



Deloitte US 2023 Audit Quality Report
Setting the standard of excellence



December 2023

To the clients and stakeholders of Deloitte & Touche LLP:

In a marketplace made increasingly complex by ever-changing macroeconomic and regulatory shifts, delivering high-quality audits remains our highest priority. Our foundational purpose and responsibility is to strengthen trust and transparency in the capital markets. Our purpose drives our quality-first culture, where each of our professionals acts with integrity, upholds the highest ethical standards, applies objectivity and professional skepticism in all that they do, and is held accountable for their actions.

We are proud to share the significant progress of our quality journey that is underpinned by our robust System of Quality Control, which is subject to rigorous monitoring. Our commitment to ensuring continuous improvement through strategic investments in our people and technology reinforces our relentless focus on sustaining audit quality across the business.

Over the past several years, our transformation journey has focused on investing in technology platforms that enhance quality and enable a digitized audit through our global audit platform, Deloitte Omnia. Our investments in technology are complemented by our investments in our people. Leveraging the power of an integrated cloud environment, combined with the critical thinking, independent mindset, and experience of our professionals, enhances our ability to deliver high-quality audit services that meet the needs of a dynamic marketplace.

Our audit methodology is tailored and adaptive to ever-evolving stakeholder needs. As we continue to reimagine how we will execute on our work in the future, with thoughtful consideration of risks and opportunities, we are incorporating emerging technologies such as generative AI into our systems, methodologies, and talent experience.

Deloitte’s apprenticeship model fosters our professionals’ continuous improvement efforts through real-time, hands-on experiences with a focus on critical thinking, professional skepticism, and maintaining an independent mindset. This model is core to the development of our professionals while also providing them with opportunities to build skills aligned with their interests and our business needs.

Throughout this report, we detail how we are strengthening our culture of quality every day while continuing to set the standard of excellence for our profession. Through continuous investments in cutting-edge systems and processes, coupled with the evolution of our audit methodology, we continue to prioritize our commitment to excellence in innovation, continuous improvement, delivering client service excellence, and providing an exceptional talent experience. We conduct our business with the focus that the investing public is our ultimate stakeholder.



Dipti S. Gulati

Dipti S. Gulati
Chair and Chief Executive Officer
Deloitte & Touche LLP



Jason M. Girzadas

Jason M. Girzadas
Chief Executive Officer
Deloitte US

Quality, ethics, and trust



“Quality defines our brand and is fundamental to providing exceptional client service. Each day our professionals strengthen our culture of quality as they deliver high-quality audits that protect the investing public and strengthen the integrity of the capital markets. Our people are aided by the significant investments we’re making to innovate our delivery model and to build a skills-based organization fueled by meaningful career development opportunities and pathways to learn, grow, and develop. We are excited by the power of these transformations to further enhance the quality of our audits.”

—**Dipti Gulati**, Chair and Chief Executive Officer, Deloitte & Touche LLP

Quality informs every aspect of our Audit & Assurance business and is the bedrock of our strategy. Our pursuit of audit quality is at the center of our culture of continuous improvement, as we seek to make our best work today even better tomorrow. The marketplace and our society are undergoing substantial changes. Our ability to maintain the highest standards of audit quality while responding to the changing needs of the capital markets and investors demonstrates our commitment to lead and raise the standards across our global network and the profession.

Reinforcing trust and transparency in the capital markets

As auditors, we play a vital role in strengthening confidence in the capital markets. In an environment of increasing complexity and an accelerated pace of technology-driven change, it is our responsibility to deliver high-quality audits with integrity and professionalism and uphold our vital role in the effective functioning of the capital markets.

We are dedicated to continuous improvement at every level of our organization to deepen professional excellence and accountability at every step of the process. Our commitment to integrity and ethical behavior is the cornerstone upon which our culture is built. By acting ethically and with integrity, we have earned the trust of our stakeholders. Upholding that trust is our single most important responsibility. Our commitment starts with transparency, accountability, and unwavering adherence to ethical principles. It’s about leading by example, inspiring a culture where doing the right thing is second nature, and instilling in every member of our team that dedication to ethics is not just a compliance checkbox, but an integral part

of our identity. We do this by setting a tone at the top that supports this commitment through our communications, learning curriculum, and performance management process. Our results from the latest Global Audit & Assurance Culture of Quality survey showed 99% of survey respondents agreed or strongly agreed that Audit & Assurance leadership values quality and the importance of Deloitte’s role in serving the public interest as the most important aspects of our business, as substantiated in leadership’s actions and behaviors.

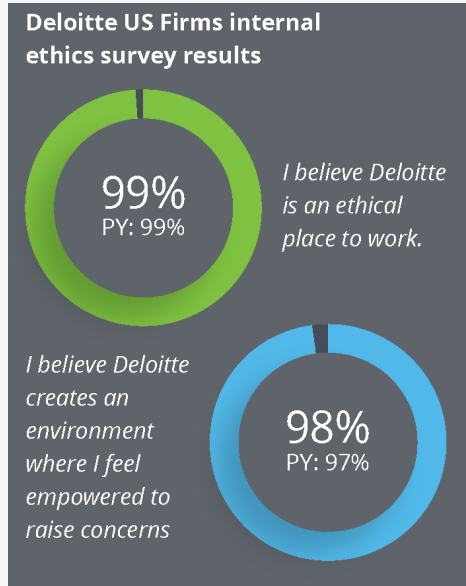
Our work helps the markets to operate with trust and confidence. As of November 2023, the companies we audit represent approximately **\$14.6 trillion** in market capitalization.

Performing high-quality audits requires independence, objectivity, and professional skepticism. In essence, this means defining the investing public as the ultimate stakeholder, creating a culture in which doing the right thing is foundational, and managing our Audit & Assurance business such that short-term financial and operational considerations do not override fidelity to professional standards or serving the public interest. In today’s dynamic business landscape, an ethical culture is our compass, guiding us through everyday challenges. By

embedding ethics into our DNA, we not only meet regulatory requirements, but also build a sustainable and resilient organization where our professionals feel empowered to speak up and where the values of our organization align with those of our people.

Our reputation is one of our most cherished assets. It distinguishes us in the marketplace, differentiating and enabling us to attract world-class clients who recognize our hallmark of attracting top-tier talent. We work diligently and proactively to continually advance the culture of integrity across the organization. We are committed to conducting business with transparency, honesty, and the utmost professionalism.

Deloitte’s Global Principles of Business Conduct and Shared Values are embedded in Deloitte’s US Code (the “Code”), which provides a framework that reinforces the rigorous commitment we have made historically—and continue to make—to sustain public trust. All professionals are expected to read, understand, and uphold the Code and Deloitte’s Shared Values—and to act honestly, with transparency and integrity, and in accordance with the highest professional standards.



Professionals receive a variety of communications and participate in training and programming sponsored by Deloitte’s US Ethics Office that promote integrity and

ethical behavior. Professionals are empowered to speak up to report unethical behavior or violations of the Code or law. Well-established channels for reporting are available to all professionals and are easily accessible. Through annual surveys and other programming, we measure the effectiveness and perceptions of our culture of integrity, trust, and ethics.

In FY2023 (fiscal year ended June 3, 2023), 100% of our professionals (senior manager and below) signed our Audit Quality Affirmation confirming their commitment to professional excellence and exercising professional skepticism. Our professionals perform high-quality professional services that help reinforce public trust in capital markets, allowing

our clients to transform and thrive, and lead the way toward a stronger economy.

100% of our professionals (senior manager and below) signed our Audit Quality Affirmation

System of Quality Control

We believe an effective system of quality control is crucial for the consistent performance of high-quality audits, and we continue to make significant investments in the people, processes, and technologies that underlie Deloitte’s System of Quality Control (SQC). Our SQC includes all of our business processes that contribute to quality and the underlying policies, procedures, and controls designed and operating effectively to meet our SQC quality objectives.

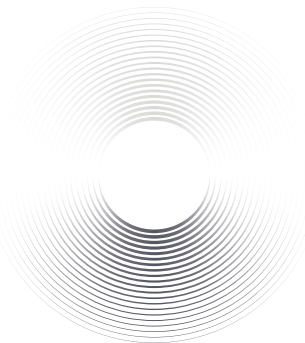
Regulators and standard-setters in the United States and globally are focused on driving further improvements in firms’ system of quality control. As part of our culture of continuous improvement, we embraced the opportunity to enhance our robust SQC through the implementation of International Standard on Quality Management (ISQM) 1 (effective December 15, 2022). This global standard, issued by the International Auditing and Assurance Standards Board (IAASB), introduced a risk-based approach to further strengthen our SQC with an ongoing focus on transparency and accountability in the consistent delivery of high-quality audit and assurance engagements worldwide. In November 2022, the Public Company Accounting Oversight Board (PCAOB) proposed a new standard, which further builds on ISQM 1.

Annually, firm leaders with operational responsibility for aspects of our SQC certify that, within their areas of responsibility, the firm’s SQC is appropriately designed, implemented, and operating effectively. Our leaders are responsible for quality and held accountable for meeting such responsibilities. The Audit & Assurance CEO considers those certifications, along with other information, such as monitoring results, when performing the annual evaluation to determine if the objectives of the SQC are being achieved, on behalf of the firm.

Our Audit and Assurance Oversight Committee (AAOC) supports the governance of audit quality and continuous improvement within the SQC by overseeing critical elements of SQC design and operation. The AAOC consists of experienced partners with no operational responsibilities for aspects of the SQC, allowing them to provide objective oversight and balanced judgment regarding the performance of the SQC, as well as share insights to drive enhancements to quality.

We launched a new global technology platform to facilitate and enhance the design and maintenance of our SQC and support integrated SQC monitoring. This technology platform allows us to efficiently manage data across our SQC, enables identification of business processes and responses where enhancements can be made, and allows for self-reporting of significant changes or findings, if any, in the design or operation of our SQC.

