

Deloitte.



2024 Transparency Report

Deloitte PLT (LLP0010145-LCA) (AF0080)

For the year ended 31 May 2024

Published on 27 September 2024



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Leadership message¹

Welcome to our 2024 Annual Audit Transparency Report. The environment continues to be complex and volatile with the ongoing global conflicts, economic uncertainties in the markets of our key trading partners, the emerging opportunities (and risks) arising from the next evolution of AI, implementation of global tax rules and enhancements to corporate reporting. Amid all these uncertainties, the role of auditors in delivering high quality audits, rooted in trust and integrity, provides a firm foundation in supporting global capital markets. Our commitment is unwavering. We remain resolute in safeguarding the public interest through our investments in audit excellence, innovation and talent development.

The changing corporate reporting landscape

In February 2024, the Advisory Committee on Sustainability Report (ACSR), under the auspices of Securities Commission Malaysia (SC) issued their first public consultation on a proposed national sustainability framework. We commend the ACSR's efforts for its comprehensive review to facilitate the use of the standards issued by the ISSB, specifically the International Financial Reporting Standards (IFRS) S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1), and IFRS S2 *Climate-related Disclosures* (IFRS S2) in Malaysia, including a framework for assurance and capacity building, collectively constituting the National Sustainability Reporting Framework for Malaysia (NSRF). We are excited that the NSRF was launched in September 2024. It is imperative for Malaysia to be aligned to these international developments, as an export-oriented country intricately integrated into the global supply chains.

It is worth noting the value of assurance in enhancing trust and confidence in the reported sustainability information. Assurance can help investors gain confidence that the estimates used by management to prepare disclosures are not influenced by hidden changes in methodology, bias, or unrealistic assumptions. It also helps evidence that management has put in place rigorous internal measurement, policies, processes, monitoring, and governance to produce reliable sustainability information. Deloitte believes that there is a benefit to ESG assurance being provided by an audit firm. Objectivity, credibility, and integrity are qualities valued most in assurance providers. These are in addition to independence, professional scepticism, commitment to quality, and appropriate training that are equally critical.

Employee well-being – a holistic approach to talent development

With the accelerating pace of change in the marketplace, we are working to transform our talent model by building a skills-based organisation fuelled by meaningful career development opportunities and pathways to learn, grow, and develop. As reported in our previous report, we have taken proactive steps to address work-life balance and remuneration concerns of our most valued assets – our people. These transformative initiatives include offering competitive and comparable remuneration, providing flexible work arrangements and enhancements to other employee benefits. The firm continues to embrace, embed and elevate employee well-being to sustain excellence through mental health. Our well-being strategy includes building awareness and capabilities, creating support infrastructure for a safe workplace and re-designing how and where we work.

This Report provides an in-depth look at our structure, governance, and our approach to delivering high-quality audit and assurance services, all supported by our robust system of quality management. We are pleased to share this information about our business and our commitment to the public interest with a broader group of stakeholders.



Yee Wing Peng
County Managing Partner
Deloitte Malaysia

Chief Executive Officer
Deloitte PLT



Stanley Teo
Audit Business Leader
Deloitte PLT

¹ Throughout this report, the terms "Deloitte, we, us, and our" refer to one or more of Deloitte Touche Tohmatsu Limited, its network of member firms, and their related entities. For more information about the Deloitte network, please see page 3 or [About the network \(deloitte.com\)](https://www.deloitte.com).

Deloitte network

Deloitte PLT: legal structure and ownership

In Malaysia, services are provided by Deloitte PLT and affiliates (Deloitte Malaysia). Deloitte Malaysia is connected to the Deloitte network through Deloitte Southeast Asia (Deloitte SEA). For the purposes of transparency reporting, this report contains information about Deloitte PLT, relevant to its Audit & Assurance business. Information about Deloitte PLT and our relevant affiliation and/or relationship disclosures are disclosed herein and with details in Appendix A.

Deloitte Malaysia is part of the network of entities that make up Deloitte SEA (a collective term that refers to separate legal entities that facilitate and/or provide services across Southeast Asia, and this network of entities are also a part of Deloitte Asia Pacific (Deloitte AP).

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

Please see below and the rest of this document for further information regarding DTTL, the Deloitte organisation and the Deloitte network.

Network description

The Deloitte network

The Deloitte network (also known as the Deloitte organisation) is DTTL, a globally connected network of DTTL member firms and their respective related entities operating in more than 150 countries and territories across the world. These separate and independent member firms operate under a common brand.



Deloitte Touche Tohmatsu Limited (DTTL or Deloitte Global)

Deloitte Touche Tohmatsu Limited is a private company limited by guarantee incorporated in England and Wales. DTTL serves a coordinating role for its member firms and their respective related entities and establishes policies and protocols with the objective of promoting a consistently high level of quality, professional conduct, and service across the Deloitte network. DTTL does not provide services to clients and does not direct, manage, or control any member firm or any of their respective related entities.

“Deloitte” is the brand under which approximately 460,000 dedicated professionals and practitioners in independent member firms (or their respective related entities) throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to select clients. These member firms are members of DTTL. DTTL, these member firms and each of their respective related entities form the Deloitte organisation. Each DTTL member firm and/or its related entities provides services in particular geographic areas and is subject to the laws and professional regulations of the country or countries in which it operates. Each DTTL member firm is structured in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its respective territories through related entities. Not every DTTL member firm or its related entities provides all services, and certain services may not be available to audit and assurance clients under the rules and regulations applicable to audit firms. DTTL, and each DTTL member firm and each of its related entities, are legally separate and independent, cannot obligate or bind any other, and are liable only for their own acts and omissions, and not those of any other. The Deloitte organisation is a global network of independent firms and not a partnership or a single firm. DTTL does not provide services to clients.

Deloitte PLT: governance – leadership in action

Deloitte PLT operates as a limited liability partnership, established under Malaysian law with registration number LLP0010145-LCA, and is a registered audit firm (Audit Firm No. AF0080). We are also registered with the Malaysian Audit Oversight Board as auditors of public interest entities and schedule funds (PIEs) in Malaysia.

Our principal business address is Level 16, Menara LGB, Jalan Wan Kadir, Taman Tun Dr Ismail, 60000 Kuala Lumpur. As of 31 May 2024, Deloitte PLT also operates from 5 other locations nationwide including Johor Bahru, Ipoh, Pulau Pinang, Kuching, and Wilayah Persekutuan Labuan.

Leadership

Deloitte Malaysia is a collective term that refers to several separate legal entities (connected to the Deloitte network as affiliates) with their own management to align with the way we conduct our business in Malaysia. Each of these entities provide services including audit, risk advisory, tax, consulting, financial advisory and related services and are owned, directly or indirectly, by persons who actively participate in the practice. Deloitte Malaysia is led by Yee Wing Peng, Country Managing Partner, and supported by a National Executive comprising several business and risk leaders.

Deloitte PLT’s Executive (A&A Executive”) is responsible for the management and oversight of the Audit & Assurance “A&A” practice in Malaysia. Specific responsibilities include determining the audit and assurance business strategy, nominating admission of A&A partners and providing input to the financial aspects of business plans. In the A&A Executive, Yee Wing Peng is designated as Chief Executive Officer (CEO) and Stanley Teo is designated as Audit & Assurance Business Leader. Together with other senior leaders, the A&A Executive implements the strategy for the Audit & Assurance practice, including related policies and procedures.

In all their activities, the A&A Executive are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements. Deloitte PLT’s strategy is developed in

alignment with the overall strategic direction recommended for the Deloitte network.

Quality and Risk

Jimmy Lai (succeeding Wong Poh Jean effective 1 December 2023) is Deloitte PLT’s A&A Risk Leader and is also Deloitte Malaysia’s Country Risk Leader. He has operational responsibility for certain aspects of our system of quality control, reputation and risk management and is a member of the National Executive. Jimmy is also the Malaysian Conduct & Ethics Leader.

The A&A quality and accounting technical functions are led by Edwin Tan, our A&A National Professional Practice Director (NPPD). The NPPD is responsible for all decisions relating to the interpretation of accounting and auditing matters and is a member of the A&A Executive. Edwin is also responsible for remediation matters arising from internal reviews and external inspections.

The A&A Quality and Risk team is responsible for implementing the quality agenda, establishing function-specific policies and procedures, audit and assurance technical and risk training, monitoring and risk mitigation, and supporting engagement teams on audit technical and risk matters.

Other members of the A&A Executive:

Eric Teoh, Talent (eff. 5 January 2024)
Joshua Yan, Assurance (eff. 1 June 2023)
Siti Hajar Osman, Growth
Joe Wong
Alvin Chang

In implementing International Standard of Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (ISQM 1) this year, the firm has designated Yee Wing Peng as the Ultimate Responsible Party (URP) and Stanley Teo & Edwin Tan as joint Operational Responsible Parties (ORP).

External and Deloitte Network Contribution

The following are selected members of our A&A Executive and other audit partners & principals who contribute to external/professional groups from which several quality initiatives emanate:

Selected Deloitte PLT A&A Executive

Yee Wing Peng	Council Member & EXCO, Malaysian Institute of Certified Public Accountants (“MICPA”) Member, ACCA Malaysia Advisory Committee Honorary advisor, Master Builders Association Malaysia Industry advisor (Bachelor of Management (Accounting) & MBA), Xiamen Uni. Malaysia
Stanley Teo	Council Member, MICPA Chairperson, MICPA Disciplinary Committee Member, MICPA Financial Statement Review Committee Member, MICPA Accounting and Auditing Technical Committee
Edwin Tan	Council Member, Malaysian Institute of Accountants (MIA) Member, Audit & Assurance Standards Board (AASB) of MIA Member, MASB Interpretations Committee Member, MASB MFRS Application and Implementation Committee Member, MASB Working Groups Member, Overseas Regional Council, CAANZ (to 31 December 2023)
Siti Hajar Osman	Member, MASB MFRS-9 Emerging Issues Task Force

Other Audit Partners & Principals

YBhg Datuk Peter Lim	Member, ICAEW Members Society, Malaysian Chapter Member, MASB Working Group Advisor, Sunway Academic Industrial Advisory Board
Mak Wai Kit	Member, Division Council, CPA Australia - Malaysia Member, Digital Transformation Committee, CPA Australia - Malaysia Member, MASB Working Group
Tan Hwee Sin	Member, Emerging Leaders Network Committee, CPA Australia - Malaysia
Wong Kar Choon	Chairperson (to 31 December 2023) & Member, Overseas Regional Council, CAANZ Member, MIA Capital Markets Advisory Committee
Jimmy Lai	Member, Public Practice Committee of CPA Australia – Malaysia
Wong King Yu	Member, MIA Sarawak Regional Committee
Lim Keng Peo Farrukh Khan Sudhanya Sahoo	Member, MASB Working Groups

Our purpose and commitment: instilling trust and confidence

At Deloitte Malaysia, our purpose is to make an impact that goes beyond the expected. For Audit & Assurance, this means constantly evolving audit and assurance processes, leveraging leading-edge technology, applying a diversity of skillsets, knowledge, and experience to deliver high-quality services. We take great pride in instilling confidence and trust in the capital markets and are committed to relentlessly raising the standards of quality and always acting with integrity, independence, and transparency. We are continuously building our capabilities to support the delivery of high-quality audit and assurance engagements and making leading contributions to shaping the future of the profession.

For further information on how we make an impact that matters, together - please visit [Deloitte Global Purpose](#)



Deloitte Audit & Assurance: Our commitment to serving the public interest

A focus on quality

Deloitte's commitment to quality permeates everything we do. The independent audit is a central element of the corporate reporting ecosystem, in place to enhance the confidence and trust of investors and other stakeholders, as well as to promote the effective functioning of the capital markets. Deloitte is keenly aware of our obligation to deliver audit and assurance services that meet the challenges and complexities of the current environment, while complying with professional and regulatory standards. For the corporate reporting ecosystem to function as intended, it is vital that the auditor's role be executed effectively.

Deloitte is committed to doing more than simply meeting regulatory requirements and conforming to expectations. Deloitte aims to go beyond the expected to set the standard of excellence for the profession. In keeping with that objective, our commitment to quality is unequivocal.

