



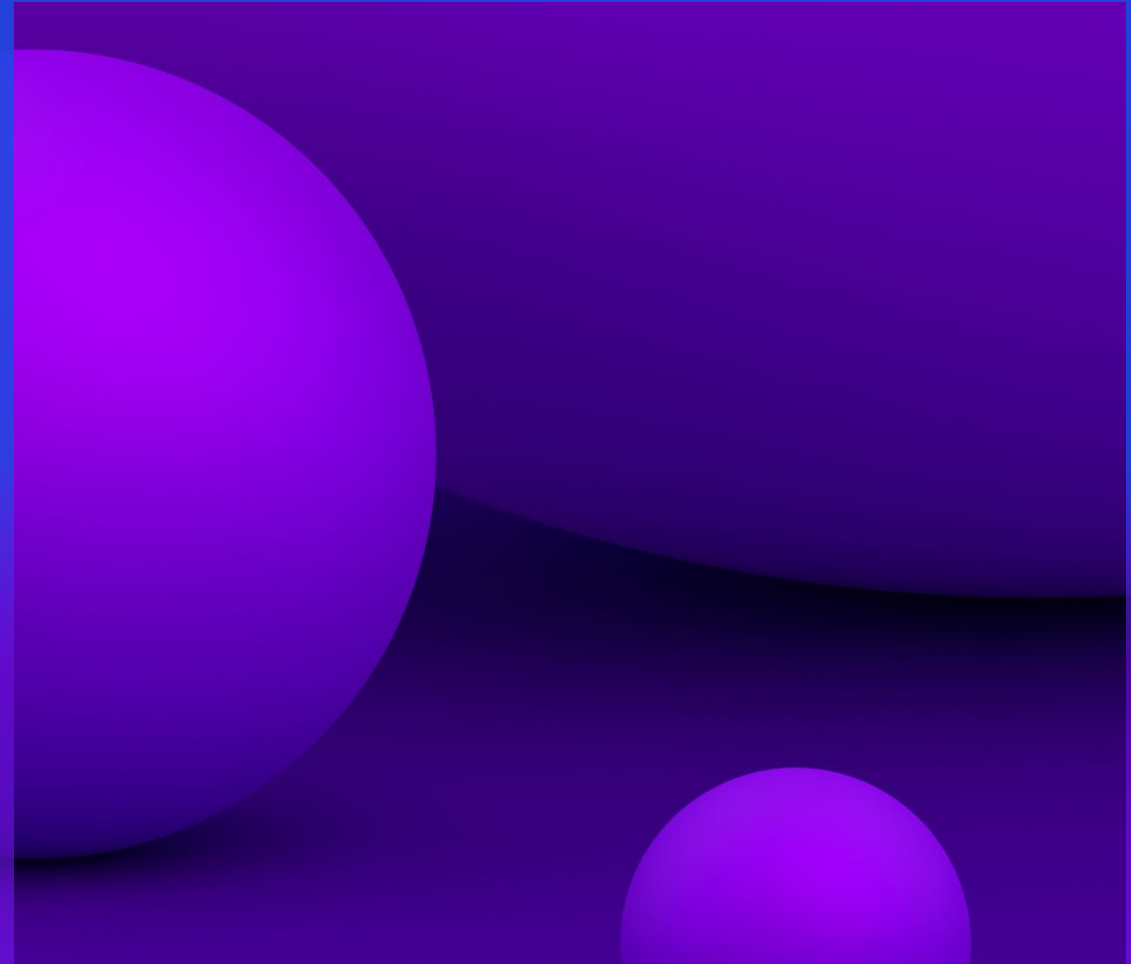
The Corporation of the City of White Rock

**Audit Planning Report
for the year ending
December 31, 2025**

KPMG LLP

Prepared as of December 18, 2025
for presentation on January 12, 2026

kpmg.ca/audit



KPMG contacts

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Digital use information

This Audit Planning Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



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The purpose of this report is to assist you, as a member of Council, in your review of the plan for our audit of the financial statements. This report is intended solely for the information and use of Management, and Council of the City and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report to Council has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Audit highlights



No matters to report



Matters to report – see link for details

Scope

Our audit of the financial statements of The Corporation of the City of White Rock (“the City”) as of and for the year ending December 31, 2025 will be performed in accordance with Canadian generally accepted auditing standards.

