EY UK and client data or information from loss, misuse, theft or failure to comply with policy, contractual obligations or relevant data protection regulations. This may be compromised if:</p> <ul style="list-style-type: none"> ▶ Electronic equipment or hard copy documents are lost. ▶ Information is sent erroneously electronically or in hard copy to an unintended recipient by EY staff/partners or by third parties. ▶ Information is not created, stored, transferred or destroyed appropriately and in line with policy. ▶ Malicious and unauthorised access occurs to EY offices or systems due to a cyber-attack or code corruption. ▶ Data is stolen by malicious actors internally or externally. 	<p>There are comprehensive and well-established internal quality management procedures consistent with industry standards, best practice and legal requirements to address the risks of an information breach, including:</p> <p>Data protection and information security training</p> <ul style="list-style-type: none"> ▶ Mandatory regular training and reminders for personnel and partners on the importance of data protection and risk mitigation, including what to do in the event of data loss and an annual declaration that they have read and understood requirements. ▶ Mandatory GDPR training in place for all staff. ▶ Service line specific data protection training, as required. <p>Policies and procedures</p> <ul style="list-style-type: none"> ▶ A suite of policies and procedures governing data protection, data incidents (including ongoing monitoring) and supporting guidance. ▶ Contractual terms addressing the handling of confidential information and client data. ▶ Improved hardware and software controls. ▶ Software controls designed to reduce the risk of misdirected external emails and to prevent data loss. ▶ Reduced footprint of risk via full migration of laptop data to cloud through the Modern Workplace strategy. ▶ IT asset encryption to mitigate the risk of breaches. ▶ Continued investment in cybersecurity controls, e.g., strengthened communication, training and testing to improve awareness of phishing. ▶ Periodic testing of IT and cybersecurity controls and testing and reminders to staff to remain vigilant for potential cyberattacks (including phishing). ▶ Dedicated team of cybersecurity experts who actively monitor and protect the systems. ▶ Maintenance of globally recognised, industry standard certification on information security management systems such as ISO 27001 and Cyber Essentials Plus. ▶ Regular communications on good data-handling practices. ▶ Data incident handling management. ▶ Data risk management plans for client engagements. ▶ Privacy impact assessments for new technology, third parties and processing activities.

Principal risks	Risk drivers	Actions to mitigate risks
12. There is a breach of a new or existing regulation	<p>Services are subject to legal and regulatory requirements. Such requirements may be breached if:</p> <ul style="list-style-type: none"> ▶ There is failure to monitor, understand or respond to new and changing regulatory requirements and expectations or changing interpretations thereof. ▶ A culture of risk awareness and risk management is not embedded in staff and partners. ▶ Behaviours consistent with the Global Code of Conduct are not promoted and enforced. ▶ Compliance with internal policies and procedures, and relevant regulatory requirements is not promoted, enabled and enforced. 	<p>The Regulatory & Public Policy team monitors regulatory and policy developments, in conjunction with specialist teams such as the Professional Practice team supporting the Audit service line. Taking feedback from stakeholders such as EY Global, non-executives and the regulators, this is then used to:</p> <ul style="list-style-type: none"> ▶ Update policies and procedures, including those relevant to quality management that meet the requirements of ISQM1. ▶ Prepare and update guidance documents for staff. ▶ Refresh and tailor training courses for the UK as relevant (mandating components, as necessary). <p>A framework of ongoing compliance controls is in place, including:</p> <ul style="list-style-type: none"> ▶ Service line 'risk radars', second-line monitoring activities and the Internal Audit programme provide further support and control. ▶ Compliance metric reports provide quality assessments for performance management reviews for partners. ▶ There is continual investment in new tools and technologies to support staff in meeting compliance obligations.
13. Externally imposed change to the existing business model threatens the ability to continue to deliver high-quality audits	<p>Developments in the market, including in corporate governance and reporting can have a significant impact on the business. The response will be unsuccessful if:</p> <ul style="list-style-type: none"> ▶ Change impacting the business is not anticipated and managed. ▶ There is failure to operate a sustainable audit practice that is financially resilient. 	<p>There is frequent interaction with government departments and regulators and contribute to the continuing developments in auditing requirements, including those relating to PIEs. Mitigating actions responding to this risk include:</p> <ul style="list-style-type: none"> ▶ Monitoring and engagement with external parties on external/market drivers impacting the business. ▶ Monitoring of the business model, such as through scenario planning, to assess whether it remains appropriate and responsive to external/market drivers. ▶ Implementation of operational separation through a governance structure that oversees its function in accordance with the FRC's objectives, including financial resilience of the audit practice.

Principal risks	Risk drivers	Actions to mitigate risks
14. Loss of public trust in EY UK as a result of reputational damage	<p>It is critical to maintain a good reputation with clients, markets, regulators and the public. Reputation would be adversely impacted if:</p> <ul style="list-style-type: none"> ▶ Services are provided to clients that are viewed by key stakeholders as contrary to public standing. ▶ Staff or partner conduct does not meet the high standards expected of them. ▶ Failure of an EY service gives rise to adverse views in media and the market. ▶ Conduct issues and complaints are not recorded, investigated and resolved satisfactorily. ▶ There is failure to communicate effectively with regulators, clients or media. ▶ The conduct of alliance partners does not meet expected standards. 	<p>The reputation of the business is valued highly and an appreciation of reputational risk is at the heart of all business decisions. Additionally, alongside responses linked with the other service delivery risks:</p> <ul style="list-style-type: none"> ▶ Significant reputational issues are reviewed and opined on by the Reputation & Conflicts Panel. ▶ Building trust within the business and with external stakeholders remains a key focus and has been reiterated recently through a series of initiatives. ▶ Ethics and a shared set of values drive the behaviour of partners and staff, and this is reinforced by training and guidance. ▶ There are whistleblowing procedures in place, including a confidential EY Ethics Hotline. ▶ All staff are required to complete the Code of Conduct training which sets out the standards that are expected of people to reduce the likelihood of adverse publicity arising from individual actions by staff or partners. ▶ Established policies and processes, supported with governance and leadership, facilitate resolution of conduct issues and complaints such as these reported through the ethics hotline. ▶ Established processes and structure in place for communications with regulators, clients and media.
15. Environmental, Social and Governance	<p>We are committed to complying with all aspects of the ESG agenda. This will be compromised if:</p> <ul style="list-style-type: none"> ▶ EY UK does not improve our environmental impact or fail to demonstrate this to key stakeholders. ▶ We do not make progress with our corporate social responsibility agenda by failing to make an impact on individual lives. ▶ EY UK is not governed in a transparent way with a diverse range of people in key decision-making capacities. 	<p>There is a governance framework to manage the ESG agenda and promote sustainable business practices. Mitigative actions taken include:</p> <ul style="list-style-type: none"> ▶ Environmental requirements: Monitoring emission reduction, ensuring emission data accuracy (ISAE3000) and an audit of the Environmental Management System, which formalises policies, procedures and regulatory compliance relating to the environmental function of UK offices (ISO14001). ▶ Social requirements: Ongoing monitoring of progress against the published Sustainable Development Goals, with social initiatives subject to the same robust approval regime applied to paid client engagements, ensuring risks such as independence and reputational matters are fully addressed. ▶ Governance requirements: Conducting policy reviews, providing inclusion training, monitoring gender and ethnicity partner targets, mandatory pay gap reporting, meeting external disclosure requirements of governance, the review of policies and processes regarding breaches of conduct on a regular and case-by-case basis.



