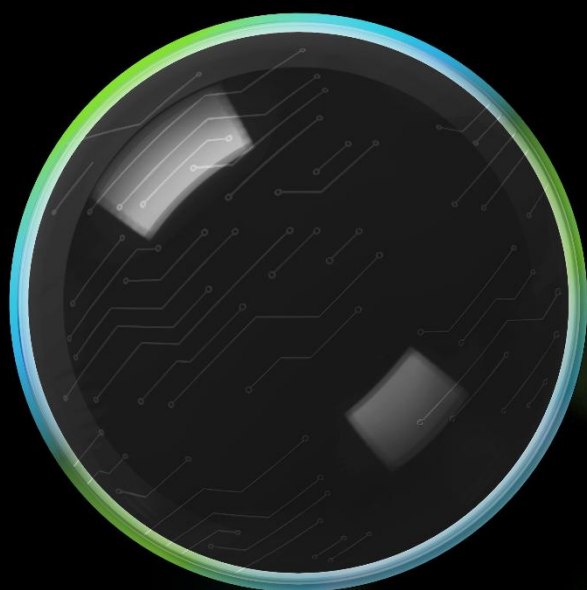




2026 Transparency Report
Deloitte Touche Tohmatsu LLC

For the year ended 31 May 2026

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Deloitte Touche Tohmatsu LLC leadership message¹

Creating New Trust in Society through Digital & AI and Diverse Talent, and Continuously Meeting Stakeholder Expectations

Changes in the Environment Surrounding Stakeholders and the Role of Deloitte Touche Tohmatsu LLC

Deloitte Touche Tohmatsu LLC (“Deloitte Japan”) was established in 1968 as Japan’s first large-scale audit firm. Since its inception, we have steadfastly upheld independence and professional integrity as our enduring principles. Throughout our history, we have supported the development of Japan’s auditing system and contributed to the sound development of the economy, society, and capital markets.

Today, the world around us is changing at an unprecedented pace. Geopolitical tensions, increasingly complex global supply chains, and the growing impacts of climate change are reshaping the business landscape and creating unprecedented uncertainty. At the same time, rapid advances in digital technologies, particularly artificial intelligence (AI), are transforming not only how businesses operate, but also the very fabric of society itself.

Against this backdrop of unprecedented change, the expectations of stakeholders are evolving rapidly, and so too is the role of the audit firms. The demand for high-quality audits that protect investors and underpin confidence in the capital markets remains as important as ever. At the same time, rising economic uncertainty is driving the need for deeper, more forward-looking audits that focus on companies’ long-term business resilience and potential risks. Furthermore, with the introduction of assurance requirements for sustainability disclosures on the horizon, stakeholder expectations regarding the reliability of non-financial information continue to increase.

At this pivotal moment, we believe it is our mission to understand stakeholder expectations, and contribute to the sustainable growth of enterprises and the sound development of society and the economy, by supporting the integrity and transparency of capital markets through high-quality audit and assurance services.

Three Strategic Priorities: Digital & AI, Diverse Talent, and Sustainability

Our vision is “Creating New Trust in Society through Digital & AI and Diverse Talent, and Continuously Meeting Stakeholder Expectations.” In a world characterized by increasing complexity and accelerating change, the audit profession must continue to evolve. By harnessing advanced digital and AI capabilities alongside the judgment, experience, and specialized expertise of our professionals, we are enhancing the quality, relevance, and value of our audit and assurance services. Through this continuous evolution, we will continue to earn and strengthen the trust placed in us by society and our stakeholders.

As expectations for transparency and accountability continue to grow, we are committed not only to enhancing confidence in financial information, but also to strengthening the reliability and credibility of non-financial information. By doing so, we seek to support more meaningful dialogue between businesses, investors, and other stakeholders, while contributing to the sustainable growth of enterprises and the long-term development of society and the economy.