The SQC monitoring group performs a continuous review to evaluate whether the SQC has been appropriately designed and is operating effectively. The most recent annual evaluation confirmed that our SQC is designed appropriately and operating effectively to provide reasonable assurance that the quality objectives prescribed by ISQM 1 have been achieved. Our first annual evaluation of our SQC performed under ISQM 1 was reported in our [Transparency Report](#).



Ongoing dedication to excellence

Our success transforming the audit and advancing audit quality is affirmed by our position in the marketplace.

Our multidisciplinary business model

Our Audit & Assurance strategy aligns to Deloitte's global multidisciplinary strategy, which calls for us to make an impact that matters. Foundational to this strategy is strengthening trust and transparency in the marketplace by powering our services with innovative technology that enhances the value provided by our professionals all while being the most recognized brand for audit quality. Deloitte's unrivaled breadth of experience within our multidisciplinary model is central to our ability to deliver upon this strategy and is something to which we are deeply committed.

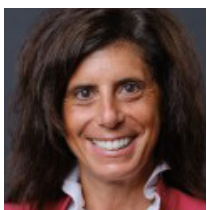
Our robust multidisciplinary business model consisting of our Audit & Assurance, Risk & Financial Advisory, Tax, and Consulting businesses is a significant asset that contributes to performing high-quality audits. It allows us to deliver an impact that matters across many different stakeholders; our clients value the breadth of our capabilities, our people value the diversity of career paths, the markets value the quality we deliver, and our communities value the impact that we make on societal issues. We are positioned with an array of capabilities in a world where interdisciplinary thinking and diversity of thought is critical for future success. The following are among the many benefits of our multidisciplinary business model:

- Immediate access to specialized, market-leading resources and experience that are crucial to performing high-quality audits;
- Strength, capabilities, and experience to make significant investments in audit quality, particularly as we invest in technology-enabled delivery of our services;
- Industry insights through multiple lenses enhance our understanding of business risks;
- Intellectual capital from other service lines is deployed back into our audit processes;
- A thriving multidisciplinary organization attracts top-caliber talent from universities and the experienced talent market.

We recognize that there are complexities that we have to manage with this model, and we invest significantly in proactively managing risks with controls and safeguards to ensure that the fulfillment of our public-interest mandate remains the bedrock of our professional services organization. We employ comprehensive independence-monitoring systems and processes to maintain compliance with all applicable regulations. Culture, leadership, and tone at the top are all critical components of managing our



multidisciplinary business model to the benefit of our clients, our professionals, and the investing public. We have demonstrated that, when appropriately managed, having a robust multidisciplinary business model and executing high-quality audits are complementary to one another.



“High integrity and sound ethical behavior are foundational to our culture and building trust among our professionals, with our stakeholders, and strengthening confidence in the capital markets. Our professionals understand their responsibility to conduct business with honesty, transparency, and the utmost professionalism.”

—Lori Pressler, Chief Ethics Officer, Deloitte LLP

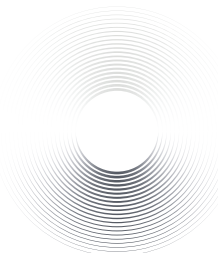
Quality core principles



Leading with ethics and integrity



Serving the public interest



Investing in learning and development



Driving continuous improvement



Cultivating a quality-first culture



“Performing high-quality audits requires independence, objectivity, impartiality, and professional skepticism. Our commitment to the highest standards and expectations for independence are deeply rooted in our culture where doing the right thing is foundational and we are actively engaged in assisting our professionals in understanding and complying with our professional responsibilities.”

— **Shelley P. Duncan**, National Managing Partner—Independence & Conflicts Network, Deloitte LLP

Independence

We must remain unbiased and free from conflicts of interest with our clients, in fact and appearance. Our independence requirements are governed by specific sets of policies and external rules and regulations, and apply to all partners, principals, managing directors, and professionals, whether they are directly or indirectly involved in delivering audits. Internal messaging to our professionals emphasizes that we, as auditors, are independent and objective evaluators who must maintain a mindset of professional skepticism throughout the conduct of our work. This approach is ingrained in our policies, methods, procedures, and training and is reinforced by quality control and accountability measures.

The national managing partner for the Independence & Conflicts Network is responsible for:

- Managing the independence policies and related training;
- Organizing and staffing of the independence consultation function, including overseeing more than 550 professionals who work in our independence group;
- Monitoring firm, personal, and audit engagement-related independence compliance;
- Overseeing the Deloitte US Entities’ independence systems; and
- Ensuring the appropriate consequences for noncompliance are applied in accordance with independence policy and regulations.

The importance of independence is a part of our culture, and our professionals are introduced to our standards and expectations for independence during their onboarding process as new hires and additional trainings during the first 60 days of employment. We also conduct periodic mandatory training for our partners, principals, managing directors, and professionals related to specific independence-related topics. In addition to trainings, our readily accessible tools and resources support our professionals in meeting their independence and compliance requirements.



Personal independence and monitoring

To help our professionals maintain their personal independence, we provide our professionals access to integrated systems that contain continuously updated information about companies that are restricted for independence reasons (restricted entities). In addition to periodic personal compliance audits, we have developed state-of-the-art systems, processes, and technology platforms to comply with independence-related regulatory and policy requirements, which enable early identification of possible instances of noncompliance. These include:



Tracking & Trading System

Designed for professionals to track and monitor compliance related to personal and immediate family members' investments and financial relationships, which includes real-time automated monitoring functions. For more than 10 years, we have required professionals to automatically import their security holdings with this tool.



Daily reconciliations

Reconciliations of professionals' client service hours reported in our time reporting system to the personal holdings of our professionals included in our Tracking & Trading System, which identifies potential independence conflicts on a real-time basis.



Quarterly independence representations

We obtain quarterly representations on the completeness and accuracy of financial interests reported. Semi-annually, we require professionals to upload to our systems account statements for financial interests held in accounts that cannot be reported automatically.



Service center

Reconciles professionals' uploaded account statements for financial interests held in accounts that cannot be automatically imported to their reported financial relationships to validate completeness and accuracy of reporting.



Check Your Assets tool

Designed for professionals to be proactive and compliant with independence rules. Professionals use the tool to check for independence conflicts before working on a client engagement.



Artificial intelligence

Technology solution that identifies the potential unreported holdings of our professionals included in accounts that cannot be automatically imported into our system.

Engagement independence and monitoring

Non-audit services: The partner, principal, or managing director for each potential engagement undertakes a process that determines whether independence must be maintained with respect to the client, even if the client is not an attest client. If independence from the client is required, the partner, principal, or managing director must verify, prior to beginning the engagement, that the services to be provided are permissible and have been pre-approved.

Marketplace business relationships: New marketplace business relationships require reviews by the lead relationship partner and the Independence & Conflicts Network Business Relationship team. A third-party risk management database of approved marketplace business relationships is maintained, and continuing relationships undergo an independence update at least annually. In addition, all vendor business relationships are assessed for compliance with established policies and procedures.



Systems and monitoring: Our global independence systems contain regularly updated information about entities restricted for independence reasons as well as global tracking of service requests for entities. Each year, our Independence Monitoring team conducts:

- 1) Engagement independence inspections of selected audit clients for appropriate scope-of-service approvals and review of the non-audit services for permissibility, and
- 2) Reviews of marketplace and vendor business relationships for permissibility and compliance with policies.

Compliance

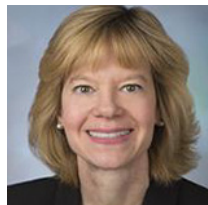
We conduct a thorough internal review of our SQC for independence each year, including robust causal factor analysis of noncompliance. The results are reported to leadership and our regulators and provide reasonable assurance that our partners, principals, managing directors, and professionals are compliant with the requisite independence policies and procedures. In the event of noncompliance, we address each matter on a case-by-case basis, providing additional training, guidance, or consequence for noncompliance as appropriate.

During the 12-month PCAOB 2022 inspection period ended August 31, 2022, our SQC identified 129 instances across 78 issuers, representing approximately 3% of our issuer audits, of noncompliance with Securities and Exchange Commission (SEC) or PCAOB independence rules. During the 10-month PCAOB 2023 inspection period ended June 30, 2023, our SQC identified 83 instances across 50 issuers, representing approximately 2% of our issuer audits, of noncompliance with SEC or PCAOB independence rules. The most common instances of noncompliance were related to financial relationships and employment relationships of approximately 145,000 professionals monitored. These instances of noncompliance were promptly reported to company management and those charged with governance, and did not have an impact on our objectivity or impartiality, nor our ability to continue as the auditor of record.

We have an unwavering commitment to continuous improvement and maintaining our independence and objectivity as that is essential to audit quality and upholding the trust that investors place in us.

Our annual [Transparency Report](#) includes additional detailed information regarding our independence policies and processes.

Executing high-quality audit engagements



“Every day, we strive to set the standard of excellence for our profession. Our commitment to high quality and operating our business with the highest ethical standards is deeply rooted in our culture and supported by our professionals’ relentless focus on continuous improvement and professional excellence.”

—Christine Davine, Managing Partner—Quality, Risk & Regulatory, Deloitte & Touche LLP

Delivering high-quality audits remains our highest priority. We are relentless in cultivating our quality-first culture and unwavering commitment to prioritizing quality at the core of all that we do. In order to drive continuous improvements in quality, we are continuing to digitize the audit, transforming the way we work, and fostering the development of our people, to fulfill our role of providing high-quality audits to the capital markets. Our quality is underpinned by a strong System of Quality Control.

