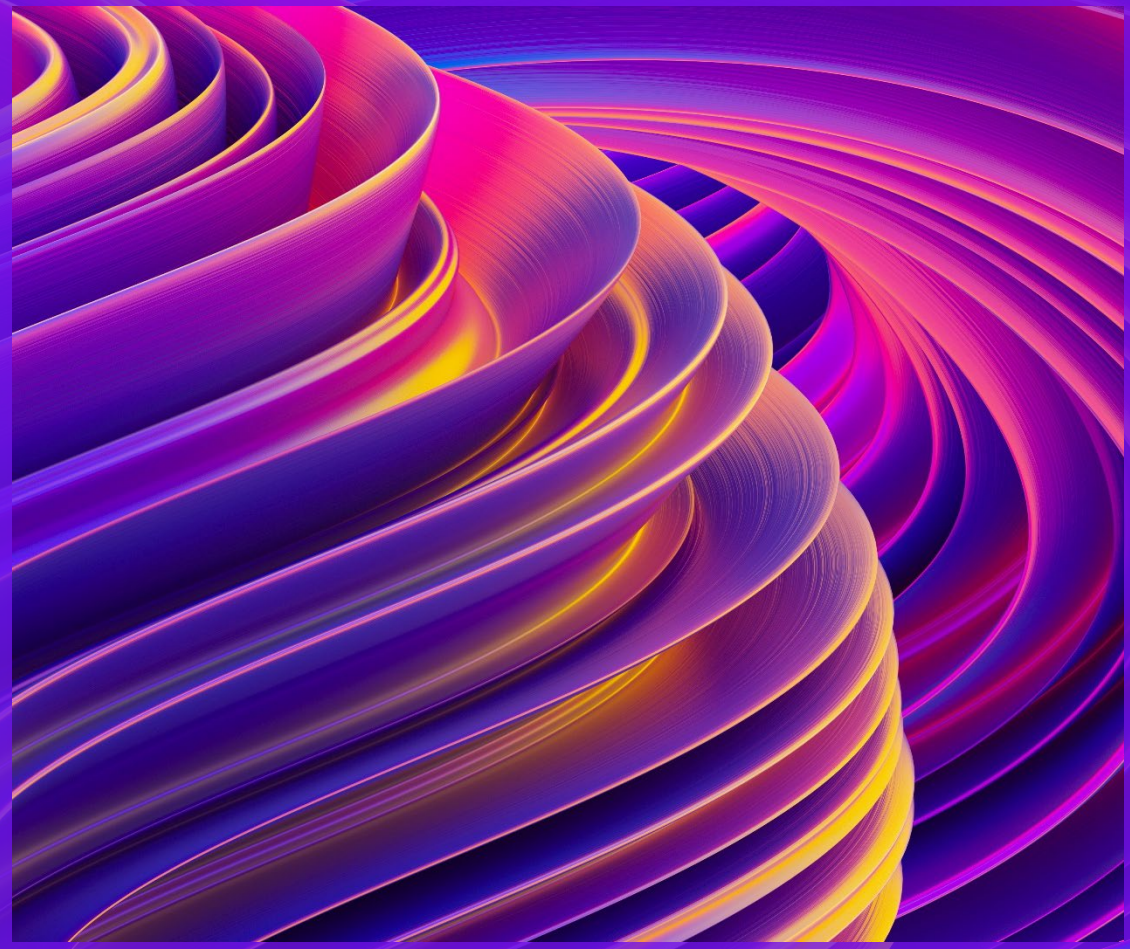
KPMG

The City of Winnipeg



Audit Findings Report for the year ended December 31, 2025

KPMG LLP

Prepared as of May 8, 2026 for presentation to the Audit Committee on May 19, 2026

kpmg.ca/audit

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Digital use information

This Audit Findings 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.

Click on any item in the table of contents to navigate to that section.

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Audit highlights

No matters to report

See link for additional information

Status

We have completed the audit of the consolidated financial statements ("financial statements") of the City of Winnipeg ("the City"), with the exception of certain remaining outstanding procedures, which are highlighted on the 'Status' slide of this report.

Audit strategy

- Materiality
- Involvement of others

Risks and results

- Significant risks
  - Risk of management override of controls
- Other risks of material misstatement
  - Government transfers
  - Sales of services and regulatory fees
  - Taxation revenue
  - Employee related expenses and benefit obligations
  - Tangible capital assets
  - Debt and other liabilities
  - Litigations
- Going concern matters

Significant unusual transactions

- Significant unusual transactions

Misstatements - Uncorrected

- Uncorrected misstatements

Misstatements - Corrected

- Corrected misstatements

Control deficiencies

- Significant deficiencies

Policies and practices

- Accounting policies and practices
- Other financial reporting matters

Audit Quality

- Learn more about how we deliver audit quality.

The purpose of this report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of Management, the Audit Committee, and the Board of Directors 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 has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Status

As of May 8, 2026, we have completed the audit of the consolidated financial statements of the City, with the exception of certain remaining procedures, which include amongst others:

- Receipt of signed management representation letter;
- Updating our subsequent event procedures to the date of our auditor's report;
- Obtaining evidence of the Audit Committees' approval of the financial statements.