The Co-Creation of Digital & AI and Diverse Talent

The rapid advancement of digital technologies and AI is creating unprecedented opportunities to transform the audit profession. At Deloitte Japan, we are leveraging these opportunities by embedding collaborative AI agents within our globally integrated cloud-based audit platform, enabling the use of AI across the entire audit process. This allows us to analyze vast volumes of data more efficiently and identify patterns, anomalies, and emerging risks that may not be apparent through human observation alone.

Yet technology, however powerful, is only part of the equation. In addition to certified public accountants, Deloitte Japan is home to professionals with deep expertise in sustainability, digital technologies, industry and sector specialization, IPO

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 Deloitte organization](#).

advisory, and global business operations. As the issues facing organizations become increasingly complex, we bring together these diverse capabilities to form teams tailored to the specific circumstances and issues of each client.

Our vision is to combine the advanced analytical capabilities of digital AI with the judgment, critical thinking, and knowledge of diverse human resources. By integrating AI-driven insights with deep business understanding, professional judgment, and specialized expertise, we can deliver more insightful and forward-looking audits. This enables us to focus not only on financial information, but also on long-term business sustainability, organizational resilience, and potential risks, including those associated with fraud. Moreover, by utilizing AI to identify changes, trends, and emerging risks earlier and from multiple perspectives, we can foster more meaningful and constructive dialogue with management and those charged with governance. In doing so, we contribute not only to higher-quality audits, but also to stronger governance and long-term value creation.

As uncertainty continues to reshape the business environment, the collaboration between technology and human expertise will be essential to maintaining and advancing audit quality. We therefore remain committed to accelerating our investments in both Digital & AI and talent development, strengthening our ability to serve the public interest and reinforcing our role as a trusted cornerstone of the capital markets.

Sustainability

The objective of sustainability disclosure is to encourage companies to advance sustainable management practices and, through transparent reporting, foster a shared understanding with stakeholders regarding long-term value creation. Companies are expected to enhance the sustainability of their operations by rebuilding and strengthening supply chains, transforming their business strategies to place greater emphasis on sustainability, and fulfilling their accountability through clear and appropriate disclosures. By doing so, they can drive sustainable growth and enhance corporate value over the medium to long term. The introduction of assurance requirements for sustainability information is imminent.

As a professional services firm built on a strong heritage of audit, Deloitte Japan has established a robust quality management system to support the credibility of sustainability information. This system leverages the extensive experience and expertise we have cultivated through audit engagements, our deep industry and sector knowledge, globally consistent methodologies, and advanced digital and AI-enabled tools. Building on the deep understanding of our clients' visions, medium- to long-term strategies, internal controls, and governance structures that we have developed through our audit engagements, we are uniquely positioned to provide integrated assurance over both financial and sustainability information. Through these efforts, we will further enhance the trustworthiness of sustainability disclosures and contribute to the sustainable growth and long-term success of the organizations we serve.

Deloitte Japan's Fundamental Value and Mission

No matter how advanced technology becomes, the ultimate source of our value will always be our people. The trust that underpins society rests on human judgment, expertise and integrity.

Guided by these shared values, we will continue to be a pioneer in creating trust in society by placing "Quality first" which places top priority on audit quality, as the starting point for all decisions and actions. By harnessing the combined strengths of our people and technology, we will continue to deliver high-quality audit and assurance services that foster trust, transparency, and accountability. Through these efforts, we aspire to remain a trusted cornerstone of the capital markets and the organization that stakeholders trust most.



Kazuhiro Sota
CEO, Deloitte Touche Tohmatsu LLC
30 September 2026

Deloitte network

Deloitte Japan: legal structure and ownership

Deloitte Touche Tohmatsu LLC is referred to throughout this report as “Deloitte Japan”, and Deloitte Tohmatsu Group Japan LLC² is referred to throughout this report as “DTGJ”.