Audit engagement acceptance and continuance

The decision to accept or continue an audit engagement involves a thorough risk assessment. Key considerations include independence and conflict of interest; the reputation and integrity of the audit committee and management; the company’s management culture; the nature of the business—including whether it is a group audit, the industry in which it operates, and the applicable financial reporting framework; the company’s financial viability; specific risk factors related to the engagement; and the nature of the services we are requested to perform. This assessment begins during the acceptance and continuance process and lasts throughout the engagement. It influences the nature, timing, and extent of audit procedures we perform, as well as the resources within the Deloitte network that we involve in the performance of our audit services.

Audit approach

Our approach to high quality is underpinned by professional standards, and it combines qualified people, consistent processes, and innovative technologies. This includes our next-generation cloud-based audit delivery platform, [Deloitte Omnia](#), which enables a differentiated, digital audit experience and integrates cognitive technologies, automated workflows, and advanced data analytics for a more streamlined and insightful audit. Through Deloitte Omnia, we deliver a flexible audit experience that promotes high quality through data-driven risk identification and transparent and collaborative workflows.

Our audit process is dynamic; it is ever-evolving to keep pace with the changing demands of companies, investors, and other stakeholders. It recognizes that advances in the availability and management of large data sets and in statistical science are relevant to continuing to enhance the quality of our audits. It is fueled by innovation, as our investments in cloud technology and digital solutions are bringing artificial intelligence, automated workflow processes, and advanced analytics into the audit.

dynamic artificial intelligence tailored
 automated workflow process innovative
 ever-evolving advanced analytics
 enhanced audit quality risk-based adaptable
 relevant advances iterative

Our global audit methodology is risk-based and adaptable, focused on what matters most. During the planning phase of the audit, we focus on the company's business operations (including the financial reporting and internal control structures) and identify risks through consideration of changes in the industry, business, control environment, company personnel, complexity factors, and regulatory environment and then tailor the audit to respond to such risks. As an iterative process, we reevaluate risks of material misstatement throughout the audit and revise our audit plan as needed. Our methodology is complemented by our unique guided risk assessments, which are designed to help our professionals focus on what matters.

Our methodology is also designed to enhance how work is performed; indicate when to apply our suite of innovative technologies and advanced data analytics capabilities; recommend how to leverage our audit Centers of Excellence; and demonstrate delivery of value through insights. This enables us to confidently drive high quality into audit execution through global consistency, standardization by industry, and greater insights to inform our risk-based methodology.

We provide our audit teams with the training, direction, resources, and assistance they require to evaluate and respond to pertinent audit risks. As matters arise or evolve that affect the audit process, we respond swiftly with guidance and training to our audit teams. In the past year, we have addressed a variety of auditing and accounting matters including navigating macroeconomic and geopolitical challenges; taking into account climate and other environmental, social, and governance (ESG) related matters in the audit; addressing auditing and tax implications for new tax regulations; and identifying and responding to specific industry-related risks.

Every public company audit engagement is subject to an independent engagement quality control review. This review is performed by a partner designated by the leadership in our Quality & Professional Practice Network. The engagement quality reviewer evaluates the engagement team's significant judgments and related conclusions regarding both the overall engagement and the preparation of the audit report(s) and determines whether to provide an approval of issuance.



Audit Quality Milestones

In addition, proper timing and sequencing of audit activities, including timely reviews of work performed and the resolution of matters identified, are closely associated with high-quality audits. Audit Quality Milestones are established centrally to drive consistency of engagement teams in project management; timing of when work is done; and necessary focus on engagement staffing, including the sufficiency and skills, knowledge, and experience of assigned resources.

Audit teams

The deployment of resources on our engagement teams is important to the execution of a high-quality audit. The engagement team's composition varies depending on the size, nature, and complexity of the company's operations. An Audit & Assurance partner or managing director has leadership responsibilities for the engagement and the engagement team. The engagement team may also include other partners or managing directors and typically includes one or more of the following professionals: Audit & Assurance senior manager, Audit & Assurance manager, Audit & Assurance senior, Audit & Assurance staff, and relevant internal specialists and Centers of Excellence resources.

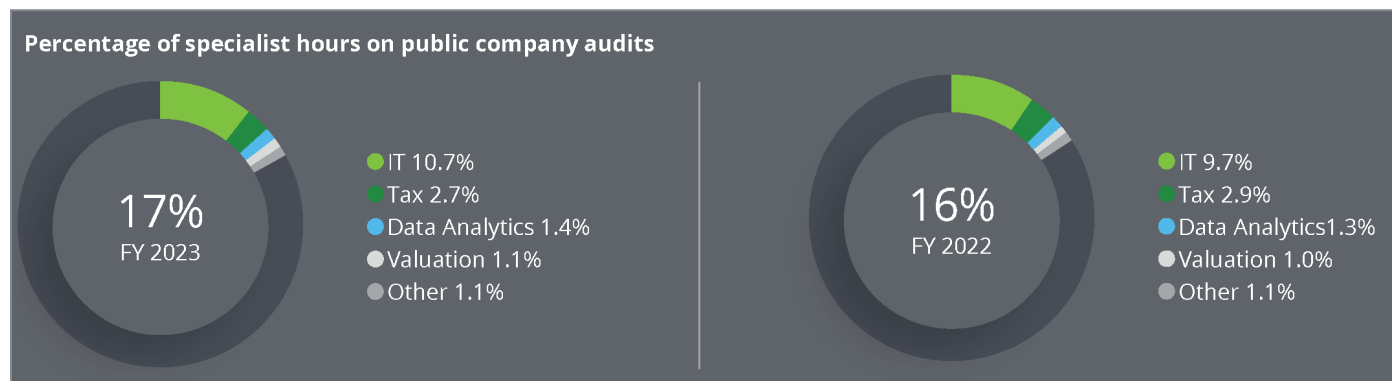
Leverage ratios of Audit & Assurance headcount

Partners, principals, and managing directors to all other Audit & Assurance professionals

Partners, principals, managing directors, senior managers, and managers to seniors and staff



Use of specialists



In order to audit the most challenging and complex areas of a company, we bring a wide range of specialization to our audits in areas such as income tax, information technology (including cybersecurity), data analytics, fraud risks and forensic investigations, valuation, actuarial estimates, and environmental-related matters. Involving engagement team members with specialized skills and knowledge to assist in assessing risk and designing and performing responsive audit procedures drives the execution of high-quality audits.

Quality & Professional Practice Network

Our Quality & Professional Practice Network (the “Network”) is composed of national partners, principals, managing directors (PPMDs), and other professionals. This national team, which includes more than 140 partners, principals, and managing directors, is supplemented by experienced regional and local professionals and supporting technology. The Network’s primary activities include:

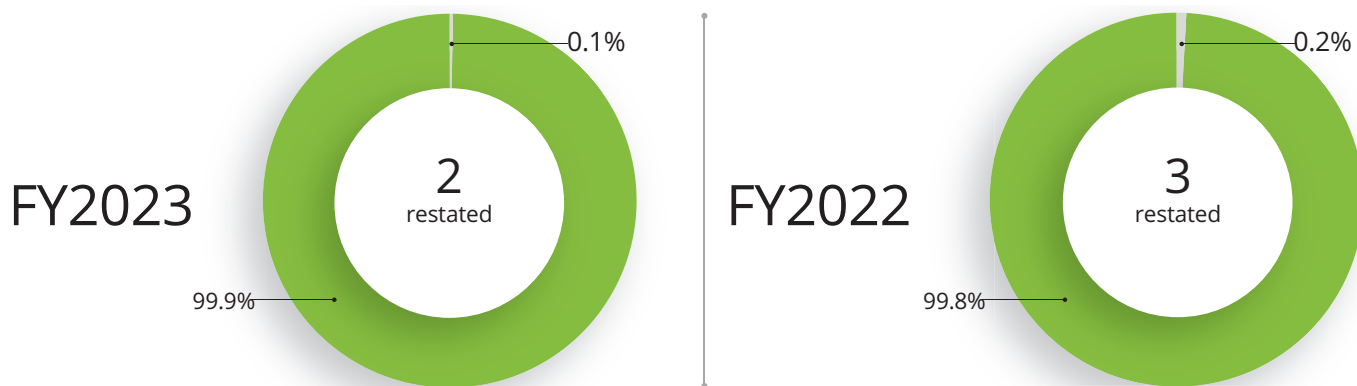
- Providing oversight, leadership, and direction on US and global quality activities;
- Designing, operating, and monitoring our SQC, including monitoring and inspecting our audits;
- Providing consultation resources with deep technical knowledge in accounting, auditing, industry, and risk;
- Maintaining audit manuals, policies, and guidance used by our professionals;
- Developing publications, webcasts, and videos covering a variety of accounting and financial reporting topics; and
- Engaging with regulators and standard-setters.



Monitoring our business for continuous improvement

Our dedication to delivering high-quality audits requires us to develop techniques to centrally monitor the progress of audits on a real-time basis, effectively analyze results, understand the causal factors related to audit deficiencies identified through practice reviews and PCAOB inspections, and be rigorous in our evaluation of both financial statement and internal control report restatements.

Percentage of issuer audit clients’ (SEC registrants and registered investment companies) annual financial statements that were not restated:



We have implemented quality monitoring programs with oversight by various groups within the Network focused on the performance of engagements in progress to assess the implementation of our quality priorities. These programs are designed to provide feedback to engagement teams, which can be incorporated into the audit prior to the issuance of the opinion. These programs also help inform whether the actions taken to continuously improve audit quality are having the intended effect, or whether we need further actions, such



as communications, training, or changes to our methodology, guidance, or tools. We leverage information obtained from our Assurance Insight & Analysis group and in-flight monitoring programs to continuously monitor audit quality and identify issues for timely resolution.