We will update the Audit Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our auditor's report, a draft of which is included in the draft financial statements, will be dated upon the completion of any remaining procedures

KPMG Clara for Clients (KCc)



Real-time collaboration and transparency

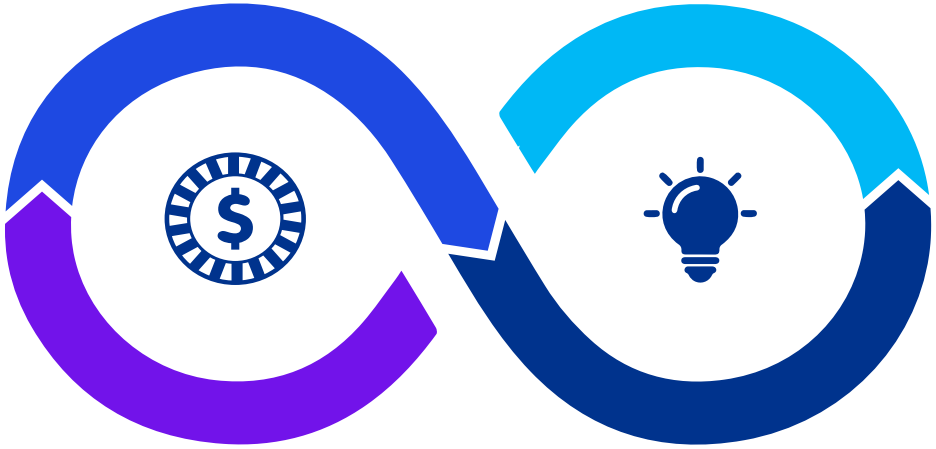
We leveraged **KCc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCc to coordinate requests with management.

Learn more

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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.

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Materiality



Materiality

$47 million

(2024 - $43 million)

Forecasted total expenses for the year ending December 31, 2025

$2.3 billion

(2024 - $2.1 billion)

Percentage of benchmark

2%

(2024 - 2%)

Professional standards prescribe between 0.5% to 3.0%

Audit misstatement posting threshold

$2.3 million

(2024 - $2.1 million)

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Involvement of others

The following parties are involved in the audit of the financial statements:

Involved party	Nature and extent of planned involvement
KPMG IT Audit Specialists	KPMG IT Audit Specialists will be engaged to perform audit procedures related to understanding the IT environment and GITCs.
KPMG Accounting advisory - PSAS	Our PSAS Accounting advisory team will be available for inquiries on the following: - Transition to the new Financial Presentation Standard (PS 1202) applicable starting January 1, 2027 (see Appendix C). The City's Corporate Finance Team attended an information session on PS 1202 put on by Bailey Church specifically for our Winnipeg clients.

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Group audit - Scoping

We take a risk-based audit approach that requires an understanding of the group, its environment and system of internal control in order to appropriately identify, assess, and plan responses to risks of material misstatement to the group. We perform group-wide risk assessment procedures, and when sufficient information is not available at the group level, we perform risk assessment procedures at a component level in order to appropriately identify, assess, and plan responses to risks of material misstatement to the group.

We respond to identified and assessed risks of material misstatement to the group by performing further audit procedures.

Components	Total revenue	Our audit approach
The City of Winnipeg, including all departments	95%	Further audit procedures performed by the KPMG Winnipeg team.
Special Operating Agencies: - Parking Authority - Golf Services - Fleet Management - Animal Services	2%	Not subject to further audit procedures. The Special Operating Agencies are audited by the KPMG Winnipeg team.
Other Government entities: - Assiniboine Park Conservancy Inc. - CentreVenture Development Corp. - The Convention Centre Corporation - Winnipeg Arts Council Inc. - Winnipeg Public Library Board	3%	Not subject to further audit procedures The government entities are subject to financial statement audits by other audit firms.
Business partnerships and Partnerships: - North Portage Development Corp. - Winnipeg Economic Development & Tourism Inc. - Transcona Joint Venture	<1%	Not subject to further audit procedures.
Total consolidated	**100%**	

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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 industry, the wider economic environment in which the business operates, etc.), our understanding of the City's components of its system of internal control, including our business process understanding.

	Area of significant risk or audit focus	Risk of fraud	Risk of error	Risk rating
●	Management Override of Controls	✓		Significant
●	Government transfers		✓	Elevated
●	Sales of service and regulatory fees		✓	Base
●	Taxation revenue		✓	Base
●	Employee related expenses and benefit obligation		✓	Base
●	Tangible capital assets		✓	Base
●	Debt and other liabilities		✓	Base
●	Litigations		✓	Base

● SIGNIFICANT RISK ● PRESUMED RISK OF MATERIAL MISSTATEMENT ● OTHER RISK OF MATERIAL MISTATEMENT



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Significant risks

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

RISK OF FRAUD

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

Why is it significant?

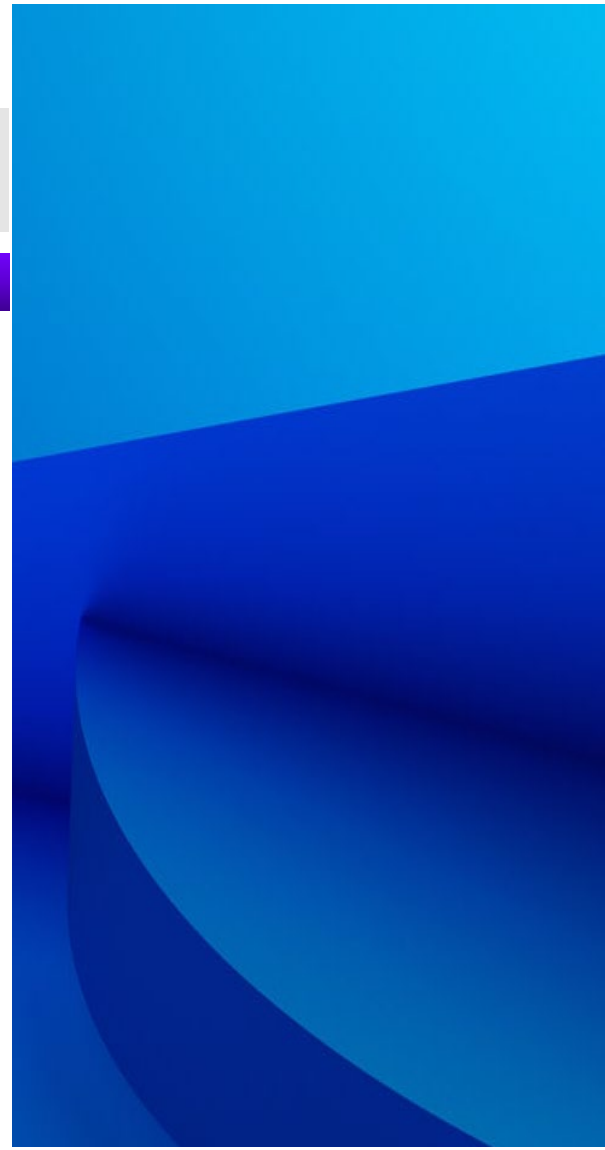
Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