DTGJ, the entire capital of which was financed by all of the partners of DTGJ, was incorporated in April 2014. Partners of DTGJ consist of Equity Partners who are qualified in each of the business entities including Deloitte Japan, Deloitte Tohmatsu LLC³, Deloitte Tohmatsu Tax Co. and DT Legal Japan. DTGJ concluded a membership agreement with Deloitte Asia Pacific Limited (“Deloitte Asia Pacific”), which is a member firm of Deloitte Touche Tohmatsu Limited (“DTTL”). DTGJ entered into the Deloitte Tohmatsu Group (the “Group”) agreement with the Group’s key entities, including Deloitte Japan, whereby Deloitte Japan is considered one of Deloitte Asia Pacific’s participating firms.

Deloitte Japan has been developing its operations manual and regulations based on the membership agreement with Deloitte Asia Pacific and the Group agreement with DTGJ. Deloitte Japan utilizes management strategies established by DTGJ in conducting its business and shares IT and other services offered by DTGJ.

DTGJ holds practice rights to provide professional services using the “Deloitte” name, which it extends to Deloitte entities within its territory, including Deloitte Japan. Deloitte Japan is authorized to serve as an auditor for clients in Japan.

Network description

The Deloitte network

The Deloitte network (also known as the Deloitte organization) includes a globally connected network of DTTL member firms and their respective related entities operating in more than 150 countries and territories around 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 over 470,000 dedicated people in independent firms throughout the world come together to provide a broad range of leading professional services to select clients. These firms are members of DTTL. DTTL, these member firms and each of their respective related entities form the “Deloitte organization”. Each DTTL member firm and/or its related entities provide services in particular geographic areas and is subject to the laws and professional regulations of the particular 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 provide all services, and certain services may not be available to attest clients under the rules and regulations of public accounting. DTTL, and each DTTL member firm and each of its related entities, are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm, and their respective related entities, are liable only for their own acts and omissions, and not those of each other. The Deloitte organization is a global network of independent firms and not a partnership or a single firm.

Deloitte Asia Pacific Limited (“Deloitte Asia Pacific”)

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of Deloitte Global. Members of Deloitte Asia Pacific and their related entities, each of which is a separate and independent legal entity, provide services from more

² As of December 1, 2025, Deloitte Tohmatsu Consulting LLC, Deloitte Tohmatsu Financial Advisory LLC and Deloitte Tohmatsu Risk Advisory LLC have merged to form Deloitte Tohmatsu LLC. As part of this merger, the former Deloitte Tohmatsu LLC changed its name to Deloitte Tohmatsu Group Japan LLC.

³ See footnote 2.

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.

Deloitte Japan: governance – leadership in action

The Board of Directors of Deloitte Japan is composed of the Chair of the Board, the CEO of Deloitte Japan, and other members. Other than the CEO of Deloitte Japan, the Chair and Board members are not executive officers. Deloitte Japan enhances governance by having such Board members monitor the performance of management.

Based on the management policies of the Board, the Executive Committee formulates and executes business plans in carrying out its organizational management function for Deloitte Japan.

The Nomination Committee makes recommendations for the appointment of Board members based on selection rules for the CEO of Deloitte Japan and other positions. Nominees are then approved by means of a vote of confidence by the partners.

The CEO of Deloitte Japan is nominated by the Nomination Committee of the Board based on internal regulations and then approved via a vote of confidence by the partners.

Candidates for the Executive Committee members are nominated by the CEO of Deloitte Japan from among a group of highly qualified and deeply knowledgeable persons and subsequently approved by the Board.

In conformity with the Standards for Quality Control of Audits (March 12, 2024, Business Accounting Council), Deloitte Japan operates systems to ensure that tasks are performed appropriately, with policies and procedures for quality management in place extending from engagement acceptance and continuance to designing an audit plan and executing an audit, to issuing an audit report. Under the supervision of the CEO of Deloitte Japan, who is ultimately responsible for the system of quality management, the Quality & Risk Management Leader sets policy for quality management and takes responsibility for its execution. Also, under the individual who has operational responsibility for monitoring and remediation process of system of quality management, the head of Audit & Assurance Practice Monitoring monitors the status of such policy setting and execution.