Audit strategy

Materiality \$1,600,000



Involvement of others



Updates to our prior year audit plan

Risk assessment



Risk of management override of controls



Other risks of material misstatement



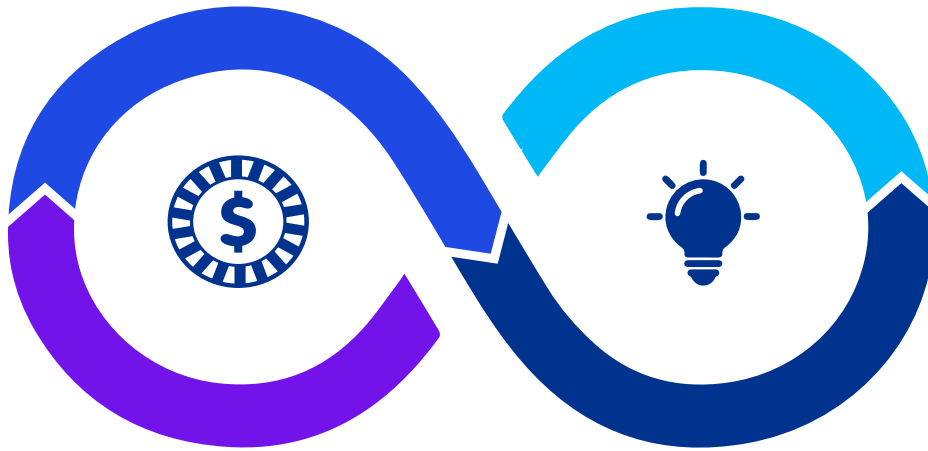
Other Significant risks

- Revenue, deferred revenue and development cost charges
- Tangible capital assets
- Expenses, including payroll





Materiality



We **initially determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgement**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

Plan and perform the audit

We **initially determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Evaluate the effect of misstatements

We also **use materiality** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.



Initial materiality



**Benchmark: total expenses
(based on prior year actuals)**

\$55,000,000

Percentage of benchmark

2.9%

(2024: 2.9%)

Audit misstatement posting threshold

\$80,000

(2024: \$70,000)



Risk assessment summary

Our planning begins with an assessment of risks of material misstatement in your financial statements.

We draw upon our understanding of the City and its environment (e.g. the sector, the wider economic environment in which the City operates, etc.), our understanding of the City's components of its system of internal control, including our business process understanding.

	Risk of fraud	Risk of error	Risk rating
● Management override of controls	✓		Significant
● Revenue, deferred revenue, and deferred development cost charges		✓	Base
● Tangible capital assets		✓	Base
● Expenses, including payroll		✓	Base

● PRESUMED RISK OF MATERIAL MISSTATEMENT ● OTHER RISK OF MATERIAL MISSTATEMENT



Significant risks



Management Override of Controls (non-rebuttable significant risk of material misstatement)

RISK OF



FRAUD

Why is it significant?

**Presumption
of the risk of fraud
resulting from
management
override of
controls**

Section 240.32 of Canadian Auditing Standards states: "Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk."

Our audit methodology adheres to these mandatory requirements to assess this as a significant risk of fraud.

Our planned response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. An auditor must perform these procedures at every entity irrespective of the auditor's assessment of the risk of management override of controls. These procedures include:

- testing of journal entries and other adjustments
- performing a retrospective review of estimates
- evaluating the business rationale of significant unusual transactions.

We have not identified specific additional risks of management override that are not covered as part of the above procedures.



Required inquiries of the Council



Inquiries regarding risk assessment, including fraud risks

- What are the Council's views about fraud risks, including management override of controls, in the City? And have you taken any actions to respond to any identified fraud risks?
- Is the Council aware of, or has the Council identified, any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets?
 - If so, have the instances been appropriately addressed and how have they been addressed?
- How does the Council exercise oversight over the City's fraud risk and the establishment of controls to address/mitigate fraud risks?
- Is the Council aware of any instances of actual or possible violations of laws and regulations, including illegal acts (irrespective of materiality threshold)?
- Is the Council aware of any additional matters relevant to the audit?



Inquiries regarding company processes

- Is the Council aware of or have they received tips or complaints regarding the City's financial reporting (including those received through the Council's internal whistleblower program, if such programs exist)? If so, what was the Council's responses to such tips and complaints?