Compliance statements



Statement of the effectiveness of the EY UK system of internal control

As part of its annual procedures and in compliance with the AFGC, the EY UK Board confirms that EY UK has performed a review of the effectiveness of the system of internal control, including consideration of the process undertaken to update the risk profile for principal risks, controls and monitoring mechanisms. In summary, this involved:

- ▶ Validating EY UK principal risks.
- ▶ Reviewing the management and monitoring of principal risks.
- ▶ Considering the outcome of the controls assessments completed under ISQM 1 which supported the annual evaluation conclusion for EY UK as of 30 June 2024 that the System of Quality Management provides reasonable assurance that the objectives of the system of quality management are being achieved.
- ▶ Assessing the risk profile and associated controls for each Service Line and at the EY UK level.
- ▶ Reviewing the work of Internal Audit.
- ▶ Considering the reports and findings from regulatory reviews.
- ▶ Reviewing the conclusions of our external auditors, including comments in relation to the control environment.

- ▶ Obtaining written confirmation at the service line and functional levels that processes and controls are in place to manage principal risks.
- ▶ Reviewing the risk profile for completeness using the output of discussions across service lines and functions on risks and control activities, with the ROC meeting to challenge and approve the updated risk profile.

In the course of this review of the effectiveness of internal control, we have identified actions that we believe will strengthen controls to manage and mitigate principal risks and have not identified any significant weaknesses. On the basis of the review carried out, the EY UK Board is satisfied that the EY UK system of internal control is operating effectively and is in line with the risk management principles of the AFGC.



Statement on the effectiveness of the functioning of the internal quality control system

In accordance with Article 13(2) (d) of the EU Audit Regulation and the Local Auditors (Transparency) Regulations 2020, the EY UK Board confirms that it is satisfied that our internal quality control system is, in general, robust and operate effectively and allows us to readily identify any areas of potential improvement or refinement. This is supported by the evaluation made under ISQM 1 set out above. We continually seek to improve all aspects of our business and we use the findings of internal reviews and external regulatory reviews to enhance our processes.

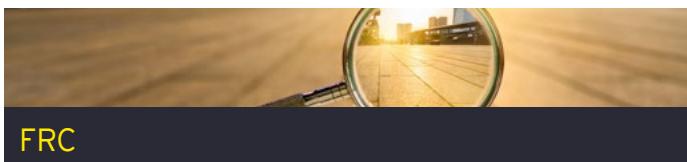


Stakeholder dialogue



Engagement overview

EY UK and our NEs proactively engage with stakeholders, participating in both public and private events and discussions. This engagement is designed to foster open dialogue and deepen our understanding of stakeholders' views, issues, and evolving expectations. In FY24, our engagement efforts primarily focussed on company directors, including audit committee members, institutional investors such as asset owners and managers, UK governmental bodies and policymakers, and our regulatory authority, the FRC.



FRC

EY UK maintained ongoing, collaborative engagement with the FRC, across its firm-wide remit, throughout FY24. We welcomed the appointment of its new Chief Executive, Richard Moriarty, during the year and we look forward to our continued and further engagement with him and his team.

With the FRC's Supervision Division, a number of our senior executives engage with supervisory leads in the Audit Market Supervision (AMS), Audit Firm Supervision (AFS) and AQR teams through a framework of regular meetings. These cover areas such as audit and culture, ISQM 1, ethics and conduct, risk management, governance and our RCA process; aspects and projects such as operational separation, local audit, the SQP and our actions taken in respect to the FRC's Annual Supervisory Letter; as well as aspects specific to EY, such as participation in our annual UK Audit Quality Summit. EY UK also engages regularly with other divisions within the FRC, including the Regulatory Standards division, on wider regulatory and policy matters and the Enforcement division, where we continue to co-operate and work with the FRC on its open investigations (please refer to our metrics

on external investigations in [Appendix 3: Audit quality and culture](#)).

Furthermore, the FRC met with our NEs independently and as part of FRC-convened roundtables several times throughout the year.

We very much value this level of engagement with the FRC and fully support its regulatory system of improvement through learning.



Non-Executive Directors and board-level executives

EY UK Centre for Board Matters (CBM) is a programme for Non-Executive Directors (NEDs) and board-level executives. It offers insights into the pressing issues facing the UK and global businesses, alongside fostering an active community for peer-to-peer engagement.

In FY24, CBM engaged over a thousand members through a diverse array of channels including monthly newsletters, webcasts, in-person events, and LinkedIn. Our members actively participated in numerous events covering the following topics:

Geopolitics

During our annual Financial Reporting Outlook conference, CBM organised a roundtable with NEDs to delve into the complexities of geopolitical risks. Drawing on the findings of the [EY Global Board Risk Survey](#) which highlighted geopolitical events as a critical emerging risk, the discussion covered the escalating geopolitical threats and their implications on a company's resilience over the coming year.

