

# Transforming Quality

# Shaping Futures

EY South Africa  
Transparency Report 2024

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

**EY**

Shape the future  
with confidence



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A nighttime photograph of a cityscape featuring a prominent cable-stayed bridge in the foreground. The bridge has white pylons and cables, with light trails from vehicles crossing it. Below the bridge are train tracks with several freight trains. The background is filled with illuminated skyscrapers and city buildings under a dark sky.

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# Foreword

## Welcome to the 2024 Transparency Report

It's been a year of change, challenge, and opportunity. We have all had to respond to rapid adoption of new technologies and specifically artificial intelligence; most parts of the world went through what was described as an elections super cycle and South Africa delivered a Government of National Unity; and as we close, most countries are reversing the rapid inflationary pressures we experienced at the start of the year. The audit profession had to adapt its strategies to effectively respond to these changed market conditions.

### Transparency at the centre of building trust

At EY, we believe in transparency and accountability. As businesses face the complexities of compliance, financial reporting, and operational excellence, a robust audit methodology is essential. This report goes beyond regulatory compliance, offering insights into our meticulous processes that deliver real value to our clients. It highlights how EY South Africa embodies our unique EY culture, fostering collaboration and emphasising the importance of consultation when addressing intricate and subjective matters in accounting, auditing, reporting, regulations, and independence. Furthermore, it shows our steadfast commitment to nurturing a culture of integrity among our professionals.

### A successful ISQM1 implementation

Building on the successful implementation of ISQM1 in the prior year, we have matured our quality management system at a firm level and have leveraged the new quality management system to improve on our pro-active monitoring of quality and audit quality indicators. We continue to engage regulators and our stakeholders on these

efforts. This report expands further on our system of quality management. In addition, to advance our audit technology we have embarked on a number of audit process improvement initiatives that are aimed at improving the experience of our people, enhancing audit quality and delivering higher quality insight to our clients.

### Shaping the future

To deliver high quality audits requires a commitment to ongoing innovation and investment. This commitment is reflected in our recent announcement of a significant investment of US\$1 billion in a next-generation audit technology platform. This innovative platform is designed to elevate trust, transparency, and transformation through the seamless integration of existing EY Assurance technologies into a unified platform and using advanced technologies from our alliance partners. This programme will bring about transformation in three key areas that are vital to the future of auditing: enhanced data access capabilities and advanced analytics; the power of artificial intelligence; and an exceptional user experience.

### Geopolitical developments will influence reporters and auditors

The impact of geopolitics on organisations is profound and multifaceted. As a key player on the African continent, South Africa's business environment is influenced by geopolitical shifts, trade policies, and international relations. These factors shape our economic landscape, affecting everything from market access to regulatory frameworks. Understanding and navigating these complexities is crucial for our clients and for us as we strive to provide relevant and timely insights. Corporate reporting needs to evolve to include the African perspective. In this way, our markets will be better understood, and investors will be able to allocate capital more accurately and efficiently.

### Looking forward

In today's rapidly changing business landscape, we understand the importance of adapting to the constantly evolving workforce and investing in a diverse set of skills and learning opportunities. We firmly believe that by embracing sustainability and technology, including the utilisation of artificial intelligence, we not only meet the needs of our clients but also contribute to a more sustainable future.

We invite you to explore this Transparency Report, which highlights our efforts, achievements, and ongoing commitment to ensuring transparency in all aspects of our organisation. It's how we shape the future with confidence.



*Ajen Sita*

**Ajen Sita**  
Chief Executive Officer



*Stephen Ntsoane*

**Stephen Ntsoane**  
Assurance Managing Partner



*Roger Hillen*

**Roger Hillen**  
Professional Practice Director

December 2024



# Snapshot of EY South Africa in 2024

5-star

**Level 1 B-BBEE**

**12.2%**

Audit revenue invested in audit quality and risk management

**117**

South African beneficiaries of bursaries for accounting degrees

**2.5%**

Non-audit fees from all clients

**1.6%**

Non-audit fees from our top 25 clients

**45**

Bursaries to Thuthuka students

**3,160**

Employees across all service lines

**1,029**

Trainee audit accountants

**R10,467,474**

Total accounting degree bursary investment

**3**

Candidates registered on the Audit Development Programme

**92**

Average learning hours per auditor

**378**

Women participating in our flagship women's development programme: Nextgen

**288**

Number of Nextgen women currently at university or in the workplace

**1,180,749**

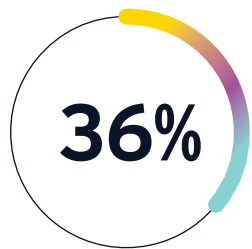
South African lives impacted through our Ripples programme

**4,370**

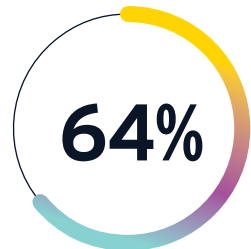
EY South Africa employees who participated in our Ripples (social development) programme

# Unpacking our ownership and economic interest for FY24

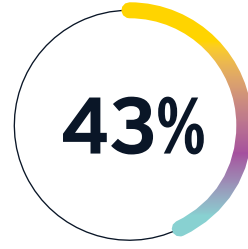
## Ownership



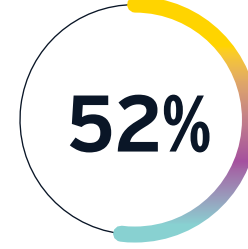
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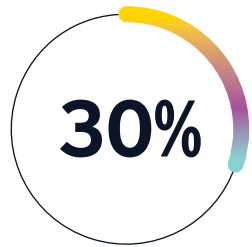


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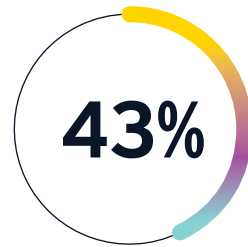
## Economic interest



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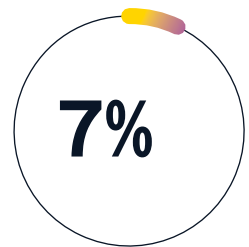
Male



Black



White



Other

# Who we Are



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 skepticism.

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 to develop and draw 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.

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.

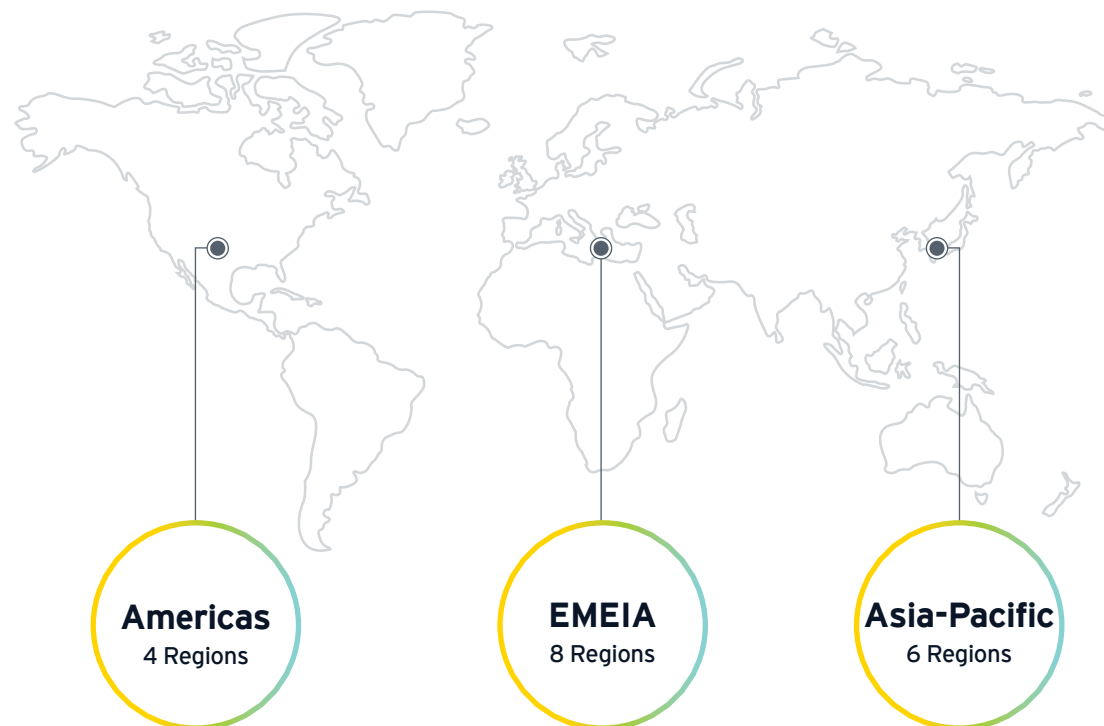
EY South Africa is part of the EMEIA Area, which comprises EYG member firms in 92 countries. Within the EMEIA Area, there are eight Regions. EY South Africa is part of the Africa Region. In this document, reference to "partners" refers to directors who are also shareholders in the EY South Africa entities.

In South Africa, EY Incorporated is a company organised in South Africa and is a member firm of Ernst & Young Global Limited, a UK company limited by guarantee (EYG). In this report, we refer to ourselves as "EY South Africa," "we," "us" or "our." EY refers collectively to the global organisation of the member firms of EYG.

#### EY South Africa includes the following entities, which are EYG member firms:

- ▶ Ernst & Young Incorporated
- ▶ Ernst & Young Advisory Services (Pty) Ltd
- ▶ Ernst & Young Services (Pty) Ltd
- ▶ Cova Advisory & Associates (Pty) Ltd (a wholly owned subsidiary of Ernst & Young Advisory Services)
- ▶ EY Africa Foundation NP

## EY Areas, and Regions





# Global Governance structure

## Global Governance Council

The Global Governance Council (GGC) is a key governance body of EYG. It comprises one or more representatives from each Region, other at-large representatives from any member firm and independent non-executives (INEs).