Deloitte Global leadership

The Deloitte Global Audit & Assurance Executive, which includes the Audit & Assurance Business Leaders from the larger member firms is led by Jean-Marc Mickeler, the Deloitte Global Audit & Assurance Business Leader. His responsibilities include working with the member firms to define and drive the global Audit & Assurance strategy, with a particular focus on:

- Driving key audit and assurance initiatives across the Deloitte network to accomplish quality outcomes.
- Leading transformational initiatives to innovate the way our audit and assurance engagements are executed to meet the evolving needs of our stakeholders.

The company we keep

As part of Deloitte's Audit & Assurance commitment to supporting the capital markets, we are focused on engaging with entities where it serves the public interest and where we have the capabilities

to perform quality work objectively and in compliance with applicable professional standards and laws and regulations, including those relating to ethics and independence.

The company we keep is a critical foundational aspect of our Audit & Assurance strategy and global shared values that guide our behaviour to lead the way, serve with integrity, take care of each other, foster inclusion, and collaborate for measurable impact. Our audit and assurance portfolio risk appetite statement serves as the foundation for the company we keep. The risk appetite statement can be used as a tool to promote robust discussion of risk, and as a basis upon which acceptance and continuance decisions can be debated and challenged effectively and credibly. The statement as shown below sets the tone for our risk culture and aims to drive global consistency in the engagement acceptance and continuance decision making process:

Deloitte's Audit & Assurance portfolio risk appetite underpins our purpose led agenda and reinforces our Principles of Business Conduct, which articulate the standards to which we hold ourselves, wherever in the world we live and work, in order to build and maintain a sustainable business for current and future generations.

Consistent with our commitment to purpose and to act in the public interest, we recognise that taking on a degree of risk is a natural consequence of doing business. In order to deliver high-quality audit and assurance services, we proactively identify and manage risk through our quality management processes, policies, and procedures to make informed decisions aligned to our strategy and values.

We aspire to have a portfolio of clients that aligns with our shared values, respects our people, recognises emerging issues and societal responsibilities, and is committed to providing transparency to stakeholders in the corporate reporting ecosystem. We endeavor to have a portfolio that does not include clients that lack integrity, engage in illegal activities, disregard the authenticity of financial accounting and reporting, or are unwilling to establish and maintain sufficient internal controls and related processes.

Deloitte PLT has detailed policies and procedures in place for the acceptance of prospective clients, the continuance of existing engagements, and the assessment of engagement risk. These policies and procedures are designed with the objective that Deloitte PLT will only accept or continue with engagements where it:

- Is able to perform the engagement and has the capabilities, including time and resources, to do so.
- Can comply with all relevant professional standards and laws and regulations, including those relating to ethics, independence, and conflicts of interest assessments and considerations.
- Considers the client's management team to act with integrity and in alignment with our shared values.

Fewer, stronger member firms

Within the Deloitte member firm structure, Deloitte PLT is part of the Asia Pacific member firm through our Southeast Asia network. As a locally registered and regulated audit firm in Malaysia, we have decision-making authority regarding regulatory matters and professional obligations and maintain ultimate responsibility for the execution of audit and assurance services in accordance with professional standards and local laws and regulations. Deloitte PLT is responsible for maintaining and operating an effective system of quality management to support the performance of high-quality audit and assurance engagements. As a member of a combined firm within the Deloitte network, we work in close cooperation with the other geographies in Southeast Asia, and the wider Asia Pacific member firm and benefit from additional oversight of quality, risk management, and monitoring activities. This structure fosters shared investment in innovation and resources as well as the sharing of leading practices across geographies, driving standardisation and consistency across the audit and assurance business and contributing to our collective aspirations of continuous improvement in quality.



Our people’s commitment to integrity, to serve the public interest, and to deliver high-quality assurance over the areas that matter most to our stakeholders is at the core of everything we do.

Our unwavering dedication to quality drives our sustained quality leadership position. We remain focused on excellence across people, process, and technology. Each of these core components helps us to deliver our vision for a better future, creating an impact that goes beyond expectations.

What does this look like? A constantly evolving audit and assurance practice, leveraging bright minds, effective processes, and world-class technologies from across our global organisation while drawing on our years of experience. We deliver high-quality services in an efficient and effective way that upholds integrity, builds confidence, and drives value by focusing on what really matters.

The Audit & Assurance transformation and change strategy is focused on the following outcomes:

<p>Transform and technology-enable A&A execution to harness the power of innovation</p>	<p>Continuously evolve Deloitte’s A&A products to respond to future stakeholder needs</p>
<p>Transform the talent experience including the use of extended delivery models</p>	<p>Support our people through transformation and change consistently across the globe</p>

Delivering excellence through process, people, and technology transformation²

With The Deloitte Way, Deloitte is bringing standardisation, consistency, and efficiency to drive quality into the core of how our engagements are executed: with automation that improves routine tasks and analytics that support audit execution—yielding a deeper and more insightful view into the available data. As a result, we are improving the quality of the services we deliver while also creating a richer talent experience for our people and clients.

Innovation and technology enablement are an expectation in today’s fast-changing world, and this expectation holds true for the profession as well. Today’s complex business environment requires that the audit and assurance we deliver is dynamic, multidimensional, and insightful. There is a demand for real-time, relevant information, and we are evolving our audit and assurance services as Deloitte clients innovate their businesses and processes. Leveraging evolving technology and data, Deloitte delivers deeper insights to create more consistent and transparent audit and assurance for our stakeholders.

Deloitte is committed to the continued investment in emerging technologies and diversity of thought that enables the delivery of enhanced quality, insights, and value to our clients and the markets. Deloitte’s global audit platforms, Deloitte Omnia and Deloitte Levvia, demonstrate our commitment to delivering digital, high-quality engagements of all sizes and levels of complexity. Deloitte Omnia is our cloud-based, end-to-end delivery platform for large and complex engagements, while Deloitte Levvia delivers a streamlined, right-sized digital experience for low risk, less complex entities. Ongoing enhancement and global deployment of both platforms are well underway and will continue as we embed further innovation for a differentiated client and auditor experience.

² For more information about Deloitte audit innovation, please refer to Deloitte [Global Impact Report](#) and [Audit innovation](#) and [Audit & Assurance: the Deloitte way](#) pages on Deloitte.com.

Deloitte A&A's GenAI strategy

Deloitte A&A is continuing to invest in artificial intelligence innovation, and we have already made significant progress on transforming the delivery of our work with our innovative technologies, Deloitte Omnia and Deloitte Levvia. We are focused on ethical and responsible use of GenAI for both clients and our people:

- Within the entities we audit, we are evaluating the impact of AI implementation on financial reporting and other disclosures, as well as the entity's assessment and response to AI-related risks (including related internal controls). We expect that companies will begin to adopt and incorporate AI into their business processes, and we will be ready to consider any relevant implications to the financial reporting processes.
- We are assessing how we can use Gen AI in our audits and remain focused on harnessing the power of cognitive technologies within our Deloitte Omnia and Deloitte Levvia platforms. Current AI solutions being used include predictive analysis in guided risk assessments, and smart matching capabilities. Going forward, we believe Gen AI will further support our auditors in delivering high quality audits including supporting further risk-sensing, identification of potential issues, and automation of certain processes. Professional skepticism and the skill set that we rely on as auditors today will however continue to be critical to responsible use and evaluation of AI, specifically Gen AI.
- Finally, we are investing heavily in learning and development for Deloitte A&A practitioners and professionals, training them on the impact of Gen AI, its risks, limitations, and expectations about how to use Gen AI effectively on their engagements.

Sustainability reporting³

The foundations of business are changing rapidly—long-term resiliency and the ability to create enduring value is directly linked to alignment with the values and expectations of society. Market participants and other stakeholders are calling for greater insight into how organisations are building, protecting, and enhancing enterprise value over time, and are specifically demanding enhanced transparency around climate-related and broader environmental, social, and governance (ESG) impacts and the dependencies of an entity's business model and strategy.

Specifically, Deloitte recognises that climate change poses a risk to financial stability and impacts businesses in many sectors with increased disclosure and reporting expectations from various stakeholders. Deloitte's audit approach is designed to promote consistent and appropriate consideration of climate related risks and opportunities that enable a deeper understanding of potential impacts of climate change on the financial statements to enable evaluation and well documented conclusions. We continue to emphasise this with our people through learnings, guidance, and other resources.

The evolution from traditional financial reporting to broader corporate reporting is happening at pace, with significant standard-setting activity driving companies to ready themselves for new or enhanced disclosure requirements. The IFRS Sustainability Disclosure Standards published by the International Sustainability Standards Board (ISSB) create a global baseline for sustainability reporting. Other jurisdictions have passed their own corporate reporting requirements, notably the EU's Corporate Sustainability Reporting Directive (CSRD), which mandates reporting in accordance with European Sustainability Reporting Standards (ESRS) and has significant extraterritorial reach, and the US SEC's climate disclosure rule, which requires registrants to disclose climate related risks.

Deloitte is a strong advocate for enhanced sustainability reporting and recognises the important role we play in raising awareness of these new requirements through active stakeholder engagement.

³ For more information about Deloitte's alignment with sustainability reporting, please refer to Deloitte [Global Impact Report](#).

Corporate reporting standards and regulatory requirements are intended to drive better connectivity between financial and non-financial reporting and to help users of corporate disclosures better understand and compare information about entities. To be effective, these standards need to enable corporate reporting that is comparable, based on a global baseline, and supplemented by local considerations where warranted. Given the comprehensive nature of certain sustainability reporting requirements and the pace at which it has been developed, further guidance and interpretation is needed in the marketplace to support both preparers and users of the information. As these standards are brought into regulation around the world, so too are the associated enforcement, monitoring, governance and controls, assurance, and training mechanisms. It is critical that the entire sustainability reporting ecosystem—including standard-setters, policy makers, and regulators—work together to limit fragmentation in support of consistent, comparable disclosures.

The developments in standard-setting and rulemaking make clear that information in financial reporting and information contained in sustainability reporting together are essential inputs to inform a stakeholder's view of an entity's value. Therefore, there is a growing demand for companies to integrate climate-related and other ESG considerations into internal control policies and procedures, enhancing the maturity of systems, processes, and governance over climate-related and other ESG information. Those charged with governance (e.g., audit committees, boards) are increasingly incorporating ESG considerations in their oversight responsibilities of an organization's management, its reporting, and their data-collection processes and controls.

Deloitte understands that given the increased risks associated with climate change, it is important for climate-related factors to be properly incorporated into corporate reporting. Today some stakeholders' expectations may not be met by financial statements prepared in accordance with current accounting frameworks. As corporate reporting continues to evolve and stakeholders accommodate and adapt to market shifts and public sentiment, it is important to allow for appropriate due process to develop robust standards applied consistently across the globe and to drive reporting that is responsive to the growing asks of investors and other stakeholders.

Deloitte remains committed to engaging in meaningful and transparent conversations with investors, standard-setters, regulators, and other relevant stakeholders. We continue to support reduced standard and regulatory fragmentation and look forward to greater market confidence as consistency in standards is realized globally.

Sustainability reporting in Malaysia

The year has been eventful with the kick-off of enhanced sustainability reporting requirements for Main Market issuers on Bursa Malaysia, with ACE Market issuers following suit from December 2024 year-ends. Such efforts enable listed issuers in Malaysia to adopt international best practices and remain relevant and competitive in the global markets. In February 2024, the Advisory Committee on Sustainability Report (ACSR) under the auspices of Securities Commission Malaysia (SC) issued their first public consultation on a proposed national sustainability framework.

We commend the ACSR's efforts for its comprehensive review to facilitate the use of the standards issued by the ISSB, specifically the International Financial Reporting Standards (IFRS) S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1), and IFRS S2 *Climate-related Disclosures* (IFRS S2) in Malaysia, including a framework for assurance and capacity building, collectively constituting the National Sustainability Reporting Framework for Malaysia (NSRF). Deloitte supports the global baseline of sustainability reporting standards developed by the ISSB, whereby jurisdictions can provide further supplementation. Global adoption of the ISSB standards is needed to achieve true harmonisation and avoid risks associated with a fragmented approach to emerging regulations.

