

A man with a beard and short dark hair, wearing a grey suit jacket over a white shirt, is looking off to the side while holding a tablet. The background is a warm, orange-toned image of a building interior with large windows. A faint, larger image of the same man is visible in the background on the right side.

HERITAGE + HORIZONS
TRANSPARENCY REPORT 2025

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TRANSPARENCY REPORT 2025

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Context

A summary of this report

Our Transparency Report provides information on the operation of the Audit Firm Governance Code (Revised 2022) (AFGC) within our firm and it supports our commitment to being a transparent and respected organisation which serves the public interest.

The information disclosed relates to the activities of BDO LLP (BDO UK) over the past financial year, ending 4 July 2025 (FY25), and includes disclosures required by:

- ▶ AFGC
- ▶ Article 13 of the EU Audit Regulation (as amended by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019)
- ▶ The Local Auditors (Transparency) Regulations 2020.



Messages from the top

Find out how we are navigating turbulent times to ensure we remain a trusted partner in the UK in our mid-market heartland of entrepreneurial, growing and ambitious businesses and learn about the work of our Independent Non-Executives (INEs) and how they are helping us to serve the public interest. Read the latest on our progress to improve the consistency of our audit quality and how we are tackling barriers head-on.

About us

Read how people and culture form the heart of our new strategy model following our strategic refresh by our new Leadership Team (LT). Learn how we attract, develop, engage and retain our talent through The Feel and The Deal, our refreshed One Firm Culture and People Proposition.

Governance

Read how we govern our partnership, including how our Partnership Council (PC) and its sub-committees provide oversight, and hold our LT to account. Learn about our first external review of the effectiveness of our oversight bodies and the improvements we are considering introducing for the financial year ended 3 July 2026 (FY26).

Audit quality

Read about our suite of initiatives designed to deliver sustainable and consistent high-quality audits in response to our disappointing Audit Quality Review (AQR) results.

Find out about our new Audit Quality Executive (AQE) established in response to our Audit stream governance review undertaken by our newly composed Audit Executive (AE) to facilitate our transformational programme.

Learn how we are shaping the culture in our Audit stream with face-to-face workshops with our Extended Delivery Teams (EDTs), and how our new career tools are helping our people create successful careers at BDO.

Ethics and independence

Discover how our commitment to ethics and independence shapes how we approach our work and how we continue to build on our foundations to enhance our processes and procedures to ensure we not only adhere to, but exceed, our regulatory requirements.

Risk management

Learn how we are strengthening our monitoring of Principal Risks and building our second line of defence. Read about our internal controls framework and how our LT is accountable for risk management within the firm, supported by the Quality and Risk Executive (QRE).



Message from our Senior Partner

Welcome to BDO UK's 2025 Transparency Report



Matthew White
Senior Partner

Good governance is integral to our Strategic Framework.

A culture of serving the public interest and 'doing the right thing' must be set from the top, with oversight by effective governance structures to hold the firm's LT to account. Recent failings we have seen impacting the profession outside of the UK reinforce the importance of this.

Our LT is BDO UK's most senior executive body, responsible for running our business. I chair PC, which is our most senior oversight body elected by our equity partners. PC has a vital oversight role, operating checks and balances to the way we run our business, including providing challenge, where needed, to the decisions taken by our LT. Our governance, through our LT and PC, complies with the AFGC.

PC typically meets once a month to discuss a wide range of issues core to our strategy and operations. Our Managing Partner and individual LT members are invited to join these meetings to brief PC on such issues fully. Where appropriate, PC meets without the Managing Partner and LT to consider issues in what is known as 'closed session', to ensure PC's independence. Where appropriate, PC operates through sub-committees.

In addition to ensuring that we carry out our duties in compliance with the AFGC, PC is also responsible for ensuring that the LT's decision-making is aligned with our values and rooted in our core purpose – helping our people, the business world and society succeed.



Appointment of a new Independent Non-Executive

In March 2025, we strengthened our INEs as a body with the appointment of Ola Fadipe.

A Senior Director at Google since 2019, Ola has more than two decades of experience in people, talent and culture. Prior to her career in the technology sector, she worked in financial services and consulting, most prominently at BlackRock where she served as the firm's Chief Talent Officer for Europe, Middle East and Africa (EMEA).

Working alongside our three existing INEs – Eamonn McGrath, Jane Guyett and David Matthews – to support our growth ambitions, Ola has brought a fresh perspective on the digital agenda and the talent strategies needed to shape the future of our business.

Our INEs continue to serve as members of the firm's Public Interest Committee (PIC) and play a vital role in scrutinising and constructively challenging the way the LT thinks, acts and delivers on its strategy and commitment to quality.

Ethics and independence

Ethical behaviour is at the heart of our 2028 Vision. To this end, we have a dedicated Ethics Partner and supporting team in place, responsible for embedding high quality, independence and ethics into everything we do.

Our Ethics Partner reports directly to the Managing Partner, the LT, the Senior Partner and our INEs as well as our regulators. He ensures that there are clear processes in place for managing any breaches of ethical conduct and is charged with ongoing monitoring to reinforce our expected standards at every level across our organisation.



Oversight of audit quality

Alongside the Head of Audit, a member of PC, an Audit partner and two INEs, I continue to sit on our Audit Board (AB), which is responsible for overseeing the strategy, performance and operations of the Audit stream. A critical priority is supporting the effective implementation of the firm's culture of quality and behaviours.

During 2024, I led an internal review – fully independent of our AE¹ – to establish whether there were any unidentified factors at play negatively impacting our AQR scores. This review was successfully concluded, with the findings passed onto the AE, who took them into consideration when implementing a number of initiatives. Further detail relating to these initiatives is highlighted in the report.

As the audit profession continues to be under intense scrutiny, we recognise the importance of transparency to build trust and confidence in our work. This year's Transparency Report offers detailed insight into our quality processes and initiatives as they continue to develop and evolve.

Signed by:


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Matthew White

For and on behalf of BDO LLP

¹ Which is responsible for the day-to-day strategy and operations of our audit services.

Message from our Managing Partner



Mark Shaw
Managing Partner

The last 12 months have been characterised by an increasingly complex and volatile geopolitical and macroeconomic landscape.

Globally, there has been continued uncertainty over trade policy which has dampened growth and investment and de-stabilised capital markets.

Domestically, the UK Government has a stated focus on securing the highest sustained growth in the G7. However, this has proven to be challenging. Market conditions for UK businesses have not been at all easy; indeed, they have experienced challenges on multiple fronts.

At BDO UK, we continue to be well-positioned to navigate such turbulent times, and we have continued to make investments in our long-term success.

In October 2024, I commenced my role as BDO UK's Managing Partner – having been elected by our partnership following the completion of Paul Eagland's tenure. Upon appointing a new LT, our priority was to refresh the firm's strategy, creating a plan for our four-year term to 2028 – our 2028 Vision.

We inherited strong foundations, but it remains essential to build on that heritage as we look to our future, evolving our approach as new challenges and opportunities emerge. As set out in this report, our resulting 2028 Vision and strategy provide ambition, clarity and focus – defining the firm we will be in 2028 and setting out how we will achieve this.

In recognition of the importance of auditing and its wider public interest implications, this year's Transparency Report also outlines the work which has been carried out by our LT and our newly composed AE to drive improvements in quality since taking office in the autumn of 2024. This remains a key strategic imperative for us.



We take our contribution to high-quality audits seriously and remain fully committed to our responsibilities as a 'Tier 1' audit firm which serves the public interest entity (PIE) market. This plays a vital role in building trust and confidence in UK plc, enhancing Britain's position as a world-class destination for investors.

Turning to the external legislative environment, we continue to support early implementation of the long-awaited Audit Reform & Corporate Governance Bill, notwithstanding the latest delays to this at the legislative level.

It remains evident that further interventions are required to address the vulnerability of UK plc in the event of the loss of one of its largest audit firms, which would disrupt the provision of audit services and the overall stability of our capital markets and wider financial system.

Introducing necessary reforms and promoting economic growth are not mutually exclusive. In our view, proportionality is key. Regulation should not stifle competition by discouraging smaller audit firms from conducting PIE audits. It must also be targeted at companies which represent the highest systemic importance to UK plc. It should release many smaller businesses from the burdens of disproportionate regulation. In our view, this is much wider than an audit issue: it is a UK plc issue. It is also critical to the longer-term effectiveness and competitiveness of our capital markets.

We remain optimistic that, once established, the Corporate Reporting Authority will support audit firms as a true improvement regulator. BDO UK will continue to work constructively with all relevant stakeholders on our shared ambition to strengthen and maintain the UK's reputation for world class audit, reporting and corporate governance.

Message from our Head of Audit



Dominic Stammers
Head of Audit

Having completed my first year as BDO UK's Head of Audit, I am immensely proud of the collective dedication shown by our Audit stream to improve quality.

As part of the refresh of our strategy for our 2028 Vision, our AE has, since taking office in the autumn of 2024, critically assessed the barriers we are facing in delivering consistently high-quality engagements. This has enabled us to identify practical initiatives to drive positive change, retaining our partner led ethos, and delivering high-quality audit through sustainable and proportionate action.

Market position

BDO UK is by some margin the UK's fifth largest audit firm, with an established foothold in the FTSE 350. We are one of only six firms to audit members of the FTSE 100. In line with our approach to responsible growth and improved quality, we are continuing to invest heavily in our people, processes, training and technology.

The Financial Reporting Council (FRC) have rightly publicly noted BDO's "strategic importance" to the market. We have re-affirmed our commitment to conduct PIE audits, recognising that it would not be in the public interest to do otherwise. We therefore continue to enhance our capabilities in this space.

Commitment to quality

In striving for continuous improvements, we expect our Audit teams to learn from file reviews and to take active steps to ensure negative findings do not recur. Our FRC AQR results for the 2024/25 inspection cycle did not meet the consistent high standards to which we hold ourselves and recurring findings were identified.

Since October 2024, we have initiated two key workstreams: (i) Strategic Initiatives (SI) addressing the longer-term actions and investments required to ensure that our audit quality is and remains at the right levels complemented by (ii) our Shorter-

Term Measures Project (STMP) to ensure that we deliver optimal audit quality in the meantime, with enhanced central support for in-scope audits.

These workstreams, together with a number of other initiatives, are being progressed in constructive and open dialogue with the FRC, which has stated it is "pleased that the firm is taking a holistic approach with initiatives across a number of key areas". The positive effects of our approach will inevitably take time to be seen in AQR results, given that they relate to audits from 18 months or so before. I, and our LT, remain committed to delivering high quality audits now and for the longer-term.

Structural improvements

At a leadership level, increased time and focus has been given to audit quality measures.

This has included the establishment of an AQE, a sub-committee of the AE, which meets each month. The AQE consolidates various existing bodies into a single agenda-driven decision-making body to strengthen the effectiveness of our System of Quality Management (SoQM).

Additional steps to support our strategic refresh, as detailed in this report, have included the creation of a Quality Leaders Council (QLC) to provide local leadership and day-to-day oversight of the implementation of the SI and STMP.

Our people

Our greatest asset will always be our people, with the quality of our work ultimately dependent on our ability to attract, develop, engage and retain the best talent, whilst also recognising the key role diversity has to play in this process. We want our people to have meaningful careers in a learning environment where they feel supported to succeed and united behind our shared vision and purpose. The 2028 Vision is key to this.

Last autumn, we launched our Audit Connect training programme, a central component of our tailored learning and development (L&D) curriculum.

In addition, we invested in targeted training to equip our people with the requisite skills to excel in their existing roles as part of our dedication to developing a pipeline of leaders for the future. Coaching is playing an important role in the delivery of this.



Our culture

We are committed to a culture of challenge at every level across our Audit stream which encourages professional scepticism and stimulates the curiosity of our people, along with further improved integration of our Professional Judgement Framework into our training and technologies.

Effective application of professional judgement is an ongoing process and is far more than the implementation of a SoQM. We are therefore advancing a cultural programme which promotes quality through High Performing Teams and regularly assesses the effectiveness of our actions.

We will continue to invest in our people, training and systems to meet evolving market expectations, including continuing to ensure that our audits embrace developments in technology and the demand for assurance over non-financial information in areas such as sustainability reporting and artificial intelligence (AI).

Underpinning everything we do will be an ongoing focus on quality improvements to deliver consistently world class audits and independent assurance which serves the public interest.

Message from our Independent Non-Executives



Our INEs from left to right: Eamonn McGrath, Jane Guyett, Ola Fadipe and David Matthews

Our collective duty as INEs is to enhance the firm's performance in meeting the purpose of the AFGC.

Our roles (which are spread across the oversight bodies of the firm; see [Appendix F](#) for more detail) enable us to observe, challenge and influence decision-making in the firm.

The AFGC has the following objectives:

- ▶ To promote audit quality
- ▶ To ensure firms take account of the public interest in their decision-making, particularly in Audit
- ▶ To safeguard the sustainability and resilience of audit practices and of firms as a whole.

The requirements of the AFGC form the basis of our work and the starting point for our PIC agendas.

At PIC, we examine areas of relevant public interest. We are able to exchange views on and challenge these areas with members of the LT present. Topics discussed during this year are set out in the [Governance section](#).

In March 2025, we were delighted to be joined by a fourth INE – Ola Fadipe – who is the Senior Director, People Experience at Google. With effect from 1 April 2025, Ola took over from David as the nominated INE with responsibility for engaging with the firm's people. She has also joined Business Interest Oversight Board (BIOB), PIC and Nomination Committee (NomCo).

With Ola joining PIC, we have excellent diversity of thought and background within the INEs. David and Eamonn have audit backgrounds. Jane and Ola have corporate backgrounds; Jane works in the regulated financial services industry and Ola has significant people management and strategy experience. This has enabled us to bring different insights into the AFGC objectives of audit quality, public interest and resilience.

There is, of course, a great deal more to an INE's role than attending formal meetings. We regularly meet informally with senior members of the firm

(including the Senior Partner, Managing Partner, Ethics Partner, Head of Audit, Head of Audit Quality and other senior leaders) to maintain open and frank dialogue.

We attend meetings of PC at least twice a year to provide feedback on our work and to observe their discussions. We also attended one of the PC meetings which discussed the partner profit share process to assist PC's oversight of this. During FY25, we were represented at the Partner Conference and two of us attended the Audit Summer School, including a question and answer panel session on the role of an INE and the public interest. Attending the Summer School enabled us to see first-hand the L&D response to the audit quality issues in the firm.

We meet regularly together in private sessions to share information. We also have access to the firm's reporting packs and presentations shared with LT, the oversight bodies and the FRC. Any requests from us for additional information have been actioned by relevant individuals within a reasonable timeframe.

From an external perspective, we met members of the Audit Committee Chairs' Independent Forum as part of our stakeholder dialogue this year. As in previous years, we met with the FRC twice in the last 12 months and participated in its roundtables with the INEs from the other major firms.

This year, we also met with the INEs of BDO Netherlands to compare notes on governance and public interest matters in each country. This proved useful, and we have agreed to continue our dialogue with them.

These interactions help us embed a focus on audit quality and public interest into all layers of the firm.



International Standard of Quality Management (UK)1 (ISQM(UK)1)

In last year's Transparency Report we expressed our disappointment that, after its assessment of the SoQM in December 2023, the firm had been unable to conclude with reasonable assurance that the objectives of the SoQM were being met. However, since then, we have been impressed by the focus and resources applied to the design, remediation and testing of the firm's revised SoQM as required by ISQM(UK)1. There have been updates at each PIC meeting from the ISQM(UK)1 programme lead and the Head of Quality & Risk. In addition, Eamonn met with them regularly throughout the year to discuss progress and to ensure they were receiving appropriate support from LT. They were pleased with the support and the resources provided to them.

Message from our Independent Non-Executives

Audit quality

Throughout the year, we have continued to stress the need to improve audit quality. A message repeated by the FRC in their latest Audit Quality and Inspection Report where they recognised that the new LT “have renewed their commitment to, and investment in, audit quality. However, there remains much to do.” As referenced by the FRC, the inspection results “are significantly short of expectations”. We have made it clear to LT that, when compared with the other Tier 1 firms, BDO UK needs to accelerate its journey of transformation with respect to audit quality. The thorough work carried out this year in continuing to build the firm’s SoQM is part of that. However, we stand with the FRC when they say the firm must significantly improve its audit quality. The INEs have expressed their frustration to the firm’s leadership at the time taken to see a tangible uplift in audit quality as measured by external reviews. We sincerely hope that the change in the composition of the leadership in Audit, as well as the clear emphasis and focus on audit quality by the firm’s new Managing Partner, will lead to a sea change in external file reviews (noting that file reviews relate to audits conducted approximately 18 months or so earlier). We are particularly heartened by the detailed methodology and cultural changes the new Head of Audit and Managing Partner have initiated and wholly endorse the new approach.