The Regional representatives, who otherwise do not hold senior management roles, are elected by their Regional Partner Forums (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

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.

## Global Executive (GE)

The 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; 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 programme.
- ▶ 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.

# South Africa Governance structure

EY South Africa is governed by the EY South Africa Executive Committee (Exco), which also oversees its strategy and operations.

**The Exco comprises the following members:**

	Chief Executive Officer (CEO)		Function leaders for Operations, Risk Management, Markets, Talent and Geographical leaders for KwaZulu-Natal and Western Cape
	Business unit leaders for each service line: Assurance, Consulting, Tax, and Strategy and Transactions		

**The EY South Africa Exco is supported by the following sub-committees:**

	Risk and Quality Board		Social and Ethics Committee
	Markets Resolution Committee		Litigation Risk Committee

These sub-committees are chaired by the Risk Management Leader.





# Our Leadership team is comprised of the following



**Ajen Sita**  
Chief Executive Officer



**Jabulile Kubheka**  
Talent



**Stephen Ntsoane**  
Assurance



**Lance Tomlinson**  
Chief Operating Officer



**Vince Paino**  
Risk Management



**Hennie Human**  
Consulting



**Roderick Wolfenden**  
Markets



**Tina Rookledge**  
Cape Region



**Quintin Hobbs**  
Strategy & Transactions



**Vinesh Moodley**  
KwaZulu-Natal Region



**Ekow Eghan**  
Tax

# Oversight

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

## Africa Region Partner Forum Members - 31 July 2024



**Shailen Ramgoolam**

ARPF Presiding Partner &  
Southern Representative  
Ebene, Mauritius



**Sajag Arora**

Consulting Representative  
Johannesburg, South Africa



**Ajen Sita**

Regional Managing Partner  
Johannesburg, South Africa



**Allister Carshagen**

Assurance Representative  
Johannesburg, South Africa



**Hadijah Nannyomo**

East Africa Representative  
Nairobi, Kenya



**Sarel Strydom**

SaT Representative  
Johannesburg, South Africa



**Priscilla Koranteng-Gyasi**

West Africa Representative  
Accra, Ghana



**Alwina Brand**

Tax Representative  
Johannesburg, South Africa



# Our Methods and Practices



# System of Quality Management (SQM)

In 2023, the implementation of International Standard on Quality Management 1 (ISQM1) in EY was finalised and, for the first time, EY member firms evaluated their System of Quality Management (SQM) and concluded on its effectiveness. ISQM1 facilitated the implementation of a formalised system of quality management from the prior system of quality controls.

## 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 South Africa'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 SQM and to promote enhanced objectivity, independence, and professional skepticism.

Designing, implementing and operating an effective SQM is essential to these efforts. At EY South Africa, 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.

While 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, while 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 an SQM

ISQM1 requires a proactive and risk-based approach to managing quality by requiring member firms to design, implement and operate a SQM.

ISQM1 also requires evaluating, at least annually, the SQM. ISQM1 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 SQM to identify deficiencies that require implementation of corrective actions and to provide the basis for evaluating its overall effectiveness.

ISQM1 outlines an integrated and iterative approach to the SQM 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 an SQM 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 SQM. 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 ISQM1 requirements), quality risks, and responses (including SQM key controls) assumed to be applicable to EY member firms. In addition, global tools have been developed to support the SQM processes.

**EY member firms, including South Africa are ultimately responsible for the design, implementation, and operation of their SQM, and are responsible for:**

- ▶ Evaluating policies, technologies, strategies, programmes and baseline quality objectives, quality risks, and responses provided to them.
- ▶ Determining whether these need to be supplemented by the member firm to be appropriate for use (e.g., whether the policy needs to be amended to comply with local laws and regulations, or whether it is necessary to translate the content into local language).



## SQM roles

To enable the design, implementation, and operation of EY South Africa's SQM, individuals are assigned to SQM roles. The individuals in these roles have the appropriate experience, knowledge, influence and authority, and sufficient time to fulfill their SQM roles, and are accountable for fulfilling their responsibilities.

SQM roles and responsibilities are defined in the Global System of Quality Management policies to drive consistency in its execution. 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 SQM-related responsibilities as well as other quality-focused activities and how these responsibilities link to their performance ratings.

Key roles within the SQM include:

### Ultimate responsibility and accountability

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

### Operational responsibility

The Country Assurance Managing Partner is the individual assigned operational responsibility for the SQM. This includes recommending its annual evaluation conclusion to the Country Managing Partner. An SQM Operational Committee has been formed, chaired by the Country Assurance Managing Partner. This committee's purpose is to oversee the operational responsibility of the SQM.

It includes the Country SQM Operational Leader, service line leaders (Tax, Consulting and Strategy and Transactions), and function leaders (Independence Risk Management, Talent, Technology, Professional Practice, Assurance Quality Enablement, and Service Line Quality).

### Operational responsibility for compliance

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

### Operational responsibility for monitoring

The Country Professional Practice Director is the individual assigned operational responsibility for monitoring the SQM. This includes concurring with or proposing changes to the recommended SQM annual evaluation conclusion. An SQM Oversight Committee has been formed, chaired by the Country Professional Practice Director. The purpose of this committee is to oversee the monitoring processes and activities of the SQM. It includes the Country SQM Monitoring Leader, Service Line Quality Leaders (Tax, Consulting and Strategy and Transactions), the Assurance Quality Enablement Leader, the Country Independence Leader, and the Risk Management Leader.

## Effectiveness: Annual Evaluation Conclusion as of 30 June 2024

The Country Managing Partner, on behalf of EY South Africa, is required to evaluate the SQM on an annual basis, as of 30 June 2024, and conclude on its effectiveness.

The evaluation process is executed annually based on the Global SQM Annual Evaluation policy.

**This evaluation is based on whether EY South Africa's SQM provides reasonable assurance that:**

- ▶ EY South Africa 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 SQM utilises information gathered from monitoring activities performed over a period. The evaluation considered the results of the following:**

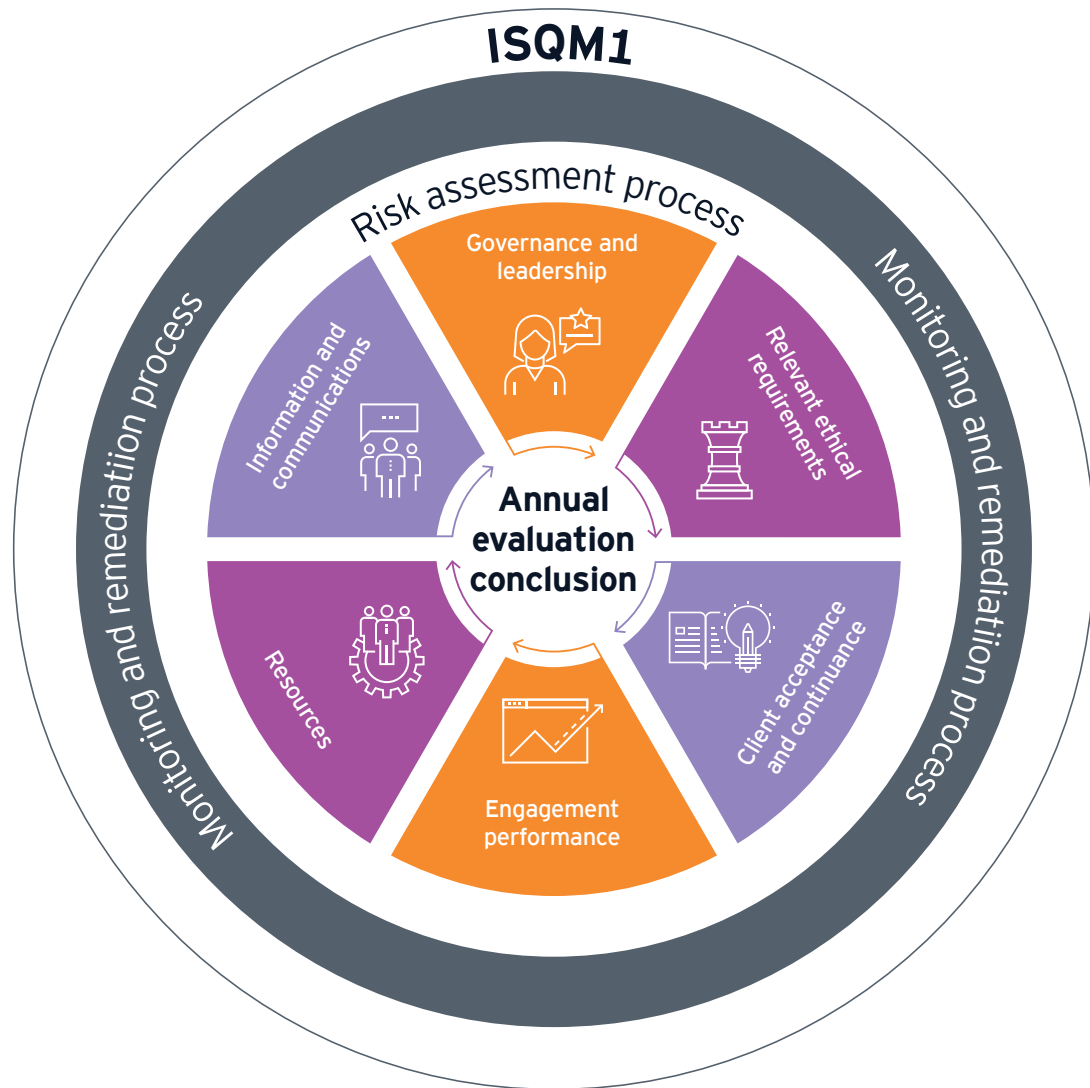
- ▶ Tests of System of Quality Management key controls.
- ▶ Internal and external engagement inspections.
- ▶ Other monitoring activities (e.g., tests of EY and its people's compliance with ethical requirements related to independence, evaluation of quality criticisms made by external regulators relevant to the SQM, and issues reported through the Ethics hotline).