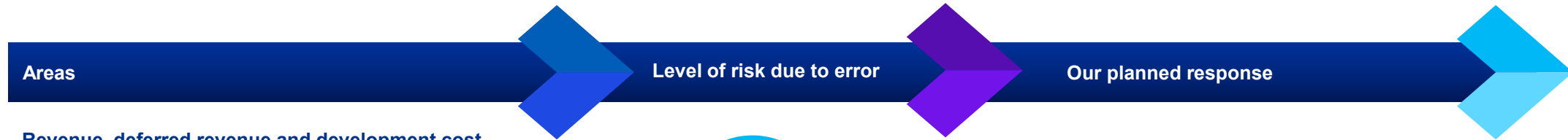


Inquires regarding related parties and significant unusual transactions

- Is the Council aware of any instances where the City entered into any significant unusual transactions?
- What is the Council's understanding of the City's relationships and transactions with related parties that are significant to the City?
- Is the Council concerned regarding relationships or transactions with related parties? If so, what is the substance of those concerns?



Other risks of material misstatement

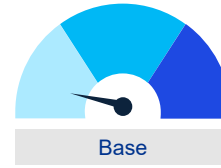


Areas

Revenue, deferred revenue and development cost charges

Revenue is recorded on an accrual basis and is recognized when it is earned and measurable. Revenue relating to future periods, including property taxes, development cost charges (“DCCs”), government grants, contributions for future capital works, and amounts collected for building permits, and facility upgrades, are reported as deferred revenue and recognized when earned.

As contributions are received for specified purposes and sometimes contain restrictions, there is a need to determine whether the amounts should be deferred or recognized as revenue.



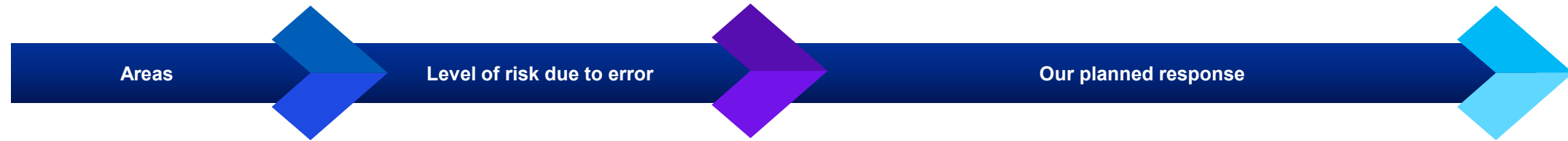
Level of risk due to error

Our planned response

- Update our understanding of the process activities over revenues and contributions received, amounts spent as well as deferral of unspent amounts.
- Evaluate the design and implementation of controls over contributions received and expenditures incurred, as well as management’s review of related balances. Test the operating effectiveness of relevant controls based on results of initial control understanding and evaluation.
- Review the accounting for significant new agreements to determine whether stipulations or restrictions exist and how the funds should be recognized and/or deferred.
- Perform substantive procedures, including vouching and review of supporting documentation related to contributions received, to ensure that revenues are appropriately recognized, and deferred contributions are appropriately recorded.
- For DCCs, review the year-end fund balances and identify any funds with a negative balance. For funds with negative balances, inquire with management about the plan for future collection of DCCs.
- For Community amenity contributions, perform substantive test of details work over related revenue recognized and review related agreements to ensure appropriateness of amounts recognized.

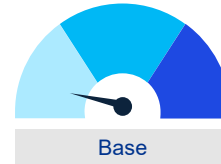


Other risks of material misstatement



Tangible capital assets (“TCA”)

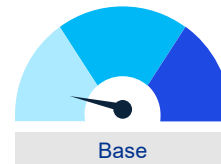
Tangible capital assets represent a significant portion of assets of the City. The assets owned by the City include land; buildings; machinery; furniture and equipment; vehicles; roads; sewer; and water system infrastructure; and may require estimation.



- Update our understanding of the process activities and controls over tangible capital assets.
- Perform detailed testing of asset additions, including developer contributions, and inspection of supporting documentation to ensure it is appropriate to capitalize the costs.
- Test dispositions including inspection of supporting documentation and assessing if the gain or loss on disposition has been recorded appropriately.
- Review the reasonableness of estimated useful lives and amortization recognized. Review management’s assessment of impairment, if any, to tangible capital assets.
- Assess whether the facts related to any impairment issues identified support a write down to the asset.
- Review agreements for contractual commitments and related disclosure requirements.

Expenses, including payroll

The City’s expenses are closely monitored against Council approved budgets.



- Update our understanding of process activities for expenses, including payroll.
- Evaluate the design and implementation of controls over expenses, as well as management’s review of related balances. Test the operating effectiveness of relevant controls based on results of initial control understanding and evaluation.
- Analyze the change in expenses relative to the prior year based on changes in operations.
- Perform substantive procedures, including vouching and review of supporting documentation related to expenses incurred, to ensure expenses are appropriately recognized.
- Perform a search for unrecorded liabilities to ensure expenses are recorded in the appropriate fiscal year.