While recognising the progress and efforts made by the firm’s executive management and the leadership of Audit, the INEs continue to encourage both executive bodies to embed improvements as swiftly as possible.

As we mentioned last year, a Stand Back Review was initiated by the Senior Partner and AB towards the end of the financial year ended 5 July 2024 (FY24). This was one of a number of initiatives to assess why improvements had not yet resulted in improved outcomes. It highlighted areas for improvements that the Audit stream needed to address but also the need for cultural change within the stream.

We continue to promote high-quality auditing. It is undeniably in the public interest to have a competitive audit market and BDO UK, as one of the five largest auditing firms, has a major role.

As INEs, we continue to reinforce this at every opportunity in formal meetings and informal settings. Our role is to encourage the firm’s leadership and partners to continue to make the changes but also to provide support along the way. Audit quality is central to every AB agenda and discussed at each PIC meeting.

PIC is also charged with providing oversight and challenge on how the firm maintains an appropriate and sustainable portfolio of work. We are regular attendees at BDO UK’s Acceptance and Continuance Panels, looking into a number of potentially higher risk engagements and industries. We have witnessed the panels reject potential work that they deem too risky or otherwise inappropriate for a firm of BDO UK’s position.

During the partner profit share process, we were pleased to note that quality was at the forefront of the partner assessment process; particularly in Audit. Those who had unacceptable quality grades were impacted at profit share and in some cases in respect of their position in the firm. Quality, including audit quality, was specifically taken into account in setting LT’s profit shares. However, for both LT members and the wider partnership, recognition was given for the improvement strategy adopted by the firm in the past year.

Senior leadership and succession

Prior to Mark’s appointment as the new Managing Partner, he shared his transition plan with us and we had the opportunity to make observations and contribute to the plan. He also shared with us details of his new LT and we had the opportunity to meet with Dominic Stammers, his new Head of Audit, prior to his appointment. Subsequent to his appointment, Mark has met with us on a number of occasions, formally and informally. He is also a regular attendee at PIC meetings which again supports the role of the INEs.



In December 2024, Mark and his team held a strategy day with the INEs which gave us an insight into his evolving Strategic Framework and provided the opportunity for the INEs to offer guidance and challenge. In particular, we were keen to understand how Mark and Dominic would drive the required improvements in audit quality. At the same meeting we were joined by Pat Kramer, BDO Global’s Chief Executive Officer (CEO), who provided an update on issues impacting the global network. We were able to challenge him on audit quality in the global network and how BDO Global deals with public interest matters. This consideration of the resilience of the global network has been supplemented by regular updates from Mark as a member of the BDO Global Board.

During FY26, the BDO partners will be electing their new Senior Partner. We have already started to discuss the election process with Matthew, PIC and PC. Within the firm’s governance structure, the Senior Partner is a key appointment. We will therefore engage with all the prospective candidates and will work with the outgoing Senior Partner, and PC, who are tasked with ensuring an open, fair and, ultimately effective, election process.

Message from our Independent Non-Executives

People and culture

During the year, we continued our programme of office visits. Informed by the local listening survey results, we took the opportunity to assess and monitor local culture. We were encouraged to see that all the teams we met are committed to seeing improvements in audit quality.

The new LT is keen to evolve the One Firm Culture and its People Proposition. Prior to its launch, we received a presentation on 'The Feel' and 'The Deal' and we were able to provide support and challenge, particularly around the need to address any cultural aspects which might mitigate against improving quality. We also received assurances that the firm's culture through The Feel and The Deal builds on the High Performing Teams initiative, which is a key component of the firm's Audit culture.

During the year, we reviewed the public findings and recommendations made in relation to the cultural and governance issues faced by another global accountancy firm, which were highlighted in the press. We considered their potential impact on BDO UK and its own governance and culture, noting circumstantial and structural differences between the other firm and BDO UK.

At each PIC meeting, the Head of Ethics updates us on whistleblowing incidents and non-financial conduct (NFC) matters and discussions take place on the trends being seen. Private meetings are also held with him.

Resilience and risks to the firm

Our goal is to have a view on the resilience of both the Audit stream and the wider firm.

We receive regular feedback at BIOB on the financial health of the whole firm, including updates on long-term firm financing and insurance claims. We also receive specific feedback at AB on the financial performance of the Audit stream.

In addition to financial resilience, this year we have sought to understand a broad range of operational resilience challenges faced by the firm. Our input into the annual review of the firm's Principal Risks informs our thinking in this regard, as does our broader consideration of the wider risks impacting the firm. As part of this, in addition to audit quality, we have considered talent retention and succession planning, relationships with regulators and stakeholders, ethics and whistleblowing, and Environmental, Social and Governance (ESG) commitments. We also received a presentation on the drivers of the firm's reputation, its mitigating activities and how it manages its reputation. During the discussion on reputation, we highlighted the interconnection with other factors such as audit quality and ethics.



On our horizon

Looking forward, PIC will continue its focus on the public interest and, with this in mind, will guide and challenge the firm to demonstrate a sustainable improvement in audit quality. When viewed against the other firms reported audit quality, this cannot be seen just as a long-term goal: driving this change is an immediate imperative for the LT and AE. In addition, the culture of the partners and the firm will remain a key area of our focus, as will the continuing development and use of technology to support and enable the firm's service delivery across all streams.

The new Managing Partner and new Head of Audit have adopted the right mindset and approach to these areas and are committed to them. We look forward to working with them to continue this.

From a wider perspective, the UK Government is looking to drive economic growth. As part of this the FRC has commenced a review of its supervisory model, the 'Future of Audit Supervision Strategy'. We look forward to sharing our observations with the FRC as supervision plays a fundamental role in improving audit quality.

We remain committed to the public interest and the role of BDO UK as a systemically important part of the market.

About us

Our heritage

The heritage of BDO UK dates back to 1886 when JR Hesketh was formed and 1902 the creation of AF Stoy; the firms merged in 1975. Since then, a number of mergers, together with the transition of the partnership to a limited liability partnership in 2004, have created the current business.

Today, BDO UK is an established accountancy and business advisory firm providing audit, assurance, tax and advisory services to help businesses succeed across many sectors of the economy. Across our four streams – Audit, Tax, Consulting, Risk and Outsourcing (CR&O) and Deals – we focus on entrepreneurial, growing and ambitious businesses; we call this our mid-market heartland. Mid-market businesses are critical to unlocking the UK's growth ambitions, and are the backbone of its economy.

New leadership

On 1 October 2024, leadership of our firm transitioned to BDO UK's newly-elected Managing Partner, Mark Shaw – and his new LT.



In FY24, we surpassed £1 billion in revenue for the first time. On 4 July 2025, we had 7,735² people working for us in the UK (including 353 equity partners) and we are part of a \$15bn global organisation. We attracted 54,675 experienced hire job applications last year. In FY25, 689 new trainees started their accountancy careers with us and 3,065 people were promoted. A growth story to be proud of, and one that is boosted by the strength of the UK's mid-market businesses that form our client base.

New strategy model

Mark and the LT have taken the opportunity to build on our heritage, learning from what has driven our historic success. As noted in our leadership messages, as we look to our future, it looks different to the past: market economies, market expectations, people's expectations, technology, sustainability, competitive landscape, our market position, regulation, politics, geopolitics, financing and global accounting models are all changing and, as a result, new opportunities are emerging.

Within all of that external turbulence, we proudly retain a growth agenda. Recognising that we must adapt to capture the type of growth we need and want, that has our people and culture at its heart. We have refreshed and launched our Strategic Framework, turning Mark's manifesto into our collective, dynamic, iterative strategy and live action plans to 2028.

Through our strategic refresh, we confirmed that our core purpose and our values remain valid for the future; they aim to give us a shared understanding of why we do what we do and how we behave. These form the first two parts of our Strategic Framework.

The third part is our 2028 Vision and our strategy model to get us there, brought together in a roundel; the design is simple, clear and cogent, allowing it to be quickly adopted throughout the organisation.

Our 2028 Vision sits in the middle; this is our target state and reads that we will be: "an organisation that achieves sustainable, profitable growth by putting our people and culture at its heart, being committed to quality, and doing the right thing for business and society".

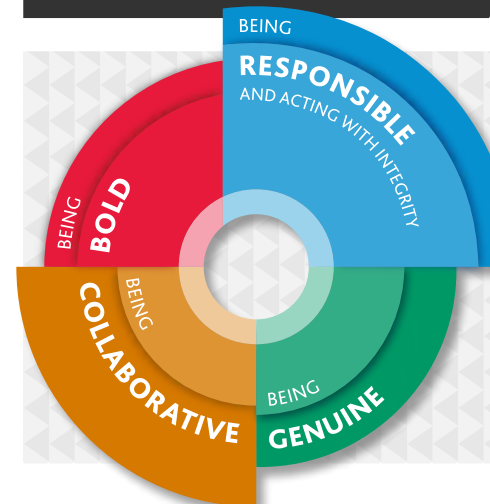
Our strategy model will ensure we achieve our target state by being clear on where we win, how we win, and what winning capabilities we need.



Our Core Purpose



Our Values



Our New Strategy Model



² Our headcount includes employees and partners (members) who work either full or part time at BDO and excludes contingent workers, casuals, NEDs, work experience, pensioners and term-time only.

About us

Renewed focus on the mid-market

Our future growth will come from where BDO UK is already at its best: the mid-market heartland of entrepreneurial, growing and ambitious businesses, working through their business life cycles as they grow.

New plans to support mid-market businesses

Achieving our 2028 Vision means delivering certain key things. We have identified these as strategic imperatives. We have made clear our expectations and priority programmes for each one. We set out more information on each of the six strategic imperatives below.



How we win

1. Growth culture

For many years, we have recognised that our success is because of the strength of the UK's entrepreneurial, growing and ambitious mid-market businesses. At different stages of their lifecycle, we can – and need to – deploy multidisciplinary resources to match their business needs; indeed, our clients tell us that they want to be able to buy more services from one place, whilst of course observing independence requirements. This strategic imperative focuses everyone on the goal of helping businesses to grow more, by which we will grow more too. This means putting the businesses we work with at the centre of everything we do, understanding their challenges and delivering our services to help them succeed in the long term.

2. Collaboration

To deliver a quality experience externally, we must be able to work together seamlessly internally, an effort which is being supported through a collective programme of mindset, skills and behaviour programmes under our new strategy. Working together across our 7,735 people in the UK and 119,611³ people globally is vital to helping them grow. For teams, it should enhance our supportive culture and, for individuals, it should develop their relationship skills to enable career development.

3. Quality

We recognise that our SoQM is critical to achieving consistent high-quality audits and we are committed to remediation of deficiencies as they arise and to the continued strengthening and embedding of our SoQM.

Under the oversight of the LT during FY25:

- ▶ We have continued to build out the responsibilities, particularly under the Operational Responsibility Committee (ORC), which has operational responsibility for the SoQM as required by ISQM(UK)1, with each member of the ORC owning their respective Quality Objectives to oversee activity under their objectives
- ▶ ORC members completed a full risk assessment, supported by the central ISQM(UK)1 team. They then undertook iterative risk assessments to identify new and emerging risks, and add responses to the framework as required
- ▶ The ISQM(UK)1 team performed walkthroughs of all key controls to re-assess their design and implementation and tested for operating effectiveness
- ▶ We have focused on the remediation of deficiencies noted in our FY24 evaluation
- ▶ Our evaluation as at 30 June 2025 was prepared



by our monitoring and remediation team and submitted to the LT who hold ultimate responsibility for the SoQM and for reaching the annual conclusion on behalf of the firm.

Our FY25 evaluation plan included consideration of outcomes of control testing and other inputs, which included internal and external inspections outcomes, Root Cause Analysis (RCA), key committee papers relating to audit quality and SI, non-financial conduct and breach reporting matters, prior year adjustments and culture assessment reporting, which brings together multiple data sources from across the organisation.

In response to our previous evaluation as at 30 June 2024, we developed a comprehensive remediation plan for identified deficiencies in the SoQM as part of our commitment to continuous improvement. Action plans were allocated to SoQM Quality Objective Owners, being senior individuals with operational responsibility for each area of our SoQM, and these plans were monitored alongside the progression of our ISQM(UK)1 monitoring programme by the monitoring and remediation team.

We have made good progress in designing and

implementing these remediation actions, although we recognise that there remains work to be done with certain of the previously-identified deficiencies. While still being embedded, our SoQM is providing us with better data and driving more targeted actions to deliver consistently high-quality audits.

In September 2025, we evaluated our SoQM under ISQM (UK)1 as at 30 June 2025 and concluded, under paragraph 54(b) of the standard, that it provides reasonable assurance that the objectives of the SoQM are being achieved, except for matters related to a limited number of identified deficiencies that have a severe but not pervasive effect on the design, implementation and operation of the SoQM.

While we are pleased with the progress made, a SoQM takes time to embed and mature and we know that we have more work to do. This will include further implementation of controls, where required, to enhance our SoQM, as well as allowing time for some of the new processes and controls implemented in FY25 to deliver on their design objectives, providing enough evidence for us to be able to test them fully. Our evaluation of our SoQM as at 30 June 2025 is set out in [Appendix D](#).

³ As at 30 September 2024.

About us

Winning capabilities

4. People and culture

As a people-powered business, we put our people and culture at the heart of what we do, as stated in our 2028 Vision.

We believe that, when our 7,735 people work together, we thrive together and we win together, and this is what our culture is anchored in.

We are therefore determined to nurture a culture where we all work, thrive and win together because we see ourselves reflected in our purpose, we identify with our shared ambitions, and we are empowered to succeed in ways which help us unlock our potential.

To deliver on our 2028 Vision, this year, we refreshed our One Firm Culture and People Proposition. This involved consulting with a broad and diverse group of partners and colleagues from across our organisation to help us articulate what has become known to us as: The Feel and The Deal. A fuller explanation of what The Feel and The Deal means to us is set out later in this section.

We also recognise that sustainable practices and responsible decision-making are not optional but essential cornerstones of business success. Promoting an ESG agenda within our organisation requires a structured approach that links clear ambition, target-setting, and transparent communication.

Since our Sustainability and ESG Board was formed in 2021, our starting point was to understand the topics most material to our business. This year, we took this a step further by undertaking a comprehensive Double Materiality Assessment (DMA) to identify and quantify our impacts, risks and opportunities as a business and within our wider value chain. The assessment provides us with a basis for reporting against the Global Reporting Initiative on our operational and value chain impacts, as well as the financial risks and opportunities key topics pose for BDO UK, aligning to the future UK Sustainability Reporting Standards.

It also included engaging with both our own people and our external stakeholders on their expectations of BDO UK, as well as benchmarking our efforts against recognised standards and frameworks. Our DMA results and methodology, which will shape and inform our strategy and priorities moving forward, will be detailed in our 2025 Impact Report, together with our ESG activities – including our Net-Zero progress and our social impact programmes – and the progress we have made in meeting our ambitious targets.

5. Platforms

We have invested significantly over the last few years in upgrading our systems, infrastructure and operational capabilities (collectively 'our platforms'). We continue with our programmes to improve our ways of working, using technology and data to drive efficiency and quality. To read more, see [Our digital and AI future section](#) below and read about our use of AI in Audit in our [Audit quality section](#). Platforms are, however, about more than systems and processes. They are also about people.



6. International

We are part of a \$15bn global organisation, giving breadth, depth and reach across the globe to the services our clients and audited entities can access. This allows us to help globally ambitious businesses and complex international engagements to succeed. Our Managing Partner is a member of the BDO Global Board, and so we play an active part in the development of BDO globally. Information about our global network can be found in [Appendix A](#) and, for a summary of the activity of the Global Board, see the [Governance section](#).

It is clear that the environment for international accounting networks is changing, driven by a combination of changes to organisational structures, external investment and international reputational risk. We are at the forefront of this debate both within the BDO Global network and the UK profession.

People and culture

As noted above, this year we refreshed our One Firm Culture and People Proposition. We set out overleaf a fuller articulation of the new The Feel and The Deal and what it means for our people.

About us

The Feel – our One Firm Culture

We are a people-powered firm, so nurturing a positive culture in which we can work, thrive and win together – as individuals and High Performing Teams – whilst also living our firm's values to do the right thing – together – is essential to our success; this is 'The Feel'.

The Feel is our One Firm Culture: how the way we do things at BDO UK encourages us to do the right thing and to do it together. In order to ensure our culture takes us to where we want to get to as a business, we have redefined this as:

We work, thrive and win – together

"A supportive workplace where we succeed as High Performing Teams, living our values to do the right thing – together."

Whilst our People, Culture and Purpose Executive (PCPE) manages our plans to 2028, we have also evolved what was historically called our 'U Board' into our 'Future Culture Advisory Board' to undertake ongoing horizon scanning, looking beyond 2028 and acting as an advisory group to our PCPE.