Professional judgment is used in evaluating the results of monitoring activities, including in determining whether findings, individually or in combination with other findings, rise to the level of a deficiency. Any deficiencies identified require a root cause analysis to be performed and a quality improvement plan to be developed.

Further, deficiencies are evaluated to determine their severity and pervasiveness. When compiling their annual SQM evaluation conclusions, member firms must assess whether the effects of deficiencies identified as severe were corrected, and whether the actions taken to 30 June 2024 were effective.

**Conclusion: The annual evaluation conclusion for EY South Africa as of 30 June 2024 is that the SQM provides "reasonable assurance" that its objectives are being achieved.**

The principal components of the SQM are represented below:





## SQM Risk Assessment Process

EY South Africa 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 ISQM1. The risk assessment process is executed annually based on Global SQM policies.

To drive consistency while providing EY member firms with an approach that is scalable and adaptable based on the facts and circumstances of the member firm, Global SQM 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:

- ▶ SQM baseline Quality Objectives
- ▶ SQM baseline Quality Risks
- ▶ SQM baseline Responses

- ▶ SQM baseline Resources (e.g., Global policies or technologies that mitigate an EY SQM baseline Quality Risk)
- ▶ SQM baseline Key Controls to be designed and implemented to mitigate an EY SQM baseline Quality Risk

Global SQM baselines are presumed to be applicable to every member firm performing ISQM1 engagements. EY member firms are responsible for evaluating the Global SQM baselines and determining whether they need to be supplemented or adapted by the EY member firm to be appropriate for use (e.g., additional quality risks, or customisation of responses).

### EY South Africa reviewed the Global SQM 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 rejection of Global baseline Resources and Key Controls, preliminary discussion with the Area SQM Leadership is required.



Together with the Area SQM Leadership, identified the level of execution of Global baseline Key Controls.



Customised accepted Global, Area and Region baseline Key Controls.

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

In addition to reviewing the Global SQM baselines, EY South Africa determined whether additional quality objectives, quality risks, or responses were necessary.

No additional quality risks and objectives were identified for FY24. Several responses were customised or added to address specific local constructs and related to archiving of engagement files, client acceptance due diligence and talent management. Where appropriate Quality Risks and Global baseline responses that were not relevant to EY South Africa was rejected e.g Risks and responses relating to translation of policies and procedures.

# Governance and leadership

## Tone at the top

EY South Africa's leadership is responsible for setting the right tone at the top and demonstrating the EY commitment to building a better working world through behaviour and actions.

While leadership sets the tone at the top, EY people understand that quality and professional responsibility start with them. They are leaders within their teams and communities, guided by EY's shared values and commitment to quality.

EY's culture emphasises collaboration and consultation, especially in complex or subjective matters like accounting, auditing, and regulatory issues. It is crucial that engagement teams and the entities they audit follow consultation advice, and this is reinforced when necessary.

Business ethics and integrity are embedded in EY's Global Code of Conduct and other policies, supported by a culture of consultation, training programmes, and internal communications. Senior leadership underscores the importance of quality work, compliance with professional standards, adherence to EY policies, and leading by example.

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

To gauge the quality culture across EY member firms, a Global Quality Survey was launched in April 2023. The 2024 survey results provided insights into areas where EY South Africa excels, and where improvements are needed.

The results show that EY people recognise the leadership's commitment to quality, and that they value contributions to quality. However, there is still work to be done to improve the culture around workload management.

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:



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 (People Pulse Survey) indicated that participants felt they could meet expectations while maintaining ethics and integrity and believe decisions made by leaders are consistent with the EY values and Code of Conduct.



## Accountability frameworks

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1

The accountability frameworks of EY are a set of policies and frameworks that put quality into action and outline how EY Partners, Associate Partners, and leaders will be held accountable for their SQM-related responsibilities and other quality focused activities, as well as how the responsibilities link to their performance ratings.

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2

The global accountability framework is applicable to all EY Partners and Associate Partners 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 Region levels, which are applicable for all service lines and functional leadership roles.

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3

All the accountability frameworks set clear expectations for the quality that is needed 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 requirements

The EYG Code of Conduct provides guidance on EY actions and business conduct. EY South Africa 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, which are explained in the paragraphs below.

## Independence

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

The ethical requirements relevant to our audits and professional services are included in the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (the IRBA Code) along with (and consistent with) the International Ethics Standards Board for Accountants' International Code for Professional Accountants (including International Independence Standards) (the IESBA Code).

The EYG Independence Policy requires EY South Africa and our people to comply with the independence standards applicable to specific engagements (e.g., the IESBA Code and the IRBA Code). The EYG Independence Policy is an example of a policy issued by EYG to enable the operation of the SQM and the performance of ISQM1 engagements.

We consider and evaluate independence with regard to various aspects, including:



Our financial relationships and those of our people



Employment relationships



Business relationships



The permissibility of services we provide to companies we audit



Applicable firm and partner rotation requirements



Fee arrangements



Audit Committee pre-approval, where applicable

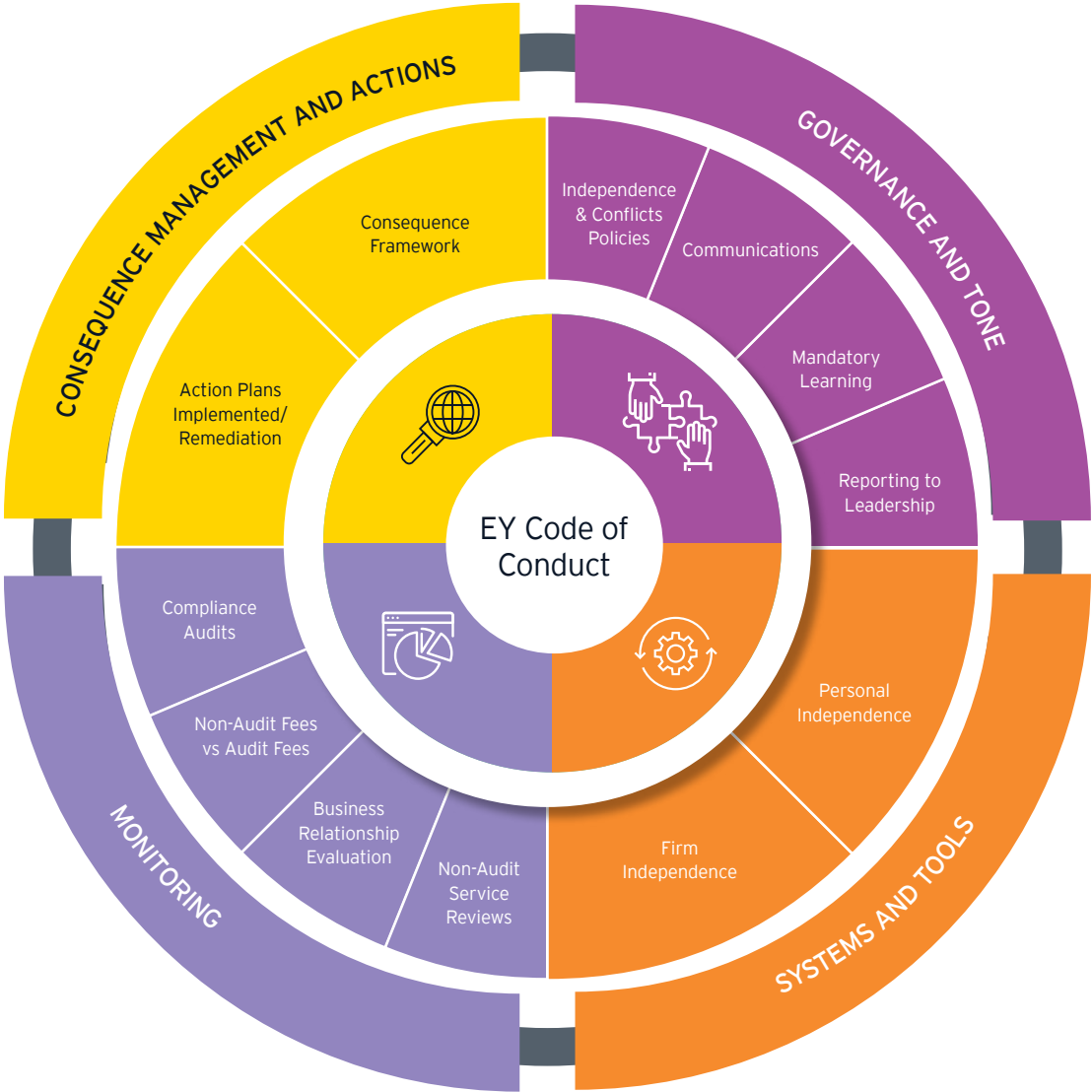


Partner remuneration and compensation





The below represents our system to manage our independence.





## Non-compliance with laws and regulations

In accordance with the IESBA and IRBA Codes, EY has adopted a policy designed to meet its obligations with respect to non-compliance with 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.



## 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.



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



## Insider trading

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

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



## 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

Ernst & Young Advisory Services (Pty) Ltd in South Africa is classified as an accountable institution under applicable anti-money laundering (AML) regulations. Consistent with the EY global guidance on AML, EY South Africa 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 (BCR) Programme and related EY policies sets 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's General Data Protection Regulation (GDPR), and other applicable laws and regulations concerning data protection and privacy in addition to relevant professional standards providing a framework for confidentiality.