Our 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. These procedures include:

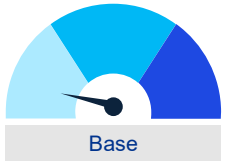
- testing of journal entries and other adjustments,
- performing a retrospective review of estimates;
- evaluating the business rationale of significant unusual transactions.

As a result of these procedures we have nothing to report to you.



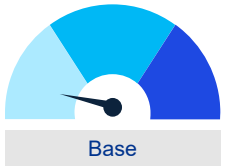
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Other risks of material misstatement

Areas	Level of risk due to error	Our response
Government transfers		• Updated our understanding of the process activities and controls over government transfers. • Obtained and assessed management's analysis of accounting treatment of government transfers, including the timing of when the revenue should be recognized. • Obtained a confirmation directly from the Province of Manitoba on funding received during fiscal 2025 and reconciled to the City's accounting records (outstanding). • Agreed government transfers for capital purposes to agreements or confirmations, eligible expenditure reports, and cash receipts. • Assessed deferred revenue relating to certain government agreements with stipulations/ eligibility criteria, including inspection of invoices of the project to assess if criteria met. As a result of these procedures, we have nothing to report to you.
Sales of service and regulatory fees		• Updated our understanding of the process activities for significant streams of revenue related to sales of services and regulatory fees. • Performed substantive analytical procedures over water sales and sewage services. • Obtained confirmation from Manitoba Justice of payment made for photo enforcement, highway traffic and false alarm convictions for fiscal 2025. • Substantively tested a sample of regulatory fees, transit fares and other sales of goods and services recorded as revenue throughout the year. • Substantively tested a sample of accounts receivable balances outstanding at year-end related to these revenue streams. As a result of these procedures, we have nothing to report to you.

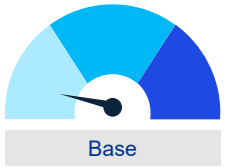
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Other risks of material misstatement

Areas	Level of risk due to error	Our response
Taxation revenue		• Updated our understanding of the process activities and controls over taxation revenue, including the tax appeals process. • Assessed the application of the tax roll assessment and taxation rates as budgeted by the Council and compared the budgeted tax revenue to the actual tax collected. • Tested a sample of property and business tax balances receivable through agreement to the tax assessment notice and recalculated the tax account receivable balance outstanding at year-end. • Assessed reasonableness of allowance for property and business tax appeals and tax arrears. • Tested a sample of payments made to Winnipeg school divisions and the Public Schools Finance Board related to school taxes collected through the property tax roll on behalf of the Province and school divisions. The City acts as an agent in this process and therefore the amount collected and remitted is not included in the statement of operations but is included in financial statement note disclosure. As a result of these procedures, we have nothing to report to you.

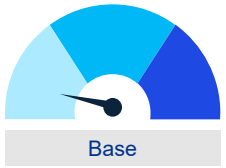
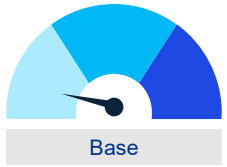
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Other risks of material misstatement

Areas	Level of risk due to error	Our response
Employee related expenses/ accruals and employee benefit obligations	 Base	*Employee related expenses/ accruals* • Updated our understanding of process activities in relation to initiation, authorization, recording and processing of employee related expenses and tested the operating effectiveness of selected relevant controls performed by the Corporate Payroll department. • Performed substantive analytical procedures over salary expense and employee benefit costs by department comparing the actual expense to the budgeted expense. • Tested a sample of City employee's annual salary per the payroll system to the employee's T4. • Performed substantive testing over employee related accruals including vacation accrual and workers' compensation. *Employee benefit obligations* • Obtained confirmations directly from the City's actuaries, over the City's various pension plans, compensated absences and the retirement allowance Citys and reconciled to the obligations and disclosure in the financial statements. • We assessed management's assumptions (discount rate, sick leave utilization, retirement age, salary escalation, and mortality rates) used in the calculation of their accrued employee benefits by comparing to market indicators and other supporting information. • We tested a sample of the underlying membership data sent to the actuaries and assessed the competency and objectivity of the actuaries. • Assessed financial statement disclosure over employee benefit obligation for completeness and accuracy. As a result of these procedures, we have nothing to report to you.