Deloitte Touche Tohmatsu LLC – Board As of 31 May 2026

Haruko Nagayama, Chair of the Board ^{*4}
Hiroharu Nakamura, Non-Executive Board Member ^{*1,8}
Tomoyasu Maruyama, Non-Executive Board Member ^{*4}
Keisuke Takao, Non-Executive Board Member ^{*7}
Tomomi Tsuji, Non-Executive Board Member ^{*9}
Koichi Okubo, CEO, Deloitte Touche Tohmatsu LLC ^{*3}
Makoto Takahashi, Observer ^{*5}
Kenichi Kimura, Observer ^{*5}
Junko Watanabe, Observer ^{*5}
Tsuyoshi Kono, Observer ^{*5}
Atsuko Kawazu, Observer ^{*5}
Toshiko Koizumi, Observer ^{*5}
Ken Ohama, Observer ^{*5}
Toru Kanazawa, Observer ^{*5}
Akihiro Kataoka, Observer ^{*5}
Atsushi Noda, Observer ^{*5}
Akiko Sakai, Observer ^{*5}
Masafumi Nakao, Independent Non-Executive ^{* 5,6}
Takayuki Hashimoto, Independent Non-Executive ^{*2,5}
Makiko Hamabe, Independent Non-Executive ^{*5,10}
Ryota Sekine, Independent Lawyer ^{*4,5}

*1 Appointed at the end of the general meeting of partners on 27 August 2020.

*2 Appointed at the end of the general meeting of partners on 27 July 2021.

*3 Appointed at the end of the general meeting of partners on 1 June 2022.

*4 Appointed at the end of the general meeting of partners on 28 July 2022.

*5 Non-voting members

*6 Appointed at the end of the general meeting of partners on 28 July 2023.

*7 Appointed at the end of the general meeting of partners on 29 July 2024.

*8 Reappointed at the end of the general meeting of partners on 29 July 2024.

*9 Appointed at the end of the general meeting of partners on 28 November 2024.

*10 Appointed at the end of the general meeting of partners on 29 July 2025.

Deloitte Touche Tohmatsu LLC – Board As of 30 July 2026

Koichi Okubo, Chair of the Board ^{*9}
Hiroharu Nakamura, Non-Executive Board Member ^{*1,7}
Masato Shoji, Non-Executive Board Member ^{*11}
Emiko Minowa, Non-Executive Board Member ^{*11}
Keisuke Takao, Non-Executive Board Member ^{*6}
Kazuhiro Sota, CEO, Deloitte Touche Tohmatsu LLC ^{*10}
Makoto Takahashi, Observer ^{*4}
Tomotaro Nagakawa, Observer ^{*4}
Tsuyoshi Kono, Observer ^{*4}
Jun Matsumoto, Observer ^{*4}
Toshiko Koizumi, Observer ^{*4}
Ken Ohama, Observer ^{*4}
Akihiro Kataoka, Observer ^{*4}
Tetsuya Matsumoto, Observer ^{*4}
Tomoko Takahashi, Observer ^{*4}
Haruko Nagayama, Observer ^{*4}
Masafumi Nakao, Independent Non-Executive ^{* 4,5}
Takayuki Hashimoto, Independent Non-Executive ^{*2,4}
Makiko Hamabe, Independent Non-Executive ^{*4,8}
Ryota Sekine, Independent Lawyer ^{*3,4}

*1 Appointed at the end of the general meeting of partners on 27 August 2020.

*2 Appointed at the end of the general meeting of partners on 27 July 2021.

*3 Appointed at the end of the general meeting of partners on 28 July 2022.

*4 Non-voting members

*5 Appointed at the end of the general meeting of partners on 28 July 2023.

*6 Appointed at the end of the general meeting of partners on 29 July 2024.

*7 Reappointed at the end of the general meeting of partners on 29 July 2024.