Alignment with these international developments is crucial for an export-oriented country like Malaysia that is intricately integrated into the global supply chains. As such, we highly recommend that Malaysia adopts the ISSB standards in their entirety, as set out in the proposals, and without modification as far legally possible.

We also support the references in the proposals to other standards that are widely used by companies, such as the Global Reporting Initiative (GRI) Standards, which are intended for companies to report to a broader stakeholder audience on their impact on the economy, the environment, and people. While we consider it essential for Malaysia to adopt the ISSB Standards to enable the provision of consistent and comparable sustainability information relevant to capital markets, we support the development of an interoperable system that allows for reporting to stakeholder more broadly.

Assurance

With the heightened focus and scrutiny of ESG reporting also comes the need for confidence over the quality of disclosures in the form of independent assurance. Assurance over sustainability reporting is increasingly becoming mandatory, as demonstrated by the corporate reporting regulations passed in the European Union that require limited assurance with an expectation to move to reasonable assurance in future years.

The growing demand for sustainability assurance highlights the importance of professional standards that enable consistent, high-quality execution globally. Deloitte is supportive of the IAASB's work to develop a global sustainability assurance standard, ISSA 5000, i.e., as a global baseline for sustainability assurance. Widespread adoption of ISSA 5000 is critical to avoid the undue complexity and cost associated with fragmented assurance standards.

Deloitte is well positioned to deliver high quality assurance on ESG information. As auditors, we uphold the core tenets of integrity, credibility, and objectivity and abide by professional requirements regarding competence, independence, and systems of quality management. Our audit work and related systems are subject to oversight and inspection as well as professional liability mechanisms to ensure that credible assurance is delivered to the market.

Below are specific actions that Deloitte is undertaking to support execution of high-quality assurance that appropriately addresses both voluntary ESG reporting and mandatory reporting requirements:

- Developing and enhancing guidance for performing ESG assurance through Deloitte's global sustainability assurance methodology, which includes supplemental guidance for specific sustainability reporting standards and frameworks.
- Building capacity through global and localised learning focused on ESG.
- Developing and starting to deploy technology-enabled solutions, such as a tool to evaluate a company's sustainability disclosures against common ESG standards.
- Engaging in shaping the capital market infrastructure for sustainability reporting tied to enterprise value through collaboration on climate and ESG standard setting, reporting, and assurance initiatives, such as

the IFRS Foundation, the International Auditing and Assurance Standards Board (IAASB), and the International Ethics Standards Board for Accountants (IESBA).

- Deloitte PLT contributes its partners and professionals to local working groups established by the MASB and AASB on ESG standards reporting and assurance framework.
- Actively participating in various global platforms such as the World Economic Forum and the 2023 UN Climate Change Conference (COP28).

Deloitte supports the continued collaboration of all participants in the corporate reporting ecosystem, working together to develop and implement common standards upon which to measure, disclose, and ultimately assure ESG information. We are committed to engage and continue conversations with the ACSR and our regulators to ensure consistent, comparable, and high-quality corporate reporting be the foundation for our ability to serve the public interest.

Deloitte's commitment

Further, to help the world achieve the goals of the Paris Agreement⁴, Deloitte is committed to [WorldClimate](#), a strategy to drive responsible climate choices within the Deloitte network and beyond.

Refer to the upcoming issuance of the 2024 Deloitte Global Impact Report for the complete report on this important initiative.

⁴ The [Paris Agreement](#) is a legally binding international treaty on climate change. It was adopted by 196 parties at the United Nations (UN) Climate Change Conference (COP21) in Paris, France, on 12 December 2015 and was entered into force on 4 November 2016. Per the UN, its

overarching goal is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

Multidisciplinary model (MDM)

Deloitte's MDM brings the breadth and depth of services across Deloitte's businesses, connecting many different disciplines to provide expertise and broad perspective. The MDM is a core strength of Deloitte and will remain the foundation of our strategy. Our current strategy and business model have a positive impact on quality.

Specifically, the scope of corporate reporting is expanding and transforming considerably every day with the emerging voluntary and mandatory disclosure requirements around ESG, cyber, AI, data privacy, and more. Deloitte prides itself on having a deep bench of independent specialists who can be deployed around the world on audit and assurance engagements to provide subject matter expertise and new, insightful perspectives.

Other strengths of the MDM include:

- The possibility to develop industry or thematic insights (e.g., climate, governance, corporate strategy, etc.) through multiple lenses, which enhances auditors' understanding of business risks relevant to conducting audit and assurance services.
- The breadth of the MDM creates richer career paths and mobility for our people making the business attractive to candidates who may not want to limit their career options to providing audit and assurance services only.
- The global scale of the MDM brings greater resilience to each Deloitte business line, including audit and assurance, allowing continued investment in technology, methodology, and process to support delivery of high-quality, cross-border services.

Deloitte leadership recognises that each Deloitte business line is important and critical to the organization's ability to deliver on its public interest responsibilities. Management's attention and investment allocation are not limited to the business lines with the highest growth rates.

Deloitte acknowledges the possibility and perception of conflicts of interest, and therefore has robust conflicts and independence policies and systems to help ensure that Deloitte's strategy is executed in alignment with regulatory and professional requirements. In some areas, Deloitte policies are more stringent than professional standards, laws, or regulations.

While we are always evaluating ways to improve Deloitte's ability to deliver on our public interest mandate, we remain confident that Deloitte's MDM and our shared purpose and values make us well-positioned to navigate future challenges while continuing to lead with quality.

We recently embarked on a thoughtful process to modernise and simplify Deloitte's storefront and go-to market strategy. Regarding Audit & Assurance, we are confident this modernised storefront will further enhance the quality of the engagements we deliver, align core skillsets and capabilities, and provide vibrant career paths for our people.

Shaping the future of the profession

The provision of relevant and reliable financial and, increasingly, non-financial information is critical to both the capital markets and broader society. Policy makers, regulators, investors, company directors, audit committees, and auditors all have an important role so that users of corporate information have a clear and robust picture of uncertainties and risks in a company's business model to help support their informed decision making.

Uncertainty and complexity are set to remain a central theme over the coming years, driven by heightened global challenges and the rapid advancement of technology.

In today's environment, a sharpened awareness regarding the heightened risk of fraud, the presence of emerging or evolving risk factors, and the need for effective internal control environments remains critical. Although the existing accounting frameworks have provisions for uncertainties, financial statement users and regulators should continue to expect a high degree of market and economic volatility in the near term.

Deloitte has consistently welcomed public statements and guidance issued by regulators that recognise uncertainties and emphasise the importance of high-quality, forward-looking corporate disclosures. Greater transparency benefits the public, just as raising awareness about these issues, especially when all corporate reporting ecosystem stakeholders participate. More clarity about the unique and complementary responsibilities of management, audit committees, entities, auditors, regulators, and other stakeholders enables the investing public to hold accountable these parties in a way that effectively serves the public interest.

The value of high-quality audit and assurance services is not diminished in the midst of global unrest. Rather, investors and other stakeholders continue to call for professional services based on independence and objectivity-based principles and practices to engender trust and inspire confidence in the capital markets—and Deloitte is committed to leading the way.

Deloitte PLT's commitment to serving the public interest—especially as it relates to behaving according to the highest standards of ethics, integrity, independence, and transparency is steadfast. Deloitte is keenly aware of the gravity of responsibility that comes with meeting professional obligations and discharging its role as

auditors within the corporate reporting ecosystem globally. The following principles remain at the forefront and are continuously reinforced with Audit & Assurance practitioners:

- Exercise professional skepticism and due professional care.
- Critically evaluate the quality of audit evidence obtained and determine whether it is sufficient and appropriate to address relevant risks.
- Make well-reasoned professional judgments supported by clear documentation.
- Foster a culture of excellence and consultation.
- Demonstrate commitment to integrity and ethical behaviour, including compliance with regulatory and professional obligations.
- Stay connected and support one another.

Deloitte is committed to establishing a meaningful vision for the future of the profession which addresses the shifting needs of society.

We are continually innovating to improve our effectiveness through technology, data, and ways of working. In parallel, the role of audit and assurance in the corporate reporting ecosystem, its responsibility to act in the public interest, and its evolving contribution to societal value remains at the forefront of our work in this area. Through proactive engagement with a range of stakeholders, we seek to understand today's rapidly developing issues faced by society (e.g., ESG, cyber, AI, data privacy, etc.) and the role that audit and assurance can play in responding and driving change for the better. We strive to engage with these parties, both formally and informally, to share, offer, and debate ideas that foster our collective ambition to ensure the ongoing and growing relevance of audit and assurance to the capital markets.

Professional development and performance management

Deloitte’s culture of excellence and the design of learning programs place people at the forefront⁵. Deloitte practitioners are technically proficient with high levels of ethics, integrity, professional skepticism, and objectivity, applying their judgment and experience with passion and commitment. We are continuously enhancing our skillsets, knowledge, and experience to go beyond the expected and deliver meaningful impact.

Deloitte is committed to delivering an unrivalled talent experience, developing practitioners, and furthering their careers by creating a life-long learning environment—advancing education, skillsets, and flexible career options that appeal to auditors of today and tomorrow.

Deloitte practitioners bring diverse backgrounds, knowledge, and skills that enhance capabilities as an organisation in delivering the highest quality. We support and empower our people to achieve their full potential by valuing and demonstrating diversity, equity, inclusion, and wellbeing.

Deloitte recognises and rewards its Audit & Assurance practitioners and professionals and makes meaningful investments in their futures.



⁵ For more information about Deloitte’s commitment to its people, please refer to [Audit & Assurance People page](#) on Deloitte.com.

Learning and development initiatives

Deloitte’s transformed approach to delivery is changing the experience for practitioners. Teams are empowered by advanced tools and technologies and more extensive use of data and analytics within a guided workflow to execute the end-to-end audit. For Deloitte practitioners, this means focusing on how the engagement is planned, executed, and managed consistently across the globe using our innovative techniques and capabilities. It also offers opportunities to enhance their technical and professional skillsets and competencies. For example, the following skills remain as important as ever—enhanced data analytics, project management, critical thinking, communication, professional judgment, and the application of accounting and auditing principles to work more effectively and deliver high-quality engagements. As capabilities and skillsets are enhanced, we build greater confidence and become ever-better evaluators of risk.

Deloitte has made substantial investments in talent and learning strategies and transformed the technical curriculum to build the refreshed skillsets and proficiency required by level:

- At the core, Deloitte has a single, global mandatory audit technical learning curriculum, tailored for learners by level, using a dynamic blend of live instructor-led, digital on-demand courses, and on-the-job activities.
- All client service practitioners are required to follow the firm’s learning requirements for their roles and complete sufficient continuing professional education (CPE) of at least 20 hours each year and at least 120 hours over a cyclical three-year period to ensure both compliance with regulatory standards and Deloitte internal policies. This is achieved through structured, formal learning programs, such as internal or external courses, seminars, or e-learning covering all areas of the competency model (e.g., shared competencies, function-specific technical competencies, and competencies in areas of specialisation).
- All client service practitioners have clearly defined role expectations and global Talent Standards which outline the capabilities that are required of practitioners at each level.

Deloitte has also established specific learning opportunities for specialists working on engagements to support their knowledge and understanding. In addition, our assurance learning offering is being expanded to respond to emerging business needs.

The objective of the Deloitte PLT professional development program is to help partners and practitioners maintain and enhance their professional competence and ensure consistency of execution. To supplement on-the-job development, Deloitte PLT provides formal continuing professional development programs in relevant subject areas consistent with the Deloitte Global Audit & Assurance Curriculum.

The Learning team monitors learning and development requirements by:

- Communicating annual learning plans for all levels of our practitioners.
- Placing self-responsibilities for online certification by all practitioners to confirm completeness of their annual learning plans. Our online learning platform allows practitioners to obtain a summary of their CPD hours and monitor their professional obligations.
- Reminding absentees to complete their mandatory courses and rearranging for alternative sessions.