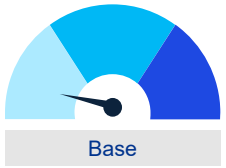
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Other risks of material misstatement

Areas	Level of risk due to error	Our response
Tangible capital assets (TCA)	 Base	• Updated our understanding of the process activities and controls over TCA, including timing of recognition, movement from assets under construction to the relevant tangible capital assets category, and recognition timing for contributed assets. • Obtained and reviewed a sample of invoices for significant capital projects supporting the capital asset additions and assessed proper cut-off of all the capital projects in progress. • Recalculate amortization expense for a sample of assets. • Obtained and assessed reasonableness of contributed assets, involving roads and underground networks contributed to the City, which are capitalized at their fair value at the time of receipt. As a result of these procedures, we have nothing to report to you.
Debt and other liabilities	 Base	• Updated our understanding of the process activities and controls over debt including debt issuance and recording of interest expense. • Obtained confirmation over all debt including the sinking fund debentures outstanding and other bank loans held by the City at year-end. • Obtained management's analysis of their Public Private Partnership (P3) arrangements, assessed accuracy and reasonableness and completeness of disclosure in the financial statements • Obtained an understanding of the approach taken by Management to identify changes to ARO, including updates to cost estimates and updates to assumptions including discount rates and inflation rates. • Obtained management's updated assessment of ARO and assessed mathematical accuracy. • Obtain management's analysis of the expropriation liability and assess reasonableness through analytical review of projects compared to the prior year and testing of significant variances. As a result of these procedures, we have nothing to report to you.

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Other risks of material misstatement

Areas	Level of risk due to error	Our response
Litigations	 Base	*Overall litigation response:* • Obtained the 2025 Year-End Claims Report prepared by Legal Services detailing all claims with the City with a potential exposure of over $250,000 as at December 31, 2025. • Obtained analysis prepared by Corporate Finance assessing if a provision or disclosure is required in accordance with Canadian public sector accounting standards (assessing likelihood of loss and if amount is determinable). • Obtained confirmation of the details of significant claims directly from both Legal Service and external legal firms used on several potential legal exposures (outstanding). • Assessed the adequacy of management's analysis, resulting legal claims provision and financial statement disclosure for the contingent liabilities relating to legal obligations. As a result of these procedures, we have nothing to report to you.

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Significant accounting policies and practices

Initial selection of significant accounting policies and practices

No matters to report.

Description of new or revised significant accounting policies and practices

No matters to report.

Significant qualitative aspects

No matters to report.

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Other financial reporting matters

We also highlight the following:

Financial statement presentation - form, arrangement, and content

No matters to report.

See below acknowledgement of financial reporting award received by the City.

Concerns regarding application of new accounting pronouncements

No matters to report.

See appendix C for future changes in accounting standards, which management has disclosed in note 2c in the consolidated financial statements.

Significant qualitative aspects of financial statement presentation and disclosure

No matters to report.

The City's 2024 Annual Financial Report was awarded the **Canadian Award for Financial Reporting** by the Government Finance Officers Association of the United States and Canada (GFOA). The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal government, and address user needs.

Control deficiencies

Consideration of internal control over financial reporting (ICFR)



In planning and performing our audit, we considered ICFR relevant to the City's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting



A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting



A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

There were no significant deficiencies noted in ICFR.

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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 and other stakeholders.

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

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How do we deliver audit quality?

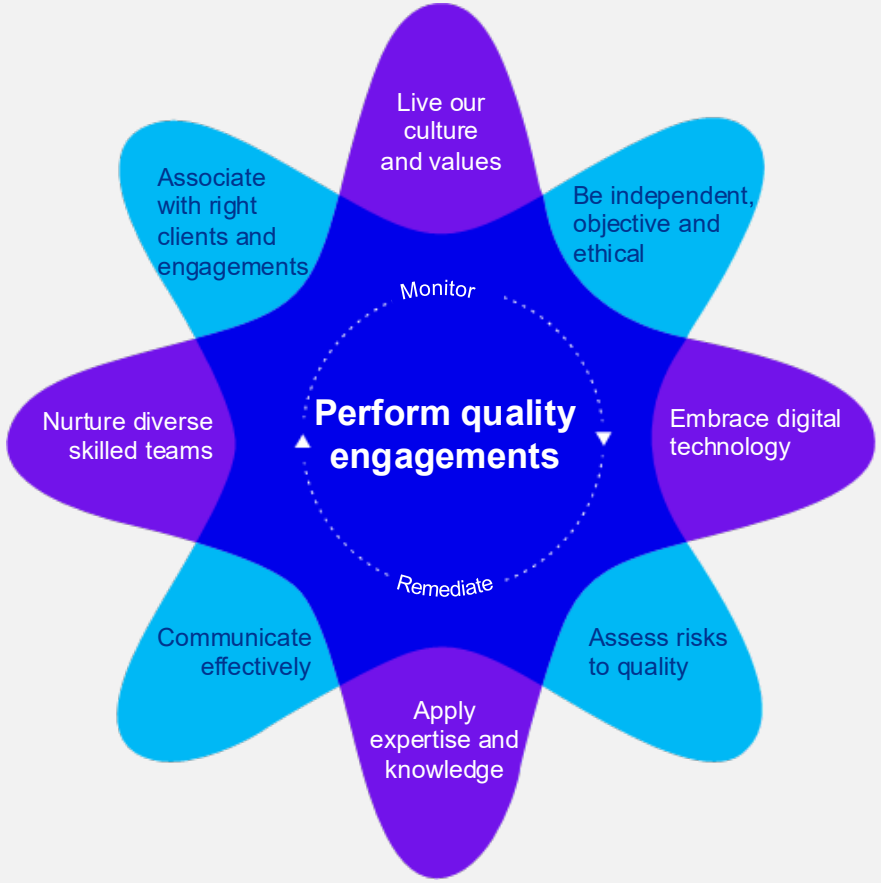
Quality essentially means doing the right thing and remains our highest priority. We have strengthened the consistency and robustness of our system of quality management to meet the requirements of ISQM 1 (CSQM 1), issued by the International Audit and Assurance Standards Board. Foundational for quality 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 (CSQM 1), 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.