During FY25, we have continued to channel our efforts into our three existing cultural priorities under the headings of Equality, Diversity and Inclusion (ED&I), wellbeing, and social mobility and citizenship.

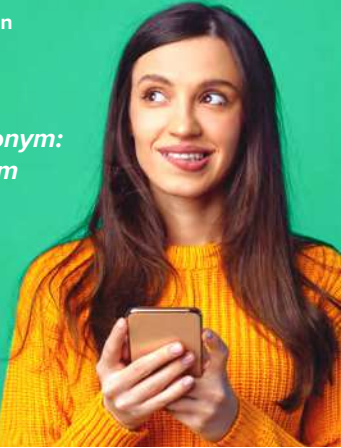


the feel
fēl
noun

How our hearts and stomachs
feel about Monday morning
on Sunday night.

Bill Marklein

*See synonym:
"One Firm
Culture"*



Equality, Diversity and Inclusion

We are committed to creating a diverse and inclusive environment and are proud of our track record in ED&I, which remains a priority for us. Our aim is to be representative of a vertical slice through UK society.

Examples of our efforts this year include holding dedicated sessions with under-represented groups (to gather feedback and assess our impact) and joining the Business Disability Forum, which has strengthened our support and guidance for colleagues and people managers on disability-related matters.

Our commitment extends to external diversity mentoring schemes through Moving Ahead and the 30% Club.

We are proud to have 12 active and empowered employee networks that foster an inclusive and supportive culture. Our Enabled Network was highly commended in the 'Outstanding Ability Network' category at the Employee Network Awards.

We are refreshing and updating our ED&I strategy and action plans, which will be launched during FY26. This will require us to strengthen our use of data and insights to inform decision-making and strategic planning, focusing on addressing disparities in progression, advancing equity in career pathways and a focus on inclusion and belonging in a wide sense.

Wellbeing

We have an unwavering commitment to wellbeing, aiming to create a health-promoting environment where our people can flourish both professionally and personally. In FY24, we successfully established our wellbeing framework 'Be Well, Stay Well', which is built around five key pillars: healthy mind, healthy body, financial wellbeing, social wellbeing, and healthy work, each designed to support our team's holistic health. This was supplemented by our evolved DigiCare+ offering this year, enhancing our health assessment benefit with an optional cancer screen add-on and introducing a new Health Cash Plan. This provides our people with more flexible support for their physical, mental and financial wellbeing.

Our efforts in this space have been recognised externally, with two nominations at the Inside Out Awards and achieving the Level 5 'Health Creating' accreditation from Mindforward Alliance, the highest level of recognition.

Social mobility and citizenship

For us, social mobility and citizenship are not just buzzwords; they are central to who we are and reflect our commitment to giving back to society.

Our aim is to become an 'exemplar' in social mobility by 2028, setting the standard for others to follow. Key achievements of note this year include establishing a Social Mobility Delivery Group to enhance our governance and decision-making processes, ensuring effective delivery of our social mobility efforts, and delivering workshops aimed at empowering young people in partnership with the Social Mobility Foundation in London and Leeds.

Our citizenship strategy (which we call 5+5) encourages active citizenship and is part of our purpose-driven culture, creating meaningful social impact. We continued our partnerships with organisations like Rise, Teach First and Chapter One, providing our colleagues with opportunities to volunteer and make a difference. Further, our collaboration with our internal Trustee and Bridge employee networks is crucial in advancing our social mobility and citizenship agenda.

About us

The Deal – our People Proposition

Our people have the clarity of our two-way contract with each other about what we spend our time doing – and what we get in return; this is 'The Deal'. Our best work is delivered when we collaborate and do this with a growth mindset.

The Deal is how we articulate our People Proposition, motivating our people by being clear on the two-way commitments which we expect from each other. The Deal defines the more practical commitments: the learning, opportunity, support, recognition and tools that help our people succeed. Getting this right helps us demonstrate how and why we are the most attractive employer for our current and future talent.





the deal

dēl
noun

The two-way contract we commit to with each other about what we spend our time doing – and what we get in return.

See synonym: **“People Proposition”**



Learning and development

We continue to invest in the ongoing L&D of our people, from trainee to partner, to set them up for success now and in the future. We have reappointed BPP as our Associate Chartered Accountant (ACA) training provider, ensuring our professional qualifications programmes combine technical knowledge with practical application. This supports our people in delivering high-quality work. We are proud that our trainees have again outperformed the Institute of Chartered Accountants in England and Wales (ICAEW) pass rate percentages for the Advanced level ACA exams.

We are evolving our learning strategy from 'formal classroom' sessions to learning in the flow of work. This includes on-demand resources, knowledge sharing, quality conversations, practical experience and feedback. Our holistic approach supports continuous learning and agility, enabling our people to thrive in a rapidly changing commercial world.

We have created new learning brochures tailored by career level to build critical skills and behaviours, including data and digital skills. These brochures replace our career development programmes, providing clarity and ease of access to learning resources.

Performance management

Our approach to performance management is an integral part of our learning strategy, designed to focus on the quality of conversations rather than the process itself. Our aim is to set every individual up for success by establishing clear objectives, providing regular feedback and encouraging continuous learning. We have further invested in upskilling our People Managers with coaching skills, enabling them to hold meaningful conversations that support our people to do their best thinking and career planning.



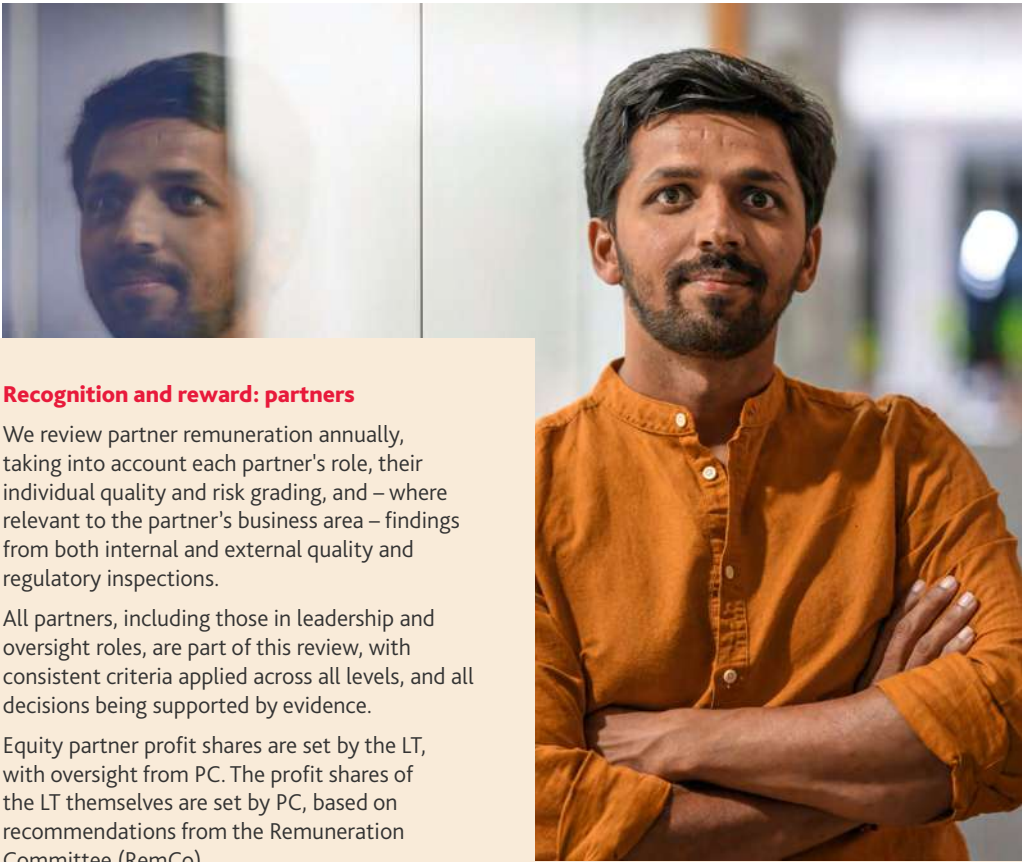
Progression of talent

We are dedicated to developing our employees, partners and those aspiring to partnership. Our goal is to equip our leaders with the skills they need to succeed in a rapidly changing world. Over the past year, we have supported our pipeline through an immersive Director Talent Development programme and a Welcome to Partnership programme. These initiatives use a blended approach, combining formal learning with coaching and peer mentoring.

During winter 2024, we launched our new Equity Partner programme, and each year we offer a cohort of partners the chance to attend the BDO Global Executive Leadership programme at Harvard Business School. These efforts ensure our leaders are well-prepared to navigate the complexities of their roles and drive us forward.

We value developing the experience and expertise of our people and partners through secondment opportunities within our organisation. This year, we have had 78 individuals seconded into various roles. We have also celebrated 3,065 staff and partner promotions, demonstrating our support for the progression of our talent.

About us



Recognition and reward: employees

Our dedication to rewarding and recognising our people is a fundamental part of who we are. We have consistently invested in our Total Reward and Recognition proposition, offering a diverse range of financial and non-financial programmes. These include core and optional benefits, providing flexibility and personalised choices for our people. Our Spotlight Awards continue to celebrate outstanding work, with 8,993 instant awards and 2,568 quarterly awards presented in the last year to honour those who embody our core values and behaviours.

We have piloted a new approach to transparency in relation to reward, helping our people to understand the pay decisions made by us. We have expanded our flexible benefits to include a Health Cash Plan, further linking wellbeing and benefits.

Our continued focus is on communicating our pay story more consistently and transparently, ensuring all colleagues understand their rewards.

Recognition and reward: partners

We review partner remuneration annually, taking into account each partner's role, their individual quality and risk grading, and – where relevant to the partner's business area – findings from both internal and external quality and regulatory inspections.

All partners, including those in leadership and oversight roles, are part of this review, with consistent criteria applied across all levels, and all decisions being supported by evidence.

Equity partner profit shares are set by the LT, with oversight from PC. The profit shares of the LT themselves are set by PC, based on recommendations from the Remuneration Committee (RemCo).

Salaried partner remuneration is set by a panel which includes a number of LT members as well as additional representatives from across the business.

In the case of PC members, the Senior Partner also discusses their remuneration outcomes and rationale for these with an INE as an additional check and balance to management's decision for these individuals. Those in leadership roles are also evaluated on their responsibilities within the SoQM.

With our revised strategy, we are evolving our partner remuneration processes and approach. We are reassessing both the philosophy and processes to ensure they are competitive and fit for our firm now and in the future. Our aim is also to enhance how pay decisions are communicated to our partners, striving for greater consistency and transparency as we move forward.

Attracting and developing talent

Early in Careers

Attracting and developing talent, especially those early in their careers, is a cornerstone of our strategy. We received over 38,000 such applications and successfully hired 565 students across four streams, who joined us in September 2024. Our outreach strategy continues to evolve, engaging students earlier and strengthening partnerships with organisations like Connectr, Springpod, TG Consulting and Young Professionals.

Our creative attraction strategy, Beyond the Ordinary, has increased our presence on school and university campuses and has created a wider social media presence on platforms like Instagram and TikTok. We have hosted virtual work experience programmes for over 3,000 students aged 13-18 and developed our first in-curriculum assessed module with Birmingham City University for Year 3 Accounting & Finance students, with plans to expand this to more partner universities. We have also scaled up our Social Mobility and ED&I Insight programmes, increasing participation in Explore, our Social Mobility focussed programme for Year 12 and 13 students from 45 to 59 and Black Heritage, our dedicated insights programme for University students in Years 1 and 2, who are of Black Heritage, from 22 to 50.

Building on this heritage, we are exploring a multi-year work experience programme to support external outreach initiatives and provide a seamless pipeline for students into our organisation. Our Early in Careers (EiC) outreach activities are evolving to develop more diverse and sustainable talent pipelines, aligned with students' academic journeys and meeting educational milestones, GATSBY benchmarks and business requirements.

We have embedded a new EiC Assessment and Selection process in partnership with Arctic Shores, allowing us to assess candidates' current skills and future potential, including their learning agility. This innovative process counters the threat of AI while providing high validity assessment of true potential in role and exam competence. We see this approach as core to our social mobility commitments.



Experienced hire

Our Direct Sourcing team and Talent Attraction team have continued to play a crucial role in representing our brand in the market and in helping to identify and secure new talent to join our firm, filling 411 vacancies in FY25.

We developed a digital module for interview skills training, which launched in Summer 2025. This is mandatory in Audit as part of our audit quality focus, ensuring consistent training has been provided to all interviewers on the key principles including how to use the materials, questioning techniques, feedback and the legislation surrounding this part of the recruitment journey. We have also enhanced our ISQM(UK)1 quality controls, improving interview feedback standards, specifically with a focus on the quality questions.

About us

Listening to our people

We place immense value on the insights and feedback from our colleagues.

In our most recent engagement feedback survey, 77% of our people took the opportunity to share their views and feedback on us. Through this survey, leaders throughout BDO, spanning different locations and sectors, gain an insight into their teams' sentiments. This helps us to understand the views of our people and take this into account when articulating our people and culture initiatives.

This feedback is also built into local engagement, people and culture initiatives.

In addition, we engage in 'listening events' which are in-person events hosted by our leaders, where we invite small groups of people to come and tell us about their views on particular topics, and our role is to listen.

These collective insights are important to us as they tell us how we are doing and where we can continue to improve. A key strategic focus for us is to engage our people and we understand the important role that listening and acting on what we hear has to play.



During FY26, we intend to:

- ▶ Develop a structured learning offering from trainee through to partner to enhance skills for quality conversations with clients and audited entities
- ▶ Continue to embed a coaching approach and strengthen our feedback culture
- ▶ Embed our new 'in the moment' portal, ReFlex, which will empower everyone to recognise and celebrate achievements instantly
- ▶ Launch a new experienced hire recruitment campaign
- ▶ Continue to listen to our people through various interactions.



Our digital and Artificial Intelligence future

Innovation, digital and data

We have a large Innovation and Digital Office and Data Office to champion and lead initiatives, in conjunction with our organisation-level and stream strategies. This includes:

- ▶ BDO Labs: we have five innovation Labs across BDO. Four of these Labs (Audit, Tax, CR&O and Deals Labs) are embedded into our streams to work alongside and with our experts. These "fusion" Labs teams take the challenges from the streams and co-develop ideas and products to agreed standards, business cases and regulations
- ▶ Digital Products: our dedicated digital product function then runs these digital products to an agreed quality and performance level, and retires, upgrades, or replaces as required through the lifecycle of the product.

Examples of digital products developed through this process during FY25 are:

- ▶ Sustainability Compass which uses advanced deterministic AI to identify applicable climate regulations for engagements
- ▶ CT Compare which compares data held in financial statements against data held in our tax compliance software (Alphatax), or within tax packs.

Our BDO Labs programme has captured and evaluated hundreds of ideas, and we now have a portfolio of over 30 digital products actively maintained and used.

In addition, we operate the BDO Store, which sells or licenses a range of digital products such as software and online training direct to clients and audited entities (where permissible). BDO Store sales for this financial year are £1.1m (including VAT).

Digital Board

Our Digital Board is a formally constituted board whose purpose is to centralise all digital activities and operate as a working group of the firm's Operations Board (OB). It has representation from the Practice Management Departments (PMDs) and all four streams.

We recognise a need to provide all teams with guidance about steps to undertake when using AI in their work, and stream level guidance is now available to all four streams.

About us

Artificial Intelligence

AI has been the topic across multiple areas of our sector and the subject of continued investment from both our people and strategic partners. We recognise the potential and current value of using AI to enhance our services, processes and capabilities and acknowledge the risks and challenges associated with the use of AI, such as reputational, quality, ethical, legal, social, technical, and operational issues.

A number of key initiatives underpin our UK operations including our global partnership with Microsoft, our continued investment, in line with other BDO member firms, in AI and an updated AI Policy. You can also read about our use of AI in our [Audit quality section](#).