The Firm ensures sufficient time for professionals to prioritise the completion of learning requirements through amongst others:

- Creating space for our practitioners to learn by ensuring facilitator-led training is “booked” in their resource management schedules during “off-peak” season; and
- Digital learning syllabus are to be completed progressively during the year in a wave approach.

As part of their annual evaluation ratings, all levels of A&A staff and partners are required to certify their completion of annual learning plans. Non-compliance with learning requirements will result in monetary penalties and require remediation.

Audit & Assurance Leadership appointments

Critical Audit & Assurance leadership roles are clearly defined. A role profile and key performance indicator framework provide a basis for consistent leadership appointments and evaluations across the Deloitte Audit & Assurance network and align member firm and Deloitte Global Audit & Assurance strategic objectives. Deloitte has introduced globally consistent standards for member firm Audit & Assurance leaders, including Audit & Assurance Business Leaders (AABL), Audit & Assurance Quality Leaders (NPPD), and Audit & Assurance Risk Leaders (AARL) through clearly defined roles, responsibilities, and expected success outcomes. These inform objective setting and evaluation processes and reinforce Deloitte's culture of quality and excellence. Robust monitoring of succession planning helps ensure Deloitte is developing and appointing the appropriate individuals with the capabilities to achieve these consistent standards.

Remuneration

Execution at high-quality is expected from all practitioners and is embedded across the Deloitte network. This is recognised through reward and recognition programs and is built into performance standards at every level, against which practitioners' overall evaluations are measured.

Deloitte PLT has implemented a Risk & Quality Evaluation framework that ensures our A&A partners continue to adhere and contribute to the overall quality standards of the firm. Further, a Client Leader Evaluation program was established to reward partners with market leadership and management responsibilities.

In accordance with global policies, our A&A partners are evaluated annually, and depending on the outcome of the evaluation, the remuneration of partners may increase or decrease. Specifically, partner evaluations take the following factors into account:

- **Quality Leadership** - Demonstrating strict adherence to regulatory and risk compliance as well as consistent uncompromised delivery of audit quality in client service. Quality and risk are fundamental for our A&A partners and directly impacts their overall performance ratings. Quality remains the key performance area for partners in the quality and risk functions.
- **Business Leadership through Profitable Growth** - Successful growth of firm revenues and enhancing profitability.
- **Client Leadership** - Retaining, strengthening, and expanding strategic client relationships and consistently delivery of high-quality client work.

- **Talent Leadership** - Demonstrating exemplary commitment and contribution to the attraction, development, and retention of talent.
- **As One** – Supports and leads the firm's strategies and initiatives, contributes as a leader in the firm, and demonstrates cross-business and cross-border behaviour in Deloitte.
- **Brand & Eminence** - Demonstrates strong contribution to firm reputation and eminence building.

Metrics related to the sale of non-audit & assurance services are excluded when evaluating or compensating A&A partners.

Our A&A partner performance and remuneration framework creates a strong link between audit quality and partner remuneration. This includes granular feedback regarding indicators like internal engagement reviews and external inspection findings and compliance with firm policies including independence, audit quality indicators to name a few. These quality and risk ratings are assessed independently by the NPPD and AARL.

Partners are rewarded for going above and beyond expected risk protection, quality and ethical behaviours and for promoting such behaviours to their fellow partner and/or teams. As part of their annual evaluation, the NPPD and AARL considers A&A partners who have evidenced significant positive contributions to the quality and risk agenda as well as exceptional quality and risk leadership. Such partners are the beacon of audit quality to their fellow partners and/or teams. Positive behaviour is rewarded through a variety of options including monetary awards or an increase in overall evaluation ratings (which can result in increase of annual adjustment, increase in base remuneration or both).

Findings resulting from annual regulatory inspections are important input, amongst other quality measures, into an A&A partner's quality and risk rating. In considering regulatory inspection findings, we also consider the nature and severity of the finding and whether the finding requires significant improvement. We further consider whether the inspection findings are indicative of an issue which requires the broad audit firm response or whether they are unique to the engagement or partner circumstances.

There are financial consequences for partners in relation to poor quality and risk ratings. Financial penalties include monetary fines to decreasing annual evaluation ratings (which can result in either loss/reduction of annual adjustment, reduction in base remuneration or both). Financial penalties aside, the said A&A partner would be supported by the firm leadership through reduced audit portfolio, removal from/reduced audits of public interest entities and other firm-wide responsibilities to enable the partner to focus on his/her remediation process.

Following the implementation of ISQM 1 and ISQM 2, the firm has also enhanced the above evaluation framework by including positive and negative outcomes on A&A partners arising from their role in monitoring ISQM 1 and as Engagement Quality Reviewers (“EQR”) respectively.

Attraction and retention

The current environment for talent is extremely competitive and attraction and retention of our people is a strategic priority for Deloitte. Deloitte is focused on transforming the Audit & Assurance talent experience, including reimagining the ways of working to improve retention and further advance the diversity, equity, and inclusion (DEI), and wellbeing of Deloitte people. We are looking at opportunities to collectively expand the talent experience. This focus on our people and retention of top talent enhances Deloitte’s ability to deliver high-quality.

As reported in our previous report, Deloitte PLT has taken proactive steps to address work-life balance and remuneration concerns of our most valued assets – our people. These transformative initiatives, including offering competitive and comparable remuneration, providing flexible work arrangements and enhancements to other employee benefits and monitoring of workload hours for partners and personnel including a consistent and common resource allocation framework.

Employee benefits aside, the firm continues to embrace, embed and elevate employee well-being to sustain their excellence through mental health. Our well-being strategy includes the following focus:

- **Building awareness and capabilities:** We implemented a mental health baseline in 2022 by empower our people to embrace and embed well-being as part of their ways of working. This was achieved through leadership education and awareness, Employee Assistance Programme (EAP) for staff and family members, on-going communications to remove stigma and a firm-wide implementation of Mental Health First Aids Programme.

- **Creating support infrastructure and building a safe workplace:** The firm extended medical benefits to include mental health coverage for employees, and enhanced its structured counselling and peer support (Real Talk Sessions).
- **Work redesign and work practices:** We continue to leverage virtual mobility and resource management tool to build resilient resource base and resolve short-term resource challenges, while offering development opportunities to our people.

We believe our focus on employee well-being in a balance manner is a differentiating proposition in attracting future talent and shaping a holistic experience to retain our talent. This enables a totality of rewards without solely focusing on the monetary remuneration but also, the mental health and overall well-being of our employees.

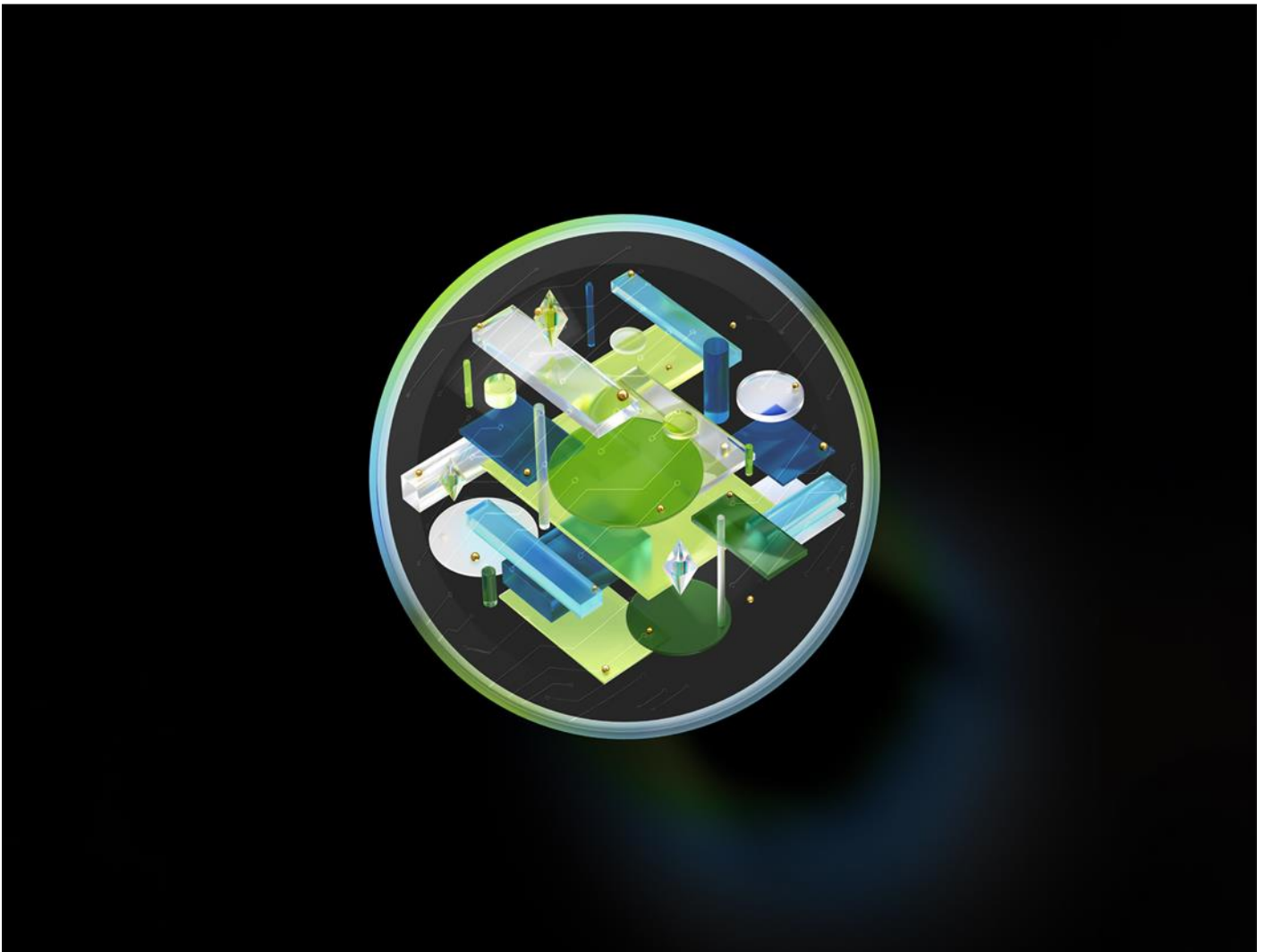
Deloitte supports the initiatives of our accounting professional bodies such as MIA and MICPA to increase the number of qualified professional accountants in the country. The firm supports our audit personnel in their studies by bearing the professional membership fees/cost and giving them the space to excel.

99.7% of our audit personnel are either professionally qualified or pursuing a professional qualification.

Deloitte continues to receive recognition and awards across the globe for its commitment to delivering an unrivalled talent experience for its people [Awards and recognition | Deloitte Global](#).

Deloitte's priority focus on quality

Deloitte's commitment to quality is central to everything we do. We consistently deliver on this commitment by instilling a culture of quality, integrity, and excellence across the network, establishing business and financial priorities, and developing effective processes, tools, and technologies applied in the execution of engagements. Deloitte's brand is defined by the high-quality audit and assurance services delivered and by the unwavering commitment to continuous improvement of our systems of quality management. Keeping pace with emerging economic, business, and regulatory conditions, as well as technological advances, is critical to the continual enhancement of Deloitte's role in protecting the public interest and supporting the effective functioning of the corporate reporting ecosystem.



Leadership commitment and tone at the top

Deloitte's culture of quality, integrity, and excellence begins with a strong tone from the top—from senior leadership through to the leaders in all our offices and audit and assurance engagements. This commitment is demonstrated through the direct involvement of leaders in initiatives emphasising that quality and professional behaviour is the highest priority for audit and assurance practitioners at all levels and consistent messaging that reinforces the importance placed on executing high-quality engagements. Deloitte sets high ethical standards for the conduct of all its professionals and embeds integrity expectations into the Deloitte Global Principles of Business Conduct.

Deloitte's relentless pursuit of quality defines not just what we do, but who we are.