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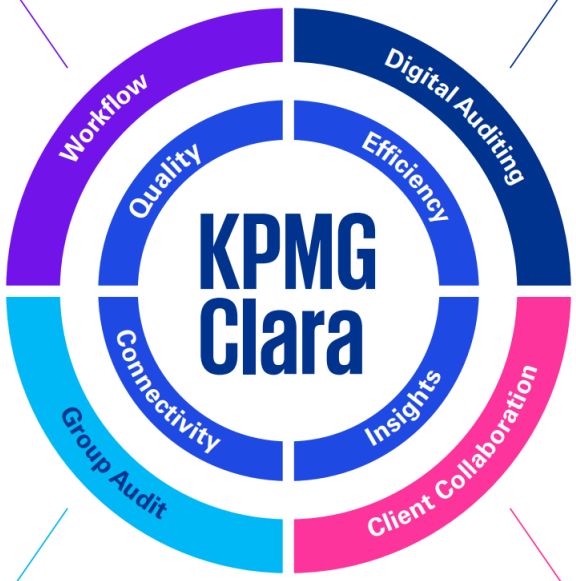
The KPMG Audit

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.

- Data and AI-driven
- Audit & Assurance including ESG
- Global, risk-based methodology

- "Risk-to-response" analytics
- Gen AI integration
- Search knowledge base



- Enhanced two-way communication
- Tailored scoping
- Group audit connectivity

- Real-time alerts and task tracking
- Interaction with audit team
- Access to insights

- Methodology aligned with professional standards, laws and regulations
- Standardised methodology and guidance
- Deep technical expertise and knowledge
- Quality and risk management policies

- Meeting the applicable standards, including International Standards on Auditing (ISA), standards issued by the Public Company Accounting Oversight Board (PCAOB) and the American Institute of CPAs (AICPA) – supplemented by KPMG firms to comply with additional local auditing standards and regulatory or statutory requirements.
- Identifying risks of material misstatements and the necessary audit response.

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Indicators of audit quality (AQIs)

The objective of these measures is to provide more in-depth information about factors that influence audit quality within an audit process. Below are the AQIs that we have agreed with management are relevant for the audit. We would like to obtain agreement of the Finance and Audit Committee that these are the relevant AQIs.

We will communicate the status of the below AQIs on an annual basis.

Team composition

All senior members of the KPMG audit team have been involved with the City audit for numerous years, including your lead audit partner, both senior managers and the audit manager.

Shannon Magnusson belongs to a National Municipality Audit Group that meets quarterly to discuss issues impacting municipalities and share insights regarding new accounting standards.

Brittany Walter, our Engagement Quality Control Partner, has been involved in the City audit for the last two years.

Technology in the audit

We utilized our new KPMG Clara audit platform, which is a modern, intuitively written, highly applicable audit methodology that allows us to deliver globally consistent engagements.

We utilized KPMG application software (IDEA) to evaluate the completeness of the journal entry population through a roll forward of all accounts. We also utilized computer assisted auditing techniques (CAATs) to analyze journal entries and apply certain criteria to identify potential high-risk journal entries for further testing.

Timing of prepared by client (PBC) items

Timeliness of PBC items

The Corporate Finance Department organized a shared-site for the City departments to upload PBC information required for our audit and followed up on information that was not received. The required information was prepared for the commencement of our audit work and uploaded onto the shared site.

Consistent with the prior year audit, management arranged for KPMG to have Peoplesoft access to pull invoices off the City's system, which decreases information requests from City staff and increases efficiencies.

The information we received was complete and we received full cooperation from management, who replied to requests and questions on a timely basis.

Nothing to report | Some matters to report | Specific matters to report

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Independence

As a firm, we are committed to being and being seen to be independent. 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 reporting issuers or listed entities; and
- the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA independence rules") that are relevant to audits of financial statements of public interest entities.

The following processes and procedures have been established by the firm to ensure independence is maintained:

- Dedicated ethics & independence partners
- Process for reporting breaches of professional standards and policy, and documented disciplinary policy
- Ethics, independence and integrity training for all staff
- International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest
- Operating polices, procedures and guidance contained in our quality & risk management manual
- Mandated procedures for evaluating independence of prospective audit clients
- Restricted investments and relationships
- Annual ethics and independence confirmation for staff

Statement of Compliance

We confirm that, as of the date of this communication, **we are in compliance** with relevant ethical requirements regarding independence in Canada.

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Appendices

A — Required inquiries and summary of responsibilities

B — Management representation letter

C — Current Developments

D — Thought leadership and insight

E — Lean in Audit



Appendix A: Required inquiries of the Audit Committee



Inquiries regarding risk assessment, including fraud risks

- What are the Audit Committee'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 Audit Committee aware of, or 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 Audit Committee exercise oversight over management's assessment of fraud risk and the establishment of controls to address/mitigate fraud risks?
- Is the Audit Committee aware of any instances of actual or possible violations of laws and regulations, including illegal acts (irrespective of materiality threshold)?
- Is the Audit Committee aware of any correspondence with regulators or licensing authorities?