Key milestones and deliverables

Nov-Dec 2025

Planning & Risk Assessment

- Debrief prior year with management
- Kick-off with management
- Planning and initial risk assessment procedures, including:
 - Identification and assessment of risks of misstatements and planned audit response for certain processes
- Obtain and update an understanding of the City and its environment

Dec 2025

Risk assessment & Interim work

- Evaluate the City's components of internal control, other than the control activities component
- Inquire of Council, management and others within the City about risks of material misstatement
- Complete interim data extraction and processing activities
- Complete initial risk assessment
- Communicate audit plan
- Identify IT applications and environments
- Provide update on audit progress

Dec 2025

Interim work

- Perform process walkthroughs for remaining business processes
- Identify process risk points for remaining business processes
- Evaluate Design & Implementation of controls for remaining business processes (control activity component)
- Perform interim substantive audit procedures
- Perform site visits

March - May 2026

Final Fieldwork & Reporting

- Complete year-end data extraction and processing activities
- Perform remaining substantive audit procedures
- Evaluate results of audit procedures, including control deficiencies and audit misstatements identified
- Review financial statement disclosures
- Closing meeting with management
- Present audit results to Council and perform required communications
- Issue audit report on financial statements





Our commitment to delivering audit quality

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.

KPMG is committed to fulfilling our public interest role in providing robust assurance that can benefit investors, Council and other stakeholders, as applicable.

Businesses are integrating technology in ways once unimaginable. Geopolitical changes and inflationary pressures continue to drive uncertainty, and businesses need to take action to respond to societal threats like climate change.

The pace and scale of change only strengthens our resolve to ensure the quality, consistency and adaptability of our services are fit for this new future. Audit and assurance quality remains the highest priority at KPMG.

Through sustained innovation, we aim to consistently deliver superior audit quality. Across the global organization:

- KPMG firms have implemented a consistent risk-based approach to our system of quality management to drive audit and assurance quality, enabling us to meet the requirements of the International Standard on Quality Management 1 (ISQM 1).
- We are utilising powerful technologies on audit and assurance engagements, including artificial intelligence, and leveraging our alliances with technology leaders such as Microsoft to further enhance quality and provide even more value through deeper analysis of businesses, no matter their size.
- We believe the same level of rigour, quality, consistency and trust that is applied to financial statement information by companies should also apply to ESG reporting. Therefore, across the global organization we have deployed an assurance methodology, KPMG Clara workflow and learning tools to upskill and build teams to provide assurance on ESG reporting that helps our clients build a more sustainable future.

We encourage you to read our Transparency Report to learn more about our system of quality management and our firm's statement on the effectiveness of our SoQM:



[KPMG Canada Transparency Report](#)



How do we deliver audit quality?

Quality essentially means doing the right thing and remains our highest priority.

We have strengthened the consistency and robustness of our system of quality management to meet the requirements of ISQM 1 (CSQM1), issued by the International Audit and Assurance Standards Board. Foundational for quality management, KPMG's globally consistent approach to ISQM 1 drives compliance with the standard and our efforts to strengthen trust and transparency with clients, the capital markets and the public we serve.

Aligned with ISQM 1 (CSQM1), our SoQM meets the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements.

Our **Global Quality Framework** outlines how we deliver quality and how every KPMG professional contributes to its delivery.



'Perform quality engagements' sits at the core, along with our commitment to continually monitor and remediate to fulfil our quality drivers.



Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.