System of quality management (SQM)

Deloitte believes an effective SQM is crucial for the consistent performance of high-quality engagements, and we continue to make significant investments in our people, processes, and technologies that underlie Deloitte's quality management processes.

Regulators and standard setters in Malaysia and globally are also focused on the effectiveness and continued improvements in firms' SQMs. Deloitte PLT complies with ISQM 1 which requires annual evaluation of the SQM.

ISQM 1 introduces a risk-based approach to the SQM that require firms to respond to quality objectives and risks to our ability to execute high-quality audits in the following areas:

- The firm's risk assessment process;
- Governance and leadership;
- Relevant ethical requirements;
- Acceptance and continuance of client relationships and specific engagements;
- Engagement performance;
- Resources;
- Information and communication; and
- The monitoring and remediation process.

The effective implementation of ISQM 1 has been and remains a key element of Deloitte's global audit and assurance quality strategy.

As part of the implementation of ISQM 1, quality objectives, quality risks and responses were formalised and brought together in a globally consistent technology platform to facilitate the design and maintenance of the system, as well as the operation through tri-annual self-assessments by business process owners and reporting capabilities to support the required annual evaluation.

Deloitte PLT continues to work with leaders across the firm, as well as the broader network, to further enhance our proactive approach to managing the quality of engagements performed—identifying and addressing risks to quality and driving continued advancements in quality management processes serves us well into the future as the environment within which we operate continues to evolve and become increasingly complex.

Consistent with Deloitte's culture of continuous improvement and innovation, Deloitte PLT's efforts relating to ISQM 1 and our SQM provide us the opportunity to continually challenge ourselves—examining those areas where we can further enhance and transform our SQM. Quality is always front and centre, and robust quality monitoring processes play an integral role in our ability to continually improve.

ISQM 1 requires an annual evaluation of the SQM. Deloitte PLT performed its annual evaluation of its SQM as of 31 May 2024.

Conclusion on the effectiveness of the SQM

Deloitte PLT is responsible for designing, implementing, and operating a SQM for audits or reviews of financial statements, or other assurance or related services engagements performed by the firm, that provides the firm with reasonable assurance that the objectives of the SQM are being achieved. The objectives are:

- The firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.
- Deloitte PLT conducted its evaluation in accordance with the ISQM 1.

Deloitte PLT concluded that the SQM provides the firm with reasonable assurance that objectives of the SQM are being achieved as of 31 May 2024.

Reasonable assurance is obtained when the SQM reduces to an acceptably low level the risk that the objectives of the SQM are not achieved. Reasonable assurance is not an absolute level of assurance, because there are inherent limitations of a system of quality management.

Independence, objectivity, and professional skepticism

The execution of high-quality audit and assurance engagements requires independence, objectivity, and professional skepticism. This means a continuous and tangible focus on Deloitte's critical role in serving the public interest, including creating a culture of quality where doing the right thing is of paramount importance. Deloitte consistently reinforces the important role of auditors as independent evaluators who must maintain a mindset of professional skepticism throughout the conduct of our work. This approach is reflected in Deloitte policies, methods, procedures, and learning, and is reinforced through quality management and accountability measures.

Audit & Assurance approach

Deloitte's approach to performing a high-quality engagement involves the use of audit and standards-based assurance methodologies, common across the Deloitte network, supplemented by tools for use by our practitioners to plan, perform, supervise, review, document, conclude, and communicate the results of each engagement. Deloitte's approach is underpinned by professional standards, as well as the requirements of applicable laws and regulations.

Deloitte's audit methodology is risk-based, focusing on the financial statement account balances, disclosures, and underlying assertions that have a reasonable possibility of being materially misstated. Our methodologies are also dynamic—it evolves continuously to keep pace with the changing demands of investors, companies, and other stakeholders. It recognises that advances in the availability and management of large data sets and in statistical science are relevant to continuing to enhance the quality of Deloitte engagements.

Consultation

Quality and risk management considerations are integral to Deloitte's audit and assurance business and to the performance of engagements. That is why Deloitte views consultation as an essential, collaborative process—one that involves robust challenge and helps determine the most appropriate answers to complex questions. Deloitte has identified circumstances where consultation outside of the engagement team is required in order to demonstrate an appropriate level of professional judgment and the exercise of professional skepticism. Deloitte consultation policies require that conclusions are documented, understood, and implemented.

Foundational to the effectiveness of the consultation process is Deloitte's investment in consultation resources who have the appropriate skills and expertise. In addition to formal consultations, whenever engagement partners and teams need additional information or perspectives, they are encouraged to seek assistance from internal specialists (tax, valuation, IT etc.), members of the Professional Practice Department (PPD), or others in the organisation with specialised knowledge.

Deloitte partners and personnel are reminded frequently - *When in doubt - consult, consult, consult!*

Resources to support Deloitte practitioners in the execution of high-quality engagements

The resources applied by Deloitte practitioners in the performance of their work include the proprietary tools, guidance, materials, and practice aids used in conducting engagements, which are available to all our practitioners in the Deloitte Global Technical Library, an extensive online library, and in our audit execution platforms (such as Deloitte Omnia and Deloitte Levvia). These resources drive greater standardisation and consistency across Deloitte firms. Deloitte regularly issues guidance to our practitioners and communicates developments that should be factored into audit risk assessments and responses in order to maintain and drive quality execution.

Embracing transformative change through technology

On 15 May 2024, during the Malaysian Institute of Accountant's (MIA) Inaugural Digital Technology Adoption Awards (DTAA) presentation dinner, Deloitte PLT was awarded the Top Excellence Award for Public Practice, in recognition for our next generation audit platform - Deloitte Omnia. The event was graced by Yang Berhormat (YB) Puan Lim Hui Ying, Deputy Minister of Finance.

The DTAA seeks to achieve three core objectives – promoting technology adoption by sharing success stories across the accountancy profession; raising awareness of how accountants can contribute to businesses and economy through digital technology adoption; recognising digital adoption efforts and thereby inspiring others to follow suit.

The DTAA criteria is designed with meticulous consideration which delves into various facets of digital technology integration within organisations. From assessing revenue and costs to evaluating experience and impact, and other value creations, these criteria provide a comprehensive framework for gauging the impact of digital transformation.

This award is a testament to Deloitte's commitment to technology innovation and application, as well as the team's commitment to set the stage for continued innovation and digital transformation in the years to come.



Above: Edwin Tan, Audit Partner receiving the Top Excellence Award for Public Practice category on behalf of Deloitte PLT from YB Puan Lim Hui Ying, Deputy Minister of Finance.



Above: The Deloitte Malaysia team including Yee Wing Peng, Country Managing Partner and members of Deloitte PLT A&A Transformation team with YB Deputy Minister of Finance.

Further information about the DTAA can be found at MIA's website [here](#).

External and internal quality monitoring

Monitoring of quality

A continued focus on quality is of paramount importance to the Deloitte brand. It is critical that a Deloitte engagement is consistently executed and of high-quality, wherever in the world it is performed.

The objective of monitoring and remediation processes are to provide relevant, reliable, and timely information about the design, implementation, and operation of the SQM to leadership in order to enable appropriate and timely actions to be taken to respond to identified deficiencies. This includes the identification of deficiencies and good practices in the SQM and the assessment of the effectiveness of remedial actions in driving improvements in audit quality.

SQM monitoring

SQM monitoring is an integral part of Deloitte PLT's monitoring activities and considers relevant requirements in ISQM 1, as well as evaluating the design, implementation and operating effectiveness of responses that address the quality risks that have been identified for the firm.

Key components of SQM monitoring include:

- Risk-based approach to selecting business processes, quality risks and responses to monitor.
- Mandatory moderation panel to drive consistency in evaluating findings and deficiencies.
- Quality Management Observers and deputies, independent of Deloitte PLT and the Southeast Asia network, who drive global consistency by providing input and sharing best practices for monitoring programs.
- Identifying appropriate resources (from within Deloitte PLT as well as from other Deloitte geographies or Deloitte Global) with the right experience.

Audit Quality Indicators (AQIs) are used in conjunction with other metrics to further assist Deloitte PLT in developing and monitoring quality action plans and reporting on the progress in its audit quality journey.

Monitoring of in-process engagements

Continuous quality monitoring by Deloitte PLT involves the proactive identification of issues on in-process engagements in order to drive timely solutions and real time corrective actions. This is achieved through the following suite of activities:

- Deployment and monitoring of a series of core diagnostics, enabling engagement partners and teams, as well as Deloitte PLT audit and assurance quality leader(s) to continuously monitor quality and take immediate action.
- A programme of subject matter specific "health checks" to assist Deloitte PLT audit and assurance quality leader(s) in assessing progress and identifying potential issues on in-process engagements.

Inspections of completed engagements

Key components of inspections of completed engagements include:

- Risk-based engagement selection and consideration of all major industries served by Deloitte PLT while considering all selecting all signing partners or partner equivalents on a cyclical basis.
- Mandatory moderation panel to drive consistency in findings and engagement ratings.
- Quality Management Observers and deputies, independent of Deloitte PLT and the Southeast Asia network, who drive global consistency by providing input and sharing best practices for monitoring programs.
- Identifying appropriate resources (from within Deloitte PLT as well as from other Deloitte geographies or Deloitte Global) with the right experience and industry knowledge.

Details of our 2024 internal engagement reviews are disclosed in Appendix B to this report.



External inspections

In addition to Deloitte PLT’s own monitoring of audit quality, we are subject to external monitoring by the Audit Oversight Board (AOB) of the Securities Commission of Malaysia (SC) and the US Public Companies Oversight Board (PCAOB).

Details of our external inspection results are disclosed in Appendix B to this report.



Root cause analysis and remediation

Continuous improvement is essential to Deloitte’s culture of quality and excellence. Understanding why engagement level findings and SQM deficiencies occur is critical to being able to design effective remedial actions. When engagement level findings or SQM deficiencies are identified, whether through internal or external monitoring activities, actions are taken to identify gaps and develop appropriate remediation activities. Remediation is imperative to drive continuous improvement in quality and avoid future similar findings.

An audit quality plan is prepared by Deloitte PLT and provides for effective implementation and monitoring of key audit quality priorities.



Independence, ethics, and additional disclosures

Deloitte Global Independence



Sets **independence policies and procedural expectations** based upon the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and, where applicable, the independence standards of the US Securities and Exchange Commission and the Public Company Accounting Oversight Board.

Supports network services that a firm uses in the design, implementation, and operation of their system of quality management, including:



Technical resources: Global systems to provide its people with entity information to support compliance with personal and professional independence requirements, including financial interests, scope of service, and business relationship approvals.

Intellectual resources: Independence policy, e-learning, confirmation templates, monitoring instructions and other tools, templates, and guidance.

Human resources: Technical independence expertise, as required, which also informs potential enhancements to intellectual resources.



Participates in various elements of a firm's **system of quality management** monitoring and remediation process, as determined to be appropriate.



Promotes **independence awareness** across the Deloitte network through active engagement with independence and business leadership groups and periodic communications and alerts.

Deloitte PLT's Independence

Deloitte PLT has quality responses that address quality objectives and quality risks as they relate to the relevant ethical requirements for independence. These responses include policies and procedures that are based on expectations set out in Deloitte Global Independence policies, and which are supplemented, as appropriate, to reflect additional national or regional requirements that may be more restrictive than Deloitte Global policies. Deloitte PLT leadership reinforces the importance of compliance with independence and related quality management standards, thereby setting the appropriate tone at the top and instilling its importance into the professional values and culture of Deloitte PLT. Strategies and procedures to communicate the importance of independence to partners, other practitioners, and support staff have been adopted, emphasizing each individual's responsibility to understand and meet the independence requirements.

The Director of Independence is responsible for overseeing independence matters within Deloitte PLT, including the design, implementation, operation, monitoring, and maintenance of the system of quality management related to independence.

As part of the firm's system of quality management, Deloitte PLT has:

- Implemented responses to address quality objectives and quality risks it has identified for its key independence areas;
- Performed appropriate monitoring activities over its key independence areas; and
- Has appropriate independence governance in place.