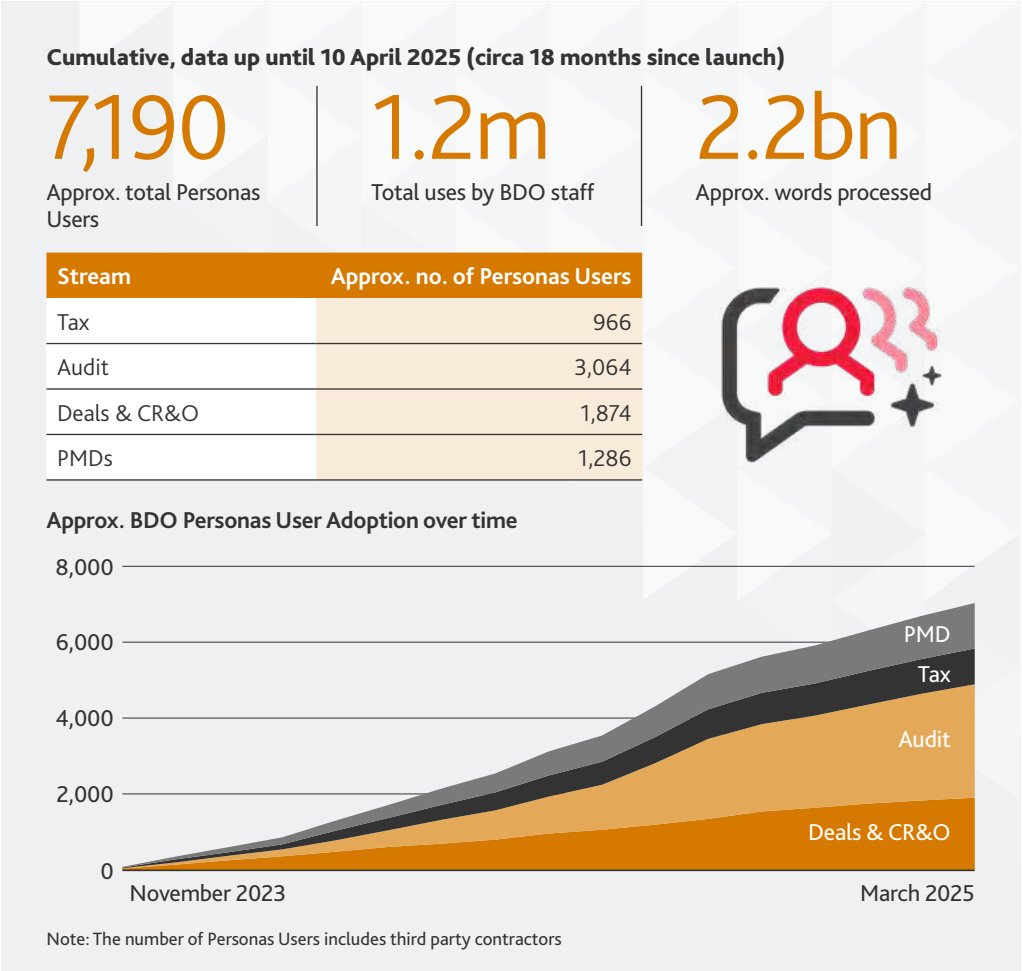
Our AI Policy provides a set of principles to promote trustworthy AI, which are aligned with the internationally agreed-upon Principles for Artificial Intelligence from the Organisation for Economic Cooperation and Development.

The Digital Board, Information Security Committee and OB consider all these areas and actively manage our proposed plans, our execution against these plans and the risks and issues across the whole organisation. In late 2023, our Generative AI strategy was agreed, with an emphasis on:

- ▶ Our guiding principles
- ▶ Our governance model
- ▶ Measuring and tracking our investments
- ▶ Responsible AI framework.

In last year's Transparency Report, we reported that we had launched our own in-house generative AI solution – “Personas” – that is based on the OpenAI service from Microsoft. It is similar in functionality to ChatGPT and other conversational AI products but operating wholly within BDO's environment, and hence it is secure and safe to use with confidential information.

Since its launch, Personas has been increasingly well used as the statistics here show:



Over our last financial year, we have also introduced new functionality such as:

- ▶ Access to the latest and best o1 and o3 mini-reasoning models from OpenAI
- ▶ Voice input, enabled use on company mobile devices in conversational mode
- ▶ Image inputs – Personas understands visual materials
- ▶ Knowledge bases – Personas is able to answer specific questions on appropriate and authorised BDO UK internal knowledge.

It is available to all of our people and is supported by appropriate centralised training and communications.

About us

Data governance

Data is a critical foundation for delivering our digital and AI vision as it is the fuel for these systems. We recognise that its usage must be governed appropriately.

Our data governance framework is a structured approach to establishing a culture of data management. Data is a critical strategic asset for BDO UK, which is owned and delivered by the Data Office. We rely on data to drive our operational processes, to deliver our client engagements and audits, to respond to our regulators and to innovate and develop new propositions and services.

Our data governance framework is made up of:

- ▶ Policies: provide the guidelines for using, protecting, and managing data, ensuring consistency and compliance
- ▶ Processes: refers to the procedures for communication, collaboration and managing data, including data collection, storage, protection, and usage
- ▶ Roles and responsibilities: refers to the organisational structure, roles, and responsibilities of those involved in data governance, including those who own, collect, store, manage, and use data

- ▶ Technology: refers to the tools and systems used to support data governance, such as data management platforms and security solutions.

The firm's Data Policy is applicable to:

- ▶ All BDO UK partners and employees, including permanent and fixed-term employees, contractors, consultants, temporary staff; and third-party organisations processing BDO UK data or working on BDO UK business activities
- ▶ All data and information in BDO UK systems and applications.

Data is essential to the effective running of the SoQM under ISQM(UK)1. The SoQM relies on many different types of data, either to operate controls or to test them. Some of the systems and data were not set up with the purpose of supporting the SoQM originally and therefore the data is not fully usable or easily accessible for that purpose. The strategic initiative to develop one true data set for Audit will mature the data supporting the SoQM over a multi-year project. However, the progress made in the design and implementation of our SoQM during the year, as well as enhancements to data management in the year, have meant that we reduced the extent of the deficiency in our SoQM that we identified last year in this area.



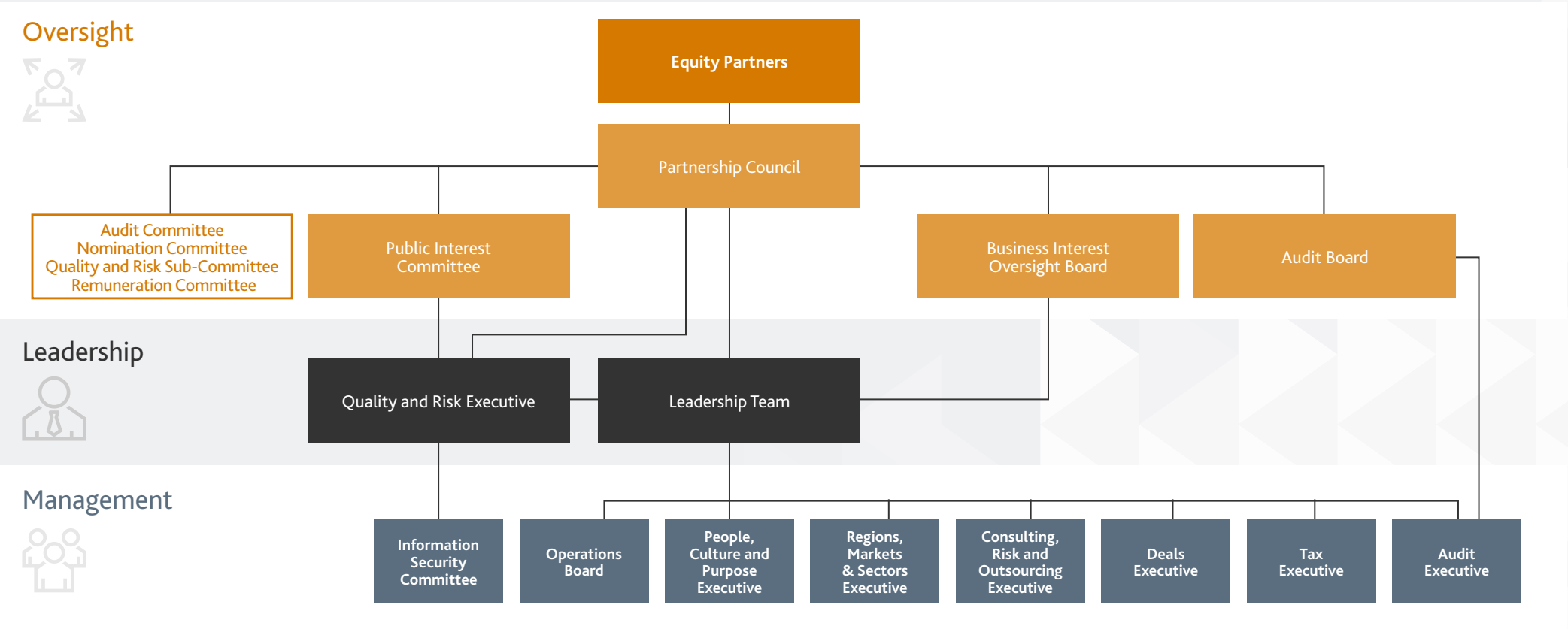
On our horizon

During our next financial year, our collective efforts will be on working, thriving and winning together as we deliver on our new strategy. A marker of a good strategy is its ability to be implemented; the LT is committed to lead this as our next phase. For innovation, digital and data, this will include designing a comprehensive AI Governance framework to ensure that our policy is implemented consistently across the organisation and is adaptable to change given the fast-paced nature of the AI industry; and the multi-year project for one true data set for Audit referred to above.

Governance

Our current oversight structure has been in place since January 2022. The inter-relationship between the various bodies at the oversight and leadership / management layers of the structure are pictorially set out on this page.

BDO UK's governance structure as at 4 July 2025



Governance

An overview

PC is our most senior oversight body. It is supported by the sub-boards and committees shown within the oversight layer of the structure chart above and, collectively, they operate to hold the LT, including the Managing Partner, to account and to provide healthy constructive challenge and debate to decision-making.

PC delegates some areas of responsibility to BIOB, AB, Audit Committee (AC) and Quality and Risk Sub-Committee (QRSC). The make-up of these bodies is set out on the following pages along with that of PIC and LT.

PC will also from time-to-time establish additional working groups to carry out specific projects or areas of focused work.

We govern ourselves by reference to the principles and provisions set out in the AFGC and our statement confirming our compliance with this code is set out at [Appendix G](#).



However, there is far more to governance than simply compliance with relevant rules and regulations. Mark recognised this when he established his new LT earlier in the year and created a LT portfolio which included governance within its remit. This is intended to improve governance and oversight by ensuring that leadership / management themselves optimise governance standards. Mark values, and is personally committed to, effective oversight and this formed a key commitment in the manifesto on which he was elected.

At an oversight level, we have also strengthened governance by our continuing focus on bespoke training for PC members. During the year, PC members have received further ESG training, considered and applied lessons learned from the reports arising from governance failings elsewhere in the profession and an external trainer provided training on constructive challenge and critical thinking to support PC members' effective decision-making.

The onboarding process for new PC members has broadened to encompass expected boardroom behaviours, a detailed introduction to our various oversight bodies and a comprehensive introduction to key topic areas, to allow new members to be able actively and effectively to participate in debate from the start of their tenure.

Similarly, to support the onboarding of Ola as our new INE, a bespoke induction programme was also delivered for her to ensure she met the right people and received appropriate briefings to enable her to fulfil her role from the start of her appointment.



Over the course of the past two years, we have carried out annual self-assessments of our various oversight bodies to monitor effectiveness and consider improvements which could be made.

As our oversight structure has now been in place for three years, this year we initiated our first external review of its effectiveness with a particular focus on PC and PIC. We engaged Lintstock Ltd to carry out this exercise, a firm that specialises in board reviews and has no other connection with us. They are, as such, independent.

The review took place between March and June 2025 through a series of surveys and interviews with PC and PIC members, as well as key stakeholders, followed by the observation of a meeting of PC and then PIC. They also sought input from the Managing Partner.

Lintstock found that all parties engaged well with the review process, with participants demonstrating dedication to BDO UK's partnership ethos and providing constructive feedback on how the various bodies throughout the governance structure can add maximum value to the firm.

Lintstock's findings were shared with the Senior Partner and then discussed at a subsequent meeting of PC which was attended by the INEs. Actions were agreed for implementation and monitoring, including:

- Suggestions to ensure that the membership of PC and its sub-committees (excluding PIC) supports effective oversight, particularly in the run-up to the next Senior Partner election which will take place in 2026
- Options for evolving aspects of the governance structure, including the delegation of responsibility as between the bodies within the structure and the reporting between bodies to optimise performance
- Continued development of the relationship between PC and LT and ways to achieve this.

Lintstock's findings were also shared for information with the Managing Partner.

Governance

The Senior Partner and Managing Partner

The equity partners elect each of BDO UK's Senior Partner and Managing Partner to hold office for a term of four years commencing from 1 October in the year in which they are elected.



The elections are staggered by two years to avoid any distraction which could arise from simultaneous elections.

Neither role is eligible for election for more than two consecutive terms under the terms of the Members' Agreement.

Partnership Council

PC's purpose is to ensure our leadership activities align to our purpose, values and the Strategic Framework.

It protects the equity interests of the partners, recognising the interests of individuals and also the collective body of equity partners.

Topics this year included:

- ▶ A review of our Strategic Framework, culminating in approval of our new strategy and 2028 Vision in March 2025
- ▶ Quality at a firmwide level (including our approach to, and delivery of, ISQM(UK)¹ and our audit quality improvement programmes)
- ▶ Sustainability and ESG, including our decarbonisation progress
- ▶ Profit share process
- ▶ Partner succession and the partner promotion process
- ▶ Progress against adherence to the AFGC.

It also receives regular formal updates from the various sub-boards and committees which report to it, and debates matters discussed at LT. It can raise questions and challenges based on these updates, for further consideration by the relevant body.

Twice a year, our INEs are invited to attend a PC meeting where they provide their views on our LT, regulatory matters and compliance with the AFGC in a closed session. The INEs also attend one of PC's meetings at which the profit share process is discussed.

PC has a number of boards and committees which report into it. AB, BIOB, QRSC and AC are the most significant of these, with their remit and activity set out below.

The NomCo and RemCo meet more infrequently and in accordance with their Terms of Reference (ToR). RemCo meets during the profit share process each year to oversee the performance review process and related profit sharing for the Senior Partner, Managing Partner and the members of LT. NomCo meets, as required, to consider the appointment of new INEs and new Managing Partners and Senior Partners.

PC at a glance

- ▶ Chair: Senior Partner
- ▶ No. of members (excluding Chair): 12 (as at year end it is operating with only 11 members due to a vacancy arising in the year)
- ▶ Membership: equity partners
- ▶ Term: four years, maximum eight years (unless a PC member is initially elected with two years or less of a term remaining, to fulfil a vacancy)
- ▶ Selection process: elected
- ▶ No. of meetings in FY25: 25
- ▶ There have been changes to membership this year. In September 2024, Jo Gilbey, Andrew Viner, Nick Carter-Pegg and Dominic Stammers stood down. In October 2024, Andrew Radford, Sophie Michael, Ariel Grosberg and Fiona Condrón joined PC. In February 2025, Kelly Sheppard stood down from PC.

Governance

Business Interest Oversight Board

BIOB's purpose is to hold the LT, including the Managing Partner, to account and provide appropriate challenge in relation to financial matters, the strategy for the non-Audit streams and the work of the OB, which oversees our PMDs.

Topics this year included:

- ▶ OB priorities, projects and strategy
- ▶ Review of cyber security related matters
- ▶ Review of Tax and CR&O stream strategies
- ▶ Quality matters arising from each of the Tax, Deals and CR&O streams
- ▶ Approval of the budget for the financial year and financial progress throughout the year
- ▶ Partner pipelines for Tax, Deals, CR&O and Central partners.

BIOB at a glance

- ▶ Chair: Senior Partner
- ▶ No of members (excluding Chair): five
- ▶ Membership: Ethics Partner, two INEs and two members of PC⁴
- ▶ Term: PC members serve a two-year term, maximum four years; remainder are appointed for the length of their respective terms of office
- ▶ Selection process: PC members are selected by a formal interview conducted by the Senior Partner and INE members are selected by aligning individual skillsets to BIOB's ToR
- ▶ No. of meetings in FY25: seven
- ▶ There have been five changes of membership this year. PC member Kelly Sheppard stood down from PC. PC member Andrew Viner stepped down from BIOB following the end of his tenure on PC. PC member Lee Causer joined, replacing Iain Nettleton who was asked to join AB. INE, Ola Fadipe, joined BIOB in spring 2025 following her appointment as an INE.

Audit Board

The AB's purpose is to oversee the strategy, performance and operations of our Audit stream.

Topics this year included:

- ▶ Audit stream's new strategy
- ▶ Audit quality and our programmes to improve it
- ▶ Culture of quality including High Performing Teams and Audit Specific Behaviours
- ▶ Approach to setting audit methodologies
- ▶ Public sector audit
- ▶ Audit stream budget and financial progress throughout the year
- ▶ Audit stream partner pipeline
- ▶ Individual quality matters as needed.