Assurance Insight & Analysis

Our commitment to quality requires that we develop an in-depth understanding of factors that cause or contribute to audit quality outcomes. For engagements with unfavorable quality outcomes (e.g., inspection comments, material restatements of financial statements, reports on internal control over financial reporting reissued or withdrawn), we interview engagement teams, review workpapers, and analyze a wide range of quantitative and qualitative information to obtain a greater understanding of the engagement-specific circumstances that contributed to these outcomes. We perform similar procedures for engagement teams that exhibit an extraordinarily high level of audit quality. We analyze this information collectively to identify common trends or themes that are then considered in determining opportunities to continuously improve audit quality and defining best practices.

In-flight monitoring

Monitoring of a sample of engagements “in-flight” provides timely visibility into the effectiveness of updates or changes to the audit methodology and tools resulting from new standards or in response to feedback from internal and external monitoring activities. In-flight monitoring results are evaluated overall to determine whether additional communication and support to the Audit & Assurance business is needed with respect to adherence to the updates or changes to the audit methodology.

Practice review

We perform approximately 200 inspections of completed audits annually in addition to procedures designed to test compliance with our policies.

Peer review

For non-SEC issuer engagements, the American Institute of Certified Public Accountants (AICPA) triennial peer review process is conducted to assess whether Deloitte’s quality control systems are appropriately designed and in compliance with applicable professional standards. Firms can receive a rating of pass, pass with deficiency(ies), or fail. We received a pass rating on our most recent peer review completed in November 2023. Our next peer review will be in 2026.

External inspections

Regulatory inspections and outside perspectives are also critical to raising standards and achieving quality outcomes. We value the feedback received through the external inspection process, including peer reviews, and utilize input from various sources to continually improve the quality of our audits.

Public portion of PCAOB inspection reports (Part I)

For SEC issuer engagements, the PCAOB performs rigorous inspections of public company audits. PCAOB inspections of audit engagements can result in observations that are made public through:

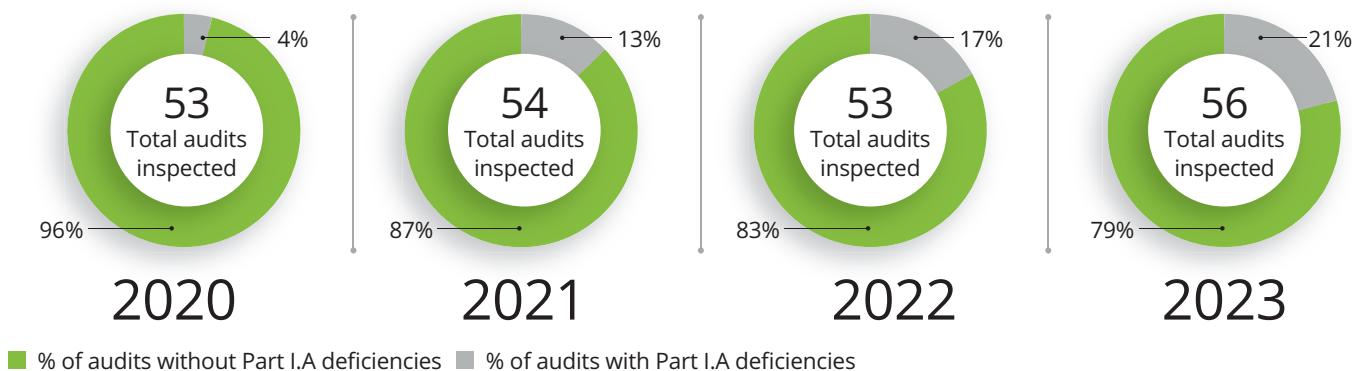
Part I.A—Deficiencies that are of such significance that it was determined that the firm had not obtained sufficient appropriate audit evidence to support the audit opinion(s) on the issuer’s financial statements and/or internal control over financial reporting.

Part I.B—Deficiencies that do not relate directly to the sufficiency or appropriateness of evidence the firm obtained to support its opinion(s) but nevertheless relate to instances of noncompliance with PCAOB standards or rules.

Part I.C—Instances of potential noncompliance with SEC rules or noncompliance with PCAOB rules related to maintaining independence.

Recent inspection results

The most recent inspection report is our 2023 PCAOB inspection report generally covering 2022 audits. The charts below reflect our historical results of Part I.A deficiencies identified by the PCAOB in its inspection of issuer audits.¹ These comments did not result in the reissuance of our audit reports or the restatements of issuer financial statements.



¹ As stated within the PCAOB’s most recent inspection report, its “selection of audits for review does not constitute a representative sample of the firm’s total population of issuer audits. Additionally, our [the PCAOB’s] inspection findings are specific to the particular portions of the issuer audits reviewed. They are not an assessment of all of the firm’s audit work nor of all of the audit procedures performed for the audits reviewed.”

Continuous improvement

We have a relentless focus on professional excellence and continuous improvement and we take all inspection observations very seriously. In addition to holding our professionals accountable for inspection findings, we seize opportunities to enhance the quality of our audits and have taken the constructive feedback from past inspections to make changes that will yield desired improvements in audit quality. We analyze and perform remedial procedures relative to each written inspection comment received. In addition, we perform analyses to identify the causal factors behind our written inspection comments, and we develop action plans accordingly to continuously enhance audit quality. Furthermore, we assess whether corrective actions to our SQC may also be appropriate and, if so, such actions are designed, implemented, and monitored.

Continuous improvement activities that are responsive to these recent inspection themes include:

- An enhanced **learning and development program** with an emphasis on in-person learning activities at both the office and engagement team level to further enhance our professionals’ understanding of the PCAOB auditing standards and emerging practice areas.

- A risk-based **engagement team coaching program** that occurs prior to issuance of our audit opinion and focuses on engagement team execution of continuous improvement activities throughout the audit cycle.
- An increased emphasis on proactive **engagement project management** that drives more timely direction, supervision and review, and enhanced resource management and allocation.

Nonpublic portion of PCAOB inspection reports (Part II)

While we are proud of the quality of our work, we are focused on emphasizing continuous improvement. We carefully analyze inspection themes, identify causal factors, and design responsive remedial actions to PCAOB findings. Under the Sarbanes-Oxley Act of 2002, quality control criticisms contained in Part II of PCAOB inspection reports are publicly released only if the PCAOB determines that satisfactory remedial actions have not been taken within 12 months of the report's issuance. Once the PCAOB determines that remediation activities have addressed quality control deficiencies cited in that year's inspection report, or determines that portions will be publicly released because certain matters have not been addressed to its satisfaction, that inspection year is "closed."

In July 2024, in closing our PCAOB 2020 inspection report, the PCAOB determined that the remedial actions we took in response to one or more of the quality control observations in Part II of that report had been addressed to its satisfaction. However, the PCAOB also determined that the remedial actions we took to address a finding related to instances of incomplete reporting of personal financial holdings in our platform that tracks and monitors the personal investments and financial relationships of partners, principals, managing directors, professionals, and their immediate family members resulting in noncompliance with firm policy were not sufficient, and the PCAOB made that quality control criticism public.

We are intensely focused on quality matters that we observe in our internal reviews and that the PCAOB raises in its inspection reports. Specific to strengthening and improving the timely and accurate reporting of personal financial holdings disclosures, we have undertaken the continuous improvement activities discussed within [the Independence section](#).

Our remediation responses to Part II of the 2020 and 2021 inspection reports have been submitted, and the PCAOB is currently reviewing the remediation responses.

Audit Quality Indicators (AQIs)

We leverage data analytics to assess data pertaining to audit engagements, informing our decision-making and monitoring. While no single metric alone can determine quality, we have made strides in identifying our own internal AQIs that assist us in the monitoring of audit quality. AQIs assist in developing and monitoring audit quality action plans and reporting on the progress of our audit quality journey. AQIs are integrated with ongoing Quality & Professional Practice Network monitoring activities.

Quality across the global Deloitte network

"Deloitte" is the brand under which approximately 457,000 dedicated professionals and practitioners in independent firms throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to select clients. The Deloitte network operates in more than 150 countries and territories across the world. Quality is the bedrock of our mission across the Deloitte global network, underpinning our dedication to consistently provide unparalleled value and transformative insights for our clients. The Deloitte network adheres to policies and protocols with the objective of promoting a consistently high level of quality, professional conduct, and service. We have access to a global network of experience that transcends borders and allows for consistent performance of high-quality audit and assurance engagements.

Global Center of Excellence

The Global Center of Excellence (GCOE) for Audit Quality aims to support Deloitte network member firms in promoting, enabling, and continuously enhancing the quality and consistency of PCAOB audits delivered across the globe. The GCOE activities support member firms in improving audit quality, overcoming barriers to consistent execution, and demonstrating Deloitte's commitment to quality to our regulators and the marketplace. These efforts have contributed to a significant improvement in PCAOB inspection results for Deloitte network firms outside of the United States over the past few years. The percentage of audit engagements with Part I.A deficiencies decreased 81% from 2015 to 2021.

Investing in our people



“We remain focused on transforming the Audit & Assurance talent experience through a hybrid workplace model that fosters more productive collaboration and teaming, in-person development opportunities, and schedule predictability—all while delivering high-quality audits to our clients and the capital markets. We continue to invest in learning and development through a robust, diverse curriculum and are reimagining ways to further advance the diversity, equity, inclusion, and well-being of our people.”

—Earl Stone, Chief Talent Officer, Deloitte & Touche LLP

The most significant contributor to audit quality is our people, and we take pride in fostering an environment where individuals can advance their careers. Our collaborative and high-performance culture drives us to invest in our people, giving them opportunities to grow, thrive, and achieve their professional goals. Deloitte is consistently recognized as a top place to work by multiple sources—known as an employer of choice for our commitment to diversity, equity, inclusion, development, and empowered well-being. We are committed to meeting the needs that people value today, and into the future, by delivering unparalleled experiences to our professionals that allow them to enhance their existing capabilities, gain new skills, and explore new career paths.