The firm's key independence areas include:

- Client, engagement, and business relationships, including use of the independence business process tools, the Deloitte Entity Search and Compliance (DESC) system, and the Service Request Monitoring (SRM) application;
- Firm and personal financial relationships, including the use of the Global Independence Monitoring System (GIMS);
- Employment and other relationships;
- Independence confirmations;
- Independence consultations;
- Independence-related policies, communications, and learning;
- Breaches of independence requirements; and
- Disciplinary measures for failures to adhere to applicable independence requirements



DESC

Deloitte Entity Search and Compliance

Global, searchable database containing specific entity information relevant in determining personal and professional independence restrictions



SRM

Service Request Monitoring

Application integrated with DESC that provides a standard business process workflow for submitting and reviewing preapproval requests to provide services to and enter into business relationships with clients



GIMS

Global Independence Monitoring System

Application that contains financial relationship data with relevant independence compliance indicators

Long association requirements of audit partners and practitioners

Rotation of engagement partners, EQRs and other key audit partners helps provide a new perspective to audit engagements, ensures professional skepticism is maintained, and reduces familiarity and self-interest threats to independence.

Our rotation policies require the engagement partner, EQR and other key audit partners for the audits of PIEs to be rotated after 7 cumulative years of service unless a shorter cumulative period of service is mandated by law or due to said audit partner's previous involvement in the audit of a PIE as audit manager. Examples of such shorter period of service mandated by law include audits of Licensed Financial Institutions regulated by Bank Negara Malaysia, whereby the cumulative period of service is 5 years. Following rotation, these audit partners are not permitted to be involved in the audit engagement or undertake other client-specific roles for a period of 2, 3 or 5 years, depending on their role.

In addition, the firm's rotation policies also consider the threat of familiarity arising from senior personnel with long association in audits of PIEs as they progress their career in the firm.

The Quality & Risk function tracks the number of years of audit partner involvement, to facilitate succession planning and monitor compliance with the rotation requirements. Engagement partners, EQRs and other key audit partners are required to notify the Quality and Risk function for evaluation prior to making any changes to their roles as it relates to PIEs.

Ethics

All Deloitte people are expected to act with integrity in accordance with high ethical standards as described in the Deloitte [Global Principles of Business Conduct](#) ("Global Code"). The Global Code is embedded into each member firm's Code of Conduct and defines the commitments that all Deloitte people make regarding ethical standards, as well as explaining each individual's responsibilities to their clients, colleagues, and society.

In addition to the Global Code, other foundational elements of Deloitte's ethics program include global policies, a program of training and communications, and established reporting channels supported by defined incident management protocols. For continuous improvement, regular program assessments and reviews are conducted, and feedback is collected from Deloitte people through an annual ethics survey.

Ethics at Deloitte is led by the Deloitte Global Chief Ethics Officer at the global level, and by member firm Ethics Officers at the local level, all of whom are experienced partners with direct access to the member firm's CEO and governing body. Deloitte Global and member firm ethics leaders work together to continually monitor risk and to reinforce compliance with the Global Code.

Deloitte PLT maintains policies and procedures that build on global policies and are designed to provide reasonable assurance that its people comply with relevant ethical requirements.

The ethical requirements for audit and related assurance services provided by Deloitte PLT are in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants*. Deloitte PLT also complies with Deloitte Global policies and procedures, which align with the requirements and guidance set out in the *International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants*, a standard-setting body of the International Federation of Accountants (IFAC). When the By-Laws are more restrictive than the Deloitte Global policies and procedures, Deloitte PLT follows the applicable By-Laws.

Deloitte PLT reinforces its commitment to ethics and integrity through communication tools, learning programs, compliance processes, and measurement systems for all people. Learning includes targeted content for onboarding, manager and senior manager promotion, partner admission, independent contractors, and refresher programs every two years. Recent global training topics have included a focus on the importance of owning up to one's mistakes, being an active bystander, navigating personal relationships in the workplace, demonstrating respect, integrity and professionalism on social media, and ethical learning, and courses have included a confirmation that professionals are aware that answers should not be shared with others and doing so would constitute a violation of the Global Code. In addition, Deloitte PLT conducts ethics reviews of senior leaders and requires all partners, other practitioners, and support staff to confirm annually that they have read and comprehended the member firm's Code of Conduct and understand that it is their responsibility to comply with it.

In our 2023 Deloitte Malaysia Ethics Survey, it is noted that a significant number of survey respondents indicated, among others, that:

- Deloitte Malaysia is an ethical place to work;
- All individuals are held to the same standard of ethical behaviour;
- Partners/leaders discussed the importance of ethics and integrity with staff; and
- The respondents feel empowered to raise concerns without fear of retaliation.

Anti-Money Laundering (AML)

Deloitte supports the fight against financial crime in all forms and is committed to comply with all relevant laws. This includes a commitment to conduct business in a manner that is designed to prevent money laundering, and to refrain from activities that could potentially facilitate money laundering. This aligns to our values, purpose, and public interest commitment.

Our internal policies are consistent with good commercial practices and the expectations of relevant authorities, specifically Bank Negara Malaysia (“BNM”) as the designated competent authority and regulator under the Anti-Money Laundering and Anti-Terrorism Financing Act 2001. These policies are regularly assessed to ensure compliance to new/additional requirements of BNM.

Deloitte Malaysia’s appointed AML Reporting Officer (“AMLRO”) is Jimmy Lai. The role of the AMLRO is to ensure the firm’s compliance with the requirements of the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 and its subsidiary legislation and relevant instruments to the extent that it applies to the practice in discharging its responsibilities as a Reporting Institution.

Anti-bribery and corruption

As part of its commitment to reducing corruption, Deloitte Global is a founding signatory of the UN Global Compact and the Partnering Against Corruption Initiative of the World Economic Forum.

We are against corruption in any form and stand firmly against bribery to contribute to good governance, economic development, and the improvement of social welfare wherever we do business. We are committed to working in an ethical, lawful, and professional manner as set forth in the DTTL Policies Manual and the Global Principles of Business Conduct of the Member Firms of DTTL. We neither pay bribes nor accept them, nor induce or permit any other party to make or receive bribes on our behalf and we support efforts to eradicate corruption and financial crime.

We have in place an anti-bribery and corruption policy that applies to all our partners, and employees are required to read, understand, and adhere to the policy.

Deloitte Global Ethics

Deloitte is committed to conducting business with honesty, distinctive quality, and high standards of professional behaviour.

Deloitte's Global Principles of Business Conduct ("Global Code") outlines Deloitte's ethical commitments as a network and expectations for Deloitte's approximately 460,000 people, giving a strong, principled foundation. The foundations of the network's ethics program are comprised of the following elements:



Appendices

Appendix A | Affiliated entities

Affiliated entities

Deloitte PLT (LLP0010145-LCA) (AF0080) is affiliated with several entities in Malaysia that make up Deloitte Malaysia. These affiliates, including Deloitte PLT, provide services including audit, risk advisory, tax & legal, financial advisory and internal services as separate legal entities, with their own management to align with the way we conduct our business.

Agensi Pekerjaan Deloitte Sdn Bhd
Deloitte & Touche PLT (LLP0010197-LCA) (AF0834)
Deloitte BPO Sdn Bhd
Deloitte Business Advisory Sdn Bhd
Deloitte Corporate Advisory Services Sdn Bhd
Deloitte Corporate Solutions Sdn Bhd
Deloitte Regional Services Centre Sdn Bhd
Deloitte Restructuring Services PLT (LLP0028751-LCA)
Deloitte Tax Services Sdn Bhd
Deloitte Touche Tohmatsu Tax Services Sdn Bhd
Perintis Deloitte Sdn Bhd
Yayasan Deloitte KassimChan

Disclosure of other ownership information

No partner of Deloitte PLT holds substantial equity in the firm as each partner is entitled to one (1) vote each on all matters falling to be determined or agreed at any meeting of the partners.

Consistent with AOB's requirements, there are no AOB registered audit partners of Deloitte PLT, who are also audit partners of Deloitte & Touche PLT.

Disclosure of family relationships

There are no family relationships between partners undertaking leadership roles or holding substantial equity in Deloitte PLT with other partners of Deloitte PLT.

Appendix B | Audit Quality Indicators

Audit quality indicators (“AQIs”) provide measurable data on the auditors’ ability and commitment to deliver quality audits and are an integral component to support our audit quality improvement efforts. Our transparency report focuses on the following AQIs:

- Audit partner workload
- Auditor independence
- Capacity and competence of the audit practice
- Audit engagement supervision
- Firm’s investment to uphold audit quality
- Internal and external monitoring reviews

The figures below are as of 31 May except for learning hours which are monitored based on calendar year. National numbers (year-ended 31 December 2023) are derived from the [Audit Oversight Board’s Annual Inspection Report 2023](#) for Major Audit Firms.

Audit partner workload

Partner workload statistics (AOB-registered partners leading PIE audits only)

	2024	2023	2022	National
Average number of PIEs per partner	3	3	3	5
Average number of entities related to PIEs per partner	28	33	39	55
Average number of non-PIEs per partner	41	53	72	97

At Deloitte PLT, we apply a partner portfolio allocation framework which considers, amongst others – years of experience vs. number of listed entities assigned/engagement risk assigned, industry specialisation and partners with leadership roles. Our globally consistent client acceptance and engagement continuance review process ensures we pursue and/or retain those clients that meet our Risk Appetite Statement (refer page 7) – achieving the best of economics whilst prioritising audit quality.

We do not register all audit partners with the AOB as only audit partners leading PIE audits are required to be registered. This is part of our proactive and focused strategy to:

- drive audit quality and alleviate the workload of AOB-registered partners;
- enable a differentiated talent model for the most experienced of our professionals to be leaders and participate as partners of the firm; and
- achieve sustainable and balanced growth and profitability.

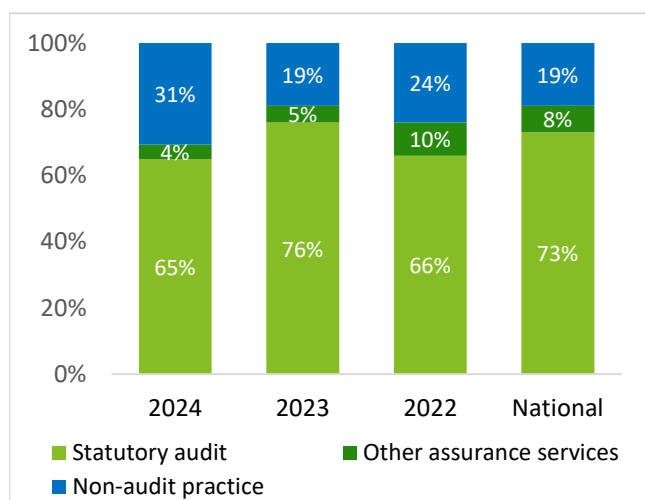
This strategy results in our lower than national average workload for each AOB-registered partner of the firm ensuring they can meet the expected audit quality and regulatory requirements for PIE audits.

Other measures taken by the firm to manage audit partner workload while enhancing audit quality include use of a Centre of Excellence for Engagement Quality Reviews (“EQR”) on applicable non-PIEs and a centralised EQR-assistant function to support EQR partners on PIE audits and engagements with elevated engagement risks. We continue to deploy digital tools and assets to streamline our audit work and enhance the efficiencies for audit partners to focus on those risks that matter the most. The range of PIE audit clients with December financial year-end per audit partner is between 1 to 3 (2023 and 2022: 1 to 4).