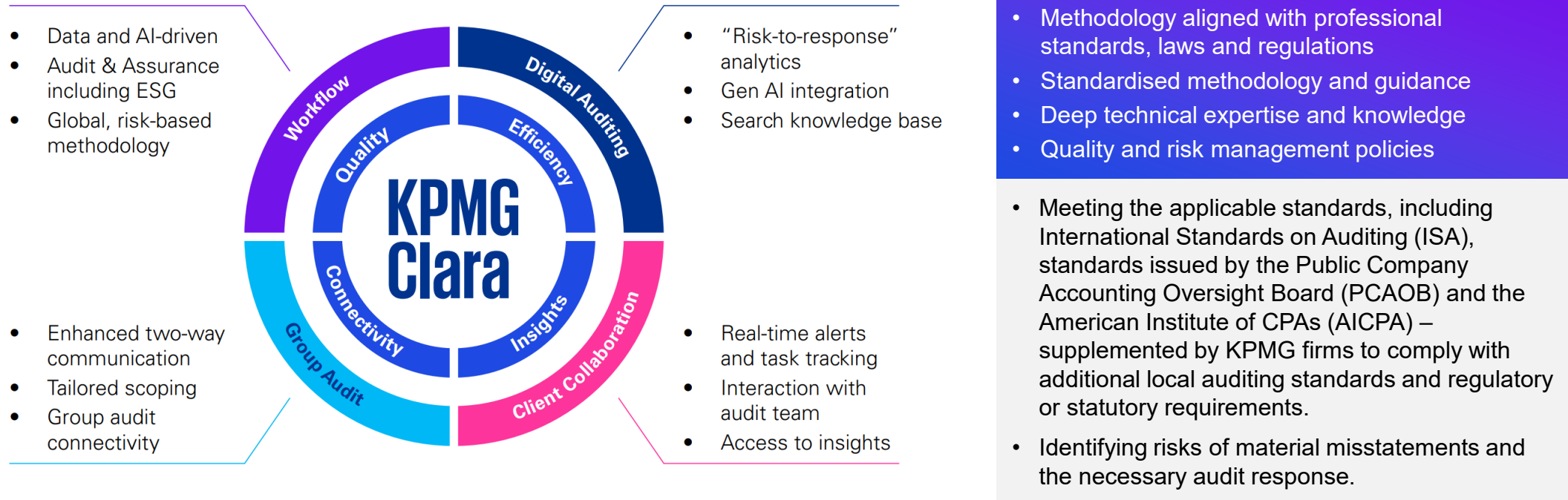
Doing the right thing. Always.



The KPMG Audit

Globally consistent audit and assurance methodology and tools

As a scalable, intuitive cloud-based platform, KPMG Clara is driving globally consistent execution across all KPMG member firms. It enables delivery of KPMG audit and assurance methodologies through data-enabled workflows, which align with the applicable audit and assurance standards and provide an improved experience to audit and assurance professionals.

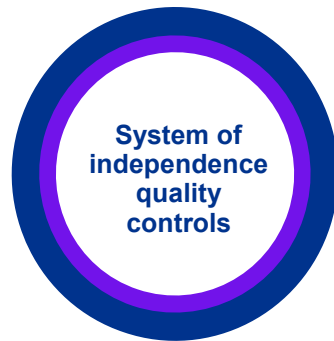




Independence: Shared responsibilities

Auditor independence is a shared responsibility and most effective when management, audit committees, and audit firms work together in considering compliance with relevant independence rules. In order for KPMG to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and KPMG each play an important role. We apply the following ethical requirements, including independence requirements, in:

- the rules of professional conduct / code of ethics applicable to the practice of public accounting issued by various professional accounting bodies in Canada (“CPA code”) that are relevant to audits of financial statements of non-reporting issuers; and
- the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA independence rule”) that are relevant to audits of financial statements of non-public interest entities.

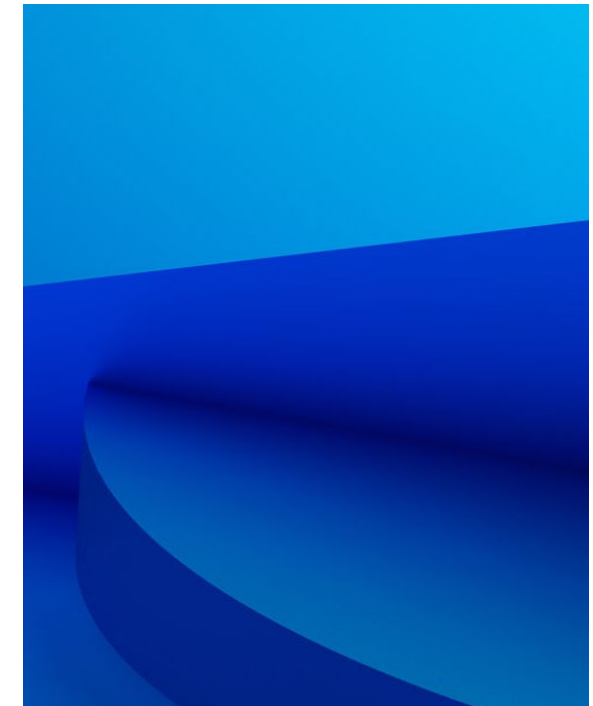


The firm maintains a system of quality control over compliance with independence rules and firm policies. Timely information before the effective date of transactions or other business changes is necessary to effectively maintain the firm’s independence in relation to:

- New related entities
- Any former KPMG professional who are directors, officers, or employee in a position to exert significant influence over the preparation of the client’s accounting records or the financial statements.