Our hybrid workplace model delivers on our commitment to provide an exceptional talent experience while delivering value to our clients and the capital markets and continuing to provide high-quality audits. In our hybrid workplace model, work is performed at client sites, at Deloitte offices, and virtually—with each engagement team defining the optimal mix of how and where they will work. Our hybrid workplace model is designed to foster professional development and connections, while sustaining the advantages of flexibility in how, when, and where work is performed.



Our culture and retention

Our professionals take pride in their mission to make an impact that matters. They bring ethics, professional skepticism, and objectivity to their work, applying their judgment and experience with passion and a drive to deliver beyond the expected. As leaders in the profession, we support and empower our people to achieve their full potential by valuing and demonstrating diversity, equity, inclusion, and well-being. We are committed to providing an unrivaled talent experience—one that fosters innovation and makes ongoing investments in their development.

Our commitment to a 'high-impact' working culture

In our most recent annual talent survey, our overall engagement was at an all-time high of 83% and four of the six indices increased by two or more percentage points. The indices that scored above 80% and were considered "best in class" were supportive management, collaboration and communication, meaningful work, trust in leadership, and growth opportunity.

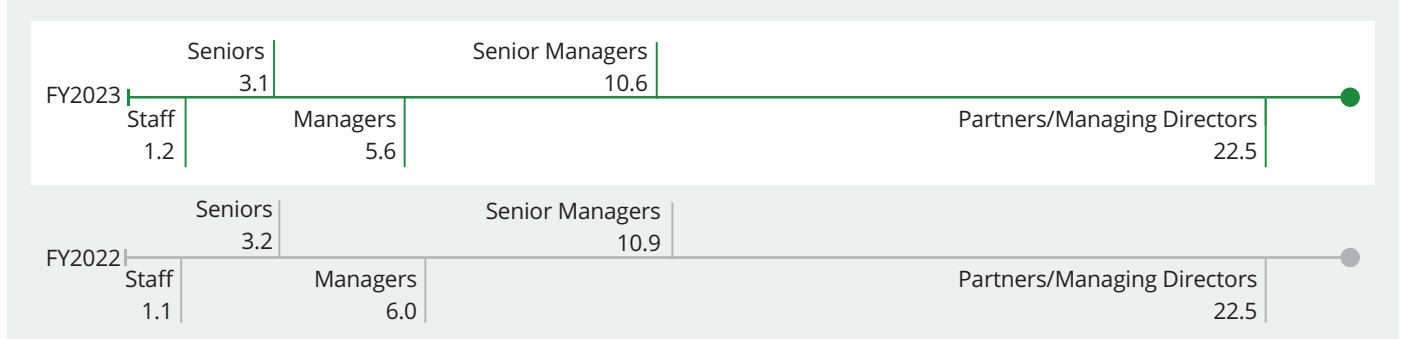


● Categories where indices increased by two or more percentage points ■ Best in class

Retention

It is vital to retain professionals with specialized skills in order to execute high-quality audits amid an increasingly complex business environment. We have made several investments to decrease our voluntary turnover and continue to hire exceptional professionals. Our low voluntary turnover rates can be attributed, in part, to significantly higher compensation levels for most of our client service professionals. Additionally, we offered other related benefits, including doubling the employer matching for 401(k), increasing the minimum contribution to the cash balance plan, and providing a limited duration hybrid commuting subsidy. We hired more than 3,000 professionals from college and university campuses in FY2023, which is up from just under 2,400 in FY2022. Our non-entry-level hiring came down from our hypergrowth period where we hired almost 3,700 professionals in FY2022 to more than 2,300 hires in FY2023, which is still up from pre-pandemic hiring numbers. As a result of continuing to hire non-entry-level hires, there was a slight decline in tenure over the prior year.

Average tenure (in years)



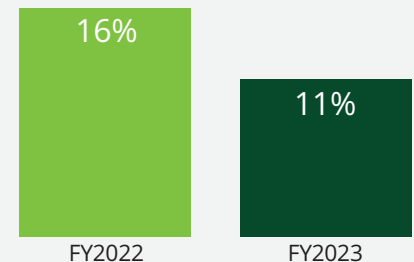
College and university campus hires



Non-entry-level hires



Voluntary turnover rate



Learning and development

We continue to invest in the development of our people to attract and retain top talent through a learning curriculum that supports delivery of high-quality audits as well as thriving in an environment of increasing complexity and an accelerated pace of technology-driven change.

Curriculum to support high-quality audits

Our learning curriculum encompasses technical accounting and auditing matters; professional standards; regulatory; professional ethics and independence; industry trends; leadership development; well-being; and inclusion.

Continuing Professional Education (CPE)

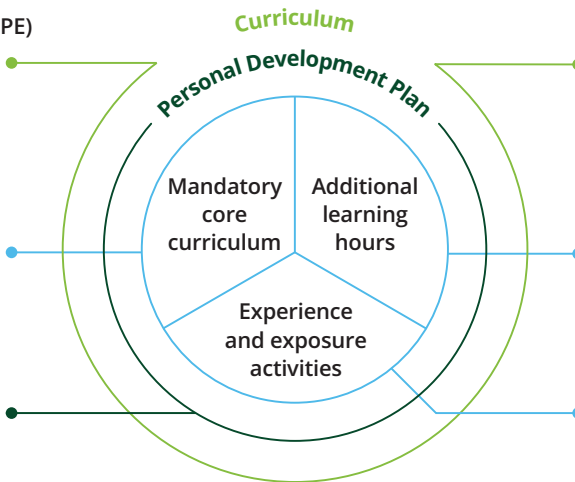
Required CPE of at least 40 hours each year by all client service professionals of Deloitte & Touche LLP²

Core mandatory curriculum

Experience level-specific curriculum to support execution of high-quality audits

Personal development plan

Personalized plans to support learning and career development, as well as to facilitate discussions between professionals and their coaches



Risk and brand

Organization-wide mandatory courses that meet regulatory requirements and create a culture of compliance and risk management by encouraging behaviors in ethics and independence

Additional learning hours

Individual coursework selected from a curated list of technical, professional, and leadership courses supporting business strategy

Experience and exposure activities

On-the-job activities used to apply lessons across engagement teams and in fieldwork

² Some professionals may be required to complete coursework beyond mandatory core curriculum and/or additional learning hours to meet their annual CPE requirement for state licensing.

2023 mandatory learning hours

Staff **41-62** | Seniors **40-71** | Managers/Senior Managers **40+** | Managing Directors/Partners **40+**

1.2 million
learning hours

Average learning hours per person
71

447,000
audit transformation learning hours

Mandatory core curriculum

We offer a variety of learning programs that build deep specialization and facilitate direct interaction between professionals and senior, national, and global leadership, as well as support the sharing of knowledge and culture across the Deloitte network. The mandatory core curriculum is evaluated annually to enhance its content, methodology, guidance, and approach.

Moving toward the future

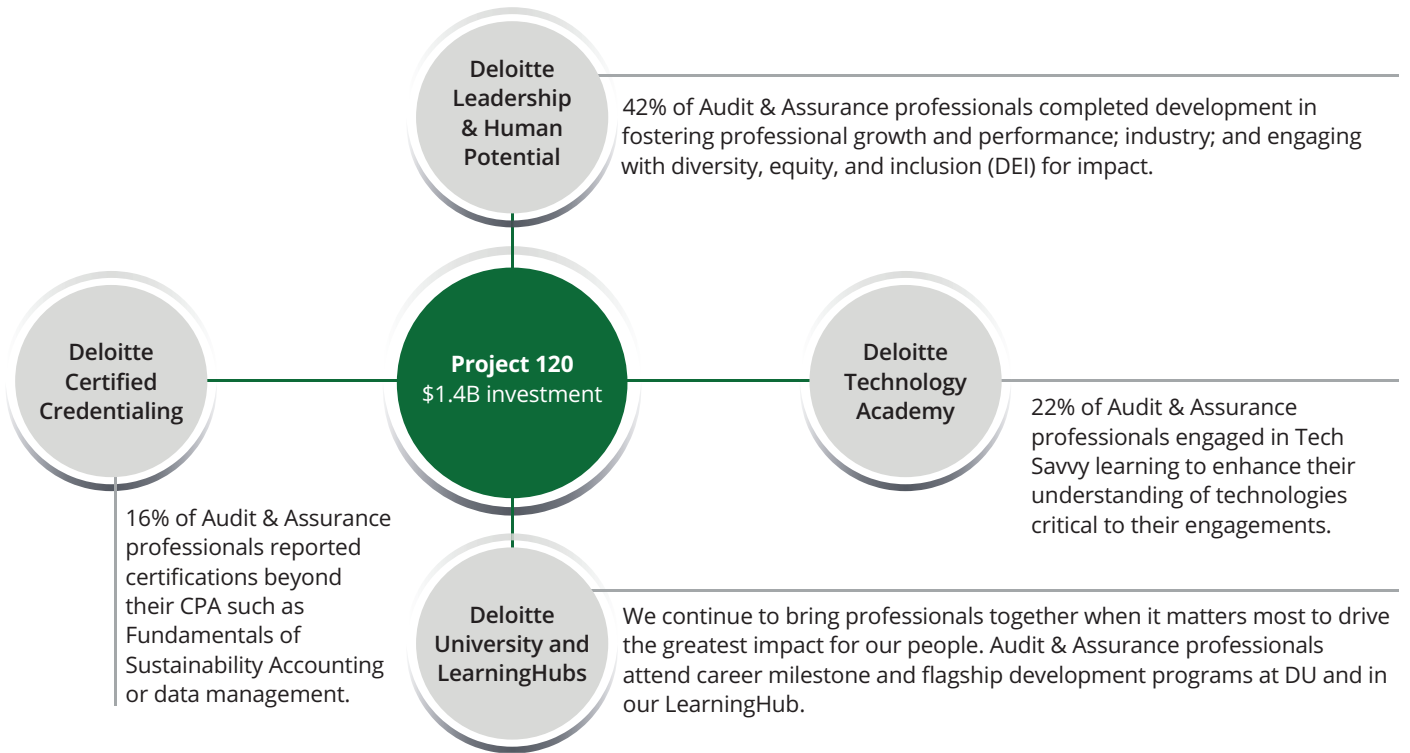
We continually evolve and innovate our learning to strengthen capabilities around critical challenges facing clients and our global society and to create more agile, tailored, and relevant learning opportunities through an intentional mix of in-person, virtual, and digital experiences. We deliver tech-focused upskilling, including training around AI, cloud, cyber, and ESG. AI and other transformative technologies further enable modernization of our curriculum and the learner experience:

- Adaptive e-learning solutions tailor technical content to each learner until the desired level of proficiency is demonstrated.
- Immersive experiential learning scenarios provide realistic skills practice.
- Various assessment strategies measure and reinforce learner knowledge over time.
- Guided in-application support enables learning in the flow of work.
- Interactive chatbots remind learners to complete their learning and help schedule time on calendars as well as answer frequently asked questions.