In South Africa, EY has supplemented the EY BCR Programme and global policies with a local policy and processes which further strengthen applicable protections as required by our local law, the Protection of Personal Information Act (POPIA). 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 South Africa complies with the audit partner rotation requirements of the IESBA Code, the IRBA Code, the Companies Act of South Africa, 2008, as well as the U.S. Securities and Exchange Commission (SEC), where required.**

Audit partner rotation, combined with independence requirements and enhanced systems of internal quality controls help to strengthen independence and objectivity, and are important safeguards of Audit quality. For non-Securities and Exchange Commission (SEC) Public Interest Entities (PIEs), the EYG Independence Policy requires that the lead engagement partner, engagement quality reviewer, and other Audit partners who make key decisions or judgments on matters significant to the Audit (together, the key Audit partners), to be rotated after seven years.

For a new non-SEC PIE, (including a newly listed company), key Audit partners may remain in place for an additional two years before rotating off the team if they have served the company for six or more years prior to listing. In South Africa, as required by the Companies Act, the lead engagement partner will always rotate after five years for all companies. Similarly, as required by the Banks Act, 1990, the lead engagement partner will always rotate after five years.

On completion of the maximum service period for rotation, a key audit partner may not lead or coordinate professional services for the non-SEC PIE company we audit until after completing a cooling-off period.

This period is five years for a lead Audit engagement partner, three years for an engagement quality reviewer, and two years for other key Audit partner, subject to rotation. In addition to the key Audit partner rotation requirements applicable to PIE Audit clients, EY South Africa has established a long association safeguards framework that, consistent with the requirements of the IRBA Code, include consideration of the threats to independence created by involvement of professionals over a long period of time on an audit, as well as a safeguards framework to address such threats.

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



# Client and engagement acceptance and continuance

The EYG policy on client and engagement acceptance and continuance sets out principles for EY member firms to determine whether or not to accept a new client or 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 EYG 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 SQM.

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



Force 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 EYG policy on conflicts of interest defines global standards for addressing categories of potential conflicts of interest, as well as 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.

## 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 and is intended to drive 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

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

Where appropriate, EY South Africa established additional local governance processes to oversee decisions made in respect of client and engagement acceptance and continuance which includes: Assurance Deal Review Committee Government and Public Sector Due Diligence Markets Resolution Committee.

in highly technical areas, and whether or not the services the client is requesting are appropriate for us to provide. The approval process stipulates 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 client or a Country, Region, and Area level, as applicable.

In the EY annual client and engagement continuance process, we evaluate our services and our ability to continue providing a quality service. The engagement partner, together with our Assurance leadership, annually evaluate the relationship with the entities to which 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. As with the client and engagement acceptance process, our local PPD and AMP are involved in the continuance process and should agree for the continuance to occur.



# Our (PIEs) audit clients

## PIE clients accepted, but which will be audited in the next financial year

- ▶ Liberty Holdings Ltd
- ▶ Libstar Holdings Ltd
- ▶ Quantum Foods Holdings Ltd
- ▶ Standard Bank Group Ltd

## PIE clients audited for the first time in FY 2024

- ▶ FirstRand Ltd
- ▶ Harmony Gold Mining Company Ltd
- ▶ Lewis Group Ltd
- ▶ Multichoice Group Ltd
- ▶ Remgro Ltd
- ▶ Shoprite Holdings Ltd
- ▶ University of Pretoria

## PIE clients audited for the last time in FY 2024

- |   |   |
|---|---|
| ▶ Accelerate Property Fund Ltd            | ▶ Investec Life Ltd                                   |
| ▶ African Rainbow Minerals Ltd            | ▶ Metal Industries Provident Fund                     |
| ▶ Agribel Holdings Ltd                    | ▶ Metal Industries Benefit Funds Administrators (NPC) |
| ▶ Albaraka Bank Ltd                       | ▶ Moto Health Care                                    |
| ▶ AngloGold Ashanti Ltd                   | ▶ Mr Price Group                                      |
| ▶ Cape Peninsula University of Technology | ▶ RECM and Calibre Ltd                                |
| ▶ Capital Appreciation Ltd                | ▶ Safrican Insurance Company Ltd                      |
| ▶ Clicks Group Ltd                        | ▶ Sanlam Ltd  |
| ▶ Engineering Industries Pension Fund     | ▶ Super Group Ltd                                     |
| ▶ Gem Diamonds Ltd                        | ▶ Truworths International Ltd                         |
| ▶ Investec Ltd                            |   |

## Other PIE clients

- |   |   |
|---|---|
| ▶ AdvTech Ltd   | ▶ NEPI Rockcastle NV                            |
| ▶ Allan Gray Group (Pty) Ltd  | ▶ Octodec Investments Ltd                       |
| ▶ Amber House Fund 2 (RF) Ltd - Listed Ambers                       | ▶ Old Mutual Ltd                                |
| ▶ Aspen Pharmacare Ltd  | ▶ Pick n Pay Stores Ltd                         |
| ▶ Astoria Investments Ltd   | ▶ Professional Provident Society Holdings Trust |
| ▶ ArcelorMittal South Africa Ltd                                    | ▶ Prescient Holdings(Pty) Ltd                   |
| ▶ ATTACQ Ltd  | ▶ Residual Debt Services Ltd                    |
| ▶ AVI Ltd   | ▶ RFG Holdings Ltd                              |
| ▶ Barloworld Ltd  | ▶ SAHL Insurance Company Ltd - Insurance        |
| ▶ Brimstone Investment Corporation Ltd                              | ▶ SAHL Investment Holdings (Pty) Ltd - Group    |
| ▶ China Construction Bank Corporation (Incorporated in China)       | ▶ Sea Harvest International Ltd                 |
| ▶ Deutsche Bank AG Johannesburg Branch                              | ▶ Sibanye Stillwater Ltd                        |
| ▶ Growthpoint Properties Ltd  | ▶ Standard Chartered Bank - Johannesburg Branch |
| ▶ Hulamin Ltd   | ▶ Strate (Pty) Ltd                              |
| ▶ Invicta Holdings Ltd  | ▶ The Thekwini Funds                            |
| ▶ JSE Ltd   | ▶ Tongaat Hulett Ltd                            |
| ▶ Metair Investment Ltd   | ▶ Stellenbosch University                       |
| ▶ Momentum Metropolitan Holdings Ltd (excluding funds)              | ▶ Vodacom Group Ltd                             |
| ▶ Momentum Collective Investments (RF) (Pty) Ltd (Unit Trust funds) | ▶ YeboYethu Ltd                                 |
| ▶ Momentum Retirement Annuity Fund                                  |   |
| ▶ Momentum Pension Preservation Fund                                |   |
| ▶ Momentum Provident Preservation Fund                              |   |
| ▶ MTN Group Ltd   |   |
| ▶ Munich Reinsurance of Africa                                      |   |
| ▶ Nedbank Group Ltd   |   |

# Technology in the audit engagement performance

There is an investment of more than US\$1 billion in next-generation Assurance technology as part of the continued EY commitment to EY member firms providing 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 into technology is building on the strength of the existing leading-edge audit technology suite – integrating advanced technologies under one seamless platform while driving transformation by harnessing:**



Next-generation data-access capabilities and advanced analytics

In 2024, the global EY organisation 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 and



AI at scale

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.



An elevated user experience

## 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 Helix global analytics suite (EY Helix) already supports the use of mature analytics throughout the audit, thus allowing EY teams to drill down on the right data at the right time and better understand the company being audited and its risk landscape. By further integrating advanced analytics directly into the workflow of EY Canvas, EY sets a strong foundation for expanding the use of AI at scale, and significantly elevates user experience. Enhancing data capture and analysis capabilities help to provide further confidence in a high-quality audit by widening the range of data used to obtain audit evidence, including both disaggregated and nonfinancial 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 in turn helps efforts to refocus 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 center 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 while also empowering company users with new features to better understand the status of the audit.

## Quality at the core of technology development

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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 presented for release to global Assurance service line leadership once this extensive testing, including piloting, is complete, feedback is evaluated and incorporated, and the necessary certification is complete.

Tools and other technology enabled solutions developed by EY South Africa are subject to the prescribed certification process and only released once all processes are complete. These solutions supplement those provided by the network and are designed to address needs identified by the local leadership team. These include tools to assist engagement teams to identify possible conflict of interests in the supplier database of the client and automations in compiling the auditor's report.

## Technology-enabled methodology

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

The embedded data-driven approach of the EYG Audit Methodology 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 over-reliance on technology

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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, the EYG Audit Methodology emphasises applying appropriate professional skepticism 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 to replace the important role of our professional in applying their experience and judgment to reach conclusions.

## Emerging risks

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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. The Risk Center of Excellence continues to develop tools to enhance the 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 Environmental, Social, and Governance (ESG), cybersecurity, or AI.

## Fraud

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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 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 Analyzer (JEFRA)**, which tests each journal entry selected for characteristics associated with an elevated risk of management override, and identifies entries for incremental consideration.



**Conflict of Interest Analyzer (COL)**, which helps Audit teams to identify potential conflicts of interests between employees, and suppliers of our Audit clients through analysis of client and CIPC data.

**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 the 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 companies and PIEs, as well as for certain other entities, 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, in which 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 connected around the globe, 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 to provide 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 skepticism, EY policies require members of Professional Practice, Independence, and certain other teams 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

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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 judgments that the Engagement team makes, 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 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 all listed companies, all PIEs and those considered to need close monitoring. The Country AMP (or Country Audit Leader) and Country PPD approve the assignment of the engagement quality reviewer to each applicable engagement.

## Engagement team resolution process for differences of professional opinion

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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 if 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

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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 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, and the GRS and RIM requirements are in accordance with applicable professional standards and are based on regulatory, legal, and business requirements and obligations, and they apply to all engagements and EY people. They address EY South Africa legal requirements, applicable to the creation and maintenance of working papers, relevant to the work performed.