Inquiries regarding the City's processes

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



Inquires regarding related parties and significant unusual transactions

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

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Appendix A: Summary of responsibilities

Professional auditing standards require that management acknowledge and understand its responsibilities, and the auditor's and management's responsibilities are communicated to the Committee. We have obtained management's acknowledgment and understanding of their responsibilities as part of our engagement letter. A summary of the responsibilities is included below:

Management's responsibilities

Management acknowledges and understands that they are responsible for:

- the preparation of the financial statements in accordance with the financial reporting framework referred to above.
- 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 the Board, and committees of the Board that may affect the financial statements. All significant actions are to be included in such summaries.
- providing us with unrestricted access to such relevant information.
- providing us with complete responses to all enquiries made by us during the engagement.
- providing us with additional information that we may request from management for the purpose of the engagement.
- providing us with unrestricted access to persons within the City of Winnipeg from whom we determine it necessary to obtain evidence.
- 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.
- ensuring that all transactions have been recorded and are reflected in the financial statements.
- 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.

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Appendix A: Summary of responsibilities (continued)

Auditor's responsibilities

Our function as auditors of the City of Winnipeg is:

- to express an opinion on whether the City of Winnipeg's financial statements, prepared by management with the oversight of those charged with governance, are, in all material respects, in accordance with the financial reporting framework referred to above.
- to report on the financial statements.

We will conduct the audit of the City of Winnipeg's financial statements in accordance with Canadian generally accepted auditing standards and relevant ethical requirements, including those pertaining to independence (hereinafter referred to as applicable "professional standards").

We will plan and perform the audit to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Accordingly, we will, among other things:

- identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the City of Winnipeg and its environment, including the City of Winnipeg's internal control. In making those risk assessments, we consider internal control relevant to the City of Winnipeg's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Winnipeg's internal control.
- obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks.
- form an opinion on the City of Winnipeg's financial statements based on conclusions drawn from the audit evidence obtained.
- communicate matters required by professional standards, to the extent that such matters come to our attention, to the appropriate level of management, those charged with governance and/or the Board. The form (oral or in writing) and the timing will depend on the importance of the matter and the requirements under professional standards.

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Appendix B: Management representation letter

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KPMG LLP
1900 – 360 Main Street
Winnipeg MB R3C 3Z3

May 19, 2026

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of The City of Winnipeg ("the City") as at and for the year ended December 31, 2025. These financial statements were prepared in accordance with Canadian public sector accounting standards.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated February 5, 2025 for:
   a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
   b) providing you with all information of which we are 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 Council Committees that may affect the financial statements. All significant actions are included in such summaries.
   c) providing you with unrestricted access to such relevant information.
   d) providing you with complete responses to all enquiries made by you during the engagement.
   e) providing you with additional information that you may request from us for the purpose of the engagement.

f) providing you with unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.

g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.

h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

Internal control over financial reporting:

2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which management is aware.

Fraud & non-compliance with laws and regulations:

3) We have disclosed to you:

a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

b) all information in relation to fraud or suspected fraud that we are aware of that involves:

— management;

— employees who have significant roles in internal control over financial reporting; or

— others

where such fraud or suspected fraud could have a material effect on the financial statements.

c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.

d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.

e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Commitments & contingencies:

4) There are no:

a) Other liabilities that are required to be recognized and no other contingent assets or contingent liabilities that are required to be disclosed in the financial statements in accordance with the relevant financial reporting framework, including liabilities or contingent liabilities arising from illegal acts or possible illegal acts, or possible violations of human rights legislation.

Subsequent events:

5) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

6) We have disclosed to you the identity of the City's related parties.

7) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.

8) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

9) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Assets & liabilities – general:

10) We have no knowledge of material unrecorded assets or liabilities or contingent assets or liabilities that have not been disclosed to you.

11) We have no knowledge of shortages that have been discovered and not disclosed to you (such as shortages in inventory, cash, etc.).

12) We have no knowledge of arrangements with financial institutions involving restrictions on cash balances and lines of credit or similar arrangements not disclosed to you.

13) We have no knowledge of agreements to repurchase assets previously sold, including sales with recourse, that have not been disclosed to you.

14) We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.

15) We have no knowledge of losses to be sustained as a result of purchase commitments for inventory or other assets at quantities in excess of normal requirements or at prices in excess of prevailing market prices.

Asset retirement obligations:

16) All legal obligations associated with retirement of tangible capital assets have been recognized, including those under the doctrine of promissory estoppel.

17) The obligations were recognized when incurred using management's beset estimate of fair value.

Financial instruments and guarantees:

18) Guarantees, whether written or oral, under which the City is contingently liable, including guarantee contracts and indemnification agreements, have been recorded in accordance with the relevant financial reporting framework.

19) Off-balance sheet activities, including accounting policies related to non-consolidation of certain entities and revenue recognition, have been recorded and disclosed in the financial statements. Specifically, for those off-balance sheet activities in which the City is a transferor of financial assets, the off-balance sheet vehicle is either a qualifying special purpose entity as defined in the relevant financial reporting framework, or the City is not the primary beneficiary pursuant to the relevant financial reporting framework. For those off-balance sheet activities in which the City is a sponsor, administrator or lessee, the off-balance sheet vehicle is not controlled by the City for accounting purposes because the City is not the primary beneficiary pursuant to the relevant financial reporting framework.

20) The following information about financial instruments has been properly disclosed in the financial statements:

    a) the exposures to risk and how they arise (for each significant risk arising from financial instruments including derivatives);

    b) any change in risk exposures from the previous period (for each significant risk arising from financial instruments including derivatives);

    c) concentrations of risk (for each type of risk arising from financial instruments);

    d) extent, nature, and terms of financial instruments (including free-standing derivatives), both recognized and unrecognized.

Going concern:

21) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

22) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

23) Our assessment that the City will continue as a going concern has taken into account all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date.

Receivables:

24) Receivables reported in the financial statements represent valid claims against debtors arising on or before the balance sheet date. Receivables have been appropriately reduced to their net realizable value.

Accounting policies:

25) The accounting policies selected and applied are appropriate in the circumstances.