The theme of geopolitics - including its implications for businesses' strategies - was further explored and debated at our annual Spring Reception. The event featured a presentation from our guest speaker, Frank Gardner OBE, security correspondent, journalist and author, who was joined by partners from our Geostrategic Business Group and Strategy and Transactions practice.

Artificial intelligence

CBM convened senior leaders to debate the complexities of AI. Key actions to help boards improve their resilience, mitigate risk, and gain competitive advantage were discussed, focussing on understanding AI's impact and value, assigning risk oversight for AI and promoting ongoing AI learning.

Diversity, equity & inclusiveness

CBM strongly supports female representation on boards. In collaboration with 50/50 Women on Boards (a global nonprofit organisation that aims to achieve gender balance and diversity on corporate boards), CBM supported the 'London Conversation on Board Diversity' networking event for women, which creates a platform for personal coaching from experienced corporate directors, peer connections, and increased visibility among industry leaders. As part of this event, CBM hosted a panel featuring Shreem Growth Partners, which, amongst others, discussed career pivots. As part of our sponsorship of the Women Executives on Boards Annual Symposium, we joined a panel conversation in October 2023, to share insights with c-suite and senior executives to support them in continuing their board journey.

Furthermore, CBM amplified the crucial findings of the [Parker Review 2023 report](#), for which EY UK is the principal sponsor, by hosting a dedicated webcast, emphasising the imperative for improving ethnic diversity within UK businesses.

UK corporate governance

In response to the updated 2024 UK Corporate Governance Code, EY UK issued a publication summarising the changes and CBM conducted a webcast. We held a series of roundtable discussions aimed at chief financial officers and their direct reports, focussing on the principal changes pertaining to risk management and internal control practices.



In addition to the broader engagement with executive and non-executive directors, EY UK audit partners regularly engage with audit committee members and chief financial officers over the course of audit engagements bringing insights on the finance organisation and broader internal control environment. They regularly debate management's

key judgements and estimates, share views on the application of accounting policies and quality of disclosures and share other perspectives relevant to the audit.

EY UK continues to engage actively with the Audit Committee Chairs' Independent Forum (ACCIF) to drive forward audit quality and the actions, outputs and outcomes from Project Spring, discussed in our FY23 Transparency Report. Project Spring has reconvened, a year on, bringing together the original stakeholders to reflect on progress to date. EY UK remains committed to its core conviction that delivering a high-quality audit relies on the auditor, management and those charged with governance working effectively together.

Our annual Financial Reporting Outlook conference also creates another opportunity for engagement with these important stakeholders and the sharing of views, financial reporting and regulatory updates. Held in November 2023, this year the agenda was dominated by themes of regulation, global governance, politics and sustainability.



Institutional investors

EY UK engages with investors to improve our understanding of their priorities in respect of corporate reporting and audit and to listen to any specific feedback they have. We engage with the Investor Forum, Investment Association as well as with individual investors.

Across the year, we had regular contact with the Investor Forum and Investment Association to understand their priorities and views on changing regulations. As a component of our involvement with the Investor Forum, we delivered a presentation to institutional investors, focussing on the methods companies employ to report their progress on implementing climate transition strategies. Our presentation included a synopsis of the research we conducted on measurement, reporting, and verification for the Science Based Targets Initiative.

As part of engaging with the Investment Association, the Financial Conduct Authority and with individual investors, we held roundtables and bilateral conversations regarding the Sustainability Disclosure Requirements and the anti-greenwashing rule.



Stakeholder engagement event

EY UK held its stakeholder engagement event in June 2024, bringing together representatives from the Investor Forum, Investment Association and audit committee chairs with EY UK partners and NEs. This event was an important opportunity for EY UK NEs to build their understanding of the user experience of audit and discuss issues facing the wider profession.

Some of the topics of discussion included:

1. Dialogue between investors and audit committees

The Investor Forum shared observations from its 'Audit and Assurance' dialogue. There was recognition and agreement that investor appetite to engage on audit-related matters may be low, but that this should not automatically be seen as a problem. Investors trust the audit process and have access to detailed information included in the auditor's report and in the audit committee governance report. There is scope for investors to become better informed on how that information should be interpreted.

2. Commercial curiosity

Auditors that have strong business acumen and commercial curiosity are best able to understand the business drivers behind judgements across the financial statements. As discussed in [Appendix 3: Audit quality and culture](#), EY UK is increasing its emphasis on commercial acumen training.

3. Evolution of the audit product

Audit committees are interested in understanding how the auditor is able to test whole data populations and deploy data analytics. Many NEDs are not experienced in data analytics and therefore they welcome auditors not only sharing outcomes of the testing but also explaining how these were derived. In addition to these insights, audit committees also expect to hear the auditor's view on the quality of the internal control environment. The importance of this increases with the requirement for directors to make a declaration on the effectiveness of material controls.

4. Assurance over non-financial reporting

Once the board or dedicated committee has determined the overall approach to reporting on environmental and social matters and identified which non-financial metrics are material to stakeholders, the audit committee will often be tasked with overseeing the quality and reliability of the disclosures. Investors understand that non-financial information is not as robust as financial information – but they want to know what they can rely on and to what extent. This requires a better understanding of the various levels of external assurance. It is expected that over time, the scrutiny and oversight of non-financial assurance by regulators will start to mirror that of financial audits.

5. Market choice and fair competition

Even when there is a limited choice of audit firms, the audit committee members felt that there are still high levels of competition. Nonetheless, being limited to only two firms in a tender is not a situation audit committees want to find themselves in. To avoid this, audit committees need to proactively oversee what work is awarded to potential future auditors and be clear with firms about their expectations around participating in tenders.



Appendix 4: EY UK Board Members' biographies

Appendix 4: EY UK board members' biographies



Hywel Ball

UK Managing Partner and Chair

Hywel has over 40 years' experience with EY and has been a partner for more than 30 years.

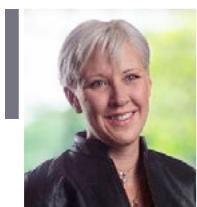
He has worked in EY UK London, New York and Edinburgh offices, and has worked with leading multinational and FTSE listed organisations across a range of sectors. Before taking his current role as UK&I Managing Partner and Chair in 2020, Hywel was the UK Head of Audit and Managing Partner of Assurance and was the signing audit partner on a number of FTSE 50 companies.