# Resources

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

## Audit methodology

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The EYG Audit Methodology (EY GAM) provides a global framework for providing high-quality Audit services through the consistent application of thought processes, judgments, and procedures in all audit engagements, regardless of the size. EY GAM also requires compliance with relevant ethical requirements, including independence from the audited entity. Making risk assessments, reconsidering and modifying them as appropriate, and using these assessments to determine the nature, timing, and extent of Audit procedures are fundamental to EY GAM. The methodology also emphasises applying appropriate professional skepticism in the execution of Audit procedures. EY GAM is based on International Standards on Auditing (ISAs) and is supplemented in EY South Africa to comply with the local 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, 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 nonfinancial data and supplementing this with traditional audit techniques such as inquiries, observations and inspections.

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

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

EY continues to develop the methodology to address changes and revisions in auditing and other professional standards, as well as 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 their operations or financial reporting processes (e.g., automation, AI, and 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 Standard on Audit (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. 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. 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 and reporting-related information. The EY Sustainability Assurance Methodology (EY SAM) provides a global framework for the application of a consistent approach to all ESG assurance engagements.

EY SAM provides for the delivery of high-quality assurance services through the consistent application of thought processes, judgments, and procedures in all engagements, regardless of the level of assurance required. EY SAM is also adaptable to the nature of both the ESG reporting, and the criteria applied by the reporting entity in producing that report.

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

As part of our and other EY member firms' obligation to deliver high-quality assurance services related to nonfinancial 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.

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, Region and Country PPDs, and EY quality functions and IFRS desks, together with other finance and sustainability professionals, who work with teams in each member firm, are knowledgeable about the changing regulatory nonfinancial reporting landscape, EY people, clients and processes. They are readily accessible to support Assurance engagement teams.

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 nonfinancial reporting matters.

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





## Certification of technology

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EY has a robust certification process to help ensure that the technology used in Audit engagements is fit-for-purpose (i.e., that the solution meets its objectives and 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, that it 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).

## Employee Value Proposition (EVP)

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The EY employee value proposition (EVP) is the promise we make to our employees in return for working at EY South Africa. 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 an 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 South Africa is committed to investing in our most valuable asset – our people – and 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

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In a world with a decreasing talent pipeline in Accounting and Audit, where the number of students graduating with a relevant degree continues to drop, 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 that it is a factor the profession as a whole needs to work together to address.

EY maintains a strong global network of recruiters, continuously educating and upskilling them on key business areas, trends, and assurance topics. EY is also exploring innovative recruitment platforms and talent attraction initiatives to connect with new and diverse audiences beyond traditional channels.

For example, EY is developing an Audit virtual work experience programme for university and college students at early stages of their studies. This programme aims to connect with students, showcase EY's Audit work globally, and build a network with future talent. Students participating in this virtual job simulation are more likely to apply, interview, and secure opportunities in EY Audit teams.

EY has integrated AI to source and identify talent, allowing candidates to upload their CVs and find potential opportunities across EY. AI helps screen CVs, accelerating the review and interview process, enhancing the candidate experience, and improving the quality of hires.

To recruit individuals who fit the EY culture, it is essential to consider not only technical excellence but also attributes like communication skills, high ethical standards, and the ability to collaborate in high-performing teams. All new joiners are expected to uphold high standards of integrity, possess strong business acumen, and demonstrate leadership potential.

## Retention and focus on wellbeing

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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 78.9% in June 2024, the EYG Audit retention rate is at a higher level than before the COVID-19 pandemic.

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.

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 in the provision of flexible working arrangements, recognition programmes, mental health awareness and wellbeing, learning and development, and 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, and scheduling auditors onto engagements, where they can find opportunities to expand their knowledge as part of longer-term career progression.

74% of EY South Africa employees agree that they have access to the work experiences needed to build their careers (e.g. client engagements, projects) 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

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Changing environments mean that investments into 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 nonfinancial 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 EYG 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 skepticism, think critically, and provide exceptional client service.

It creates an agile skillset that allows learners to adjust to changes in regulation, the adoption of emerging technologies, and 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 South Africa requires Audit professionals to obtain at least 20 verifiable hours of continuing professional education each year, and at least 120 hours over a three-year period (of which 60 hours must be verifiable). Of these hours, 40% (eight hours each year and 48 hours over a three-year period) must cover technical subjects related to accounting and auditing. In addition, the firm monitors completion of reflective plans as required by SAICA.

In total, during the financial year to 30 June 2024, EY Audit professionals in South Africa undertook 158,963 hours of learning (compared with 179,888 hours for the previous year), averaging 93.6 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, 91% of respondents said they received sufficient training and development to enable them to provide quality Audit or other Assurance engagements, up 5% from 2023.



## EY Badges and partner learning

In addition to audit specific learning, EY provides a broad curriculum of content. That 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-focused 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 structured core training for auditors.

Allied to EY Badges are 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, and which available free of charge to all EY people.

For the financial year ended 30 June 2024, EY South Africa professionals earned 3,572 Badges:

- ▶ Gold Badges - 2
- ▶ Silver Badges - 103
- ▶ Bronze Badges - 3,467

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 Artificial Intelligence, 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.

## 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,

As evidence, in the 2024 Quality Survey, 91% of participants said that any relevant learning is encouraged as part of their career development to enable them to provide quality Audit and other Assurance services, up 5% from 2023.

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 mobility return on investment analysis showed that international experience increased retention (+15%) and positively impacted career opportunities. Ninety-five percent (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 South Africa. 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 counselor 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 counselor, covering topics such as feedback, and career, aspirations, creating an inclusive and equitable environment this is conducive to the pursuit of learning and new experiences. These conversations help to identify opportunities for further development and to build future-focused skills.

The performance management framework extends to partners, principals, executive directors, and directors, 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 of which are tied to partners' recognition and reward. Documenting partners' goals and performance is the cornerstone of the evaluation process. EY member firm partners' goals are required to reflect various global and local priorities across six metrics, the most important one 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 74% of EY South Africa employees had a favourable attitude in terms of engagement.

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

Understanding the evolving perspectives and experiences of EY people is essential to delivering our EVP.

The 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) 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.

## 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 into knowledge and communication networks, which enables the rapid dissemination of information to help EY people collaborate and share best practices.

Some EY resources and tools include:





## Formation of Audit engagement teams

The assignment of EY professionals to an Audit engagement is made under the direction of our South Africa 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, which is then by the Audit engagement team to assist with obtaining sufficient appropriate audit evidence.

EY South Africa's policies require the approval of the assignment of individuals to specific audit roles by our Country Assurance leadership and Country PPD. 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 centre

Global Delivery Services (GDS) is an integrated network of EY service delivery center 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 customized 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.

In addition to the GDS, we make use of a Region service delivery centre in Mauritius: EY RDS. The South African firm has a work arrangement with RDS for support services, under which employees of EY RDS are assigned to perform procedures based on engagement-specific instructions provided by the South Africa Engagement team, which is responsible for the planning and supervision of Assurance engagements, and the performance of Audit procedures.

Additionally, we have created an Assurance Delivery Network (ADN), a specialised hub focused on the efficient execution of routine, non-complex, and non-judgmental Audit procedures. This team supports the Audit teams, which retain overall responsibility for concluding on the respective Audit procedures.

## Information and communication

The information and communication component focuses on obtaining, generating, or using relevant and reliable information and communicating information, to enable the design, implementation and operation of the SQM.

**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 SQM and the performance of audit engagements. The Global SQM policy provides the requirements for EY member firms to communicate internally and externally about the EY their SQMs. EY has culture that encourages and expects EY people to communicate relevant and reliable information to the EY member firms to enable the SQM.

## SQM monitoring and remediation

The SQM monitoring and remediation process is the cornerstone of the EY process to monitor the SQM, including audit quality.

**The objective of EY South Africa's SQM monitoring and remediation process is to:**

- ▶ Provide relevant, reliable and timely information about the design, implementation, and operation of the SQM.
- ▶ 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 South Africa SQM is evaluated to conclude on the effectiveness in achieving the objectives of the SQM.

**SQM monitoring activities include evaluating:**

- ▶ Tests of SQM key controls.
- ▶ Internal and external engagement inspections.
- ▶ Other monitoring activities, including but not limited to:
  - ▶ Tests of EY South Africa and its people's compliance with ethical requirements related to independence.
  - ▶ Quality criticisms made by external regulators relevant to the System of Quality Management.
  - ▶ Issues referred from the Ethics Hotline.

The monitoring and remediation process is executed annually based on the Global SQM monitoring and remediation policy, which is a Global intellectual resource provided to drive consistency in the execution of the EY South Africa's SQM. The monitoring and remediation process is coordinated and monitored by representatives of Region, Area and Global PPD, with oversight by Cluster.

## Tests of SQM key controls

SQM key controls have been designed and implemented to mitigate quality risks.

**The objective of performing tests of SQM key controls within the South Africa SQM includes determining whether the System of Quality Management key controls:**

- ▶ Were designed, implemented and operated in accordance with the 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 SQM key control.
- ▶ Resulted in the timely resolution of any matters (information accumulated) identified.
- ▶ Were based on reliable information (i.e., information used in the performance of the SQM key control is complete and accurate, if applicable).

Individuals testing SQM key controls are competent, objective and independent of the control owners and control operators and operate under the direction of the SQM Monitoring Leader and overseen by the country PPD. The appropriateness of the testing team is evaluated.

In addition to controls that exist at the EY member firm level, there may be controls within EY South Africa's SQM that are designed, implemented and operated at the Country, 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 SQM, and EY South Africa remains responsible for determining how those controls are used in its SQM, including any actions necessary to implement or supplement such controls.

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

The approach to testing of controls at Country, Region, Area and Global level follows the same requirements and guidance set forth in the Global SQM 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 performed over Global controls is performed by individuals independent of the control owners and operators under the supervision of the Global SQM 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 about the design, implementation, and operation of Global key controls. EY South Africa obtains and evaluates the results of testing provided by the Country, Region, Area or Global team, as relevant, including evaluating whether there are findings relevant to the SQM.