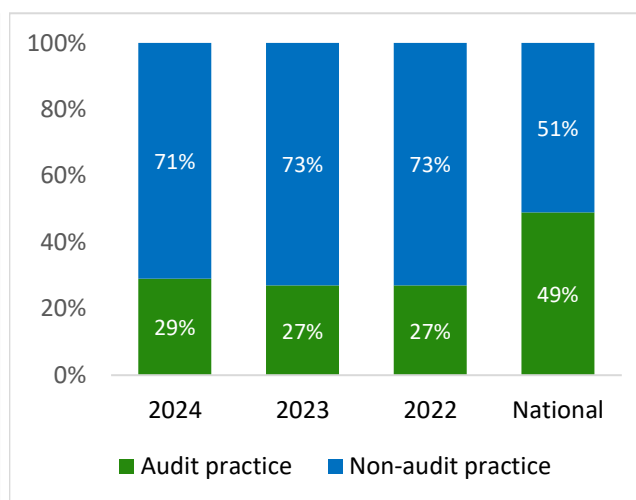
Auditor independence

Our disclosures concerning compliance with the relevant independence policies and procedures with the applicable professional standards are disclosed in our *Independence, ethics and additional disclosures* section above. Our A&A partners are included as part of Deloitte Malaysia's annual independence testing. Partners who do not meet our strict internal independence policies are subjected to penalties during their annual performance evaluation (refer to *Partner Remuneration* section above). The results of our independence testing are also shared with the AOB as part of their annual regular inspection of the firm for purposes of validating our Systems of Quality Management.

Proportion of fee income of Deloitte Malaysia derived from audit clients (Chart A)



Proportion of fee income of Deloitte Malaysia (audit vs. non-audit practice) from all clients (Chart B)



The firm implements a common and consistent audit client acceptance and continuance process to ensure we serve the right clients from a risk and regulatory perspective. This is strengthened by our Risk Appetite Statement that defines the company we keep. The aim for our audit practice is to achieve a sustainable balanced growth that meets the rigorous audit quality requirements expected of us by our stakeholders whilst providing an experience for our talent to thrive.

Deloitte Malaysia's proportion of fee income derived from the audit practice (Chart B) is fairly consistent to prior years but significantly lower from the National average. As of 31 May 2024, our non-audit practice includes tax, risk advisory and financial advisory services. Historically, the proportion of our non-audit practice has been larger as:

- We have a strong tax and advisory (risk and financial) practice⁶ which complements the specialist support to our audit practice under our MDM practice model. This enables the audit practice to leverage expert knowledge in areas of complex and significant estimates; and
- Other non-audit advisory services are not performed by the audit practice but by other entities within Deloitte Malaysia.

In 2023, the audit practice implemented steps to right-size the base fees for statutory audits to commensurate with the increasing cost of quality and operations. We continue to forge ahead with digitisation and use of technology as a quality and talent agenda, and our strategy on fees reflects that strategy. In 2024, higher proportion of non-audit practice fees derived from audit clients were due to approved tax services, training in emerging areas like ESG, and attest-assurance services for regulatory reporting.

All non-audit services to any audit client require strict independence pre-approvals prior to commencement. This also includes those measures resulting from IESBA's new provisions to strengthen auditor independence for PIEs (Non-Assurance Services provisions). Metrics related to the sale of non-audit & assurance services are excluded when evaluating or compensating audit partners.

⁶ For instance, Deloitte Malaysia's tax practice was recognised by the International Tax Review (ITR) in their 2024 Asia Tax Award as the Malaysian Tax Firm of the Year for the 6th year running.

Capacity and competency of the audit practice

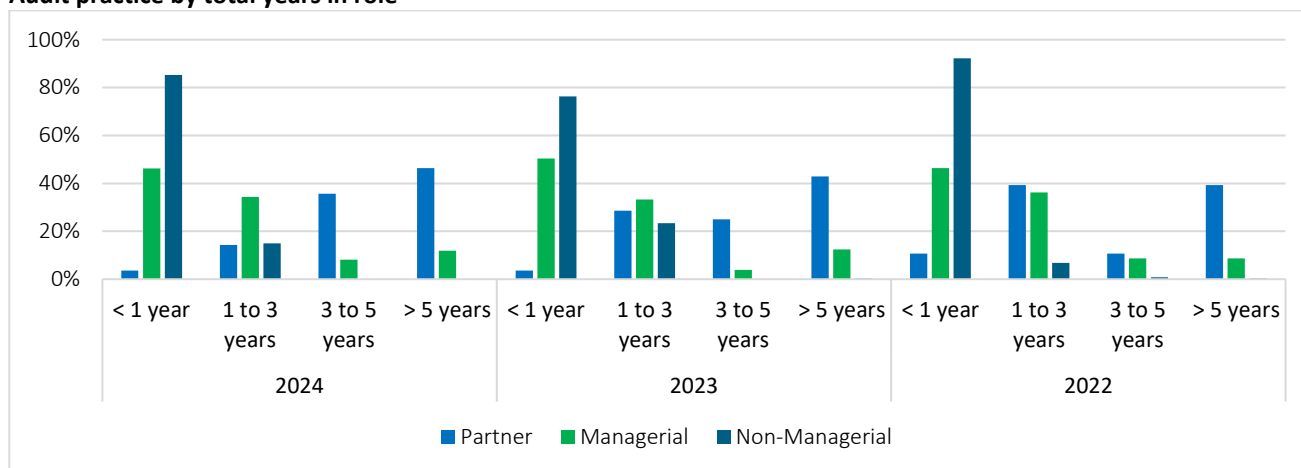
Audit practice composition by level

	Partners		Managerial ⁷		Non-Managerial		Total
	Headcount	%	Headcount	%	Headcount	%	Headcount
2024	28	5	134	24	395	71	557
2023	28	5	129	24	385	71	542
2022	28	5	138	24	398	71	564
National	-	5	-	15	-	80	-

Audit practice by total years of experience

	Partners	Managerial ⁷	Non-Managerial
2024	22.2	10.0	2.3
2023	22.1	9.8	2.3
2022	21.5	9.8	2.2
National	24.0	10.0	2.0

Audit practice by total years in role



Turnover of audit personnel (%)

	Overall	Partner	Managerial	Non-Managerial
2024	20.7	3.5	24.5	20.3
2023	28.5	3.5	30.0	29.3
2022	36.2	3.5	36.5	37.5
National	24.0	-	-	-

After a significant increase in our attrition rate in 2022, followed by a period of stabilisation occurring in 2023, the overall attrition rate reduced to 20.7% in 2024. Decreases in attrition were experienced across managerial and non-managerial levels as well for 2024. This reflects the firm's talent strategy in ensuring competitive compensation, a holistic approach to employee well-being and regional macro-economic factors. Over the past year, the focus of the firm has been on the mental health of our talent, as communicated in our leadership message above and expanded in page 18 of this report. Whilst talent recruitment and retention will continue to be top-of-mind, the firm strives to ensure relevance of the audit profession as a vital role in ensuring integrity in financial reporting, but also the ever-growing importance of providing trust to emerging areas of ESG and AI.

⁷ This statistic includes our Assistant Managers as they are considered having attained the managerial career milestone in Deloitte.

The composition of experience by job levels continues to be consistent to prior years with a heavier weight towards managerial and above due to the complexity of our engagements. Delving into the experience levels, the firm's partners tend to be younger than the national average with close to half of the partners having more than 5 years of experience at their current level. This was due to retirements and appointments made in the recent 3 years as the firm took a refreshed look at growing future leaders. Annually, the firm selects several partners to participate in an audit coaching plan supported by regional and global quality leaders and attend Deloitte University courses in areas of leadership growth and development.

Audit practitioners with professional qualification (%)

	2024		2023		2022		National
	Count	%	Count	%	Count	%	%
With professional qualifications and/or MIA membership	173	31.1	223	41.1	185	32.8	21.0
Pursuing professional qualifications and/or MIA membership	382	68.6	310	57.2	376	66.7	65.0
Without professional qualifications and/or MIA membership	2	0.3	9	1.7	3	0.5	14.0
Total	557	100.0	542	100.0	564	100.0	100.0

As a Major Audit Firm, we are committed to ensuring our practitioners are professionally qualified through membership of MIA, other recognised professional qualifications, or both. This is reflected in the significantly higher proportion of our practitioners either having obtained their professional qualification or are in the process of pursuing one when compared to the National average (99% versus 86%). The firm continues its investment in talent by subsidising professional examination fees, providing study and examination leave and paying for annual professional subscription fees of our practitioners.

Audit engagement supervision

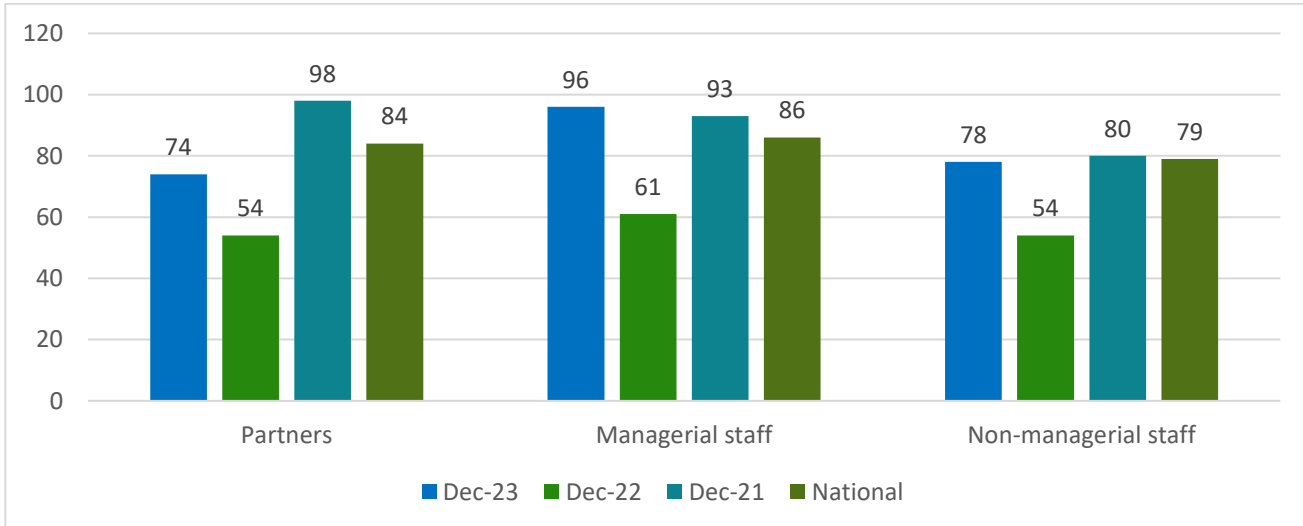
Leverage ratios

	2024	2023	2022	National
Staff to partner	18.9	18.4	19.1	25.0
Staff to manager (including assistant managers)	3.0	3.0	2.9	6.0

The leverage ratio of the firm is consistent to prior years. We continue to implement transformative initiatives through (i) better engagement/coaching time with engagement team members and (ii) effective deployment of technology and tools in completing our audits within a hybrid working environment. With appropriate use of digital tools, we liberate hours previously spent on mundane and standardised procedures – ensuring our staff can be efficient and effective.

Firm's investment to uphold audit quality

Hours of training (by level)



Overall, our training hours (monitored by calendar year) are more than sufficient to meet our professionals' annual structured learning requirements as required by MIA. The increase in hours across all levels is contributed by learning requirements for Deloitte Omnia, our next generation cloud-based audit platform, as well as the firm's focus on ethics, integrity and speaking up. During 2024, other than core milestone programmes at every level, the firm's learning requirements also covered the new group auditing standards, Pillar II tax requirements and the impact of ESG on risk assessment and accounting judgement. Our learning requirements respond to engagement monitoring (internal and external) and the hours will vary based on the remediation needs at every level of the firm.

Ratio of quality & risk team to audit staff

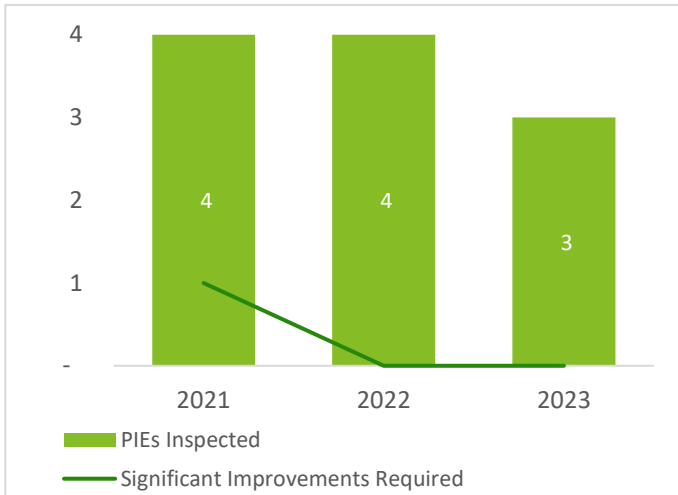
	2024	2023	2022
Full time	10	10	10
Part time	4	4	5
Total	14	14	15
Quality & risk function per audit staff	1:40	1:39	1:38

The ratio of quality & risk team to audit staff in the firm is consistent with the National average of 1:43.