- We will report to those charged with governance all relationships that may reasonably be thought to bear on our independence, including fees charged, and discuss the potential effects of such relationships on our independence. We will also report the related safeguards that have been applied, as applicable, to eliminate identified threats to independence or reduce them to an acceptable level.
- This communication, if any, will be provided during our year-end communications.





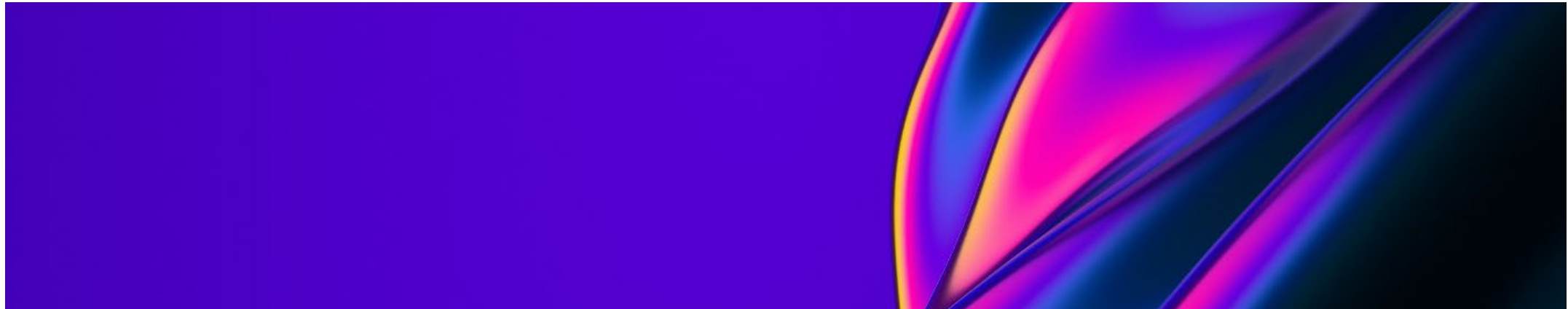
Independence



Under the newly effective *Narrow-scope Amendments to Canadian Auditing Standard (CAS) 700, Forming an Opinion and Reporting on Financial Statements, and CAS 260, Communication with Those Charged with Governance*, the auditor shall communicate with those charged with governance the relevant ethical requirements, including those related to independence, that the auditor applies for the audit engagement, including if applicable in the circumstances, any independence requirements specific to audits of financial statements of certain entities.

In accordance with this requirement, we communicate to the Council that we apply the following ethical requirements, including independence requirements, in:

- the rules of professional conduct / code of ethics applicable to the practice of public accounting issued by various professional accounting bodies in Canada (“CPA Code”) that are relevant to audits of financial statements; and
- the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants that are relevant to audits of financial statements.





Appendices

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Other required communications

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New accounting standards

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New auditing standards

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Thought leadership and insights





Appendix 1: Required communications



Auditor's report

Engagement letter

A copy of our draft auditor's report setting out the conclusion of our audit will be provided at the completion of the audit.

The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter.



Audit findings report

Management representation letter

At the completion of the audit, we will provide our findings report to Council.

We will obtain from management certain representations at the completion of the audit. In accordance with professional standards, a copy of the representation letter will be provided to Council.



Independence

Internal control deficiencies

We are independent and have a robust and consistent system of quality control. We provide complete transparency on all services and follow Council's approved protocols. At the completion of our audit, we will re-confirm our independence to Council.

Control deficiencies identified during the audit will be communicated to management and Council.



Appendix 1: Required communications

Management's responsibilities



Under the auditing standards, we are required to obtain the agreement of management that it acknowledges and understands its responsibility. An audit of the annual financial statements does not relieve management or those charged with governance of their responsibilities. We have obtained management's acknowledgment and understanding of their responsibilities in the engagement letter and as described below:

- (a) the preparation and fair presentation of the annual financial statements in accordance with the financial reporting framework referred to above.*
- (b) providing us with all information of which management is aware that is relevant to the preparation of the financial statements ("relevant information") such as financial records, documentation and other matters, including:*
 - the names of all related parties and information regarding all relationships and transactions with related parties*
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of Council, and committees of Council that may affect the financial statements. All significant actions are to be included in such summaries.*
- (c) providing us with unrestricted access to such relevant information.*
- (d) providing us with complete responses to all enquiries made by us during the engagement.*
- (e) providing us with additional information that we may request from management for the purpose of the engagement*
- (f) providing us with unrestricted access to persons within the Entity from whom we determine it necessary to obtain evidence*
- (g) such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management also acknowledges and understands that they are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.*
- (h) ensuring that all transactions have been recorded and are reflected in the financial statements.*
- (i) ensuring that internal auditors providing direct assistance to us, if any, will be instructed to follow our instructions and that management, and others within the entity, will not intervene in the work the internal auditors perform for us.*
- (j) providing us with written representations required to be obtained under professional standards and written representations that we determine are necessary. Management also acknowledges and understands that, as required by professional standards, we may disclaim an audit opinion when management does not provide certain written representations required.*



Appendix 2: New accounting standards

Accounting standards

Conceptual Framework for Financial Reporting in the Public Sector

Effective for years commencing on or after April 1, 2026 with early adoption permitted.