Audit quality review (AQR)

EY South Africa 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 ISQM1. It also aids our ongoing efforts to identify areas where we can improve our performance or enhance our policies and procedures.

AQRs include the inspection of at least one completed engagement for each partner in charge, including others functioning as PIC on a cyclical basis between three and five years, including elements of unpredictability. The engagements reviewed each year are selected on a risk-based approach covering a cross-section of EY South Africa's auditing practice. The Global AQR programme includes detailed risk-focused file reviews covering a sample of listed and non-listed Audit engagements, as well 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 the internal policies and procedures that should be applied when executing non-Audit Assurance services. The Global AQR programme also informs us of our compliance with regulatory requirements, professional standards, and policies and procedures.

Internal inspection results:



AQR reviewers and team leaders are selected for their skills and professional competence in accounting and auditing, and their industry specialization. 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 locations.

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 SQM.

External quality assurance reviews

EY South Africa's Audit practice, and our registered statutory auditors, are subject to annual inspection by the Independent Regulatory Board for Auditors (the IRBA). As part of its inspections, the IRBA evaluates quality control systems and reviews selected engagements. This regulator is a member of IFIAR and accordingly, the inspection results are submitted for inclusion in the annual IFIAR survey.

EY South Africa's Audit practice is also subject to inspection by the PCAOB.

We respect and benefit from the IRBA's inspection process. We thoroughly evaluate the points raised during the inspection to identify areas where we can improve audit quality and the relevance to the SQM. 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.



## IRBA Inspection

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**In 2024, the IRBA conducted its annual inspection, which included:**

- ▶ Inspection of seven engagement files to assess their compliance with International Auditing Standards (ISAs).
- ▶ Thematic reviews in the areas of reportable irregularities on late financial statements and evaluation of uncorrected misstatements identified during the audit.
- ▶ Review of SQM with a focus on monitoring and operating effectiveness.

The IRBA Inspection resulted in the Firm being rated as needing 'Some Improvement' with conditions linked to the firm's monitoring and remediation on one engagement. Of the 7 engagements that were inspected, 3 were rated as 'Some Improvement' and 4 as 'Significant Improvement'. There were findings on several engagements that were reviewed, which resulted in Firm level findings in the area of EQR, and inadequate work performed in the areas of estimates and Information Systems. The root cause analysis process has already commenced and the firm is already considering the implementation of relevant action plans.

The scope of the IRBA's inspection also included a focus on monitoring the effectiveness of our SQM. No findings have been noted from the thematic reviews and two findings were noted in respect of the review of the firm's SQM. The findings on SQM were assessed by the firm and are not considered severe and pervasive deficiencies in the SQM.

## Public Company Accounting Oversight Board (PCAOB) Inspection

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PCAOB inspected EY in June 2023 and reviewed one listed foreign private issuer, and one listed and one unlisted US-referred work engagement. The inspection process was concluded and included engagement level findings on all engagements that were inspected.

We are in the process of engaging with PCAOB on our root cause analysis of the quality findings and the action plans that have been put in place to ensure these quality findings do not reoccur. We are committed to dealing with the quality findings that PCAOB has identified.

## Engagement-level root cause analysis and action plans

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Engagement-level root cause analysis is a central part of the EY South Africa's SQM, providing an in-depth assessment of the root causes that underlie an engagement's positive or negative inspection outcome. The findings of each root cause are analysed in detail.

Analyzing this research 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 analysis, EY member firms are responsible for assessing whether the matters are indicative of pervasive issues in their SQM and developing responsive action plans for remediation.

## Identifying and assessing SQM deficiencies and performing root cause analysis

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Findings are information about the design, implementation, and operation of the SQM that indicate that one or more deficiencies may exist. Findings are accumulated from the performance of monitoring activities at member firm, Region, Country, or Global level. EY South Africa evaluates each finding or aggregation of findings considering the relative importance to determine whether a deficiency exists. Potential findings identified, and their assessments, are reviewed by the SQM oversight committee.

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

Representatives from Area and Global Professional Practice and Assurance Leadership teams meet regularly to review the results of the monitoring activities, and the assessment of findings and deficiencies. This is to drive consistency in the application of the framework for identifying and assessing findings and evaluating deficiencies, and performing root cause analysis, as described in the Global SQM monitoring and remediation policy.

## SQM Quality Improvement Plans

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**EY South Africa has developed quality improvement plans for identified deficiencies, which include:**

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

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



Infrastructure supporting

Quality





# All in 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 member firms' greatest asset in providing exceptional client service and building trust – EY people. By enhancing their skills and experiences, while also transforming the way EY teams work (guided by intuitive methodology and enablement and putting data and technology at the centre of the assurance services they provide), they better deliver on the EY purpose of serving the public interest.

There is EY investment of more than US\$1 billion 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 while 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-focused as they transform, including ever-more sophisticated data analytics, and efficiently provide greater insight in support of the high-quality audits that are valued by the entities that EY member firms audit, as well as by 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 (AQN)

The Global AQN 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:**

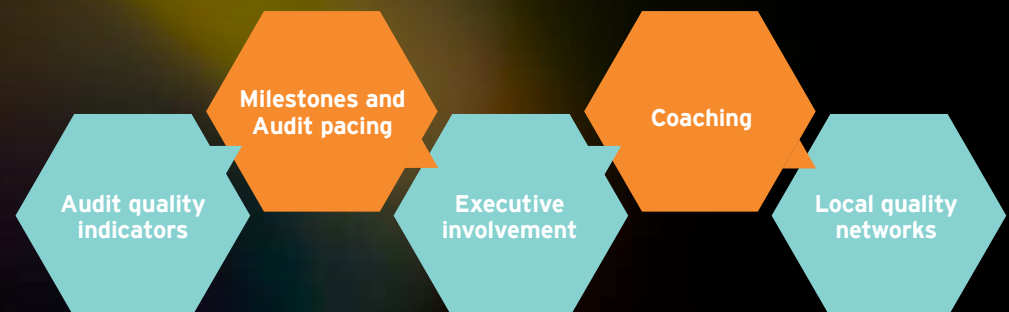
- ▶ The Global SQM network
- ▶ Quality leaders within the non-Assurance service lines

The EY Global AQN, which extends to a regional and country level, is a group of senior Assurance leaders who support EY member firm engagement teams and practice leaders in the execution of high-quality audits.

**Members of the Global AQN 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 SQM 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 AQN drives a focus on audit quality through:**





## Monitoring Audit Quality Indicators (AQIs)

In addition to understanding the overall SQM annual results, Assurance leadership monitors the execution of the EY strategy and quality priorities through a combination of metrics or AQIs. While 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, as well as 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 and 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, thus helping to improve audit quality.

In addition to the above, the following are key annual AQIs monitored by EY South Africa and reported to the IRBA as part of their collation of the annual IRBA Survey Report: Audit Quality Indicators:

AQI	2024 (Jan - Dec 2023)	2023 (Jan - Dec 2022)	Firm benchmark	Description of AQI and commentary
*EQCR total time (%)	1.7%	1.4%	0,5% minimum depending on size and risk	EQCR partner time and EQCR team time as a % of total engagement hours on PIE clients. The increase in EQCR time is a result of ongoing efforts to increase EQCR involvement and leveraging the use of EQCR teams to support ECQR partners.
*Partner time (%)	4.4%	4.5%	3.5% - 5% minimum depending on size and risk	Engagement partner time as a % of total engagement hours on PIE clients. Partner time is consistent with the firm's own targets.
Partner coverage %	45%	29%	All partners to be covered in a three year period	% of partners subject to internal quality review. The firm's policy requires that all partners must be reviewed at least once in a three-year cycle. The extent of reviews may differ from year-to-year when implementing the three-year cycle.
AQR results	87%	95%	88%	% of engagements receiving a "1" rating in internal review programme. The 2024 outcome relates to the 2023 AQR programme. These results were 1% lower than the firm's internal benchmark. The June 2024 results (which will be reported in our March 2025 submission to the IRBA) improved to 94% (refer pg 39). The firm responds to AQR findings by performing root cause analyses and implementing quality action plans that are responsive to the root causes.

AQI	2024 (Jan - Dec 2023)	2023 (Jan - Dec 2022)	Firm benchmark	Description of AQI and commentary
*Manager time (%)	29%	22%	20% - 30% depending on size and risk	<p>Manager time as a % of total engagement hours.</p> <p>Manager time is consistent with the firm's own targets and is expected to move in line with the growth and maturity of the Audit portfolio.</p>
Staff to partner (ratio)	18	18	18 - 20	<p>Ratio of professional staff to Audit partners.</p> <p>The consistency in this ratio is a result of proportionate increases in both staff and partners in line with the growth and maturity of the Audit portfolio.</p>
Engagement partner to Technical partner (ratio)	8.4	7		<p>Ratio of Audit partners to partners in technical department.</p> <p>The increase is related to an increase in the number of engagement partners.</p>
Training hours (per person)	105	104		<p>Number of training hours per professional staff member.</p> <p>Training hours are driven by changes in standards, methodology, policy, laws, and regulations, as well as responses to inspection outcomes. The learning hours are in line with the prior year with a focus on ISA 220 (revised), IFRS 9, methodology changes, and re-affirming prior learnings.</p>