AB at a glance

- ▶ Chair: INE
- ▶ No of members (excluding Chair): five
- ▶ Membership: Senior Partner, INE (in addition to the Chair), Head of Audit, PC member and an additional Audit partner
- ▶ Term: PC members serve a two-year term, maximum four years; remainder are appointed for the length of their respective terms of office
- ▶ Selection process: the additional Audit partner is selected from a shortlist compiled by the Senior Partner in conjunction with the Head of Audit and at least two PC members who are also Audit partners. The shortlisted candidates will then be invited to interview with the INE members of the AB and the Senior Partner. The PC member will be selected following nomination by the Senior Partner and approval by PC
- ▶ No. of meetings in FY25: 11
- ▶ This year has seen five changes in membership. In September 2024, Andrea Bishop stepped down and Scott Knight also stepped down due to changes in his role following formation of the new LT.



Dominic Stammers, Head of Audit, similarly joined in October 2024. Iain Nettleton, a member of PC, joined in November 2024, and Sandra Thompson, an Audit Partner, joined in December 2024.

⁴ Owing to a casual vacancy arising, the membership currently comprises 3 INEs (with Eamonn McGrath extending his period sitting on BIOB), Ethics Partner and one member of PC.

Governance

Audit Committee

The AC is responsible for independent oversight of the firm's financial reporting, interaction with the external auditors and oversight of our internal audit function.

Topics this year included:

- ▶ A review of the FY25 Transparency Report schematic
- ▶ A review of the FY24 group financial statements of BDO LLP
- ▶ The findings from the work of the firm's external auditor
- ▶ Reviewing and agreeing the Internal Audit Plan for FY25
- ▶ Reviewing the findings and recommendations from the work of the independent Internal Audit team.

AC at a glance

- ▶ Chair: PC member
- ▶ No of members (excluding Chair): four
- ▶ Membership: two members of PC (in addition to the Chair), Senior Partner, and an INE
- ▶ Term: length of term of office
- ▶ Selection process: selected by the Senior Partner, approved by PC
- ▶ No. of meetings in FY25: six
- ▶ There have been two membership changes this year. From October 2024, Ariel Grosberg joined Audit Committee, replacing Nick Carter-Pegg who stood down at the same time as he stood down from PC at the end of his term.

Quality and Risk Sub-Committee

QRSC is a sub-committee of PC and has been formed to provide PC with appropriate oversight and governance of quality and risk matters across BDO UK.

Topics this year included:

- ▶ The firm's work re-designing, implementing and testing its ISQM(UK)1 programme
- ▶ Remodelling of Enterprise Risk Management (ERM) and internal controls framework
- ▶ Principal Risks and our approach to managing these
- ▶ Early proposals for the design and implementation of Public Company Accounting Oversight Board (PCAOB) Quality Control standard QC1000 (QC1000)
- ▶ EDTs / BDO Wave⁵ and our approach to managing these from a quality and risk perspective.

QRSC at a glance

- ▶ Chair: Senior Partner
- ▶ No of members (excluding Chair): four
- ▶ Membership: Senior Partner, two members of PC, Director of the Office of the Senior Partner, and an INE (since January 2025)
- ▶ Term: length of term of office
- ▶ Selection process: selected by the Senior Partner, approved by PC
- ▶ No. of meetings in FY25: five
- ▶ There have been two changes to membership this year. From January 2025, an INE was invited to be a member of QRSC. David Matthews initially fulfilled this role until March 2025 and he was then replaced by Jane Guyett.



⁵ EDTs provide offshore support to the audit and valuation teams in our firm. BDO Wave is a company established to house the EDT in South Africa to improve collaboration.

Governance

Public Interest Committee

As noted in our INE message at the start of this report, the purpose of PIC is to enable the INEs to perform their duties under the AFGC, namely to consider audit quality, safeguard the sustainability and the resilience of the audit stream and the whole firm and ensure that the public interest is taken into account in the firm's decision making (particularly in Audit) thereby enhancing stakeholder confidence in the public interest aspects of our activities.

Topics this year included:

- ▶ Reputation and resilience
- ▶ Ethics and whistleblowing
- ▶ Sustainability and ESG
- ▶ Feedback received from office visits
- ▶ ISQM(UK)1 and QC1000
- ▶ Financial performance
- ▶ Audit quality
- ▶ Meetings with the FRC
- ▶ Update from the Money Laundering Reporting Officer (MLRO).

PIC at a glance

- ▶ Chair: appointed INE
- ▶ No of members (excluding Chair): three
- ▶ Membership: INEs
- ▶ Term: length of time in role (maximum of two terms of three years, with any one-year extensions not to exceed a total term of nine years)
- ▶ Selection process: appointed by PC
- ▶ No. of meetings in FY25: seven
- ▶ In terms of membership changes, Ola Fadipe was appointed in March 2025.



Leadership Team

The purpose of the LT is to design and drive our strategy, promote our brand, nurture culture, take ultimate responsibility for our SoQM and support our partners and people to succeed.

In pursuing this purpose, the LT delegates authority to other bodies within the leadership and management layers when relevant.

Topics this year included:

- ▶ Setting our overall strategy and embedding this
- ▶ Stream portfolio updates, particularly relating to internal people matters and external market matters
- ▶ Implications for the firm's strategy as a result of professional services market activity and the economic environment
- ▶ The firm's SoQM, ISQM(UK)1 and QC1000 – and our audit quality improvement programmes
- ▶ Financial performance, commercial management and long-term financing



- ▶ Partner matters
- ▶ Sustainability and ESG, including progress on decarbonisation.

There have been regular standing agenda items to discuss quality and risk matters, strategic priority updates, partner engagement, BDO Global updates, budgets and reforecasts, and other finance and operations matters.

The LT meetings are held regularly throughout each month, and fall into three types: portfolio reviews of strategy by stream on a rolling basis; business as usual; organisation-level strategy reviews. Additionally, each summer there are various meetings to consider partner profit share and from FY26 there will be quarterly digital / technology meetings.

Governance

LT at a glance

- ▶ Chair: Managing Partner
- ▶ Number of members (excluding Chair): ten
- ▶ Term: For the Managing Partner the term is four years, maximum eight years. LT members can serve indefinitely, albeit need to be approved every four years by PC
- ▶ Selection process: Managing Partner is elected, LT members are appointed by the Managing Partner, approved by PC. There is no minimum or maximum number of members of the LT; the composition must, however, reflect the needs of the business in terms of skills and behavioural attributes. It must also function as a coherent team
- ▶ No. of meetings in FY25: 22.

Our current LT took office from 1 October 2024, following the election of Mark Shaw as the new Managing Partner earlier in the year. Mark chairs LT meetings, albeit on rare occasions, he will ask an appropriate alternative to chair – for example due to unforeseen but urgent other commitments. Five members of the previous LT were appointed to the new LT alongside five new members bringing the total composition to 11 members including the Managing Partner as Chair.



Governance Key Performance Indicators

We have continued to monitor progress against our own governance Key Performance Indicators (KPIs) which were first introduced in the financial year ending 30 June 23 (FY23). In FY25, we added a KPI to ensure that we satisfy the Audit Regulations regarding the membership composition of PC.

KPI	Status	Performance
Composition The following KPIs apply to each oversight body individually:		
▶ Each body should be constituted in accordance with its ToR	✓	Each body's composition is compliant with its ToR.
▶ Members of each body should attend at least 75% of the meetings held during the year ⁶	✓	See Appendix F .
▶ Relative to the responsibilities required for each body, members should collectively bring the appropriate skillset, knowledge and expertise	✓	Ongoing training and onboarding supplements the skills and experience members display in their election case / applications for interview as applicable.
▶ Given the Requirements of the Audit Regulations, the membership of PC is compliant with these regulations.	✓	PC membership is compliant with the regulations.

⁶ This requirement applies only to members who have served for at least six months of the year.

Governance

KPI	Status	Performance
Effectiveness		
▶ The oversight bodies' responsibilities will be separate from the responsibilities of the leadership and management bodies	✓	As set out in the governance structure and clearly stated in their ToR.
▶ Each oversight body considers the matters delegated to it in its own ToR	✓	Each body reconsiders its ToR annually; the Chair and secretariat are responsible for ensuring that all areas are included in agenda planning across the year.
▶ Collectively, the oversight bodies fulfil the requirements of the AFGC, in particular with regard to taking account of the public interest in their decision-making, promoting audit quality and safeguarding the sustainability and resilience of the Audit practice and the firm as a whole	✓	In particular, PIC considers matters using a public interest lens, AB considers audit quality at every meeting and PC and BIOB regularly consider financial and operational resilience as well as the resilience of the equity partners.
▶ Each oversight body prepares comprehensive minutes of matters discussed and agreed at each meeting	✓	A set of minutes is produced for each meeting and is put to the body for review and approval. These are then held centrally to maintain a record of all topics and decisions.
▶ Actions agreed at each meeting are logged and followed up appropriately	✓	A central action log is maintained for all oversight bodies. Each body reviews its actions to ensure that activity is completed.
▶ Each oversight body will have an annual effectiveness review, the results of which will be discussed and actions implemented where necessary	✓	An external assessment took place this year, the results of which were discussed with PC and the INEs.
▶ PC and its committees, as well as PIC, will have an externally-facilitated evaluation every three years (for the board and PIC, this took place in 2025).	✓	See above.

KPI	Status	Performance
Quality and risk		
Collectively, the oversight bodies review and, where appropriate, challenge:		
▶ Our approach to implementation of ISQM(UK)1, including how LT executes its responsibility for the SoQM	✓	This is led by QRSC, reporting to PC.
▶ Our monitoring of internal controls (including financial, operational and compliance controls) and, particularly, any notable failings in this area	✓	This is led by AC, reporting to PC.
▶ Our approach to identifying and mitigating our Principal Risks.	✓	Input provided by the INEs at a PIC meeting focused on Principal Risks, then considered by QRSC and reported to PC.

Governance

KPI	Status	Performance
Our values and culture		
Collectively, the oversight bodies review:		
▶ The results of people surveys conducted throughout the year and make recommendations based on these results to leadership and management	✓	Reviews take place at PC, AB and PIC on a periodic basis.
▶ The work of the PCPE and the Audit Culture Committee and make appropriate recommendations.	✓	Reviews take place at AB, PC and PIC.

KPI	Status	Performance
Our stakeholders		
▶ The Senior Partner (who is ultimately responsible for our governance) meets with the FRC twice a year	✓	Regular interaction between the Senior Partner and the FRC is enhanced by regular meetings between the FRC, Senior Partner and Managing Partner.
▶ The oversight bodies between them provide input into, review and comment upon the Transparency Report which is then shared with the public at large on our website annually	✓	The Transparency Report is reviewed closely by LT, PIC, AC and key stakeholders across the governance sphere.
▶ We appropriately leverage the skills and expertise of the INEs by positioning them effectively within the governance structure so that they can provide external perspective to our reports, consultations and decision-making	✓	In FY25 effort was taken to enhance the all-round experience and skills of the INEs with the recruitment of a fourth INE. Membership of oversight bodies is a critical component of each INE's role and one INE became Chair of AB this year.
▶ The INEs meet with the FRC throughout the course of the year and participate in round tables organised by the FRC.	✓	A number of meetings have taken place.

Governance

Governance at a global level

The Managing Partner sits on the BDO Global Board. This position was filled by Paul Eagland until 30 September 2024 and subsequently taken up by Mark Shaw from 1 October 2024. Collectively, they attended six in person and / or hybrid meetings during the year, with some additional virtual meetings scheduled from time-to-time.

During the course of the year, the Global Board has considered a number of governance-related topics including:

- ▶ Quality
- ▶ The implementation of International Standard on Quality Management 1
- ▶ Member firm admissions and departures
- ▶ Implications for the network as a result of professional services market activity
- ▶ Global strategy
- ▶ Global reputational matters
- ▶ Global independence matters
- ▶ Referral mechanisms
- ▶ Technology
- ▶ Regulatory matters
- ▶ Sustainability, both environmental sustainability initiatives and also sustainability of the network in its broader sense.

PIC has received regular updates from the Managing Partner on Global Board meetings to understand the matters under consideration at a global network level and, as part of this, has considered implications for the resilience of the network and the larger member firms within it.



On our horizon

Governance does not stand still and, to be effective, it must grow and evolve to support the growth of our organisation.

With this in mind, in FY26, we will spend some time considering our governance structure, as well as the infrastructure supporting it, to maximise the effectiveness of our oversight approach. For his part, the Managing Partner is equally committed to the role of effective oversight in efficient and effective decision-making by leadership / management.

We are planning for, and looking forward to, the election of a new Senior Partner in May 2026. This is a key role within our governance and oversight structure, and hence appropriate focus is being placed on it to ensure a structured and fair election process, and that the role is open to an appropriate range of candidates.

Audit quality

Quality across our organisation

Audit quality has been an area of constant focus. We recognise that our SoQM is critical to achieving consistently high-quality audits and we are committed to the continued strengthening and embedding of our SoQM as set out in the [About us](#) section.



Audit leadership focus

An LT priority is the improvement of audit quality; this is fundamental to our future success. Our new Head of Audit and AE has, through our strategic refresh, developed an integrated suite of forward-looking, practical initiatives to deliver the sustainable and consistently high quality we require, and to embed and realise the benefits of the significant measures which we have taken over recent years. These initiatives have been subject to close scrutiny and challenge by the LT, as well as our various oversight bodies. As part of this process, the Big Rocks which we have previously reported upon in past Transparency Reports have been subsumed into the SIs.

Our SIs focus on:

- ▶ Leveraging and optimising the significant investment we have made in recent years which has included significant recruitment of partners and audit professionals
- ▶ Development of our central quality functions, methodologies and tools
- ▶ The standardisation programme, including technology enablement and learning to support Audit teams in the consistent and practical application of our methodologies
- ▶ Development of a mindset that embraces coaching, consultation and continuous learning
- ▶ Earlier engagement, planning and clear reporting via our Excellence in Delivery Charter

- ▶ Increased inflight support for Audit teams, including the STMP.

Pivotal to the success of these initiatives is breaking down behavioural barriers to change and continuing to embed a culture of curiosity, scepticism and challenge in all of our people.

We recognised the need to implement a STMP to deliver improvement in audit quality results for engagements that will form part of the next AQR inspection cycle. So, we implemented a significant expansion of our inflight central quality reviews, established enhanced consultation mechanisms for Audit teams and strengthened safeguards to protect audit quality alongside direct engagement by the AE with each Audit partner group by office and communications to provide a clear tone at the top.

Central to the new AE's strategy is embedding the SoQM within the Audit stream. The AE has worked closely with the ISQM(UK)1 team to deepen its own understanding of the SoQM and four AE members were appointed to the ORC to help embed the SoQM into the AE's operation. We have made important revisions to the AE agenda to consider all items under the relevant Quality Objective of the SoQM. This provides a framework for managing the Audit stream based on the SoQM, while increasing both the AE's understanding, and use, of the SoQM to improve quality.



Our FY25 ISQM(UK)1 evaluation conclusion noted a severe deficiency relating to our ability to measure the effectiveness of key processes within the SoQM. We are confident that the key aspects of our SoQM are in place. However, our recurring challenges with delivering consistently high-quality audits suggests that aspects of our SoQM may not be effective enough in its operation which we are not able to currently identify through controls testing.

Looking forward, we intend to implement an effectiveness monitoring programme during FY26 of the key processes within the SoQM. This programme is designed to provide more detail about the effectiveness of processes as a whole, including the judgements that we make within them. Please see [Appendix D](#) for a summary of the deficiency identified.

Monitoring audit quality – Audit stream governance

Governance of audit quality is critical, in particular when undertaking a significant transformation programme. As such, we undertook a governance review within Audit in the year to identify ways to strengthen the governance of audit quality. As part of this we considered the role which each of the key bodies within the Audit stream should play to support the consistent delivery of audit quality.

Audit Executive

Responsibility for the monitoring and delivery of audit quality sits with the AE. The membership of this body was changed in October 2024 to reflect the needs of the Audit stream in its transformation journey to deliver high-quality audits consistently.

To reinforce AE understanding of their responsibility for the SoQM and for engaging in quality-led thinking, and as part of the remediation of the FY24 deficiency related to the 'firm leadership's ability to use the SoQM to lead on quality', the AE always includes linking to ISQM(UK)1 Quality Objectives, Quality Risks and whether each issue considered relates to the remediation of a severe deficiency from the most recent ISQM(UK)1 evaluation.

Audit quality

Audit Quality Executive

As part of the governance review, we recognised the need to establish a sub-committee of the AE, whose purpose is to strengthen oversight and decision-making for key aspects of audit quality within the Audit stream and rationalise existing structures.

In May 2025, the AQE was created. The primary purpose of the AQE is to execute the Audit stream's quality programme by enabling the strategic direction for quality in line with the AE's and our wider strategic plan.