*8 Appointed at the end of the general meeting of partners on 29 July 2025

*9 Appointed at the end of the general meeting of partners on 17 February 2026

*10 Appointed at the end of the general meeting of partners on 26 February 2026

*11 Appointed at the end of the general meeting of partners on 30 July 2026

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 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 member firms, is led by the Deloitte Global Audit & Assurance Business Leader (the "Leader"). The Leader's responsibilities include working with the member firms to define and drive the Audit & Assurance strategy. Key strategy areas of focus include:

- Building on Deloitte Audit & Assurance ("A&A")'s strengths in embedding quality excellence and technology-led transformation, to effectively deliver on the evolving needs of stakeholders relating to corporate reporting and the audit.
- Investing in the future, including enhancing the experience of Deloitte A&A's people and increasing collaboration across the organization to deliver on key focus areas such as GenAI, finance transformation, and sustainability

The company we keep

As part of Deloitte's A&A 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 A&A strategy and global shared values that guide our behavior to lead the way, serve with integrity, take care of each other, foster inclusion, and collaborate for measurable impact. Our Audit & Assurance portfolio 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 sets the tone for our risk culture and aims to drive global consistency in the engagement acceptance and continuance decision making process.

Deloitte Japan 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 Japan 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 Japan is one of Deloitte Asia Pacific's participating firms. As a locally registered and regulated audit firm in Japan, 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 Japan 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 Deloitte Asia Pacific participating firm within the Deloitte network, we work in close cooperation with the other geographies in Deloitte 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 standardization and consistency across the audit and assurance business and contributing to our collective aspirations of continuous improvement in quality.

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.

The span of change and complexity in the current external environment around the world highlights the value of Deloitte's MDM and is pivotal to delivering high-quality A&A work. The growth in Deloitte's non-A&A business lines results in higher quality resources available to the A&A practice, enabling transformation to drive enhancements in audit quality.

Specifically, the scope of corporate reporting is transforming with the emerging voluntary and mandatory disclosure requirements around sustainability, 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 recognizes that each Deloitte business line is important 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.

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.

Strengthening A&A quality through AI-enabled innovation

Deloitte A&A is advancing with purpose as we execute our digital transformation strategy. In a landscape defined by rapid technological development, the focus remains on delivering high-quality engagements while adapting how A&A work is performed. Responsible innovation is fundamental to this approach. We seek to capture technological opportunities while maintaining the centrality of professional judgment, integrity, and trust.

A key recent development is the introduction of an embedded network of intelligent agents within Deloitte Omnia, Deloitte's global cloud-based platform. This advancement supports teams with enhanced, context-aware insights, and real-time workflow assistance. These capabilities strengthen our people's ability to analyze information, identify potential risk factors, support compliance and regulatory assessments, and reinforce the consistency and quality of procedures. Throughout, the principle of "human in the loop" remains paramount.

These capabilities are designed to augment, not replace, professional judgment: A&A professionals and practitioners remain responsible for challenging and validating the outputs of technology, ensuring that technology serves as an enabler of quality rather than a replacement for critical thinking or professional skepticism.

These enhancements are complemented with practical and ethical guidance, drawing on recognized frameworks such as Trustworthy AI™. Our people have access to regular and targeted learnings, including the Deloitte AI Academy™, that addresses both the value and limitations of AI-enabled technologies. This learning reinforces the importance of human oversight, and alongside updated practice aids and guidance from subject matter specialists, supports teams in navigating new challenges and adapting to evolving stakeholder requirements.

Deloitte A&A's training and talent model is designed to equip teams not only to use technology, but also to apply professional skepticism, challenge estimates, assess disclosures, understand automated assurance workflows, and investigate exceptions or anomalies identified through digital capabilities. The Deloitte Global A&A talent framework and delivery models have also been revised, so that teams are equipped to operate confidently in a digital environment—balancing human oversight with the power of AI.

Security, integrity, and client data

Deloitte recognizes that the security and confidentiality of client data are fundamental to maintaining stakeholder trust and delivering credible engagement outcomes. As processes increasingly rely on cloud-based platforms and digital solutions, we continue to make investments to protect data safety and privacy. Deloitte A&A applies a security-by-design approach across the technology lifecycle, including upfront risk and data assessments, secure engineering standards, controlled testing and release processes, and ongoing monitoring and remediation in production. These controls are designed to support the confidentiality and security of client data throughout the A&A technology lifecycle.