26) There have been no changes in, or newly adopted, accounting policies that have not been disclosed to you and appropriately reflected in the financial statements.

Inventories:

27) No inventory is stated at an amount in excess of net realizable value.

Provisions:

28) Provisions, when material, has been made for:

    a) Losses to be sustained as a result of the reduction of excess, damaged, unusable or obsolete inventories to their estimated net realizable value.

    b) Losses to be sustained as a result of other-than-temporary declines in their fair value of investments.

    c) Losses to be sustained from impairment of property, plant and equipment.

Economic dependence:

29) We have no knowledge of economic dependence to be disclosed in the financial statements.

Contractual agreements:

30) The City has compiled with all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance including violations or default of the covenants in The City's debt agreements.

Environmental matters:

31) The City has appropriately recognized, measured and disclosed environmental matters in the financial statements.

Non-financial assets:

32) We have reviewed non-financial assets, including tangible capital assets, to be held and used, for impairment, whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable.

Employee future benefits:

33) The employee future benefits costs, assets and obligation, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.

34) We have no knowledge of arrangement (contractual or otherwise) by which programs have been established to provide post-employment benefits, except as disclosed to you.

35) The significant accounting policies the City has adopted in applying PS 3255, Postemployment benefits, compensated absences and termination benefits (hereinafter referred to as "PS3255") are disclosed in the notes to the financial statements.

36) All arrangements (contractual or otherwise) by which programs have been established to provide post-employment benefits have been disclosed to you and included in the determination of pension and post-employment costs and obligations. This includes:

    a) Pension and other retirement benefits expected to be provided after retirement to employees and their beneficiaries.

    b) Post-employment benefits expected to be provided after employment but before retirement to employees and their beneficiaries. These benefits include unused sick leave and severance benefits.

    c) Compensated absences for which it is expected employees will be paid. These benefits include accumulated sick days, and termination benefits.

37) The post-employment benefit costs, assets and obligation have been determined, accounted for and disclosed in accordance with PS 3255. In particular:

    a) each of the best estimate assumptions used reflects management's judgment of the most likely set of conditions affecting future events; and

    b) the best estimate assumptions used are, as a whole, consistent within themselves, and with the valuation method adopted for purposes of this evaluation.

38) In arriving at these assumptions, management has obtained the advice of a specialist, but has retained the final responsibility for them.

39) The source data and plan provisions provided to the actuary, if necessary, for preparation of the actuarial valuation are accurate and complete.

40) All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of pension and other post-employment benefit costs.

41) The extrapolations are accurate and properly reflect the effects of changes and events that occurred subsequent to the most recent valuation and that had a material effect on the extrapolation.

42) All material events and changes to the plan subsequent to the most recent actuarial valuation have been properly reflected in the extrapolation.

Management’s use of specialists:

43) We agree with the findings of Eckler Consultants & Actuaries as management’s expert in preparing the valuations of the City’s employee benefit obligations (ie. pension plans, retirement allowances and compensated absences). We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Segment disclosures:

44) The City's operating segments have been appropriately identified and the related segment and enterprise-wide disclosures have been made in the financial statements in accordance with the relevant financial reporting framework.

45) The operating segment information disclosed in the financial statements is consistent with the form and content of the information used by the City's chief operating decision maker for purposes of assessing performance and making operating decisions about the City's individual operations.

46) The aggregation of the various City funds as operating segments meets all of the applicable criteria contained in the relevant financial reporting framework.

Other:

47) The information regarding the budget to actual information presented in the consolidated financial statements has been prepared and presented in accordance with PSAB 1200. We have included all the budget information that is available with respect to the items presented in the financial statements.

48) All reserve transactions have been appropriately approved, in accordance with applicable legislation and are appropriately credited to or charged against fund balances. Reserve amounts represent only those amounts that are available for use at the City's discretion and do not include restrictions on use by third parties.

49) All transfers out of statutory reserves have been approved by bylaw except for those transfers which are allowed by Council resolution.

50) We confirm that the final version of “The Annual Report” will be provided to you when available, and prior to issuance by the Entity, to enable you to complete your required procedures in accordance with professional standards.

51) We confirm that we have provided you with a complete list of service organizations (SO) and sub-service organizations (SSO) and that the relevant complementary user entity controls (CUECs) related to each SO/SSO have been designed and implemented. For the purpose of this representation, a service organization is one as defined in CAS 402.

Non-SEC registrants or non-reporting issuers:

52) We confirm that the City is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission (“SEC”) Issuer (as defined by the Sarbanes-Oxley Act of 2002).

53) We also confirm that the financial statements of the City will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

_____

Ms. Tracy Graham, CPA, CA
Chief Financial Officer

_____

Mr. John Speidel, CPA
Corporate Controller

_____

Ms. Helen Hasiuk, CPA, CA

Manager of Financial Reporting & Accounting Services

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Appendix C: Current developments

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*. PS 1202 *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

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Appendix C: Current developments (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.

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Appendix C: Current developments (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.

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Appendix D: 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

The Canadian business landscape is experiencing profound interconnected geopolitical, technological and sustainability challenges which are causing compound impacts on the balance sheet. The audit committee's role in stewarding their organization towards increased productivity, resilience, and growth has never been more essential.

Our *Accelerate* series strives to provide audit committees with actionable insights and clear guidance for navigating through these interconnected challenges.

Click here for more information

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Appendix D: Thought leadership and insights (continued)

From Smart to Smarter Cities

Leveraging integration, data and enablement for sustainable and resilient urban transformations.