Responsibilities include: ensuring compliance with regulations, including PIE and Responsible Individual (RI) licence safeguards; providing monitoring and challenge to the Single Quality Action Plan (SQAP); monitoring high-risk audits; and overseeing external and internal review processes to identify and address areas for improvement.



Safeguards

The AQE supports the Audit Compliance Principal (ACP) in monitoring RIs to ensure compliance with ICAEW and FRC regulatory standards.

The ACP agrees safeguards throughout the annual cycle of audits including:

- ▶ Agreeing corrective safeguard actions on a monthly basis regarding any external or internal inspection that does not meet the required standard (rated three or four)
- ▶ Implementing safeguards for all new RIs and those leaving the firm
- ▶ Quality Improvement Plans for all RIs who receive an adverse quality and risk rating as part of the annual quality and risk assessment process
- ▶ Specific assessments, which are reported to AE and to AB.

Audit Quality Department

We have previously reported on our investment in our central quality functions within our Audit Quality Department (AQD). While investment in people continues, particularly focused on first-line of defence support, digital audit and ESG, we have entered a period of consolidation of the AQD's expertise and a refocus to increase the efficacy of the function with a common vision and purpose.

Areas of focus for the AQD in FY25 included:

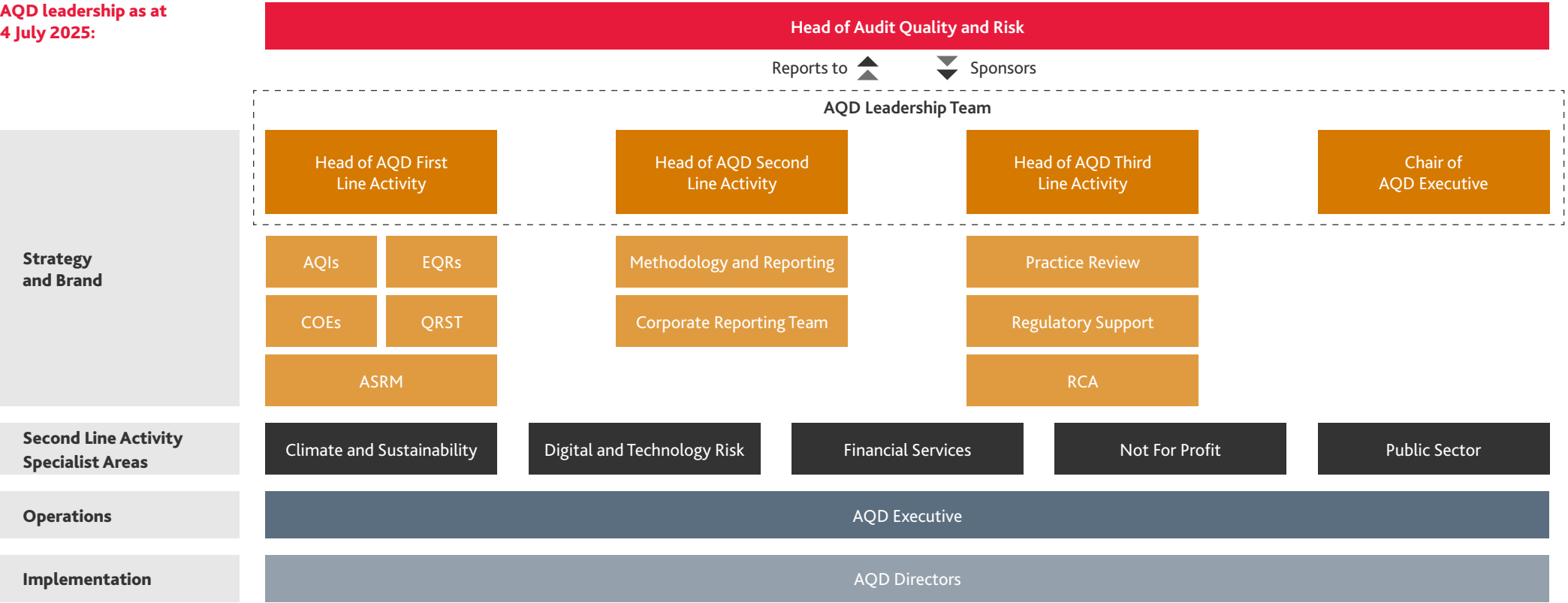
- ▶ Implementing a clearer '3 lines of defence' model under which the department is organised – including embedding inflight teams within Audit delivery teams, but ensuring that quality review teams remain independent
- ▶ Reviewing and enhancing audit quality governance, including implementation of the AQE in May 2025
- ▶ AQD Evolve – a programme of behavioural and cultural initiatives designed to strengthen connectivity between AQD and the Audit stream, streamline processes and promote effective consultation and challenge
- ▶ Embedding and further developing our SoQM
- ▶ Increasing stream participation and enhancing two-way communication between the stream and AQD through the establishment of the AQE, the QLC and wider network of Audit Quality Leaders (AQLs) and joint delivery of key audit quality initiatives.



Audit quality



AQD leadership as at 4 July 2025:



Audit quality

Quality Leaders Council

The QLC, comprising sector and office AQLs, supports the establishment, implementation, and maintenance of processes and controls that form part of our SoQM by setting the tone at the top, promoting a culture of quality, and providing clear local leadership to embed quality objectives and policies throughout the Audit stream.

The Council is tasked with overseeing the embedding of quality initiatives, ensuring that these actions are effectively integrated into day-to-day operations to mitigate risks to audit quality, and fostering continuous improvement and adherence to professional standards.

The Chair of the Council has been appointed to the newly-formed AQE to strengthen ties between the AE, AQD and the QLC and drive effectiveness.

Audit Board

Over-arching the governance structure within the Audit stream is AB whose purpose is to oversee the work of the AE and the other bodies noted above. A summary of AB's activities during the year can be found in the Governance section.

Internal and external inspection results

External inspection results

We are disappointed with our AQR results this year and the continued recurring findings which were reported by the FRC in July 2025.

The FRC note in their public reports that "Given our risk-based approach, it is important that care is taken when extrapolating our findings or assessment of quality to the whole population of audits performed by the firm."

Notwithstanding this, our external AQR results do not meet the consistent high standards which we expect on all our engagements, and findings continue to recur. Whilst we are encouraged by the increase in the number of engagements requiring no more than limited improvements, the number of engagements requiring significant improvements has deteriorated which is not acceptable to us. Details of those results are included at [Appendix C](#). We are clear as to the need to implement measures to deliver improvement in audit quality results for engagements that will form part of the 2025 / 26 inspection cycle and details of the measures implemented to support Audit teams are detailed later in this section. We also note that it will take time for our improvements to be seen in our public reports, due to the time lag on inspections – which relate to audits conducted around 18 months before. We note the FRC's encouraging comment in their last annual report which recognised the holistic approach we are taking to improve audit quality, with initiatives across a number of key areas.

Internal inspection results

A critical element of our SoQM is the monitoring provided by our Practice Review (PR) programme that involves inspection of completed Audit engagements to evaluate the quality of audit work performed.

A PR programme which is completed on a timely basis and provides robust depth of challenge is key to identifying areas for improvement and best practice. It provides a key input to our RCA programme and subsequent action plan development within the Audit stream.

Results of the PRs are incorporated into the partner or director's performance reviews and development of personal objectives that prioritise quality. Increasing the depth, robustness and consistency of the PRs and reducing the time taken to complete the annual programme continued to be key priorities in FY25.

Enhancements to the PR programme in the year have included:

- ▶ Further reducing the average time taken to complete reviews from 78 days to 62 days
- ▶ Continued investment in the central PR team by recruiting additional Financial Services specialist resources and involving subject matter experts (SMEs) in the reviews to add greater depth of challenge to inspections

- ▶ Performing reviews onsite and increasing the frequency of meetings with the engagement teams to support more timely resolution of queries arising during reviews
- ▶ Improvements to the moderation process with the Review Team Leader (RTL) attending the moderation panel in an observer role to aide feedback to the RI on the grading rationale
- ▶ Improving the feedback loop between RIs, reviewers and RTLs
- ▶ Controls have also been included in the ISQM(UK)1 controls framework in FY25 to enable testing of PR controls to support the SoQM.

As part of a strategic focus of the AE to strengthen PRs, going forward the PR team will:

- ▶ Concentrate greater effort on the higher risk areas of the engagement file to provide deeper and more targeted challenge, including a more targeted assessment of major areas of new methodology being applied
- ▶ Introduce a target of further reducing the time to complete a review, with a target set at 28 days
- ▶ Pilot a group of Audit stream reviewers who are ring-fenced to perform only PRs for a period of three months under the leadership of a Super RTL (being an experienced partner), who reports to the PR Partner

- ▶ Promote PR as a learning opportunity, first and foremost, supported by enhanced briefings for the reviewers, communications led by the AE and the requirement for on-location reviews and meetings to increase personal engagement
- ▶ Introduce separate audit quality and compliance ratings, each feeding into future performance review assessments.



The PR programme uses a similar approach to that of the FRC's inspections and the results for the 2024 programme are included in [Appendix C](#).

Results from the reviews will differ as the AQR is a sample focused on the highest risk engagements, compared to the PR which while also risk weighted is based on a broader sample across our portfolio of audit engagements.

Audit quality

The improved PR results demonstrate the benefits gained from the implementation of the new revenue methodology in 2023 and the enhanced guidance, working paper templates and training issued on journals testing in late 2023, both areas where we have seen fewer findings as these changes embedded. While findings from PR in these areas have reduced, embedding these changes has remained a focus through FY25 and will continue further through our standardisation programme.

The lower number of reviews in 2024, being 82 (2023: 98) is due to PRs being deferred for RIs who are subject to an external regulatory inspection; with BDO UK being inspected by the AQR, Quality Assurance Department (QAD) and PCAOB in 2024, a number of reviews were deferred to 2025.



Under our PR Policy, every RI and Key Audit Partner (KAP) is inspected at least once every two years, with RIs and KAPs who receive an adverse inspection grading (grade three or four) subject to inspection in the subsequent year, either as a follow-up or full scope PR respectively.

There has been a persistent and significant backlog of local audit opinions applicable to all auditing firms in the market. Hence, only three files were reviewed in the 2024 cycle, all with passing grades.

The PR grading is specifically considered in each individual's performance evaluation, and reward and progression outcomes, and it is then shared with our leadership and oversight bodies.

Overall, the areas which gave rise to the most key findings are set out in the table below. The recurring areas are highlighted in red.



Most frequent findings 2024	Number	Most frequent findings 2023	Number
Audit of revenue	19	Audit of revenue	27 ⁷
Journals testing	24	Audit of estimates	15
Sufficiency of evidence	7	Financial statement errors	7
Financial statement errors	7	Journals testing	26 ⁸
Going concern	6	Going concern	10

Actions to address the findings arising in 2024 feed into the SQAP where accountability and responsibility for the actions is monitored. We have carried out RCA on a proportion of PRs, as well as some thematics by topic in accordance with the RCA framework, which has in turn been used to drive enhancements to our SoQM and the SQAP during the year.

Our FY25 ISQM(UK)¹ evaluation conclusion includes a severe deficiency relating to challenges in consistent practical application of our methodologies following the period of intense methodology development over recent years. While there has been a significant increase and enhancement to methodologies and policies, delivering high-quality audits consistently relies on the ability of teams to assimilate the various methodology and policy requirements and developments which ensure that audits are carried out under the requirements of International Standards on Auditing (ISA) (UK). The AE strategic refresh, building upon the Stand Back Review initiated by AB during FY25, has established forward-looking, practical, SI which have commenced in the period and will drive positive change. Please see [Appendix D](#) for a summary of the deficiency identified.



⁷ This figure has been corrected from the figure reported last year on account of double counting.
⁸ This figure has been corrected from the figure reported last year on account of double counting.

Audit quality

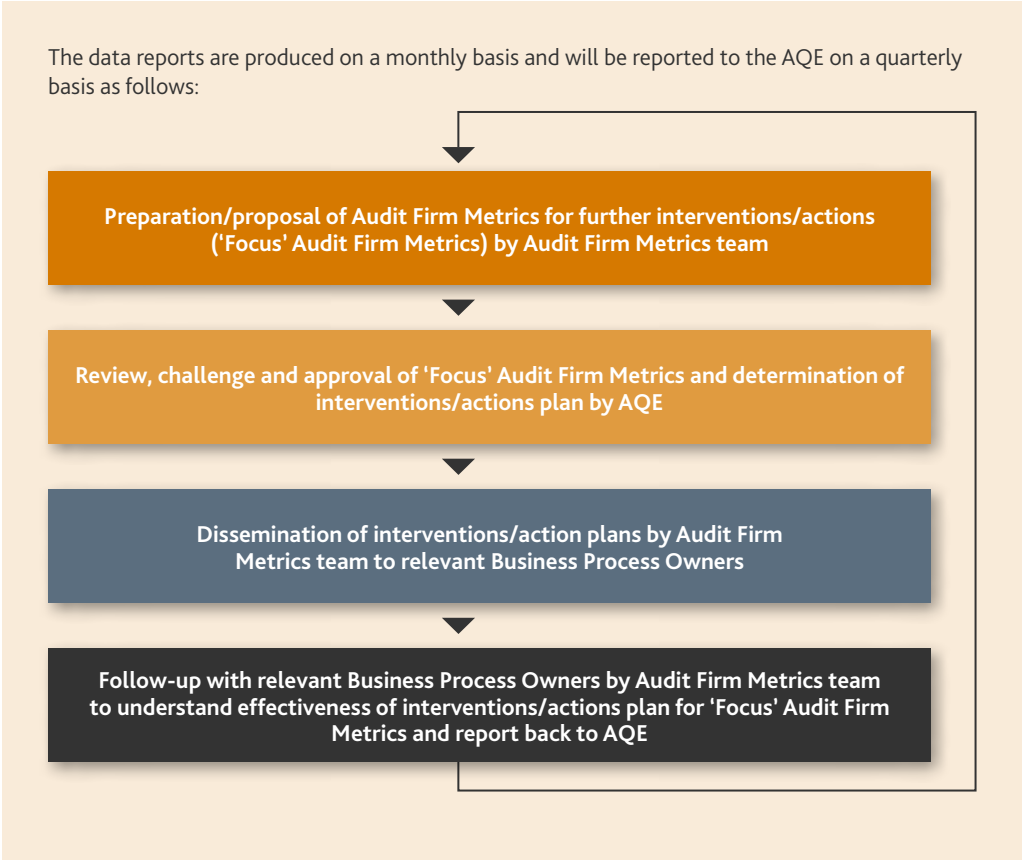
Audit Firm Metrics⁹

Audit Firm Metrics are quantitative and qualitative data-driven measures of audit quality that can indicate our historic, present or future ability to perform high-quality audits, as well as providing valuable insights into audit quality when read with other relevant contextual information.

In line with our ISQM(UK)1 evaluation, as well as our commitment to improve correlations between Audit Firm Metrics and audit quality, we carried out a comprehensive annual review and refresh programme in the period involving the Audit Firm Metrics team, relevant Business Process Owners (BPO) and key stakeholders within Audit leadership.

This process has resulted in a refreshed suite of Audit Firm Metrics related to:

- ▶ The sufficiency of resources allocated to audits
- ▶ The inherent risks associated with our audit portfolio
- ▶ Our internal and external review results
- ▶ The effectiveness of our L&D initiatives and
- ▶ The project management of our audits.



An area of continued focus has been project management and the Audit Firm Metrics related to early planning through the achievement of audit planning milestones. While we have implemented actions to strengthen monitoring and targeted support, the Audit Firm Metric remains behind targeted outcomes and we continue to review the effectiveness of the actions taken, developing further remedial actions where required. Time spent on audits by Engagement Quality Reviewers (EQRs) also continues to be an area of focus, with further monitoring controls introduced during the year in response.



⁹ Audit Firm Metrics were referred to as Audit Quality Indicators in our 2024 Transparency Report and prior. The change in terminology is to align to the naming convention now used by the FRC.

Audit quality

Root Cause Analysis

Our RCA programme is a key pillar of our SoQM and an important part of our continuous improvement cycle.

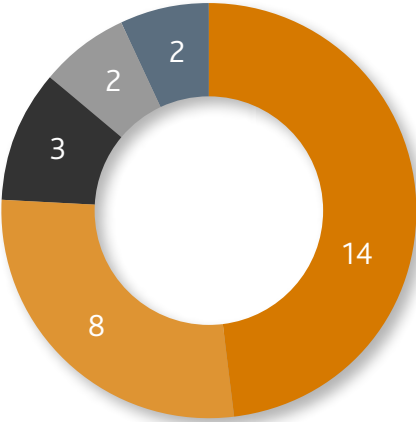
As part of the monitoring and remediation process, RCA allows us to identify causal factors which are then, in turn, considered when designing and implementing remedial actions to address identified deficiencies, enabling actions to be targeted and responsive. In the year, we have continued to embed our RCA framework as per the milestones set out in the implementation plan. In FY25, we conducted 29 engagement level RCAs, up from 24 in FY24. In addition to RCA at an engagement level, RCA on ethical and independence breaches and findings has commenced.