- The framework provides the core concepts and objectives underlying Canadian public sector accounting standards.
- The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.

Financial Statement Presentation

Effective for years commencing on or after April 1, 2026 with early adoption permitted.

- The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*.
- The proposed section includes the following:
 - Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.
 - Separating liabilities into financial liabilities and non-financial liabilities.
 - Restructuring the statement of financial position to present total assets followed by total liabilities.
 - Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).
 - Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”.
 - A new provision whereby an entity can use an amended budget in certain circumstances.
 - Inclusion of disclosures related to risks and uncertainties that could affect the entity's financial position.

Example of a Typical Implementation Approach

Phase 1

- Understand the existing financial reporting processes.
- Examine chart of accounts and trial balance.
- Review accounting policy.
- Gap assessment and implementation plan.

Phase 2

- Data gathering and financial data analysis.
- Budget and performance reporting.
- System and software impacts.
- Implementation and compliance adjustments



Appendix 2: New accounting standards (continued)

Accounting standards (continued)

Employee Benefits

Proposed to be effective for years commencing on or after April 1, 2029 with early adoption permitted.

- The Public Sector Accounting Board has issued proposed new standard PS 3251 *Employee benefits* which would replace the current sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*.
- After evaluating comments received about the July 2021 exposure draft, a new re-exposure draft was released in October 2024. The re-exposure draft continues to use principles from International Public Sector Accounting Standard 39 *Employee benefits* as a starting point to develop the Canadian standard.
- The proposed standard would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position.
- The re-exposure draft also proposes that fully funded post-employment benefit plans use a discount rate based on the expected market-based return of plan assets and unfunded plans use a discount rate based on the market yield of government bonds, high-quality corporate bonds or another appropriate financial instrument. A simplified approach to determining a plan's funding status is provided.
- For most other topics, the re-exposure draft is consistent with the original exposure draft. A few exceptions are:
 - Deferral provisions – Remeasurement gains and losses will be presented as part of accumulated remeasurement gains and losses.
 - Valuation of plan assets – Public sector entities may continue to recognize non-transferable financial instruments that meet the definition of plan assets under existing PS 3250 guidance.
 - Joint defined benefit plans – Defined benefit accounting will be used for measurement of the proportionate share of the plan, instead of previously proposed multi-employer plan accounting which was based on defined contribution plan concepts.
 - Disclosure of other long-term employee benefits and termination benefits – The re-exposure draft does not include prescriptive disclosure requirements for other long-term employee benefits and termination benefits.
- The proposed section PS 3251 *Employee benefits* guidance will be applied retroactively, with or without prior period restatement.



Appendix 2: New accounting standards (continued)

Accounting standards (continued)

Intangible Assets

Proposed to be effective for years commencing on or after April 1, 2030 with early adoption permitted.

- The Public Sector Accounting Standards Board has issued proposed new standard PS 3155 *Intangible Assets* which would replace Public Sector Guideline 8 *Purchased Intangibles*.
- The standard will include foundational guidance on acquired and internally generated intangibles. It excludes intangible assets addressed in other public sector accounting standards and other intangible items such as exploration and extraction costs for non-renewable resources or intangible assets related to insurance contracts.
- The definition of “intangible assets” requires an intangible resource to be separate and identifiable from goodwill. It also requires that the entity has control over the intangible resource, future economic benefits flow from the intangible resource, and the intangible resource is the result of a past transaction and/or other events.
- Internally generated goodwill is not permitted to be recognized as an asset.
- An intangible resource is recognized when it meets the definition of an intangible asset and the asset’s cost can be measured in a faithfully representative way. The generation of the asset is classified into a research phase and a development phase. Expenditures from the research phase of an internally generated project are expensed. An intangible asset arising from the development phase can be recognized if it meets certain requirements.
- Intangible assets are initially measured at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired through a non-exchange transaction are measured at fair value as of the date it is acquired.