We adhere to applicable regulatory requirements and industry standards concerning data handling, encryption, and access management. Secure data flows minimize risk of error or unauthorized access. Real-time oversight within Omnia enables early identification and resolution of anomalies, supporting prompt responses to potential risks.

Direction, supervision, and review (DSR) principles are embedded within both our technology and methodologies, extending not only to AI-enabled solutions but to many facets of digital engagement execution. Updated practice aids and practitioner guidance reinforce this focus on DSR across engagements.

Deloitte A&A's approach to technology usage is built on responsible stewardship of information. Through secure platforms, robust processes, and ongoing professional vigilance we continue to uphold the integrity expected by the public, regulators, and capital markets.

Sustainability reporting

Sustainability matters continue to present risks and opportunities for businesses across sectors and geographies, giving rise to stakeholder demand for transparent disclosure and reporting. From a financial reporting perspective, Deloitte's audit approach is designed to promote consistent and appropriate consideration of sustainability-

related risks and opportunities, which enables a deeper understanding of potential impacts on the financial statements and well-documented conclusions. We reinforce this with our people through learning, guidance, and various resources.

In the evolution from traditional financial reporting to broader corporate reporting, significant standard-setting activity has resulted in new or enhanced disclosure requirements. The IFRS Sustainability Disclosure Standards published by the International Sustainability Standards Board (ISSB) created a global baseline for sustainability reporting that is in various stages of adoption in jurisdictions across the globe. In Europe, we have seen the first wave of entities in scope of the Corporate Sustainability Reporting Directive (CSRD) publish comprehensive sustainability reporting in accordance with European Sustainability Reporting Standards (ESRS), and we are monitoring ongoing simplification efforts. In Japan, the Sustainability Standards Board of Japan (SSBJ) issued inaugural sustainability disclosure standards to be applied in Japan, which are aligned with IFRS Sustainability Disclosure Standards.

Deloitte is a strong advocate for decision-useful sustainability reporting and we continue to monitor regulatory developments in this space, recognizing the important role we play in active stakeholder engagement.

Sustainability assurance

Assurance over sustainability reporting is increasingly becoming mandatory in jurisdictions across the globe, with voluntary assurance also recognized as a valuable tool to instill trust in corporate sustainability reporting.

The demand for sustainability assurance highlights the importance of professional standards that enable consistent, high-quality execution globally.

Deloitte is well positioned to deliver high quality assurance on sustainability 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 and assurance 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 services that appropriately address both voluntary sustainability reporting and mandatory reporting requirements:

- Developing and enhancing Deloitte’s global sustainability assurance methodology, which includes supplemental guidance and resources for specific sustainability reporting standards and frameworks.
- Building capacity through global and localized learning focused on sustainability reporting and assurance topics.
- Developing and deploying technology-enabled solutions, such as sustainability disclosure checklists.
- Leveraging our global network and MDM to share subject matter knowledge and experience.
- Engaging to shape the capital market infrastructure for sustainability reporting tied to enterprise value through collaboration on standard setting, reporting, and assurance initiatives, such as the IFRS Foundation, the IAASB, the International Ethics Standards Board for Accountants (IESBA), the Sustainability Standards Board of Japan and the Financial Services Agency in Japan.

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 sustainability information.

System of quality management (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 formalized 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 Japan 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 Japan'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 center, 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 Japan performed its annual evaluation of its SQM as of 31 May 2026.

Conclusion on the effectiveness of the SQM

Deloitte Japan 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 fulfill 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 Japan conducted its evaluation in accordance with ISQM 1.

Deloitte Japan concluded that the SQM provides the firm with reasonable assurance that objectives of the SQM are being achieved as of 31 May 2026.

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 methodology is also dynamic—it evolves continuously to keep pace with the changing demands of investors, companies, and other stakeholders. It recognizes that advances in the availability and management of large data sets, in statistical science as well as Generative AI (GenAI) are relevant to continuing to enhance the quality of Deloitte engagements.