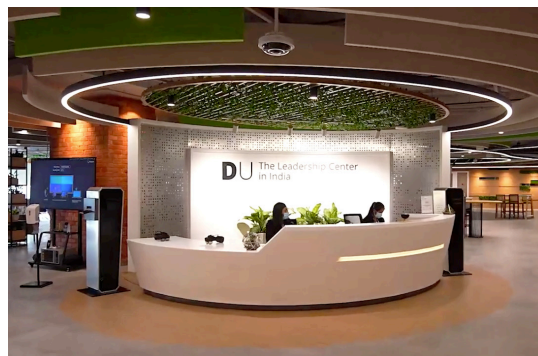
Incorporation of these tools and technologies enable more personalized learning paths, accelerate development of new skills, and move us toward the learning of the future.

Project 120

Inspired by the top speed of thought—120 meters per second—Project 120 is a portfolio of strategic investments that will fundamentally shift how we design, deliver, and experience learning and development at Deloitte in support of our people and our business transformations.



Deloitte University, Westlake, Texas



Deloitte University, Hyderabad



LearningHub, Morristown, New Jersey

Deloitte University (DU) is one of the most important investments we make in our people. It’s where learning meets leadership at our state-of-the-art learning and leadership development centers located in Westlake, Texas, and Hyderabad, India. DU is the physical space where we bring our best thought leaders together, foster conversations, build capabilities, and create learnings that can be repeated within and outside the walls of our organization. This is how we move beyond simply having insight into marketplace issues and find ways to bring differentiated value to our own people, the clients we serve, and the communities where we live and work. In 2022, we opened a new DU facility in Hyderabad, and in 2023, we broke ground on an expansion of our Westlake campus. Also in 2023, we opened our first LearningHub in Morristown, New Jersey, where our people can connect and engage in an elevated in-person learning experience that complements DU. Additional LearningHubs are planned for the future.

Recognized leader in learning

Our Deloitte Learning Team was recognized in 2023 with a total of 50 Brandon Hall Group Human Capital Management Excellence Awards—including 29 golds—a record number for Deloitte. These awards are a reflection on Deloitte’s commitment to propelling our people to their greatest potential, including:

Gold



- Best Unique or Innovative Learning and Development Program
 - Leading in a hybrid environment learning series
 - Auditor risk assessment conversations
- Best Use of Blended Learning
 - Accelerated Audit & Assurance onboarding program
- Best Use of Video Learning
 - TwoPointEight DEI learning series

Silver



- Best Use of Games or Simulations for Learning
 - Fluent Seas, a Tech Savvy mobile game
- Best Advance in Senior Manager Development
 - Senior Manager milestone program
- Best Unique or Innovate Learning and Development Program
 - Tech Savvy Jumpstarts to build technology skills with bite-size content for learning

Bronze



- Best Advance in Learning Technology Implementation
 - Auditing accounting estimates adaptive e-learning
- Best Advance in Performance Support
 - Elevating virtual and hybrid meetings

Empowered well-being

We have made significant strides exemplifying and building a culture of well-being at Deloitte by providing opportunities for our professionals to enhance their holistic self in body, mind, and purpose. Our empowered well-being strategy provides benefits and programs, educational offerings, expert-led guided meditations, and flexibility options, and engages leadership at all levels in open and honest discussions on the well-being needs of our professionals.

As we think about service delivery and talent transformation, we recognize that the nature of work, workforce, and workplace have fundamentally shifted. Our professionals want a variety of options in the way they work that allow for personal choice, flexibility, and predictability. Most of our professionals operate in a hybrid workplace model that optimizes a combination of virtual and in-person interactions. We are intentional about when we co-locate with each other and our clients for maximum impact while empowering our people to preserve the flexibility that they desire. To establish flexibility and predictability for our people, our engagement teams work to collectively identify team commitments that empower team members to flex their schedules as needed.

Throughout fiscal year 2023, we continued to invest in well-being benefits which included:

\$1,000
annual well-being subsidy with a reimbursement percentage of **100%** with more eligible purchases

More time to recharge through **Collective Disconnect Days.**

Continuation of **\$1,000** Hybrid Commuting reimbursement to assist with parking and public transportation and support being together with colleagues and clients in moments that matter.

Purpose and diversity, equity, and inclusion

Deloitte continues to lead with our commitment toward a diverse workforce and inclusive culture to make an impact that matters. We evolve our approach to meet the changing needs of our workforce and drive new ways of thinking for the greatest impact. Our ambition is to set the standard for diversity, equity, and inclusion (DEI) by creating the culture and systems that empower our workforce to thrive as their exceptional selves and reach their full potential, and to advance equity across our organization and in our communities.

To realize our ambition, our multiyear DEI strategy drives equitable outcomes within our talent practices, all client-facing and operational activities, and our impact on society. We continuously evaluate our systems and processes through an equity lens and promote a culture of transparency and accountability. Recognizing that the heart of our progress lies in individual action, we are setting expectations for inclusive behavior, allyship, and advocacy of all Deloitte leaders and professionals. Together, we are a powerful force for progress.



Internally, we continue to drive more equitable outcomes by:

Seeking greater parity in our retention and advancement rates.

Where we stand today: Progress and the work ahead

Working to embed DEI more deeply in all our talent and business practices.

Advancing equity through systemic change

Strengthening our culture of inclusion and allyship.

The Art of Allyship

2022 Deloitte DEI Transparency Report | Allied in Action

Externally we are making an impact in our communities by:

Disrupting the talent pipeline to improve outcomes for our communities, clients, and ourselves.

WorldClass: Empowering 100 million people

MADE: Making Accounting Diverse and Equitable

RightStep™: Helping students overcome obstacles they face on their path to college readiness

OneTen: Working together to advance a shared vision of prosperity

Inspiring and equipping organizations to take bold actions for equitable outcomes.

Deloitte's Diversity, Equity, and Inclusion (DEI) Institute

The equity imperative: The need for business to take bold action now

Orchestrating client and ecosystem action to promote health equity, financial inclusion, and access to technology.

Deloitte Health Equity Institute

Deloitte AI Institute

Deloitte Foundation

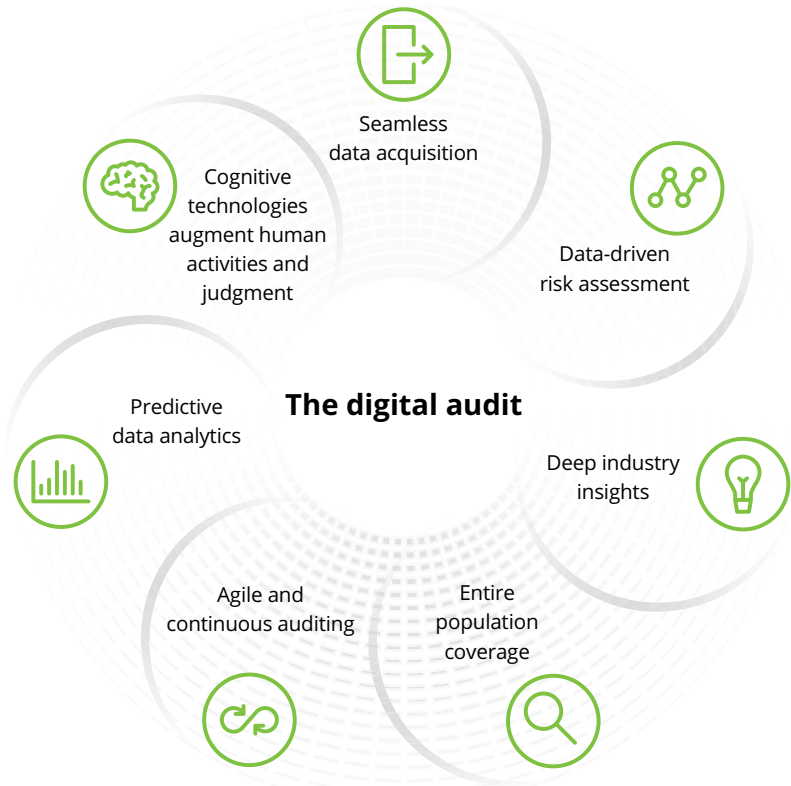
Transforming audit services



“As a dynamic leader in innovation, we continuously invest in technology that further standardizes, streamlines, and digitizes our work. This empowers us to concentrate on our top priority—delivering high-quality audits. By harnessing the power of Deloitte Omnia, combined with our professional judgment, experience, and technical skills, we continue to efficiently process large amounts of information, identify and analyze potential risks, uncover deeper insights at speed, and deliver an effective, high-quality audit.”