Hywel is a leading voice on the importance of long-term value creation in business, and co-authored the EY Long-Term Value Framework, which is designed to help companies

measure and communicate the value they create for all stakeholder groups.

Hywel is a member of HM Treasury's Professional Services Council and the Corporate Advisory Group of the British Academy's Future of the Corporation Programme. He is also a fellow of the Royal Society of Arts and a member of the audit committee of The British Museum.

Previously, Hywel was a lead member of the Auditors' Advisory Group for Sir Donald Brydon's independent review into the quality and effectiveness of the UK audit market. He was also on the Advisory Board for the Financial Reporting Council's work on the Future of Corporate Reporting.



Anna Anthony

Managing Partner, UK FSO

Anna is the EY UK Financial Services Managing Partner, responsible for over 250 partners and 5,000 employees serving clients in the banking, insurance and asset management sectors.

With more than 20 years' experience advising the financial services sector across EMEA markets, Anna has led on many large-scale projects, including high-profile mergers and acquisitions and restructuring programmes. And, as a qualified tax accountant, she has extensive experience in providing and

implementing complex international tax advice to the world's largest financial institutions. She is also the European Client Service Partner for one of the largest international banking clients of EY UK.

From her platform as a senior partner in EY UK, Anna is an active and visible advocate of the diversity and inclusiveness agenda and plays a leadership role on the EY UK sustainability journey. From 1 January 2025, Anna will take over as UK&I Managing Partner.



Adrian Browne

Global Client Service Partner

Adrian is a Global Client Service Partner at EY UK and has been with EY over 31 years and has 24 years' experience in corporate finance. During his time with EY, he has been based in London, Belfast, Edinburgh, San Francisco and Dublin. He brings extensive experience of working on transactions in over 30 countries in a variety of sectors, with a particular

focus on health sciences and wellness and private equity.

Adrian has held a number of leadership roles in EY including UK Managing Partner for Markets and Accounts, a member of EY UK Executive, and Markets Leader for Strategy and Transactions in the UK.



Lisa Cameron

UK General Counsel¹

Lisa assumed the role of UK General Counsel on becoming partner in 2006 and is responsible for legal and corporate governance matters for EY UK.

Lisa and her team of 40 advise leadership and partners on matters of contract, regulation, transactions, litigation,

employment and overall practice protection. In the current environment, ethical conduct and decision making in all aspects of our work and behaviour are essential to building trust and protecting our reputation and that of our people, and a part of Lisa's role is supporting our people and organisation, to make the right decisions and behave in a professional and ethical manner.



Christabel Cowling

Managing Partner, Core Business Services

Christabel has been with EY for over 20 years, 18 of those as a partner. Christabel is an experienced audit partner with extensive experience in auditing multinational listed groups under IFRS and of reporting accountant work for corporate transactions.

From the beginning of FY24 she took on the role of Managing Partner for EY UK Core Business Services leading a team of over 2000 people. The team provides support, knowledge, resources and tools that help EY deliver quality services to clients, win in the marketplace, and optimise growth and profitability.



Alison Duncan

UK Head of Regulatory and Public Policy

Alison has been with EY for 32 years, 21 of those as a partner, in which time she has been the Global Client Service and Lead Audit Partner on a number of FTSE 100 companies. Alison has been the Audit Committee Chair for the past three years. Over seven years, Alison held a number of different governance roles in EY UK, including Deputy Chair of the EY UK&I Partner Forum and a member of both the EY EMEIA Advisory Council and Global Governance Council until November 2023.

Alison has held a number of leadership positions including UK&I Assurance Digital Assurance Leader and Managing Partner for People when she was a member of the UK Executive. She is a board member of Teach First, a charity committed to giving children facing the biggest barriers the chance to fulfil their potential through making our education system work for every child.

1. Stepped down – November 2023



Jane Goldsmith
Managing Partner, Risk Management, UK

Jane Goldsmith was appointed Managing Partner, Risk Management, for EY UK on 1 November 2020. She has been a partner in EY UK since 2008. Before becoming Managing Partner, Risk Management, Jane was a consulting partner,

focussing on CFO Advisory and latterly on regulatory remediation. She has also held leading roles on the talent agenda, including Talent and Partner Matters Leader for the UK FSO practice, and Talent Leader for the EMEA Advisory business.



Annie Graham
UK Head of Audit¹

Annie has been with EY for 26 years, 16 as a partner during which time she has been Lead Audit Engagement Partner on a number of PLC and large private multinational audits, working across a range of sectors including energy and consumer products.

Prior to her appointment as EY UK Head of Audit she held other leadership positions including EY UK&I Audit

Chief Operating Officer and Scotland Audit Leader. Annie is a member of the Institute of Chartered Accountants of Scotland (ICAS) and served on the ICAS council for seven years until April 2024, with two years as Chair of the Audit & Risk Committee, and prior to that she was a member of the Member Services Board.



Gavin Jordon
UK Chief Financial Officer

Gavin has been with EY for 25 years, 14 of those as a partner. From the beginning of FY24 he took on the role of EY UK CFO responsible for the financial aspects of EY UK, including financial resilience. His role covers statutory accounting and external auditor relationship, treasury and banking facilities,

pensions and pension trustee relationship, claims and provisions, and tax.

Prior to his appointment as EY UK CFO, he held other leadership positions including Chief Operating Officer of the UK Financial Services business, and Managing Partner of the UK Financial Services Strategy & Transaction business.



Adam Munton
Capital Markets Partner

Adam has over 30 years' experience in professional services spanning wholesale, retail and corporate banking, asset management and capital markets. He specialised in the management of large-scale delivery programmes, business change and IT transformation. He joined EY in 2014 after 24 years with Accenture where he was a managing director.

Adam is the Client Service Partner for a number of the largest banking clients of EY UK with accountability for all aspects of the services provided across the EMEA region. He also has responsibility for Quality and Risk Management matters in the FSO Markets team. He has also been a UK FSO Partner Forum member for over four years and joined the EY UK Board as a Partner Forum representative in October 2021.