AQI	2024 (Jan - Dec 2023)	2023 (Jan - Dec 2022)	Firm benchmark	Description of AQI and commentary
Staff turnover - audit partner (%)	5.2%	11%	<10%	<p>% audit partner turnover in the year. five partners exited the firm in 2023 (2022: nine partners) and seven new partners were appointed in 2023 (2022: 12 partners).</p> <p>The firm experiences both planned and unplanned attrition at the partner level. The firm's succession planning and growth strategies ensure that the firm is able to develop partners internally and seek out the appropriate talent, externally, to maintain Audit quality on all its audits.</p>
Staff turnover - audit manager (%)	26.2%	28%	<30%	<p>% audit manager turnover in the year, and % audit supervisor turnover in the year.</p> <p>The firm experiences both planned and unplanned attrition at manager and supervisor level. The firm's succession planning and growth strategies ensure that the firm is able to develop managers internally and seek out the appropriate talent, externally, to maintain Audit quality on all its audits.</p>
Staff turnover - supervisor (%)	36.6%	60%	<40%	<p>The reduction in turnover is reflective of the stability in the market, post the pandemic, as well as the impact of the firm's growth and retention strategies.</p>

AQI	2024 (Jan - Dec 2023)	2023 (Jan - Dec 2022)	Firm benchmark	Description of AQI and commentary
*Firm tenure (years)	9.6	10	Was <10 years, but no longer a requirement.	<p>Average number of years appointed as auditors of PIE Audit clients.</p> <p>Reduction in tenure is a result of rotating off some long tenure clients as part of the previous MAFR requirements.</p>
Partner experience (years)	9.2	8.9	8 - 10 years	<p>Average number of years' experience of Audit partners.</p> <p>Partner attrition and new partner admission impact this average. Fewer partners exited the firm compared to the prior period (five in 2023 and nine in 2022).</p>
Non-audit fees (%)	7%	11%**	6% (Industry average)	<p>Non-Audit and Audit-related non-Audit services as % of total Audit fees.</p> <p>The reduction is a result of a reduction in non-Audit fees compared to the prior period.</p> <p>The non-Audit fees for services not required by law or regulation to be performed by the auditors amount to 2.2% (2023: 4,2%)** of total Audit fees.</p>

\*\* Audit Quality Indicators are calculated as an average on all audit engagements for PIEs





## Monitoring adherence to pacing milestone

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**Effective project management helps Audit teams to stay focused 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 sets completion due dates for important phases of the audit, and when used effectively, helps 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 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 SQM of EY.

## Usage of EY Canvas client portal requests

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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 also has several features available to assist with project management.

## Designing and providing in-flight coaching

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More than 1,500 engagements 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 Quality Survey, 69% 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 as having significance, local representatives from the Global AQN assist engagement teams in addressing the observations prior to the issuance of the auditor's report.

## Designing and deploying enablement for new technology

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Working with technology product owners and the GPPG, the Global AQN 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) while bridging the technology with methodology, thus explaining the audit rationale behind the technology. Through the Global AQN'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

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

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

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

The Global PPD oversees the development of the EYG Audit Methodology 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, Region, 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 focused on:

- ▶ Internal-control reporting and related aspects of the EYG Audit methodology.
- ▶ 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 SQM of the member firm. This includes concurring with or proposing changes to the recommended SQM annual evaluation conclusion. The SQM monitoring process is coordinated and monitored by representatives of the GPPG.

## Risk management

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**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 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 RM, 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 RM 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 while continuing to carry on “business as usual” at the very early stages of a potential business impact situation. The creation of “escalation matrixes” around several ongoing and high-chance geopolitical events allow EY member firm and Region RM crisis management teams to respond more rapidly and more effectively as events escalate. Additionally, these escalation matrixes and subsequent action item checklists go beyond traditional workforce life and safety issues by delving into factors that could impact a member firm's ability to effectively conduct business.

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 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.



# Top ten risks for South Africa

## Key strategic risks

- |   |   |
|---|---|
| 1 Reputation and brand                    | 6 Data protection and data ethics                                 |
| 2 Audit quality failure                   | 7 Working with a broader group of service providers and alliances |
| 3 Attract, develop and retain talent      | 8 Financial and operational governance and maintaining liquidity  |
| 4 Technology, infrastructure and security | 9 Regulatory developments   |
| 5 Market strategy and service innovation  | 10 Business continuity and crisis response                        |



## Cybersecurity

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Managing the risk of major and complex cyber-attacks is a part of conducting business for all organisations. While no systems are immune from the threat of cyberattacks, EY South Africa 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 the technologies and processes that are 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 cyberattacks globally.

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



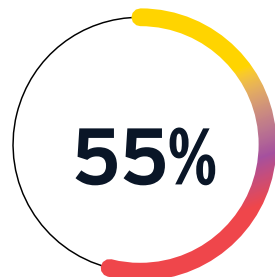


# Revenue and Remuneration





**R3.95  
billion**



**Total revenue**

**Audit as a %**

Quality is at the centre of the EY strategy and is a key component of EY performance management systems. EY South Africa partners are evaluated and compensated based on criteria that include specific quality and risk management indicators.

Equally, if partners do not adhere to quality standards, remedial actions are taken. These may include performance monitoring, compensation adjustment, additional training, additional supervision or reassignment or, in instances of repeated or particularly serious non-compliance, separation from EY. EY policies prohibit evaluating and compensating Lead Audit Engagement partners and other key Audit partners on an engagement based on the sale of non-assurance services to companies they audit. This reinforces to EY partners their professional obligation to maintain independence and objectivity.

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

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

The EY partner compensation philosophy calls for meaningfully differentiated rewards based on a partner's level of performance, as measured within the context of the performance management framework.

Partners are assessed annually on their performance in delivering high-quality, exceptional client service and people engagement, alongside financial and market metrics.

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

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



**Contribution**



**Role and responsibility**



**Long-term potential**

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

Looking at our Social

# Impact

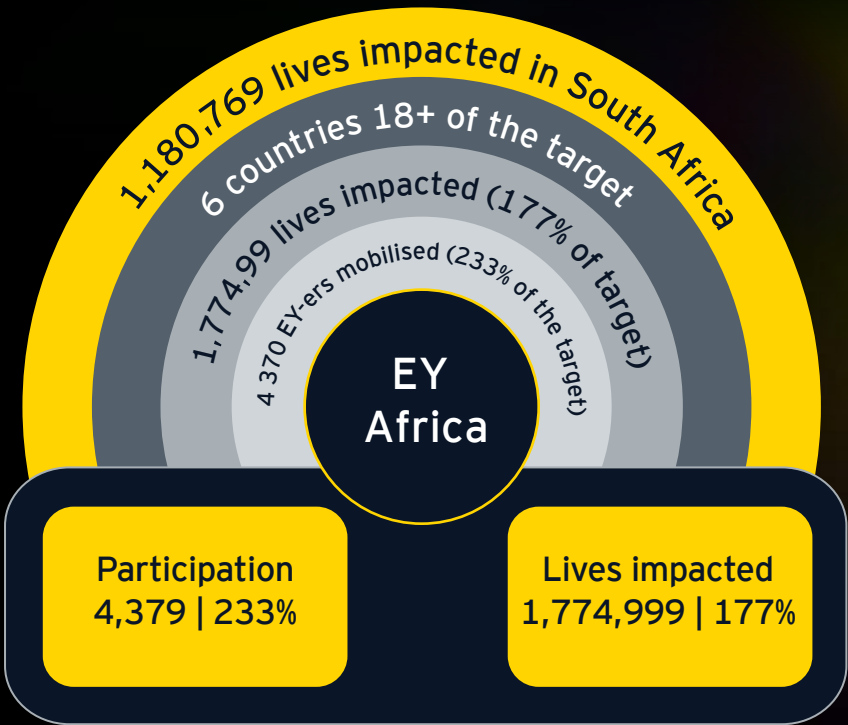


# EY Ripples

Our collective efforts have led an incredible 4,370 EY-ers who shared their skills, reaching a 233% participation rate. More importantly, we've impacted 1,774,999 lives, far exceeding our goal of 1,002,375 and achieving a 177% success rate.

Globally and collectively as a community we have impacted approximately 65 million lives, making waves of change this past year. A huge thank you to each and every one of you who gave your time and effort for our various worthy causes.

Since the launch in 2019, we've impacted over 192 million lives across the world - a powerful showcase of our determination to unite in our pursuit of being All in, together.



## EY Gives Back day

EY Gives Back was our pivotal event in FY 2024, and it resonated deeply within the communities of Gauteng, KwaZulu-Natal, and Western Cape provinces. This initiative is a cornerstone of our long-standing NextGen programme, which has proudly reached its twelfth year of success. Our commitment to enriching the lives of our beneficiaries extends beyond the individual learners on the NextGen programme; it encompasses the entire educational ecosystem of the schools we partner with.

The EY Gives Back day is a manifestation of the genuine altruism and professional prowess of EY people. Our 3,500 staff, drawn from various departments and specialisations, volunteered their time and expertise to make a significant difference in the lives of approximately 1,500 - 2,000 learners and 60-65 teachers per school. The initiative was born out of a meticulous needs assessment, and conducted in close collaboration with school principals and department heads, to ensure that our efforts were precisely aligned with the schools' requirements.

Our approach was both proactive and participatory, involving direct communication channels and multiple preparatory meetings with beneficiaries. This ensured that our contributions were not only meaningful but also impactful, addressing the unique challenges faced by these previously disadvantaged areas. The dedication of EY people to understanding and meeting these challenges is a testament to our commitment to fostering positive change in the communities we serve.

The execution of the EY Gives Back day had a significant focus on project management. The logistical coordination required to distribute donations, textbooks, equipment, and catering was handled with exceptional precision. Our staff's ability to manage transport arrangements and ensure timely arrivals at various venues is reflective of our dedication to efficiency and organisation.

In preparation for the event, regional bi-weekly project meetings were held to brief EY staff members on their roles, enabling a swift and effective start on the day of action. Presentations to school beneficiaries ensured alignment with the initial needs assessment, with sign-offs from school principals or department heads, thus securing a seamless transition into the day's activities.