—Chris Griffin, Managing Partner—Transformation & Technology, Deloitte & Touche LLP

We’ve been on a journey to transform and digitize our audits and have invested more than \$1 billion on this journey over the past five years. This transformation is driven by a vision and strategy utilizing advanced technology and data analytics; is grounded by our risk-based methodology and standardized workflows; and showcases our professionals’ skills and experience. We have more than 1,000 US and global professionals that comprise our dedicated audit transformation and technology teams, bringing resources and the best thinking from across Deloitte’s multidisciplinary organization, as well as our global network of member firms. Our team collaborates with technical and quality specialists, developers, designers, consultants, data scientists, and strategists to create innovative solutions. Our transformative technology and audit approach delivers high-quality, objective insights, and allows for a unique and tailored audit experience for our clients and our people.



Transformative technologies



Generative AI

We are actively working to incorporate generative artificial intelligence (AI) into our own platforms to optimize and enhance the way we deliver services to take full advantage of this transformative technology.

For example, we recently released “DARTbot,” an advanced internal chatbot powered by cutting-edge generative AI. DARTbot can generate intelligent responses and provide valuable insights to support more than 35,000 of Deloitte’s US Audit & Assurance professionals in their daily tasks and decision-making processes. Additionally, we have expanded our specialist teams to include AI specialists to assist auditors when AI is used in financial reporting activities.

Omnia

Our audits are enabled by Deloitte Omnia, the first end-to-end, data-driven, globally integrated audit platform in the profession designed, built, and hosted in the cloud. As of the date of this report, Deloitte Omnia is deployed to 100% of audits performed under PCAOB standards.

Through Deloitte Omnia, which includes a multitude of next-generation audit functionalities, we deliver a flexible experience that promotes high quality through data-driven risk identification and transparent and collaborative workflows, such as:

- Enhanced workflows and collaboration, automation, predictive data analytics, and artificial intelligence.
- Transparent engagement status through real-time monitoring, including a central monitoring dashboard to monitor multi-location audits.
- Innovative entity and account-based risk engines that leverage industry data and prediction models to detect key entity risks and account balance-specific risk levels. This enables the early identification of risk and adaptation of scope, while being directly connected to our methodology and audit outcomes.
- Industry and account-specific analytic suites that can securely acquire data from client systems or personnel to audit full populations, where appropriate.
- Automation that improves effectiveness and efficiency of our testing and enables our professionals and our clients to focus efforts and skills on high quality and what matters most.
- Scaled use of powerful proprietary algorithms that build “One Deloitte Price” pricing valuations for tens of thousands of pricing valuations daily, in minutes.
- Securely centralizing data flows, communications, and consolidation of audit requests to provide a simple, flexible workflow that creates a transparent, real-time, collaborative process that benefits everyone involved in conducting the audit by focusing on what matters.
- Digital asset audit tool that enables auditors to effectively analyze multiple types of digital assets and verify the integrity of private key material.

Award-winning audit innovation



Omnia ESG capabilities

In 2022, Deloitte’s Omnia ESG capabilities, which use advanced technology to effectively bring together four key phases of the ESG reporting and assurance process (materiality assessment, topic mapping, disclosure management, and benchmarking)—won the “Digital Innovation of the Year” award by the *International Accounting Bulletin* at the International Accounting Forum and Awards. Marking the third consecutive year, and fifth year overall, that Deloitte has won the award.

At Enterprise Asia’s 2022 International Innovation Awards (IAA), Deloitte won top honors in the “Product” category for its Omnia ESG capabilities. IIA recognized Omnia ESG as a comprehensive and structured framework, powered by artificial intelligence and machine learning to help address multiple standards, dueling disclosure frameworks, and rising regulator expectations.

Omnia Trustworthy AI Module

Deloitte’s Omnia Trustworthy AI Module was named the 2021 “Digital Innovation of the Year” by the *International Accounting Bulletin* at the International Accounting Forum and Awards. The module identifies model biases and cyber vulnerabilities to advise organizations in their assessment as to whether their AI meets ethical, trustworthy, and fairness standards.

Omnia DNAV

Omnia DNAV, a digital, cloud-based technology that revolutionizes the audit of securities and investments, was named “Audit Innovation of the Year” in 2020 by the *International Accounting Bulletin* at the International Accounting Forum and Awards. It combines digital technologies, automation, data science, and artificial intelligence with auditor judgment to drastically reduce manual effort and allow for 100% coverage of a client’s securities transaction records.

Data analytics



Data analytics are integral to our execution of high-quality, insightful engagements. Embedded directly into our methodology, the consistent use of data analytics is supported by our secure, effective, and repeatable processes. We treat data as the currency of quality in a digital audit. We are executing a global data management strategy to promote data security and quality in all aspects of our process. Our auditors are trained to leverage analytics throughout the process as well as work with a team of specialists with access to our robust library of industry-tailored analytics. Our engagement teams prepare, interpret, and apply analytics to audit procedures across the audit process.

The use of data analytics enables us to:

- See the full picture by examining entire populations of data;
- Identify trends and anomalies for more precise risk assessments and to direct our focus to what matters most;
- Utilize data analysis in each phase of the audit as valuable evidence for a high-quality audit;
- Unlock insights to enhance decision-making and add value; and
- Explore data in real time through dynamic data visualizations.

Accelerator program



Through our Accelerator program, we promote digital consistency in our audit procedures to drive high audit quality. Our Accelerators include partners, managing directors, and senior managers with deep experience in our audit methodology and with our transformation tools and techniques. Each Accelerator works with our engagement teams, acting as a catalyst to drive change, advise, and enable continuous improvement. Our Accelerators work in tandem with our Audit Analytics and Project Management professionals to support and educate engagement teams on their use of data, analytics, and automation to further promote audit quality.

Centers of Excellence



Our Centers of Excellence are expanding to drive audit consistency and execute high-quality audit procedures. With more than 8,000 highly skilled and experienced professionals operating across multiple locations in the United States and India, our Centers of Excellence focus on audit matters unique to key industries, as well as on audit areas that are applicable across multiple industries, such as goodwill, security pricing, and employee benefit plans. They leverage our global audit workflows to enhance consistency across certain audit tasks. Professionals in our Centers of Excellence receive similar training, supervision, and review of their work as our audit professionals working on the core engagement teams. Project management is also critical to audit quality. Our highly specialized project managers provide leading project management support to our engagement teams throughout the audit life cycle.

Fostering a culture of innovation



We host a National Audit Innovation Campus Challenge, which engages students and faculty from campuses across the United States, providing students an opportunity to leverage their skills and experience through practical application by responding to a reality-based challenge statement while sharing the culture of innovation at Deloitte with academia and future professionals. Most recently, the challenge statement asked teams to consider how Deloitte might advise companies as they prepare for increased focus on ESG by stakeholders and increased disclosure requirements. More than 50 university teams from across the country participated in the most recent challenge, with 12 teams advancing to the National Competition at Deloitte University, where they competed for scholarships and institutional awards.

Shaping the future of the profession

As the largest professional services organization in the world, we have a responsibility to the profession to be forward-looking and committed to building a vibrant future. We are engaged in raising awareness and helping investors and companies, as well as the general public, appreciate and understand the auditor's role. To that end, we are constructively engaged in the dialogue around accounting and auditing standard-setting, emerging market issues, assurance services, and other topics critical to shaping the future of the profession.



Thought leadership

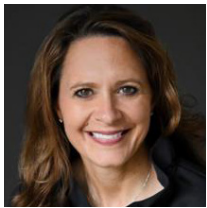
We have issued more than 125 publications, webcasts, and videos with **320,000+ downloads** of publications, **1.5 million online views**, and **14,000+ views** of our **22 videos** in FY2023. Publications include the more than 30 volumes in our Roadmap series, which provides in-depth analyses of accounting and financial reporting issues, as well as On the Radar, which addresses current issues associated with topics covered in the Roadmaps.

Other publications issued and webcasts held during the year focused on emerging topics including crypto assets, accounting implications related to the banking sector and commercial real estate, and guidance released by the Financial Accounting Standards Board (FASB) and SEC. A dedicated [ESG financial reporting resource page](#) was created to address climate-related and other ESG matters.

We launched **DART by Deloitte**, our first mobile app of an accounting and financial reporting research library. Offered both internally for A&A professionals and externally, the app allows users to view current events related to accounting and financial reporting on the go and works seamlessly between their desktop and mobile device. Additionally, we recently released [DARTbot](#), an advanced internal chatbot.

Engaging with regulators and standard-setters

Consistent with our desire to set the standard of excellence for the profession, we are committed to engaging in the regulatory and standard-setting processes and do so through our professionals' participation. We do this through participation by our professionals in the regulatory and standard-setting process. We also provide a Deloitte point of view in public discussions on key topics, including in our own responses to requests for comment by regulators and standard-setters, as well as by contributing to profession-wide responses. The goal of our engagement is both to contribute to the quality of regulations and standards by providing our technical experience and perspectives and to support our own understanding and compliance with new standards and rules. Our engagement aligns with our focus on audit quality and is a demonstration of our commitment to doing more than simply meeting professional and regulatory standards.



“New climate regulations and standards are here. These requirements move beyond compliance and can serve as a catalyst to business transformation as the need for companies to engage in assurance-ready climate reporting and integrate climate considerations into governance, risk management, and strategy accelerates.”