Cities are reaching a crisis point. City populations are growing. Citizen satisfaction with government services is weakening. And net zero deadlines are looming. Cities recognize that their traditional approaches to city planning, development, management and renewal will not get them to their goals in time. They must become smarter, more integrated, data-driven and enabling.

From Smart to Smarter Cities explores how a focus on becoming more integrated, data-driven and enabling can help city decision-makers, infrastructure leaders and private companies accelerate their smart city agendas.

In this report, professionals from KPMG's global network join with experienced industry and city leaders to unpack these three priorities – integrated, data-driven and enabling – across the lens of the six challenges facing cities today – urban planning, data and privacy, transportation and mobility, sustainability and social equity, governance and oversight, and funding and financing.

Click here for more information

Blueprint for Livable Economies

Unlocking livability through place-based business cases

Rapid urbanization, climate volatility, fiscal constraint and rising social expectations are exposing the limits of traditional approaches to urban planning and investment. The challenge is not a lack of ambition or funding, but rather how decisions are made, investments are structured and delivery is governed and coordinated. Addressing the gap between investment and outcomes requires cities to move beyond asset-level justification towards integrated, geography-specific portfolios and place-based business cases that reflect how places function and are experienced in practice.

Developed in collaboration by KPMG International, Davos Baukultur Alliance and UN-Habitat, this white paper supports that shift. Drawing on global case studies, executive insight and practical tools, it sets out how public sector leaders can apply a place-based approach using levers already within their control.

At the center of the paper is the *Blueprint for livable economies*, a decision-making framework designed to help city leaders, investors and partners align outcomes, economic pathways and delivery mechanisms.

Click here for more information

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Appendix D: Thought leadership and insights (continued)

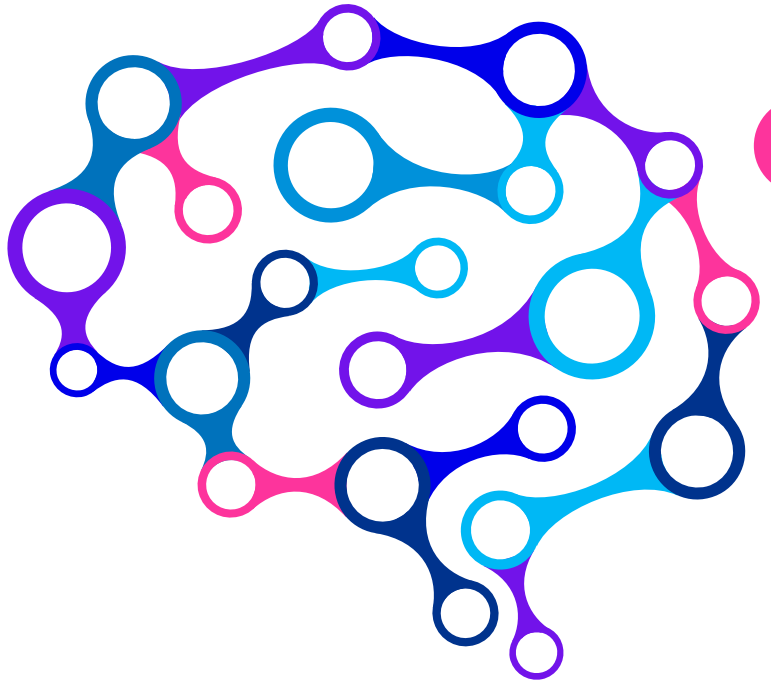
Our latest thinking on the issues that matter most to Boards, Committees and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit Committees and Boards.

Sustainability Reporting

Resource centre on implementing the new Canadian reporting standards.



Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities.

Audit Committee Guide – Canadian Edition

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

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Appendix D: Thought leadership and insights (continued)

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

What was issued?

- The first Canadian Sustainability Disclosure Standards[1], 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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Appendix E: Lean in Audit™

Lean in Audit™

We have the unique opportunity as your auditors to perform a deeper dive to better understand your business processes that are relevant to financial reporting.

Learn more

What it is

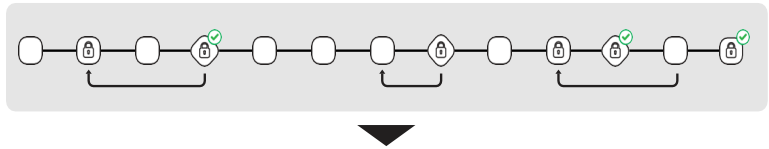
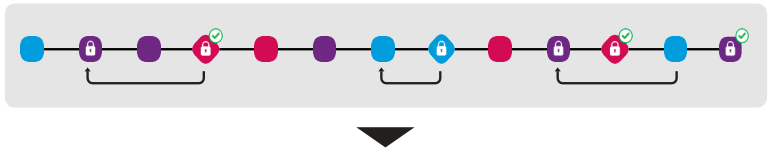
Lean in Audit™ is KPMG's award-winning methodology that offers a new way of looking at processes and engaging people within your finance function and organization through the audit.

By incorporating Lean process analysis techniques into our audit procedures, we can enhance our understanding of your business processes that are relevant to financial reporting and provide you with new and pragmatic insights to improve your processes and controls.

Clients like you have seen immediate benefits such as improved quality, reduced rework, shorter processing times and increased employee engagement.

We look forward to working with you to incorporate this approach in your audit.

How it works

Standard Audit	Typical process and how it's audited	
Lean in Audit	Applying a Lean lens to perform walkthroughs and improve Audit quality while identifying opportunities to minimize risks and redundant steps	
How Lean in Audit helps improve businesses processes	Make the process more streamlined and efficient for all	

Value: what customers want **(maximize)**

Necessary: required activities **(minimize)**

Redundant: non-essential activities **(remove)**

Process controls

Key controls tested

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