The quality & risk organisation at Deloitte PLT includes those personnel with responsibilities in risk, systems of quality control, engagement quality control reviews, audit methodology, learning and accounting technical. A number of these personnel that are classified "part time" above also have audit client-facing roles and other firm-wide risk responsibilities that complement their position in the quality & risk organisation. Being a part of the Deloitte network, the audit practice benefits from regional and global quality & risk resources in areas of consultation, guidance, and a consistent and common system of quality control. As mentioned previously, we also leverage on the capabilities of our regional Centre of Excellence in areas of EQR (for non-PIE audits). Should these resources be considered, the ratio of quality & risk function per audit staff increases due to higher quality & risk support available.

External and internal monitoring reviews

External inspections (AOB)



Note:

The National average percentage of inspected engagement with significant improvements required in 2023 for Major Audit Firms is 21% whilst for Other Audit Firms, it is 81%.

At the end of every inspection, the AOB determines the severity of findings arising from each engagement review. Where engagement partners are imposed with specific remediation measures or routed to AOB's Enforcement, Regulation and Quality ("ERQ") department, the AOB classifies the engagement inspected as requiring significant improvements. We are pleased to report that there are no engagements with significant improvements required arising from the AOB's most recent two inspections of selected engagements. For our 2023 AOB inspection, there were no engagement level findings (2022: 50% of engagements inspected had no engagement level findings).

For an engagement inspected in 2021, an audit partner was required to attend specific approved training program to address relevant ISA requirements identified from the inspection findings and be subjected to an internal quality review where the outcome of the review was to be reported to the AOB within a specified timeframe. The engagement reviewed did not require any modification to its audit opinion or restatement of previously authorised financial statements. With the execution of a targeted quality and remediation plan, the said audit partner was inspected internally in FY2023 and received a Compliant rating. The said remediation plan proposed to the AOB was also completed.

As part of its annual regular inspection prior to ISQM 1⁸, the AOB also reviewed aspects of our quality control systems in accordance with the requirements of ISQC-1. In reviewing our quality control systems, the AOB considered areas such as leadership responsibilities for quality within the firm, our compliance with relevant ethical standards, our client acceptance and continuance processes, the human resource function, our performance of engagements (including methodology areas) and how we monitor our quality policies and procedures. The AOB has provided better practice recommendations that we have considered and have incorporated/in processes of incorporating into our audit quality control systems.

Following our 2022 AOB inspection, we have taken steps to improve the evidence of audit partners' evaluation for new client acceptances. We further take note of AOB's [Guidelines on Continuing Obligations for Registered Auditors](#) that was issued on 26 June 2023 which includes obligations of outgoing auditors to the AOB in situations of resignation and removal from office.

During their 2023 inspection, the AOB focused on the firm's design and implementation of ISQM 1, including:

- Assessing the adequacy of the firm's quality objectives for each ISQM 1 component;
- identifying and assessing quality risks for each quality objective; and
- Assessing the adequacy of the firm's response in addressing quality risks.

There were no firm level findings received arising from our 2023 AOB inspection. As of 31 May 2024, the AOB's 2024 annual regular inspection has commenced but is yet to be finalised.

⁸ ISQM 1 *Quality Management for Firms that Perform Audits or Reviews of Finance Statements, or Other Assurance or Related Engagements* was effective as of 15 December 2022.

External inspections (PCAOB)

Deloitte PLT is a registered firm with the Public Company Accounting Oversight Board (“PCAOB”) of the United States of America (registration no. 5641). Our last inspection by the PCAOB was in November 2023, for which a report was issued on 26 April 2024. The PCAOB publishes a report on its website in relation to each firm it inspects (see www.pcaobus.org). For our latest PCAOB inspection report, please visit [here](#).

Internal reviews – engagement reviews⁹

Ratings	FYE May 2024 (2023 internal review)		FYE May 2023 (2022 internal review)		FYE May 2022 (2021 internal review)	
	PIE	Non-PIE	PIE	Non-PIE	PIE	Non-PIE
Compliant	6	6	6	3	2	2
Improvement Required	-	-	1	1	-	1
Non-Compliant	-	-	-	-	1	-
Total engagements selected	6	6	7	4	3	3

At the end of each internal review, findings are moderated centrally by a moderation panel who applies Deloitte’s expectations of quality to ensure that findings are classified consistently. The moderation panel determines the rating for each review. In grading engagements, the emphasis is on the significance of the finding(s).

For internal reviews we classify engagements as either Compliant, Improvement Required or Non-Compliant.

- A Compliant rating indicates there are no exceptions, or the exceptions identified are of a very minor nature relating to isolated instances of non-compliance with certain policies, requirements or standards;
- An Improvement Required rating indicates non-compliance with certain policies, requirements or professional standards that collectively are not so significant or pervasive as to result in an engagement review that is rated Non-Compliant.
- A Non-Compliant rating indicates that non-compliance with several policies, requirements or professional standards has been identified and it cannot be determined that policies, requirements or professional standards reviewed are fully implemented.

The firm continues to focus its quality efforts in response to engagement findings in areas of internal controls testing, accounting estimates (incl fair value measurements), design and perform test of details, risk assessment and completeness of assembly and archival. Such efforts include engagement specific remediation, coaching of selected engagement partners, ensuring engagement review findings topics are included in periodic training materials and briefing EQR reviewers on areas of common findings.

The Non-Compliant rated engagement reviewed in FY2022 did not require any modifications to audit opinion or restatement of previously authorised financial statements. With the execution of a targeted quality and remediation plan, the said partner was inspected again in FY2023 and received a Compliant rating.

The Monitoring & Remediation leader oversees causal factor analysis (CFA) and approves remediation plans and procedures post-internal reviews. Partners with an engagement that received a Non-Compliant rating are subjected to review in the next internal review period and additional quality measures including portfolio reassignment, specific learning programs, coaching and additional supervision are implemented.

Internal reviews – system of quality management

Disclosures as to the firm’s system of quality management (SQM) and its conclusion on the effectiveness of the SQM have been provided in pages 20 and 21 of this report. The firm concluded that the SQM provides the firm with reasonable assurance that objectives of the SQM are being achieved as of 31 May 2024. There were no deficiencies identified that were severe and/or pervasive.

⁹ As of 31 May 2023, our 2023 internal engagement inspections have not commenced.

Appendix C | List of PIEs

The following are a list of public interest entities and schedule funds (as defined in Schedule 1, Securities Commission Malaysia Act 1993) audited by Deloitte PLT as of 31 May 2024:

Public interest entities

- Aeon Credit Service (M) Berhad
- Asia Capital Reinsurance Malaysia Sdn Bhd
- Areca Capital Sdn. Bhd
- Bangkok Bank Berhad
- Bank Simpanan Nasional Berhad¹
- Berjaya Assets Berhad
- Capitaland Malaysia Trust
- Careplus Group Berhad
- Corston-Smith Asset Management Sdn. Bhd.
- CSC Steel Holdings Berhad
- Scientex Packaging (Ayer Keroh) Berhad
- GDEX Berhad
- One Glove Group Berhad
- Glomac Berhad
- Hartalega Holdings Berhad
- Heineken Malaysia Berhad
- Hextar Healthcare Berhad
- I-Berhad
- IQ Group Holdings Berhad
- Industrial & Commercial Bank of China (Malaysia) Berhad
- India International Bank (Malaysia) Berhad
- Kim Hin Joo (Malaysia) Berhad
- KUB Malaysia Berhad
- Mah Sing Group Berhad
- Malton Berhad
- MBM Resources Berhad
- MUFG Bank (Malaysia) Berhad
- MKH Berhad
- MKH Oil Palm (East Kalimantan) Berhad
- Mudajaya Group Berhad
- Permodalan BSN Berhad
- Ranhill Utilities Berhad
- P.I.E Industrial Bhd
- RCE Capital Berhad
- Scientex Berhad
- SkyWorld Development Berhad
- Small Medium Enterprise Development Bank Malaysia Berhad
- SNS Network Technology Berhad
- Southern Acids (M) Berhad
- Spritzer Berhad
- Sunsuria Berhad
- Supercomnet Technologies Berhad
- Taliworks Corporation Berhad

- Uchi Technology Berhad
- UOB Kay Hian Securities (M) Sdn. Bhd.
- Westports Holdings Berhad
- WTK Holdings Berhad

Schedule funds

- Amanah Saham Bank Simpanan Nasional
- Areca Astute Assets Fund
- Areca Composite Bond Fund
- Areca Dividend Income Fund
- Areca Dragon Technology Fund
- Areca Dynamic ESG Fund
- Areca Dynamic Growth Fund
- Areca Dynamic Growth 2.0 Fund
- Areca Dynamic Growth 3.0 Fund
- Areca Dynamic Growth Fund 5.0
- Areca Dynamic Growth Fund 6.0
- Areca Dynamic Growth Fund 7.0
- Areca Dynamic Growth Fund 8.0
- Areca Dynamic Growth Fund 9.0
- Areca Dynamic Growth Fund 10
- Areca Enhanced Income Fund
- Areca Equity Trust Fund
- Areca Equity Growth Fund
- Areca Flexi Fixed Income Fund
- Areca Focus Leverage Fund
- Areca Focus Leverage Fund 2
- Areca Focus UniGrowth Fund
- Areca Global Emerging Momentum Fund
- Areca Global Emerging Momentum Fund 2.0
- Areca Income Trust Fund
- Areca Islamic Cash Fund
- Areca Islamic Equity Trust Fund
- Areca Islamic Income Trust Fund
- Areca Money Trust Fund
- Areca Progressive Income Fund
- Areca Progressive Income Fund 2.0
- Areca Progressive Income 3.0
- Areca Progressive Income Fund 4.0
- Areca Progressive Income Fund 5.0
- Areca Progressive Income Fund 6.0
- Areca Progressive Income Fund 7.0
- Areca Progressive Income Fund 8.0
- Areca REIT Leverage Fund

- Areca Situational Income 2.0 Fund
- Areca Steady Fixed Income Fund
- Areca Strategic Income Fund
- Areca Strategic Income Fund 2.0
- Areca Strategic Income Fund 4.0
- Areca Strategic Income Fund 5.0
- Areca Strategic Income Fund 6.0
- Areca Strategic Income Fund 7.0
- Areca Strategic Income Fund 8.0
- Areca Strategic Income Fund 9.0
- Areca USD Dynamic Assets Fund
- Areca Value Fund
- BSN Dana AL-Jadid (Jadid)
- BSN Dana Dividen Al-Ifrah (Ifrah)
- BSN Dana Wakaf Al Ikhlas
- Corston-Smith ASEAN Corporate Governance Fund
- Phillip Master Equity Growth Fund
- Phillip Master Islamic Cash Fund
- Phillip Master Money Market Fund
- Phillip AsiaPac Income Fund
- Phillip Dana Aman
- Phillip Dana Dividen
- Phillip Dana Murni
- Phillip Dividend Fund
- Phillip Focus China Fund
- Phillip Global Disruptive Innovation Fund
- Phillip Global Stars Fund
- Phillip Millennium Fund / Phillip Recovery Fund
- Phillip Pearl Fund
- Phillip SELECT Balance Fund
- Phillip Wholesale Income Fund
- Phillip Wholesale Islamic Income Fund
- Phillip Value Growth Fund
- RHB US Growth Fund

Note:

¹ The statutory auditor of Bank Simpanan Nasional is the Auditor General of Malaysia. Deloitte PLT audits the PIE on behalf and reports the results of the audit to the Auditor General of Malaysia.

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