¹. Appointed in July 2024

**Sundar Viswanathan**

Strategy and Transaction Partner

Sundar Viswanathan has over 18 years' experience with EY UK, eight as a partner in the Strategy & Transactions Team.

He currently focuses on advising private equity investors on complex carve-outs and businesses with significant value creation potential. Prior to joining EY, he gained eight years'

experience in various roles including audit, risk advisory and post-merger integration in professional services and corporate environments.

**Andrew Walton**UK Head of Audit¹

Andrew was the EY UK Head of Audit and a member of the EY UK Board up to 30 June 2024. He has been at EY for 33 years, the last 20 as a partner. Andrew has extensive experience of working with large listed corporations, notably in the consumer products sector.

Prior to his appointment as EY UK Head of Audit, he held other leadership positions including EY UK&I Deputy Head of

Audit, EY UK&I Head of Assurance Markets and London Audit Leader. Andrew has had three secondments during his career which include the Toronto audit practice, our talent function, and our commercial due diligence practice.

He is an Investment Committee member for the Social Business Trust.

1. Stepped down – July 2024



Appendix 5: EY UK Non- Executives' biographies

Appendix 5: EY UK Non-Executives' biographies



Ruth Anderson

Ruth is currently a non-executive director and chair of the audit committee of Shaftesbury Capital Plc, a London real estate investment trust. During the last 15 years she has been a non-executive director and audit committee chair at other listed companies including Ocado Group, Travis Perkins, Coats Group and also at The Royal Parks, a charitable public corporation which manages London's eight royal parks.

Ruth is a chartered accountant and worked as an auditor during her early days at KPMG before specialising in corporate

tax. There she worked with a wide range of businesses from owner-managed to large global corporations. She was a partner at KPMG for 20 years, a member of the KPMG UK board and audit committee for six years, and served as vice-chair for five years. She retired from KPMG in 2009 to pursue her non-executive career.

Ruth was selected to chair the UKAB given her experience on listed company boards and as an audit committee chair, as well as for her deep understanding of the culture of a large professional services firm. She is also a member of the PIB and attends EY UK Board meetings.



Carl Hughes

Carl has worked extensively with boards, audit committees and management teams across many large listed and private companies. Since retiring from Deloitte in 2015 as a Vice Chairman, senior audit partner and global head of its energy & resources practice, Carl has served on the board of the Audit Committee Chairs Independent Forum and as a non-executive director and audit committee chairman of EnQuest Plc and En+ Group. He has also served as a trustee of numerous charities. Carl is a member of the General Synod

of the Church of England and chairman of The Archbishops' Council Finance Committee and the Church's Strategic Mission & Ministry Investment Board which allocates funding received from the Church Commissioners.

Carl was selected to join the PIB and UKAB on the basis of his prior professional services and audit experience and his governance understanding from corporate board and audit committee roles.



Tonia Lovell

Tonia practised law for over 25 years, at Linklaters and then in-house at Unilever plc. During her 20-plus years at Unilever her roles included Chief Legal Officer, Group Company Secretary and General Counsel Corporate Governance. She was also previously a member of the External Advisory Committee to Royal London Asset Management's sustainability funds, a school governor and a member of the GC100 Executive Committee. Tonia is a qualified and

experienced executive coach with a focus on coaching and mentoring members of the legal community.

Tonia was selected to chair the PIB given her legal background and extensive governance experience at a plc level. She is also a member of the UKAB and attends EY UK board meetings.

Tonia was appointed as an INE to EY Global in January 2023 and as such is a member of the EY Global Governance Council and chairs the EY Global Public Interest Committee.



Philip Tew

Philip Tew is currently a NED and Chair of the Governance, Audit and Risk Committee for Quilter Cheviot, a leading discretionary investment management firm. He was previously a senior audit partner at PwC and worked there for 40 years, before leaving in 2018. Philip has a wealth of experience in the financial services sector and brings strong technical knowledge of financial reporting, accounting and auditing. He has worked extensively with boards, audit committees and management teams across large and listed companies.



David Thorburn (stepped down at the end of the year)

David's career spans over 40 years in banking, with Clydesdale & Yorkshire Banks, TSB Group, the Bank of England, Barclays Bank UK PLC, and most recently the Coventry Building Society.

David has been pursuing a portfolio career since 2015. He is Chair of the Coventry Building Society and of the Chartered Banker Institute 2025 Foundation.

David is a Chartered Banker and former External Member of the Bank of England's Prudential Regulatory Committee. He is also a former Chairman of CBI Scotland, a Past President of The Chartered Institute of Bankers in Scotland, and former Board Director of the British Bankers Association and Scottish Financial Enterprise.

Philip was selected to:

- ▶ Take the role of the doubly independent ANE, focussed exclusively on the audit practice, given his extensive experience as an audit partner. Following David Thorburn's resignation, Philip was also appointed as interim Chair of the UKAB.
- ▶ Chair the ABRemCo given both this audit experience and his experience as Chair of Governance, Audit and Risk Committee for Quilter Cheviot.

David was an EY Global INE, until stepping down in May 2022, at the end of his second and therefore last term. He was also Chair of EY's Public Interest Committee (Global). David was selected to chair the UKAB, given his corporate background and in-depth understanding of EY's global approach to audits obtained through his role as a Global INE.

David Thorburn resigned in January 2023 to take a role on the Transaction Committee for the proposed structural separation of the firm. Following the decision not to proceed with the structural separation, David was re-appointed as both an INE and ANE in May 2023 for a further 13 months but did not resume the role of UKAB Chair.



New appointments

Two non-executives were appointed in FY25: Sir Philip Rutnam and Suzanne Raine. Sir Philip Rutnam joined as both an ANE and INE and sits on the PIB, UKAB and ABRemco. Suzanne Raine joined as INE and sits on the PIB.