On the day itself, the importance of time management was paramount. With only eight hours available, EY staff, including leadership and executives, engaged in hands-on activities such as painting, cleaning, refurbishing school buildings, classrooms, and libraries, and constructing vegetable



gardens. These gardens are particularly noteworthy as they provide sustainable food sources for students and their families, bridging the gap left by the department of education's inability to meet the demands of pressing socio-economic circumstances.

The purchase and assembly of furniture by EY staff not only enhanced the learning environments but also demonstrated our hands-on commitment to enriching the lives of those we aimed to support.

Each beneficiary school had an executive leader assigned who began the day with an inspirational session, reinforcing our continued commitment to partnering with the schools to enhance the learning environment for our learners.

The collective efforts of EY people on this day exemplified the powerful impact that can be achieved when skills, knowledge, and experience are harnessed for the greater good. The lasting impact on the lives of many is a clear indication of the success of our endeavours.



## EY Transform



**Transform** is an impact accelerator led by Unilever, the UK government's Foreign, Commonwealth and Development Office (FCDO), and EY. It unites corporates, donors, investors, and academics to support visionary enterprises across Africa, Asia and beyond. It is testing and scaling new solutions that tackle environmental challenges, improve health and wellbeing, and build inclusive economies.



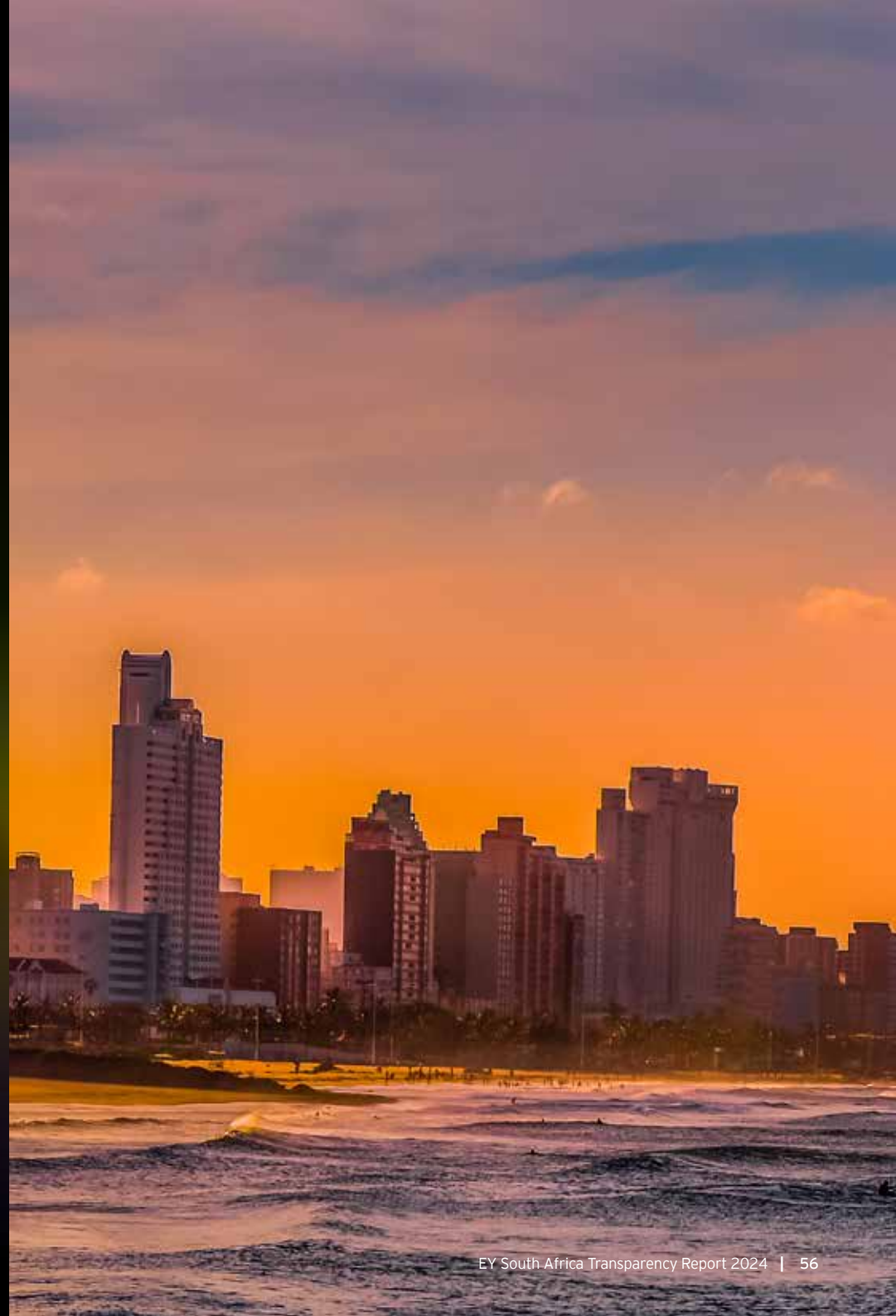
**Transform** blends the FCDO's grant funding with expert technical assistance from Unilever and EY employees, who also provide access to their networks and corporate value chains.



The initiative is based on a desire to address urgent sustainable development issues by learning from each other. We are helping new ideas and approaches to come to scale - with the expectation that we are also helping entrepreneurs to expand, and creating new systems and models that help to change the way established businesses operate.



Since it was established in 2015, **Transform** has provided funding and business support to over 70 enterprises and researchers who have run more than 125 projects in 17 countries. Through TRANSFORM, these enterprises have positively impacted over 16 million people's lives.



## NextGen South Africa

Women are severely under-represented in decision making processes across the continent including South Africa and internationally. Education has been identified as the major obstacle to women's access to leadership, and cost as the key barrier to girls' education.

### Overview 2024

Poverty and familial obligations end many girls' hope for education or the opportunity to fulfil her dreams.

In line with EY's purpose to build a better working world for our communities, EY's NextGen programme aims to develop the next generation of women leaders for Africa. The objective of the programme is to empower and aid female learners from disadvantaged backgrounds.

More than academic and financial assistance, the programme strives to provide holistic education to the young learners to become well-rounded women leaders. From leadership skills training to academic tutoring, the programme is designed to increase the chances of success for the future.

EY speakers, believes in uplifting the environment from which the learners come from and thus support extends to participants, their schools and their families.

A critical component of the NextGen programme is a series of themed leadership development programmes. These leadership development programmes give our

participants the opportunity to acquire life skills, develop as young leaders, and to reflect on who they are and what they want to achieve in life. The courses are centred on inspiring the learners to believe in themselves as young African women, and to understand and identify the skills they require to achieve their full potential.

The participants also take part in an annual regional camp where they are encouraged to identify their personal leadership styles and strengths and to put these into practice. A key focus area of the camp is the principles of entrepreneurship, sustainability, and social responsibility. During the camps, the girls are exposed to current leaders, a variety of speakers, and relevant learning and empowerment topics.

This exposure expands their view of the world and opens their minds to possibilities that many of them did not know exist.

## How the programme was developed

When the programme was launched 12 years ago, the NextGen schools were identified through the assistance of the local education department based on Matric results, and the schools' management, discipline, and commitment to the programme.

Every year, along with the school principals and champion teachers, the EY CSR team identifies potential candidates using the following criteria:

- ▶ Potential to achieve academic excellence.
- ▶ Leadership.
- ▶ Community involvement.
- ▶ A passion for developing Africa.

A further interview then takes place to select the learners into the programme.

This process is followed in each region. The programme is widely supported by EY staff, who are in close contact with the participants and their schools.

Frequent updates are sent through internal channels, such as emails, social media, and daily news alerts.

The EY team has strong communication lines with the selected schools' principals and champion teachers, as well as the participants themselves.

Details of the programme and its success have extended into the communities through participating schools and involved champion teachers.



## Impact of the programme

We believe our biggest return will be in the impact and influence our participants will make in their lives and in the lives of others. It is to this end that we focus our efforts on empowering and educating our future leaders.

Launched in 2012, the programme has expanded from 30 girls in Johannesburg to a total of 378 participants in Gauteng, Western Cape and KwaZulu-Natal. Of these 378 learners, 288 are currently at university and the workplace.

### Success highlights of the programme include:

- ▶ 100% pass rate for 12 consecutive years.
- ▶ 95% gained university entrance in the last 12 years .
- ▶ The university students are studying a wide range of courses, such as: MBChB (Medicine), BSc Accounting, B Com Accounting, B Com Finance, and B Com Law to name a few.

## Spotlighting some of the NextGen successes

1. **Asemahle Mngambi** - BCom Accounting 2018.
2. **Amanda Chonco** - BBusSc Actuarial Science 2018.
3. **Malefyane Matabane** - BSC Honours in Advanced Mathematics of Finance.
4. **Nomfundo Mashiya** - BSc IT 2015 (Cum Laude). She completed her Honours degree in 2016.
5. **Gontse Busakwe** - B-Education 2015.
6. **Nelly Mthembu** - Post Graduate Accounting.
7. **Nomthandazo Sikakane** completed her medicine degree Cum Laude in 2021
8. **Dr's Nikita Henecke** and **Siphesihle Dubulekhwele** graduated as doctors in 2022.
9. 2022 Matriculants **Gulfaam Roomey, Andile Dlamini, Nonceba Dlamini, Amada Ngcobo, Silindile Mogane, and Kamogelo Ramokgatla** were awarded assurance bursaries to study towards the CA stream in 2023.

Over the years, the NextGen Programme has seen aspiring young learners achieve their potential and gain employment in various fields across the country as Teachers, Engineers, Medical Doctors, Clinical Psychologists, Actuarial Scientists, film and television professionals, musicians, and of course, chartered accountants.

We currently have seven NextGen alumni working at EY offices in Durban, Cape Town, and Johannesburg.

## EY | Building a better working world

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

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

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

### All in to shape the future with confidence.

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