—**Kristen Sullivan**, Audit & Assurance Partner, Deloitte & Touche LLP, US Sustainability and ESG Leader

Environmental, social, and governance

We continue to expand our service offering capabilities to deliver assurance in response to evolving market demands and trends. One way we're adapting to the capital markets' needs is through responding to both our clients' and their stakeholders' increased focus on ESG topics—specifically climate. With ESG matters becoming the focus of boards, audit committees, and regulators, investors are increasingly requesting more detailed and reliable ESG information, and we are well positioned to provide our audit clients with ESG assurance services as they work to meet the needs of the capital markets.



ESG information helps users of reporting understand:



Enterprise value creation (for investors), to gain insights into the resilience of organizations' business models and supply chains, as well as the broader risks they face.



Sustainable development (for broader stakeholders), to understand the impact organizations have on people, profit, the planet, and their contributions to achieving the Sustainable Development Goals (SDGs) set out by the United Nations.

Benefits of embedding ESG

Measuring and reporting on ESG can:



Increase access to capital

Better access to capital can increase business resilience and improve overall performance.



Build trust with investors

Build trust with investors by demonstrating the organization's strategic focus on integrating ESG data and insights into growth drivers and enterprise risk management.



Fortify consumer preference

Consumers are increasingly willing to buy from organizations that have integrated sustainability data and insights into operational, research and development, and products and services decision-making.

Our objective role as an independent auditor, with our commitment to quality, positions us well to provide assurance on ESG metrics, which can be used to portray enterprise value. Our professional capabilities and industry experience allow us to deliver expanded assurance in tandem with financial statement audits and bring a potentially new level of service to our clients.

These expanded offerings are broadening the skill sets of our people as they need to contemplate new attributes and scenarios. As the expectations of our stakeholders evolve, our people are reframing how they think to respond to changing business models and market trends. This shift will define the future of our Audit & Assurance business.

Our Audit & Assurance professionals are supported by an ESG team that is composed of climate scientists, CPAs, greenhouse gas specialists, and industry leaders. We have been recognized for our leading-edge technology and innovative culture, with Omnia ESG capabilities receiving recognition as a data-fueled solution that helps transform ESG information into insights for our clients and deliver greater quality, effectiveness, and perspective.

Working together as a profession

Mindful of our duty to the investing public and our responsibility to promote the effective functioning of the capital markets, we work constructively with a range of stakeholders to enhance the effectiveness of audit quality. We believe that elevating audit quality in the profession benefits the capital markets, and we take a leadership role in activities designed to elevate audit quality across the profession through the exchange of leading practices and active participation on issues relevant to audit quality.

Deloitte encourages and supports our leaders engaging with various external key stakeholders, including all of the following:

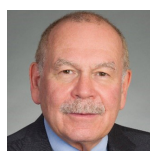
- Center for Audit Quality (CAQ)
- Individual State Boards of Accountancy
- Individual State CPA Society Boards and State Society Foundation Boards
- National Association of State Boards of Accountancy (NASBA)
- American Institute of Certified Public Accountants (AICPA)
- National Association of Black Accountants (NABA)

Understanding the needs of our stakeholders

Audit Quality Advisory Council

Our Audit Quality Advisory Council (AQAC) comprises eminent representatives from a cross-section of disciplines. The members of our AQAC bring perspectives based on their current and prior leadership roles and experiences, including as academics, regulators, investors, standard-setters, auditors, audit committee members, and public company executives. Our senior leadership regularly meets with our AQAC throughout the year to discuss a wide range of current issues relevant to audit quality and the future of the profession.

We are pleased to welcome Laura Phillips and Kecia Williams Smith, who joined the Council beginning January 2024. Current members of our AQAC include:



Daniel Goelzer, Chair

Mr. Goelzer is a retired partner of the law firm Baker McKenzie LLP where he practiced securities law. He is a founding board member and former acting chair of the PCAOB. He also served for seven years as general counsel of the SEC. He was a member of the Sustainability Accounting Standards Board and vice chair of the International Forum of Independent Audit Regulators. Mr. Goelzer has served on several nonprofit organization boards.



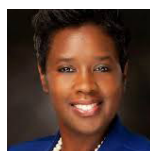
Jon Lukomnik

Mr. Lukomnik is a managing partner of Sinclair Capital LLC, serves on the board of a mutual fund, and serves as an adjunct professor of International and Public Affairs and a Brandmeyer Fellow for Impact and Sustainable Investing at Columbia University. He previously served as executive director of the Investor Responsibility Research Center Institute and was a visiting professor at Cambridge University (UK). He is a member of the Standing and Emerging Issues Advisory Group of the PCAOB and has been honored by the National Association of Corporate Directors, the International Corporate Governance Network, Ethisphere, and Global Proxy Watch, among others. Mr. Lukomnik has been the investment advisor or a trustee for more than \$100 billion in institutional investments in his career.



Laura Phillips

Ms. Phillips is an Advisory Member of Financial Executives International's Committee on Corporate Reporting. She has more than 30 years of diverse business experience, including senior leadership roles at GM and Google. She is a former Deputy Chief Auditor of the PCAOB. Ms. Phillips began her career with Ernst & Young as an auditor, including four years in the firm's national office.

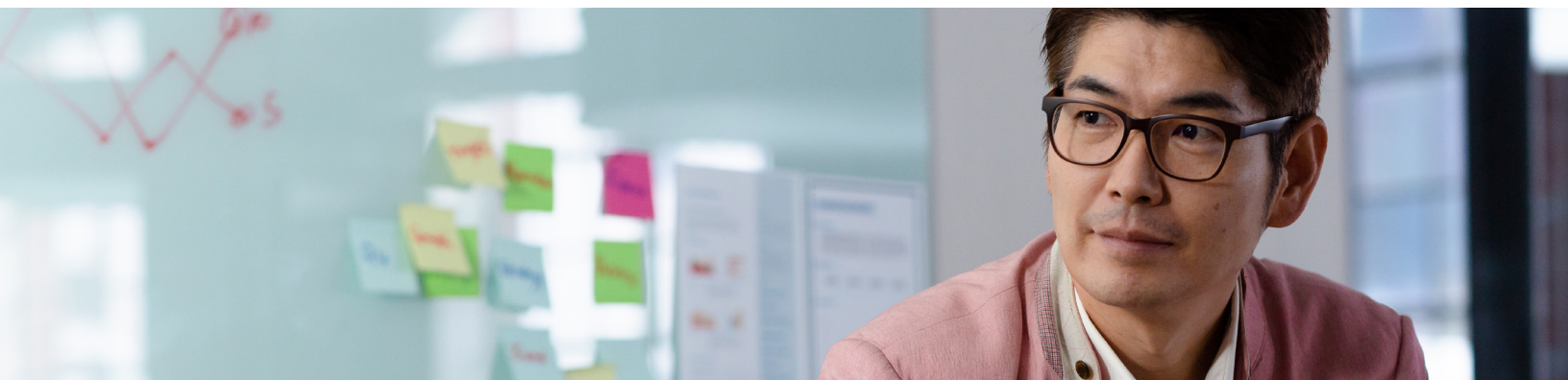


Kecia Williams Smith

Dr. Smith is Associate Professor and Director of the Master of Accountancy Program in the Department of Accounting and Finance at North Carolina A&T State University. She also serves on the PCAOB Standards and Emerging Issues Advisory Group (SEIAG) and the Government Accountability Office (GAO) Accountability Advisory Council. Prior to entering academia, she was an Associate Director at the PCAOB within the Division of Registration and Inspections and an audit senior manager.

Engaging with audit committees

As auditors, we take our reporting relationship to each company's audit committee seriously, embracing the opportunity to have candid, two-way conversations that strengthen audit quality and help the audit committee execute its fiduciary responsibilities. Our commitment to audit committees goes far beyond the individual engagement—it extends to being at the forefront of conversations across the audit committee community. We strive to contribute to strong governance by bringing thought leadership, industry knowledge, and business insights to every conversation, drawing on the vast pool of research and hands-on audit experience that Deloitte offers.



We have developed a number of programs and resources that help audit committee members and board members fulfill their responsibilities.

- [Audit committee and board insights](#)
- [Audit Committee Practices Report](#)
- [On the audit committee's agenda](#)
- [Audit Committee Brief](#)
- [Audit committee and board symposiums](#)
- [Audit committee and board labs and education programs](#)
- [Board Governance Webinars](#)
- [Board-Ready Programs](#)

Marketplace insights

We proactively seek perspective from key stakeholders and follow third-party research to help us stay current on the latest trends and insights across industries. Throughout the year, we engage with stakeholders and conduct surveys and online polls in addition to leveraging third-party information to help guide our thinking and inform our work.

- **Investor Outreach Program** – The investor community is a key stakeholder for our Audit & Assurance business. As part of our efforts to foster increased dialogue with investors and better understand their perspectives, our investor engagement initiatives include regular outreach and interaction with a number of institutional investors.
- **CFO Signals™** – Deloitte's CFO Program conducts this quarterly "pulse survey" to provide CFOs with information regarding peers' thinking across a variety of topics. Respondents include CFOs from public and private companies that predominantly have more than US\$3 billion in annual revenues, and participation is open to all sectors.
- **Deloitte Dbriefs** – Deloitte Dbriefs are informative, interactive, and convenient webcasts that cover a spectrum of issues and important developments affecting businesses. Each Dbriefs webcast provides an opportunity to poll attendees on the topics discussed during the Dbriefs, which provides further insights into these topics. Reviewing the data from the online polls taken during these webcasts provides our professionals critical insights related to the challenges and obstacles facing organizations.

We also leverage these insights to provide timely, objective, and thought-provoking research developed for the benefit of boards of directors, audit committee members, C-suite executives, investors, and other governance leaders through various channels, including resources from our Center for Board Effectiveness and different forms of thought leadership.

- [Heads Up Newsletter](#)
- [Roadmap Series](#)
- [On the Radar Series](#)
- [Other resources available for subscription](#)



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