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/Research Portal, an extensive online library, and in our audit execution platforms (such as Deloitte Omnia and Deloitte Levvia). These resources drive greater standardization 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.

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 the Quality & Risk Management, or others in the organization with specialized knowledge.

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 objectives 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 Japan'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.
- Identifying appropriate resources (from within Deloitte Japan as well as from other Deloitte geographies or Deloitte Global) with the right experience.

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 Japan while considering all signing partners or partner equivalents on a cyclical basis.
- Mandatory moderation panel to drive consistency in findings and engagement ratings.
- Identifying appropriate resources (from within Deloitte Japan as well as from other Deloitte geographies or Deloitte Global) with the right experience and industry knowledge.

External inspections

In addition to Deloitte Japan's own monitoring of quality, we are subject to external monitoring by the external regulators below.

JICPA

The Quality Control Committee of the Japanese Institute of Certified Public Accountants (JICPA) performs a quality control review of Deloitte Japan's system of quality management. The review is performed to evaluate whether Deloitte Japan's system of quality management is designed and operated in conformity with the standards of quality control. The report received in March of 2026, which reflects the most recent results of review, was "Result without significant deficiencies".

CPAFOB

For an overview of examination and inspection of audit firms by the Certified Public Accountants and Auditing Oversight Board (CPAFOB), refer to "Examination and Inspection of Audit Firms" section of the publication issued by the CPAFOB, which can be accessed at the following website:

https://www.fsa.go.jp/cpaob/english/pamphlet_g.pdf.pdf

Based on Paragraph 2 of Article 49-3 of the Certified Public Accountants Act of Japan (the "CPA Act"), the CPAFOB may conduct an inspection of Deloitte Japan.

The CPAFOB prohibits firms from publicly disclosing information, in whole or in part, about the inspection by the CPAFOB or its inspection report due to reasons of confidentiality.

PCAOB

At least once in every three calendar years, U.S. Public Company Accounting Oversight Board (PCAOB) inspections are required for a registered public accounting firm that, during any of the three prior calendar years, issued an audit report with respect to at least one, but no more than 100, issuers, or that played a substantial role in the preparation or furnishing of an audit report with respect to at least one issuer. The scope of the inspections includes an evaluation of the quality of the audit work performed on selected audits and a review of practices, policies, and procedures of the quality control system.

The public portions of the PCAOB's inspection report are available on the following website:

[2024 Inspection 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 Japan and provides for effective implementation and monitoring of key audit quality priorities.

Learning and development initiatives

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 Development (CPD) each year 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, and all of these programs cover the full range of the Global Talent Standards (e.g., leadership & professional competencies, function-specific technical competencies, and competencies in areas of specialization).

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

Aligned to Deloitte A&A's efforts to deliver a more skills-focused career experience, Deloitte prioritizes providing modernized learning experiences that are skills-based, tailored, and relevant for practitioners and professionals in their specific roles.

Deloitte has also established specific learning offerings for specialists working on engagements to support their knowledge and understanding. In addition, client service practitioners working on Assurance engagements are provided with a range of learning offerings responsive to emerging business needs.

The objective of the Deloitte Japan 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 Japan provides formal continuing professional development programs in relevant subject areas consistent with the Deloitte Global Audit & Assurance Curriculum.

Deloitte University

Deloitte actively cultivates the collective knowledge and skills of Deloitte people globally through continued investment in Deloitte Universities (DU), the cornerstone of our organization's commitment to leadership development and technical training for Deloitte people around the world. These are state-of-the-art learning and development centers focused on Deloitte culture and founded in the principles of connectedness and leadership in a highly inclusive learning environment⁴. Since opening the Westlake, Texas location in 2011, we've launched additional facilities in Beijing, Hyderabad, Mexico City, Paris, Singapore, and Toronto. Being together for "moments that matter" is critical as we develop the next generation of leaders, as well as create—and strengthen—the connections that are so important to succeeding in a global organization serving multinational clients.