In FY25, we started the process of implementing the enhancements recommended from our internal effectiveness review of the RCA programme in FY24, including more streamlined reporting, skills training for the RCA team and development of additional KPIs included in the reporting.

We have continued to work with an external behavioural expert to support RCA who has delivered training to deepen our understanding of behavioural drivers to enhance the RCA teams' impact as well as a better and more granular identification of behaviour-related factors. The behavioural expert also supported the RCA team in a number of the thematic review focus groups with findings embedded as part of the High Performing Teams initiative.

Our RCA process involves interviews and focus groups with engagement team members, EQRs, specialists, experts and central support functions (where relevant), alongside data analysis related to the engagement. Once causal factors are identified, results are aggregated to identify themes and trends across engagements. The RCA team has increased the number of data points gathered in FY25, comparing them with Audit Firm Metrics to gain further insight into quality drivers, trends, and correlations.

RCA was performed on the following engagements in the year:



- Audit Quality Review
- Practice Review
- Quality Assurance Department
- NHS External
- Prior Period Adjustments

In respect of FRC-inspected audits, we performed RCA on all key findings and all other findings that contributed to the annual themes identified by the FRC. For engagements with adverse findings from the PR and QAD process, thematic reviews provided broader coverage by analysing frequent key findings and investigating recurring causes.

Causal factors identified in engagements with adverse findings, set out by the firm in the FRC's Audit Quality Inspection and Supervision Report issued in July 2025, related to:

- Ensuring a mindset with sufficient challenge and professional scepticism
- Ensuring sufficient challenge within quality control (EQR)
- Ensuring we have sufficient audit responses where audited entities have weaker control environments and lower quality deliverables.

Our FY25 ISQM(UK)1 evaluation conclusion identified a severe deficiency relating to quality control processes. In our remediation work during FY25, we were not able to design and implement sufficient remediation of the severe deficiency identified in the prior year over EQRs. Please see [Appendix D](#) for a summary of the deficiency identified. Controls were designed, but these were

implemented late in FY25 and therefore it will not be possible to conclude on operating effectiveness until FY26. Remediation actions implemented to strengthen EQRs include required training for existing and new EQRs, tools to guide and evidence review and central monitoring controls to confirm that EQRs are carrying out their role effectively.

The RCA findings were evaluated by the AQE and AE as part of our SoQM process and targeted additional SQAP actions have been developed in response, which were also then subject to scrutiny and challenge by the AQE and ultimate approval by the AE.

For engagements with positive quality results, consistently identified causal factors include effective collaboration by Audit teams, tailored coaching of junior auditors by more senior team members, well-resourced Audit teams and demonstration and documentation of appropriate scepticism and challenge.

In accordance with ISQM(UK)1, we considered whether, individually or collectively, the identified causal factors may be indicative of findings in the SoQM. These findings were taken into account as part of our evaluation of our SoQM and contributed to our understanding of the deficiencies identified.

Audit quality

Development and approval of actions

Governance over the development of actions to improve audit quality is essential to ensure the design of actions by the Audit stream are responsive to underlying causal factors and “SMART” so that they have a higher likelihood of being effective.

The governance process, overseen by the AQE, ensures that the proposed actions that are to be included in the SQAP are:

- ▶ Developed on a timely basis
- ▶ Responsive to the relevant finding, within an appropriate time frame cognisant of other actions already in process or existing actions which may require some adaptation, and
- ▶ Acknowledged and accepted by the action owner.

The AQD provides detailed monthly reporting to the AQE, AE and AB regarding the development of actions, their implementation and then the results of assessments of effectiveness for priority areas. Further details on the SQAP are included on [page 37](#).



PIE audit monitoring and supervision programme

In October 2024, further enhancements were made to our monitoring programme for PIE audits, including the extension of oversight to other entities of public interest (OEPIs) and the introduction of formalised reporting by AQLs.

The decision to retain and strengthen this programme reflects its integral role within our SoQM, supporting our commitment to audit quality and ethical standards. The programme remains a cornerstone of our governance framework, ensuring continued oversight of this population of higher risk audits and in-flight audit engagements, and enabling real-time interventions where necessary.

Our strategic Audit Quality Plan

We use our Audit Quality Plan (AQP), in conjunction with the detailed SQAP, to:

- ▶ Provide clarity to the Audit stream as to the prioritisation of audit quality in our strategic decision making
- ▶ Define and communicate key actions and focus areas
- ▶ Drive consistently high-quality auditing.

Following the AE’s strategic refresh, we are updating our AQP to ensure its alignment to the key initiatives developed as part of the strategic refresh that related to audit quality and the updated SQAP priorities. The revised AQP will provide a framework to:

- ▶ Clearly communicate the linkage between the Audit stream strategy, the key initiatives and the underlying SQAP actions to the Audit stream, enabling a better understanding of the importance of actions being taken and how they contribute to audit quality and success holistically
- ▶ Monitor progress of the key actions and projects that support each audit quality-related initiative within the Audit stream’s strategy and enable leadership and governance bodies to provide clear and effective management and oversight respectively.

While the initiatives that form part of the AQP are wide-ranging, key elements include:

- ▶ Our standardisation programme and technology enablement activities to support teams with consistency in application of our methodologies and the execution of our audits
- ▶ Development of ‘bite-sized’ learning to provide real-time, accessible and practical learning as they execute their audits
- ▶ Increased inflight support for engagement teams during each phase of the audit cycle, through expansion of our Quality Review Support team (QRST), Centres of Excellence (CoEs) and EQR function, as detailed in this section
- ▶ An effective review project providing tools, learning and prioritisation of review within the audit cycle
- ▶ Embedding our High Performing Teams and Audit Specific Behaviours programme embracing the benefits of alignment, continuous learning and improvement, as detailed on [page 47](#)
- ▶ Implementation of our AQD Evolve programme, to strengthen the efficacy of central support and support a consultation culture.

Priorities within the FY24 AQP and progress included:

- ▶ The design and implementation of a multi-year standardisation programme, which has seen significant progress with the creation of an Audit Optimisation team led by a member of the AE, and the release of standardised working papers which are being released in batches, the first in April 2025
- ▶ Embedding changes identified through the 2023 strategic review of L&D, which has seen the development and launch of our Audit Connect learning programme in late 2024 – providing tailored grade specific learning curriculums
- ▶ The multi-year development of a new Audit Process Tool (APT) led by BDO Global, which has continued during the year with the UK providing a key role in the management and oversight / governance of the project, while providing resources and strengthening collaboration on near-term enhancements such as standardisation and digital tooling.

Audit quality

Single Quality Action Plan

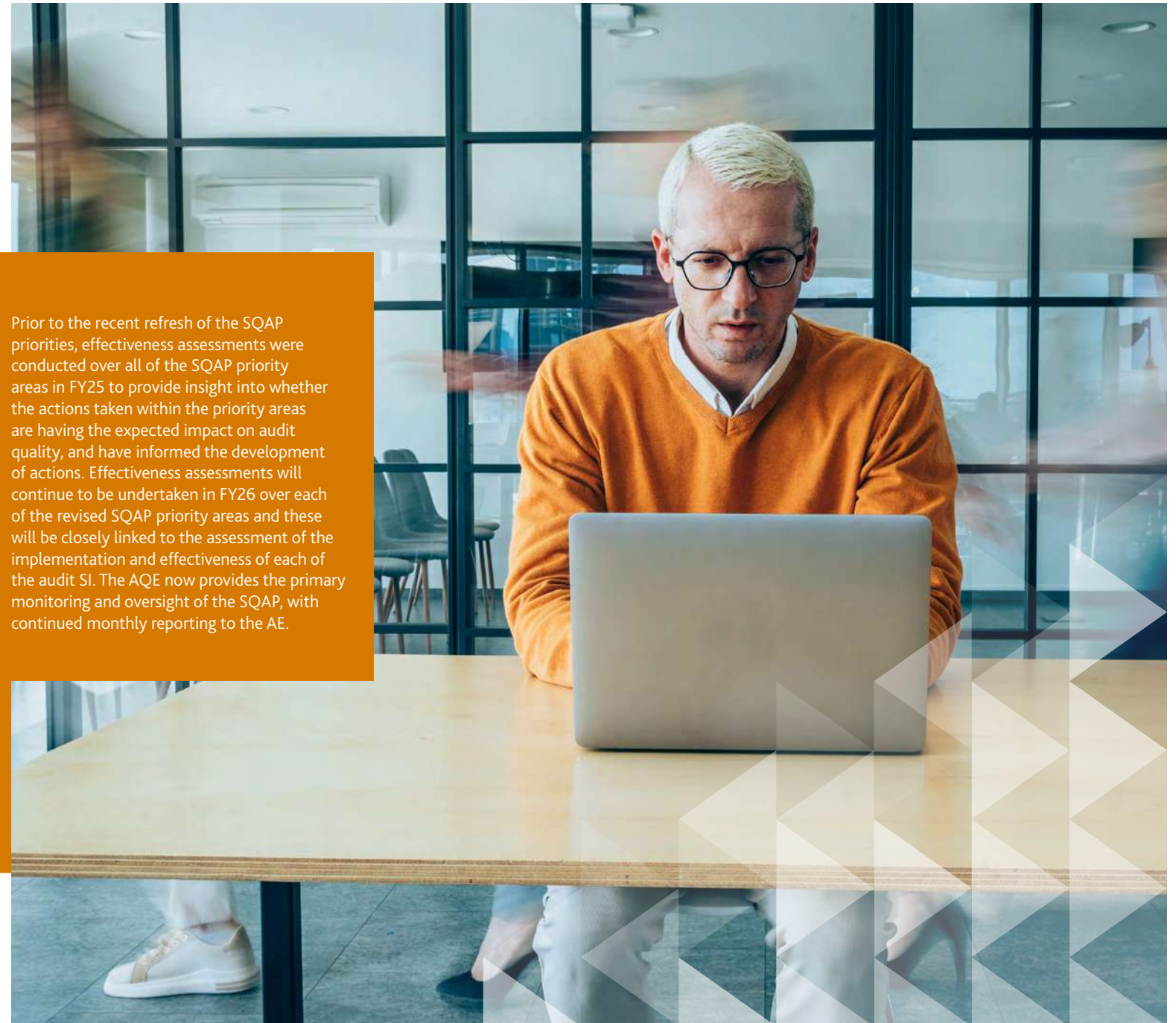
The SQAP process has been enhanced during FY25. As a result, SQAP reporting to leadership has been redesigned which has led to better oversight of delays and 'at risk' actions, enhancing the management of actions by increasing the rigour of the process and ensuring the challenge placed on action owners is both consistently and carefully planned. We have continued to evolve the effectiveness of the monitoring process, and reporting over the SQAP priority areas.

The SQAP continues to include our priority areas and relevant actions are mapped to these priority areas. We have updated the SQAP priorities following the Audit stream's strategic refresh. An exercise was completed to map the new Audit stream SI to the SQAP priorities to reassess the SQAP priorities and these have now been agreed by the AE. In addition, revisions were made to the SI both to clarify the focus of certain initiatives and to add additional initiatives to align to priority areas in the SQAP. We see this as an important step to drive greater integration of the SQAP and the key priorities and activities of the AE.

Revised SQAP Priorities as at April 2025

1. Leverage the investment made to support front line Audit teams through audit optimisation and standardisation to embed consistent practical application of BDO methodology.
2. Enhance audit L&D, focused on practical application and curated to grades.
3. Strengthen project management, effective review and coaching.
4. Enhance and embed a challenge mindset, including through the embedding of the Professional Judgment Framework 6 (PJF6).
5. Strengthen inflight review support, the EQR function effectiveness and drive a culture of consultation.
6. Control growth and portfolios to ensure complexity and capability remain aligned across first and second lines of defence.
7. Link reward and recognition with quality to underpin Audit Specific Behaviours and consistently high quality.
8. Influence international projects including APT and shape best practice internationally.

Prior to the recent refresh of the SQAP priorities, effectiveness assessments were conducted over all of the SQAP priority areas in FY25 to provide insight into whether the actions taken within the priority areas are having the expected impact on audit quality, and have informed the development of actions. Effectiveness assessments will continue to be undertaken in FY26 over each of the revised SQAP priority areas and these will be closely linked to the assessment of the implementation and effectiveness of each of the audit SI. The AQE now provides the primary monitoring and oversight of the SQAP, with continued monthly reporting to the AE.



Audit quality

Standardisation and optimisation

As noted earlier in this section when setting out Audit leadership's areas of focus this year, in FY25, standardisation has been at the forefront of the optimisation workstream, with the release of standardised risks, tests and documentation now covering thirteen financial statement areas. The standardisation and optimisation activity, as part of the SI, is being led by a member of the AE and is subject to detailed monitoring regarding its progress. The optimisation team is focused on embedding a culture of continuous improvement and is providing tailored guidance and training to Audit teams through bite-sized learning videos and through Audit Connect classroom-based training. By implementing these standardisation measures, audit optimisation not only improves the accuracy and reliability of audits but also supports auditors in delivering timely and insightful results to audited entities. We are also engaging with BDO Global to explore opportunities to incorporate key elements of our standardisation and optimisation activity into international programmes.

Complementing this is automation. We are in the midst of a pilot of a new tool which automates aspects of substantive audit testing, called RobotX. RobotX is a human-driven machine-assisted test platform that aligns and integrates with our standardised work programmes to support Audit teams with the non-judgmental aspects of a substantive audit test. The pilot period ran until September 2025 with interim pilot feedback positive and full implementation planning is underway for a roll out to the wider Audit stream in FY26.

As part of the optimisation journey, we are identifying how our extensive suite of digital tools can be standardised and leveraged across more Audit teams, focusing on supporting the appropriate adoption of these tools through provision of clear application guidance and methodologies, ensuring that we deliver high-quality audits.

Audit optimisation is also an audit priority to enhance the effectiveness and efficiency of our audits. This multi-faceted and multi-year project will support Audit teams get it right first time, through a programme of standardisation, automation and augmentation through technology, leveraging our digital audit tools and capabilities.



Our Audit Optimisation team is a mixture of a core team of experienced professionals with relevant experience of transformation projects, supported by short-term secondments from the Audit stream with relevant expertise. Our standardisation programme is a priority, and we are investing significant resource to the programme to ensure that we deliver to the committed timetable.

We consider that standardisation will be key to remediation of the SoQM deficiency relating to challenges in consistent practical application of our methodologies. Please see [Appendix D](#) for a summary of the deficiency identified.

Acceptance and continuance

As part of our strategic focus on controlled growth, improving our portfolio of audits and strengthening our SoQM, we continue to apply a rigorous assessment process both to audits that we choose to tender for, and engagements in our existing book of work. This process is guided by the Four Lenses framework, as shown in the graphic below.

The Four Lenses Framework



This aligns to our strategy of responsible growth and best quality revenue and supports us with only taking on – and continuing to work on – high-quality engagements, for which we are confident that we have appropriate available resource, which will in turn enable us to deliver consistently high-quality audits.

Continuance platform

We have continued to operate our 'audit continuance' process and platform in the year to provide central assessment of continuance on an engagement-by-engagement basis using our Four Lenses approach.

The process and platform facilitate structured, centralised assessment of audit continuance, hierarchies and formal evidencing around our decisions allowing us to apply a firm lens to decisions about whether we continue to act for entities or whether we should choose to resign.

When the decision to continue an engagement is approved, we then ensure we have centrally understood and rated the risk and can therefore apply the appropriate risk management in delivering a high-quality audit.

All audited entities in our recurring book of business have now been loaded into this tool and the process has embedded. When decisions around continuance or resignation have been approved for the whole book of work, we will be able to identify trends and determine where these assessments can be used to influence other aspects of our SoQM such as overall resourcing decisions.

Audit quality

Invitation to tender platform

We have designed and launched a new process and platform for audit tender approvals in order to streamline and enhance the process. The platform continues to be structured around the Four Lenses for consistency with our strategy of responsible growth and the best quality revenue.

Our enhanced audit tenders approval process reflects a more discerning approach to the work we take on, with a strong focus on managing risk and upholding audit quality. By being selective, we focus on opportunities that align with our strategic goals, ensuring alignment to responsible growth and delivery of consistently high-quality audits.

The implementation of these tools is a significant step in the enhancement of our SoQM.