Suzanne Raine

Suzanne Raine served for 24 years in the British Foreign and Commonwealth Office on foreign policy and national security issues, including postings in Poland, Iraq and Pakistan. She specialised in counter-terrorism, holding a number of senior domestic appointments including head of the Joint Terrorism Analysis Centre from 2015-2017 and Director of Counter Terrorism from 2017-2019. She is a Visiting Professor at the Department of War Studies at KCL and works

at the Centre for Geopolitics at Cambridge University. She is Deputy Chair of the Board of Trustees of the Imperial War Museum and also a member of the Board of Trustees of the Royal United Services Institute (RUSI) and at the International Bomber Command Centre in Lincoln.

Suzanne was selected to join the PIB to bring her unique understanding of business risks to EY UK.



Sir Philip Rutnam

Sir Philip was one of the country's most senior civil servants as Permanent Secretary at the Department for Transport and the Home Office and Acting Permanent Secretary at the Department for Business. He now chairs the National Institute of Economic and Social Research, the UK's oldest independent economic research body, and the National Churches Trust, the national charity for historic churches, and sits on the Council of the University of Surrey. He was previously a board member at Ofcom and also represented the UK at the European Investment Bank.

He began his career at the Treasury and has worked widely across issues that affect government, business and the economy.

Sir Philip was selected to join the PIB and UKAB acknowledging that his background as one of the country's most senior civil servants and experience from working with many of EY UK's stakeholders or in similar environments is relevant to both the audit practice and EY UK.



Appendix 6: Meetings attendance

Appendix 6: Meetings attendance



Table of attendance

The following table shows the level of attendance at scheduled EY UK board and committee meetings in FY24.

	Board	PIB	UKAB	UKCC	AEC	NomCo	ROC	UKAC	ABRemCo	URC
Number of meetings in FY24	4*	4	4	10	4	3	6	4	3	3
Michael-John Albert							6			
Ruth Anderson		4	3**						1**	
Anna Anthony	4	4		9	4	2				3
Hywel Ball	4	3		10	4	3				2
Andy Bates			2**							
Justine Belton			4							
Chris Bowles							6			
Lloyd Brown									2**	
Adrian Browne		2**								
Lisa Cameron	2**			10						
Justine Campbell				6						
Jenny Clayton							1**			
Christabel Cowling	4			9	4		3**			3
Alison Duncan	4					3	3**	4		
Javier Faiz			2**							
Jane Goldsmith	4	4		9			6	4		
Mridul Hegde			1**							0
Carl Hughes		2	2						1**	
Jon Hughes							5			
Gavin Jordan	2**			10						3
Tonia Lovell		4	4			2			3	
Adam Munton		4								
Lynn Rattigan	2**									
Mike Rudberg								2**		
Ally Scott				6						
Rupert Taylor				7						
Philip Tew			4						3	
Stuart Thomson							5			
David Thorburn		4	4							
James Tufts							3			
Sundar Viswanathan	4					3				
Chris Voogd								4		
Andrew Walton	4		4							
Sarah Williams								4		
Stuart Wilson								3		

* Main Board meetings are recorded here, but there were additional ad hoc meetings as and when required, and various decisions via electronic fora.

** Given these individuals' respective appointment/stand-down dates, they have attended all possible FY24 meetings they could for this particular body.



Appendix 7: Descriptions of roles

Appendix 7: Descriptions of roles



Role	Brief description
UK Managing Partner and Chair	<ul style="list-style-type: none"> ▶ Leads the EY business in the UK including, among other responsibilities: <ul style="list-style-type: none"> ▶ Represents and promotes the interests of EY UK ▶ Provides leadership for the partners and employees of EY UK and its subsidiary undertakings ▶ Acts as the interface with regulators and governmental authorities ▶ Responsible for managing risk, public policy, purposeful growth and geostrategic service offerings
UK Head of Audit	<ul style="list-style-type: none"> ▶ Leads the UK audit practice (spanning companies, local authorities, and entities in the financial services sector): <ul style="list-style-type: none"> ▶ Includes all aspects of audit quality, recruitment, resourcing, and performance management ▶ Involves overseeing matters of risk management as it relates to the Audit sub-service line ▶ Liaison with all audit regulators and professional bodies
Managing Partner, UK FSO	<ul style="list-style-type: none"> ▶ Leads the UK FSO business and, among other things: <ul style="list-style-type: none"> ▶ Responsible for a team dedicated to serving the UK financial services industry ▶ Tracks engagement quality, recruitment, resourcing, performance management, and purposeful growth as well as overseeing matters of risk management ▶ Works closely with the UK Managing Partner to ensure consistency of practice across EY UK ▶ Acts as the interface with regulators and governmental authorities in financial services
UK Head of Regulatory & Public Policy	<ul style="list-style-type: none"> ▶ Responsible for managing regulatory risk of EY UK, including: <ul style="list-style-type: none"> ▶ Engagement with UK-based policymakers and regulators spanning auditing, corporate reporting, and corporate governance matters ▶ Works closely, with senior EY colleagues across EY UK and wider EY network, on regulatory matters with cross-firm and/or extraterritorial implications ▶ Leads a UK team of corporate governance and public policy subject matter experts
Managing Partner, Risk Management, UK	<ul style="list-style-type: none"> ▶ Responsible for managing risk and regulatory compliance for EY UK, including: <ul style="list-style-type: none"> ▶ Partner and staff personal independence ▶ Independence aspects of business relationships, acquisitions, conflicts and audit pursuits ▶ Enterprise risk management ▶ Reputational risk management ▶ Business resilience, comprising business continuity crisis management, health and safety, and physical security ▶ Compliance, comprising client due diligence, client and engagement acceptance, and compliance policy setting and monitoring ▶ Support for client-facing teams in delivering quality and exceptional client service

Descriptions of roles (Cont'd)