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, enabling alignment of member firm and Deloitte Global Audit & Assurance strategic objectives. Deloitte maintains globally consistent standards for member firm Audit & Assurance leaders, including Audit & Assurance Business Leaders, Audit & Assurance Quality Leaders, and Audit & Assurance Risk Leaders through clearly defined roles, responsibilities, and expected success outcomes. These inform objective setting

⁴ Please refer to Deloitte.com for more information about [Deloitte University](#).

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.

Attraction and retention

The current environment for talent is extremely competitive and attraction and retention of our people is a strategic priority for Deloitte. We are focused on transforming the Audit & Assurance talent experience, including reimagining the ways of working to improve retention and further advance our inclusive culture and the well-being of all Deloitte people. We are continuously looking at opportunities to collectively enhance the talent experience. This focus on our people and retention of top talent Deloitte's ability to deliver high-quality.

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](#).

Remuneration

In accordance with global policies, Deloitte Japan's partners are evaluated on an annual basis, 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: performance evaluation of their respective audit engagements focusing on quality, information obtained from practice reviews and external inspection results, etc.

Independence and ethics

Deloitte Japan Independence

Deloitte Japan has designed and implemented and operates a SQM for the relevant independence requirements as it relates to audit or reviews of financial statements, and other assurance or related services engagements (“Independence SQM”). The Independence SQM comprises responses (policies and procedures) that address independence quality risks to the achievement of the independence objectives. The responses are based on expectations set out in Deloitte Global Independence policies, and are supplemented, as appropriate, to reflect additional national or regional requirements that may be more restrictive than Deloitte Global policies. Deloitte Japan 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 Japan. 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 Independence Leader is responsible for overseeing independence matters within Deloitte Japan, including the design, implementation and operation of the Independence SQM.

The firm’s Independence SQM comprises responses to the following key independence areas:

- 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 and communications
- Independence learning
- Breaches of independence requirements
- Disciplinary measures for failures to adhere to applicable independence requirements
- Independence monitoring for our group entities which need to comply with independence requirements
- Monitoring process related to the ratio between audit fee and non-audit service fee
- Preventive monitoring process for specific audit engagements to comply with SEC independence rules
- Monitoring process related to long association with audit clients and rotation policy

The firm’s Independence SQM also includes detective monitoring responses over some of the key independence areas to ensure independence compliance.

All responses (including the detective monitoring responses) in the Independence SQM are tri-annually self-assessed and subject to SQM monitoring for design, implementation and operating effectiveness on a risk-based approach.



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 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

Deloitte Japan has established an internal rule for partner rotation to be in compliance with the CPA Act, the Code of Ethics issued by the JICPA, SEC independence rules and other relevant requirements. In order to eliminate or reduce threats to independence, such as familiarity or self-interest threats, to an acceptable level for audit engagement partners or engagement quality reviewers who are involved in an audit engagement over a long period of time, the firm regularly monitors the status of compliance with the rule to ensure that they are not involved in audit engagements for the same audit client for more than a certain period of time. For professional staff, the firm also established certain guidelines to evaluate and address threats that might be created as a result of long association.

Deloitte Japan 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 and participating firm Ethics Officers at the regional and local level respectively, all of whom are experienced partners with direct access to the member and participating firm’s respective CEO and governing body. Deloitte Global, member firm and participating firm ethics leaders work together to continually monitor risk and to reinforce compliance with the Global Code.

Deloitte Japan 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 Japan are in accordance with the Code of Ethics issued by the JICPA. Deloitte Japan 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 (IESBA), an independent standard-setting board of the International Foundation for Ethics and Audit (IFEAA). When Code of Ethics issued by the JICPA is more restrictive than the Deloitte Global policies and procedures, Deloitte Japan follows the applicable requirements in the Code of Ethics.

Deloitte Japan 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 at least 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, ethical learning, and appropriate use of Generative AI, 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 Japan 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 for complying with it.

Appendix

Appendix | Financial information

The breakdown of Deloitte Touche Tohmatsu LLC’s Revenues for the year ended 31 May 2026:

Revenue	Japanese yen in millions
Audit services	104,615
Non-audit services	37,933
Total	142,548



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