Cloud Computing Arrangements

- As part of its intangible assets project, the Public Sector Accounting Standards Board is also developing guidance on cloud computing arrangements. To ensure the development of this accounting guidance reflects current practices and needs, a survey was used to gather insights. The survey will inform the Public Sector Accounting Board about the types of cloud computing arrangements being encountered, magnitude of costs, key arrangement terms, current accounting policies and unique challenges in practice.



Appendix 3: Newly effective and upcoming changes to auditing standards

Effective for periods beginning on or after December 15, 2024

ISA 260/CAS 260

.....
Communications
with those charged
with governance

Click here for information about CAS 260
from CPA Canada:

[Amended CAS 260](#)





Appendix 4: Thought leadership and insights

Half of Public Servants Turn to AI Raising Risks

KPMG survey finds public sector unready for AI, low literacy, need for digital sovereignty.

While less than a quarter (**22 per cent**) of Canadian public sector organizations have adopted artificial intelligence (AI), half of the public servants who use AI in their jobs rely on publicly available AI tools, exposing governments to potential risks including data privacy and security breaches, intellectual property theft and exposure to biased or inaccurate information that can lead to legal and ethical issues, finds a new KPMG in Canada research.

[Click here for more information](#)

Intelligent Government

The emergence of generative AI, alongside advanced autonomous and agentic systems, is transforming how government and the public sector innovate and operate. Our findings reveal an actionable blueprint for governments and organizations aiming to leverage AI's potential to drive efficiency, reduce time-to-market and improve patient outcomes. This report provides insights into how they can take a value-based approach to AI that helps to accelerate innovation, unlock new growth opportunities, and maximize the impact of their AI investments.

[Click here for more information](#)

KPMG 2025 Canadian CEO Outlook

Our 2025 CEO Outlook survey reveals a compelling paradox: Canadian CEOs are increasingly confident in the growth of their companies and industries, yet their optimism about the Canadian and global economies is waning.

Despite the evolving pressures, CEOs alike are proactively focusing on making their organizations more resilient to external shocks. They are not just reacting to changes, but are actively seeking ways to mitigate external risks, improve productivity and optimize revenue.

[Click here for more information](#)

Midyear Observations on the 2025 Board Agenda

Disruption, volatility, and uncertainty aren't new operating conditions by any means. But the assumptions that have long driven corporate thinking - the role of government, geopolitical norms, and consistency in US policies as administrations change, and the speed of technological advances—are being upended. Few business leaders have experienced the scope, complexity, and combination of issues companies are facing today—and many will earn their stripes in the months ahead.

[Click here for more information](#)

Accelerate – Delving Deeper: The New Standing Items on Audit Committee Agendas

Geopolitical risks are continuing to evolve, generative artificial intelligence (AI) is reshaping the work world and ESG reporting is now mandatory for some organizations. At the same time, cyberattacks are becoming more frequent and sophisticated, but so are the tools to fight them.

Until recently, many of the biggest drivers of this new era were of only cursory interest to audit committees. Now, AI, ESG and cyber are being examined more rigorously and increasingly becoming standing items on the audit committee agenda.

[Click here for more information](#)



Appendix 4: Thought leadership and insights (continued)

Our latest thinking on the issues that matter most to Boards, Committees and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit Committees and Boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities.

Sustainability Reporting

Resource centre on implementing the new Canadian reporting standards.

Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.





Appendix 4: Thought leadership and insights (continued)

Get ready for Canadian Sustainability Standards Board (CSSB) sustainability disclosures



What was issued?

- The first Canadian Sustainability Disclosure Standards¹, which mark the next step towards equal prominence for sustainability and financial reporting in Canada.
- They are aligned with the IFRS[®] Sustainability Disclosure Standards, with the exception of effective date and transition relief.
- They are based on existing frameworks and standards, including Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB).
- They are investor-focused.



What's the impact?

- Companies applying these standards will report on all relevant sustainability topics (not just on climate) under a consistent framework and focus on how these topics impact a company's prospects.
- Reporting will be connected to the financial statements. Therefore, companies will need processes and controls in place so that they can provide sustainability-related information of the same quality, and at the same time, as their financial information.



What's next?

- The standards are effective from January 1, 2025 on a voluntary basis.
- Canada's provincial and territorial regulators and legislators will determine whether application of the standards should be mandated, and if so, who will need to apply them and over what time frame.
- Some public and private companies may choose to apply them voluntarily – e.g., in response to investor or societal pressure.

¹ Canadian Sustainability Disclosure Standards – CSDS 1 *General Requirements for Disclosure of Sustainability-related Financial Information* and CSDS 2 *Climate-related Disclosures*, both published on December 18, 2024.



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