Role	Brief description
UK General Counsel	<ul style="list-style-type: none"> ▶ Responsible for all legal issues affecting EY UK, advising leadership and partners on matters of: <ul style="list-style-type: none"> ▶ Contract ▶ Regulation ▶ Governance ▶ Transaction ▶ Litigation ▶ Employment ▶ Overall practice protection
Managing Partner, Core Business Services	<ul style="list-style-type: none"> ▶ Responsible for: <ul style="list-style-type: none"> ▶ The day-to-day operations of EY UK enablement functions ▶ Management of the activities of people across all functional areas of EY UK enablement functions ▶ Oversight of the financial performance of EY UK enablement functions that result from the execution of strategy
UK Country Professional Practice Director (Country PPD)	<ul style="list-style-type: none"> ▶ Responsible for: <ul style="list-style-type: none"> ▶ The provision of support to audit teams in matters relating to risk management and compliance with EY UK policies and procedures (e.g., audit and accounting, technical and learning support) ▶ Performing internal consultations with audit teams ▶ The Country PPD consults with the Area PPD, when appropriate
UK Audit Compliance Principal	<ul style="list-style-type: none"> ▶ Responsible for: <ul style="list-style-type: none"> ▶ Ensuring that EY UK complies with audit regulations and applicable obligations imposed by the Competent Authority ▶ That the monitoring of audit compliance, as required by these regulations, is carried out satisfactorily and that any appropriate action is taken
Managing Partner, Scotland	<ul style="list-style-type: none"> ▶ Responsible for the day-to-day operations of the EY UK business in Scotland, which encompasses: <ul style="list-style-type: none"> ▶ Management of the activities of EY people across all four offices in Scotland, in conjunction with Office Managing Partners and Service Line Leaders ▶ Planning, influencing, oversight and monitoring of the 'client coverage plan' and financial performance of the Scotland region of EY UK ▶ In partnership with the Head of the EY FSO business in Scotland, management of key external stakeholder relationships across the country
UK Chief Financial Officer	<ul style="list-style-type: none"> ▶ Overall responsibility for the financial resilience of EY UK: <ul style="list-style-type: none"> ▶ Responsible for statutory accounting and external auditor relationship, treasury and banking facilities, pensions and pension trustee relationship, claims and provisions, tax, and partner finance

Descriptions of roles (Cont'd)

Role	Brief description
Managing Partner, Talent	<ul style="list-style-type: none"> ▶ Leads the UK talent function, responsible for ensuring the effective delivery of talent strategies integral to the EY UK 'employee value proposition'. This includes the task of ensuring EY UK is: <ul style="list-style-type: none"> ▶ Seen as a truly multicultural international business, upholding its values whilst delivering on its purpose, ambition, and employee value proposition ▶ Includes the leadership of the HR Team ▶ Involves the responsibility of leading the 'Partner Matters Team', spanning the pastoral care of the UK partner group and annual succession planning, among other things
Managing Partner, UK FSO Talent	<ul style="list-style-type: none"> ▶ Leads the development, implementation, and monitoring of the UK FSO talent strategy, as part of the EY EMEA FSO talent strategy: <ul style="list-style-type: none"> ▶ Responsible for coordinating partner matters for UK FSO partners ▶ Works closely with the EMEA FSO Talent Lead, to ensure alignment with the EMEA FSO region, and with EY UK Managing Partner, Talent, to ensure consistency of practice across the EY UK
Markets Leader, UK FSO	<ul style="list-style-type: none"> ▶ Responsible for the 'go-to market' approach for UK FSO, which: <ul style="list-style-type: none"> ▶ Ensures that EY has a strong and appropriate 'client centricity' and 'go-to market strategy' across three EY sectors – Banking and Capital Markets, Wealth and Asset Management and Insurance ▶ Reviews and ensures that EY provides the appropriate level of client service quality ▶ Supports the business with its horizon scanning ▶ Manages the 'markets function' within UK FSO
UK FSO Head of Audit	<ul style="list-style-type: none"> ▶ Responsible for the FSO audit practice, under the leadership of the UK Head of Audit, including: <ul style="list-style-type: none"> ▶ All aspects of audit quality, recruitment, resourcing, and performance management ▶ Involves overseeing matters of risk management ▶ Works closely with the UK Head of Audit to ensure consistency of practice across EY UK



Appendix 8: List of major Local Audits

Appendix 8: List of major Local Audits



List of major Local Audits

Engagement	Sector	Type
Bedford Borough Council	Local Government	Unitary Authority
Bedford Pension Fund	Local Government Pension Fund	Local Government Pension Fund
Buckinghamshire Healthcare NHS Trust	NHS	Acute NHS Trust
Cambridgeshire County Council	Local Government	County Council
Cambridgeshire County Council Pension Fund	Local Government Pension Fund	Local Government Pension Fund
Central Bedfordshire Council	Local Government	Unitary Authority
Greater London Authority	Local Government	GLA and Functional Bodies
Hampshire County Council	Local Government	County Council
Hampshire Pension Fund	Local Government Pension Fund	Local Government Pension Fund
Hertfordshire County Council	Local Government	County Council
Hertfordshire Pension Fund	Local Government Pension Fund	Local Government Pension Fund
London Borough of Bexley	Local Government	London Borough Council
London Borough of Bexley Council Pension Fund	Local Government Pension Fund	Local Government LG Pension Fund
London Borough of Hillingdon	Local Government	London Borough Council
London Borough of Hillingdon Pension Fund	Local Government Pension Fund	Local Government Pension Fund
London Borough of Newham	Local Government	London Borough Council
London Borough of Newham Pension Fund	Local Government Pension Fund	Local Government Pension Fund
London Borough of Redbridge	Local Government	London Borough Council
London Borough of Redbridge Pension fund	Local Government Pension Fund	Local Government Pension Fund
London Borough of Richmond Upon Thames	Local Government	London Borough Council
London Borough of Waltham Forest	Local Government	London Borough Council
London Borough of Waltham Forest Pension Fund	Local Government Pension Fund	Local Government Pension Fund
London Fire Commissioner	Local Government	Fire Authority
Newcastle City Council	Local Government	Metropolitan DC
NHS Buckinghamshire, Oxfordshire and Berkshire West ICB	NHS	Integrated Care Board
NHS Cambridgeshire and Peterborough ICB	NHS	Integrated Care Board
NHS Coventry and Warwickshire ICB	NHS	Integrated Care Board
NHS Lincolnshire ICB	NHS	Integrated Care Board
NHS Norfolk & Waveney ICB	NHS	Integrated Care Board
NHS Suffolk and North-East Essex ICB	NHS	Integrated Care Board
Norfolk County Council	Local Government	County Council
Norfolk Pension Fund	Local Government Pension Fund	Local Government Pension Fund

List of major Local Audits (Cont'd)

Engagement	Sector	Type
North Tyneside Council	Local Government	Metropolitan DC
Oxfordshire County Council	Local Government	County Council
Oxfordshire Pension Fund	Local Government Pension Fund	Local Government Pension Fund
Peterborough City Council	Local Government	Unitary Authority
Police and Crime Commissioner for Thames Valley	Local Government Police body	Police and Crime Commissioner
Portsmouth City Council	Local Government	Unitary Authority
Portsmouth Hospitals NHS Trust	NHS	Acute NHS Trust
Reading Borough Council	Local Government	Unitary Authority
Sefton Council	Local Government	Metropolitan DC
Sheffield City Council	Local Government	Metropolitan DC
South Tyneside Council	Local Government	Metropolitan DC
South Tyneside Pension Fund (Tyne & Wear)	Local Government Pension Fund	Local Government Pension Fund
Southampton City Council	Local Government	Unitary Authority
Staffordshire County Council	Local Government	County Council
Staffordshire Pension Fund	Local Government Pension Fund	Local Government
Transport for London	Local Government	GLA and Functional Bodies
Wandsworth Borough Council	Local Government	London Borough Council
Wandsworth Pension Fund	Local Government Pension Fund	Local Government Pension Fund



Glossary

Glossary



Abbreviation	Definition
ABRemCo	Audit Board Remuneration Committee
ACCIF	Audit Committee Chairs' Independent Forum
AEC	Accountable Executive Committee
AFGC	Audit Firm Governance Code or 'the Code'
AFS	Audit Firm Supervision
AI	Artificial intelligence
AIM	All In Moments
AML	Anti-Money Laundering
AMP	Assurance Managing Partner
AMS	Audit Market Supervision
ANE	Audit Non-Executive
AQE	Audit Quality Executive
AQIs	Audit Quality Indicators
AQR	Audit Quality Review
AQS	Audit Quality Strategy
AQST	Audit Quality Support Team
ARGA	Audit, Reporting and Governance Authority
BRIDGE	Business Relationships Independence Data Gathering and Evaluation
CBM	Centre for Board Matters
CBS	Core Business Services
CCL	Counsellor Connect Leader
COE	Centre of Excellence
CPD	Continuing Professional Development
CRGC	Corporate Responsibility Governance Council
CSDDD	Corporate Sustainability Due Diligence Directive
CSRD	Corporate Sustainability Reporting Directive
DE&I	Diversity, equity and inclusiveness
EEA	European Economic Area
EMEIA	Europe, Middle East, India and Africa

Glossary (Cont'd)

Abbreviation	Definition
EMEIA Limited	Ernst & Young (EMEIA) Limited
EOE	Europe Operating Executive
ERM	Enterprise Risk Management
ES	Ethical Standard
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
EVP	Employee Value Proposition
EY	Refers collectively to the global organisation of member firms of EYG
EY Europe	Ernst & Young Europe LLP
EY GAM	EY Global Audit Methodology
EYG	Ernst & Young Global Limited
EY Helix	EY global analytics suite
EY SAM	EY Sustainability Assurance Methodology
EY UK	Refers to a limited liability partnership incorporated in England & Wales which is a member firm of Ernst & Young Global Limited (EYG), a UK company limited by guarantee.
FRC	Financial Reporting Council
FSO	Financial Services Organisation
GAAP	Generally Accepted Accounting Principles
GAM	General Audit Methodology
GCSP	Global Client Service Partner
GDPR	General Data Protection Regulation (UK and EU)
GDS	Global Delivery Services
GE	Global Executive
GGC	Global Governance Council
GIS	Global Independence System
Global PPD	Global Professional Practice Director
GMS	Global Monitoring System
GPPG	Global Professional Practice Group
GRS	Global Retention Schedule
IA	Internal Audit
IAASB	International Auditing and Assurance Standards Board
ICAEW	Institute of Chartered Accountants in England and Wales

Glossary (Cont'd)

Abbreviation	Definition
ICAS	Institute of Chartered Accountants of Scotland
IESBA	International Ethics Standards Board for Accountants
IFIAR	International Forum of Independent Audit Regulators
IFRS	International Financial Reporting Standards
INE	Independent Non-Executive
ISAs	International Standards on Auditing
ISAEs	International Standards on Assurance Engagements
ISQM 1	International Standard on Quality Management (UK) 1
ISSB	International Sustainability Standards Board
KAPs	Key Audit Partners
KPI	Key Performance Indicator
KRI	Key Risk Indicator
LEAD	Leadership Evaluation and Development
LLP	Limited Liability Partnership
NEs	Non-Executives
NEDs	Non-Executive Directors
NGOs	Non-Governmental Organisations
NOCLAR	Non-Compliance with Laws and Regulations
NomCo	Nomination Committee
OAQR	Other Assurance Quality Review
PACE	Process for Acceptance of Clients and Engagements
PCAOB	US Public Company Accounting Oversight Board
PIB	Public Interest Board
PICs	Partners in Charge
PICT	Personal Independence Compliance Testing
PIE	Public Interest Entity
P&L	Profit and Loss
PLOT	Purpose-Led Outcome Thinking
PPD	Professional Practice Director
PRG	Policy and Reputation Group
PSAA	Public Sector Audit Appointments Ltd.
QAD	Quality Assurance Department
RCA	Root Cause Analysis

Glossary (Cont'd)

Abbreviation	Definition
REC	Risk Executive Committee
RCP	Reputation and Conflicts Panel
RemCo	Remuneration Committee
RI	Responsible Individual
RM	Risk Management
RIM	Records and Information Management
ROC	Risk Oversight Committee
RPF	Regional Partner Forum
SDG	Sustainable Development Goal
SEC	US Securities and Exchange Commission
SQP	Single Quality Plan
SORT	Service Offering Reference Tool
SQM	System of Quality Management
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
UKAB	UK Audit Board
UKAC	UK Audit Committee
UKCC	UK Country Committee
UK&I	UK and Ireland
UK MAR	UK Market Abuse Regulation
UKMP	UK Managing Partner
UKQL	UK Quality Leader
UNGC	United Nations Global Compact
URC	Ultimate Responsibility Committee

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