Looking forward to FY26, we are committed to continuously monitoring feedback on our audit tender and continuance processes, as well as the platform supporting them, to ensure they evolve in alignment with our business needs. Additionally, we will further leverage the data set to inform assessment of the portfolio and management of business risk.



Portfolio reviews

Following the enhancements to the RI Portfolio Review exercise in 2024, we have continued to monitor the resultant portfolio management actions agreed with local leaders as outputs to the process, with quarterly meetings being held between the 1st Line of Defence Lead Partner (1LOD Lead Partner) in the AQD and the local leaders (AQLs and Local Heads of Audit). Outstanding actions are evaluated alongside wider movements in portfolio and / or RI / EQR circumstances since the previous annual review. The status of actions is reported monthly to the AQE.

The 2025 RI Portfolio Review exercise took place during the summer with capacity, competency and capability criteria and thresholds being set via the policy which has again been reviewed and approved by the AE, and a comprehensive suite of portfolio and RI data being provided to local leaders in order to critically assess the portfolio of each RI and EQR, developing actions where required. As part of the enhancements in the current cycle, additional forward-looking data has been included in the process utilising the Dayshape resource management system.

We have undertaken an additional risk review of our current PIE portfolio, led by the Audit Quality Enablement Partner in conjunction with AQLs. This is aimed at identifying audits with higher inherent quality risk characteristics and associated potential delivery risks in terms of achieving high audit quality. This review, which included one to one interviews with the relevant RI by the 1LOD Lead Partner, has been used to determine continuance decisions and additional safeguard and support interventions as necessary.

The formal approval controls by local leaders and the 1LOD Lead Partner in relation to RI allocations and approval by the Head of Audit Quality and Risk for AQR scope audit transfers continue to operate. Approvals are required for portfolio allocations for new joiners (including internal promotions / transfers) and reallocations for leavers (and internal transfers) as part of safeguarding, and also for any ad hoc PIE and large listed audit allocations.

An annual manager portfolio review is also performed to assess capacity across our offices and sectors during our busiest months.

Audit quality

Methodology and our audit tool

We apply a global audit methodology on our audits, supplemented by additional application guidance to meet UK legal and regulatory requirements. Audit teams use a globally-developed and maintained tool, APT, to perform and evidence our audits.

We continue to support the development of global methodology through provision of specialists to global projects, such as the implementation of ISA (UK) 600 (revised) (which significantly changes how group audits are to be performed in the future), and through representation on the key global audit leadership and governance bodies.

During the period, as detailed in the AQP section above, a multi-year global project was initiated to develop a new audit software and to challenge and make changes, where appropriate, to our global audit methodology. The project is currently progressing with the UK providing significant resources, including at partner level, to ensure that it is developed to the high standard required. Although the final product will not be delivered for some years, areas will be identified which can be implemented more quickly to enhance audit quality.

Our audit methodology in the UK continues to evolve by:

- ▶ Being responsive to findings from internal reviews, regulatory inspections, RCA and feedback from practitioners
- ▶ Considering themes arising from an analysis of consultations and prior period adjustments which may indicate changes to, or further guidance, would be beneficial
- ▶ Considering how to incorporate best practices
- ▶ Incorporating optimisation as part of the standardisation programme
- ▶ Responding to learning from the findings and best practices of other audit firms.

Our aim is to ensure that practitioners have the best possible methodology that is easy to access and apply, even in complex situations, which can be consistently applied in a scalable way, and which provides Audit teams with the confidence to deliver high-quality audits. In turn, engagement teams are supported by AQD consultation when the methodology requires particular interpretation or does not address the circumstances.

The methodology team regularly meets with all parts of AQD, the Audit stream, Audit stream L&D and others in our organisation to understand findings and challenges to determine what actions are needed.

In order to achieve our plans set out above, we continue to invest in our central technical function to ensure that we have the appropriate skills and expertise to make continuous improvements.



Engagement Quality Reviewers

The role of the EQR is one of the key elements in ensuring our expectations regarding quality are met and embedded in audits at the engagement level, both those mandated as required by ISQM(UK)1 and International Standard of Quality Management (UK) 2 (ISQM (UK) 2) – and those where we have judged there to be higher risk or public interest.

The available pool of EQRs was reviewed following our annual quality and risk assessment process, with certain EQRs stood down in light of audit quality findings following file inspections or restrictions implemented on the nature of their EQR roles. This year, the panel undertaking the quality and risk assessment made specific recommendations to inform the EQR pool review process.

The EQR pool is also updated on an ad hoc basis during the year in response to quality findings from internal or external file reviews or other quality matters, with EQR roles reassigned or, where an audit is in flight and an immediate change of an EQR would be detrimental to audit quality, weekly check-ins and other quality safeguards put in place to ensure the EQR is appropriately supported to be effective in meeting the objectives of the role.

This forms part of our measures to ensure we have the right people undertaking this key quality control role whilst also enabling individuals to focus on improving their audit quality by providing them with additional capacity where needed.

Additionally, each individual with an adverse quality rating as a result of performance of their EQR role was required to develop an action plan encompassing EQR responsibilities.

EQRs are generally rotated after four years, allowing overlap with RI terms of appointment while mitigating against familiarity threats that arise from longer periods of engagement. Exceptions to this principle are made when the benefits to audit quality of continued involvement outweigh the threats arising from familiarity, particularly to avoid same year rotation of EQR and RI, and on more complex audits, where there is a significant learning curve in undertaking the role.

EQRs are allocated by the EQR Appointments Partner who takes into consideration experience, both generally and regarding engagement specifics, and direct engagement with an appointee to ensure they are comfortable with the appointment, both from a capacity and knowledge basis.

Audit quality

In order to strengthen oversight and governance of EQR allocations and audit quality risks arising, the EQR Appointments Partner provides monthly reporting to the AQE as part of the PIE and OEPI Monitoring programme.

From a learning perspective, the focus in the year was on training for the pool of existing EQRs on the fundamentals of the role to drive consistency in understanding our expectations, including the requirements of ISQM (UK) 2 and our policies and procedures, following the learning needs assessment carried out during the previous year. To that end, all EQRs were required to complete a new web-based learning session on acting as an EQR and all new EQRs appointed subsequently are required to undertake the learning before they act in the role of EQR. In addition, an annual update learning event is planned for January 2026 to communicate and build on themes arising from recent thematic reviews on EQR performance.

Following on from last year's report, the EQR Documentation Tool is required to be completed for all audits. Specific monitoring of the tool usage and the appropriate involvement of the EQR has been implemented for audits within the scope of the QRST expansion (see [page 45](#)) since February 2025 and central monitoring has been extended to the remaining population of lower risk audits that require an EQR in May FY25.

The PR team carried out a thematic review of the implementation of the tool and found that, whilst there had been notable improvement on the evidence of EQR involvement on a number of files, recommendations were made on how this can be improved further, and these will be rolled out in combination with recommendations arising from regulatory supervision.

The above points were considered as part of the evaluation of the SoQM and have been included in the deficiency relating to quality control processes. As noted earlier in this report, we acknowledge that as part of our remediation work during FY25 we have not been able to design and implement sufficient remediation of the severe deficiency identified in the prior year over EQRs; and controls have been designed and implemented late in FY25 but the embeddedness and effectiveness of the monitoring will not be assessed until FY26. Please see [Appendix D](#) for a summary of the deficiency identified.



Specialists and experts

In FY24, we established a specialist and expert Project Delivery Group (PDG) which has the responsibility and accountability for the detailed design and implementation of a quality improvement plan in areas such as resource planning, standardisation and training. The PDG has implemented / overseen changes such as enhanced specialist and expert resourcing capabilities within our staff planning system, a tiered learning framework for specialists and experts, additional training for the Audit stream and quarterly governance meetings.

Following the design and implementation of enhanced processes and controls for the tax and forensics audit support functions in FY24, this was expanded to other key specialist and expert teams in FY25 aligned to the PDG activity above. Progress has been made in the design and implementation of enhanced SoQM controls, although a number of these controls need time to embed and / or further re-design to improve their efficacy.

The current priority areas include the development of a common system to initiate and project manage the use of specialists and experts, standardisation of deliverables and a review of culture. Progress has been made in each of these areas with further activity planned in FY26.

The involvement of specialists and experts on audit engagements has increased significantly in recent years. This is due to the ever-increasing complexity to auditing financial statements, resulting in Audit teams utilising specialist and expert skills to assist them in bespoke complex areas to deliver consistently high-quality audits.

We consider that monitoring the effectiveness of embedding High Performing Teams within all specialist and expert support teams and areas such as reaffirming and embedding accountability will be key areas to remediate the SoQM deficiency relating to measuring the effectiveness of key processes within the SoQM. Please see [Appendix D](#) for a summary of the deficiency identified.





Audit quality

Technology Risk Assurance

Technology Risk Assurance (TRA) specialists and experts work as part of an integrated team with core audit professionals to enable the delivery of audit procedures over complex technology risk areas and develop and utilise technology to support the execution of audit procedures by Audit teams. TRA's capabilities include technology controls testing, data analytics, audit tools certification and information technology (IT) development.

We have continued to invest in our TRA team nationally and the TRA team currently has 241 people, including nine equity partners. These investments continue to support the audit quality objectives of the Audit stream and embedding TRA within sectors and offices. You can read about some of the developments and enhancements made in this area in [Appendix C](#).

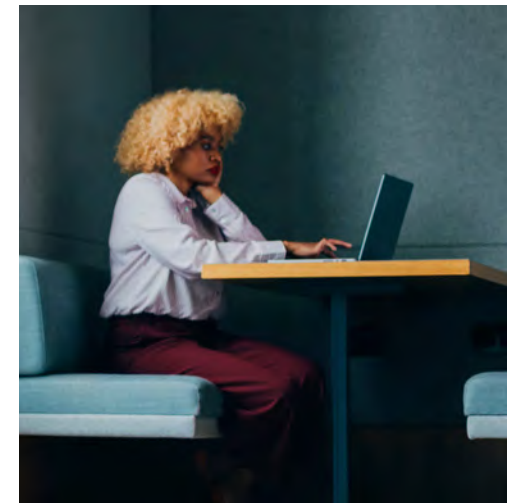
Our TRA team are required to complete relevant elements of the core audit curriculum, developed by Audit stream L&D. Additional TRA-specific learning supplements this core learning, and TRA design and develop specific-learning in consultation with AQD and Audit stream L&D.



Our TRA Learning Needs Assessment identified business process walk-through, scoping, project management, review and coaching as focus areas for future learning. We are addressing these areas in future learning initiatives, planned in line with our Audit stream's L&D curriculum.

In June 2025, our annual TRA learning programme was attended by IT Controls and Data Analytics team members of all grades. Delivery was supported by AQD. This covered TRA specific content and incorporated lessons learned from internal and external inspections and reviews; integration of TRA and Audit team procedures; scoping work including at the tender stage; operational excellence; and insightful reporting.

We continue to refresh and deliver on our TRA Quality Plan, which complements the AQP and SQAP and focuses on TRA activities that will enhance audit quality and support the principles of the High Performing Teams framework. Focus areas for FY26 include global collaboration with our TRA teams in the BDO network to further align methodology templates and tools, increasing support to TRA from the Audit stream's L&D team,

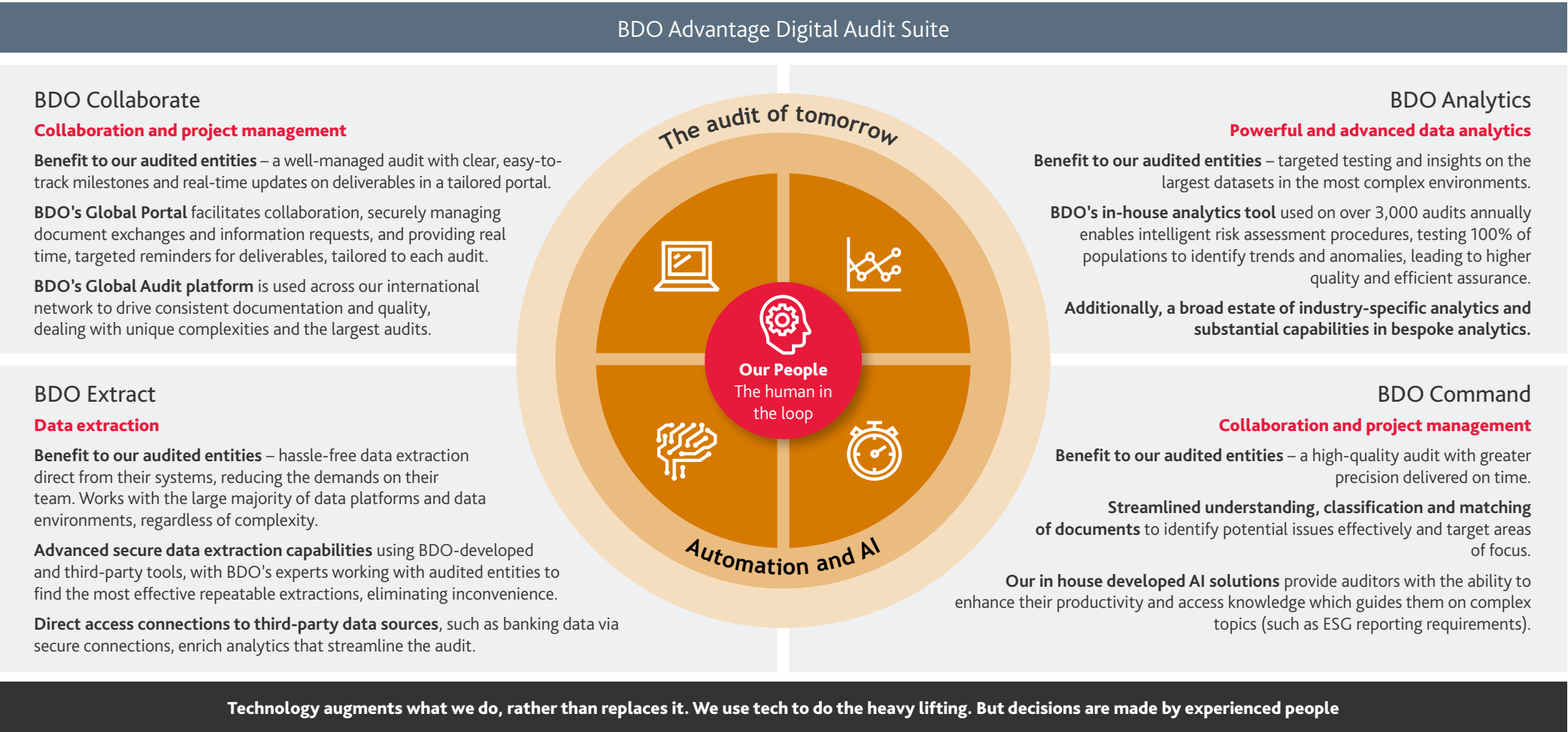


embedding new AQD templates and guidance including standardisation and optimisation of audit procedures, horizon scanning for the use of and auditing risks arising from AI and other emerging technologies, and continual learning from both internal and external reviews which remains a priority for the team.

Audit quality

Building Artificial Intelligence into our technology

We continue our annual multi-million pound investment in technology ensuring our BDO Advantage Digital Audit Suite is at the forefront of IT-enabled digital solutions in auditing.



Audit quality

Our digital tools provide scalable, tailored solutions that work with any systems and processes to produce easy-to-use customisable dashboards to provide both audit insights and testing tailored to each individual business and audit. Building on our existing technology, AI is available to support our current audits, examples include:

01 Advantage Financial Analyser

Use of machine learning in anomaly risk detection, helping to identify irregularities in financial data

02 Personas

A generative AI tool currently in firmwide trial with a pilot group, assisting with various audit tasks and productivity

03 Sustainability Compass

A deterministic AI tool used to assess sustainability metrics and identify entity reporting requirements

04 Account Mapper

Employs machine learning to map and analyse trail balance data

05 Copilot

A generative AI tool currently in firmwide trial, assisting with various audit tasks and productivity

06 RobotX

An advanced audit assistant, powered by machine learning, to perform standard substantive testing successfully piloted

See more in [Our digital and AI future section](#).

Centres of excellence

We continue to embed the CoE model to support Audit teams in delivering high-quality audits and developing transferable skills. The CoEs achieve this through:

- ▶ Supporting the development and sector-specific application of audit methodology in collaboration with the AQD Methodology function
- ▶ Designing workpaper templates to promote standardisation and consistency across complex audit areas, working with the Audit Optimisation team
- ▶ Driving innovation and enhancing the use of digital audit techniques through partnerships with the TRA Data and BDO Labs teams
- ▶ Building specialist audit knowledge through coaching, practical guidance, and technical support.

The CoEs work closely with the wider AQD and engage regularly with the Regulatory and PR teams. These interactions focus on addressing emerging audit quality issues identified through internal and external inspections, contributing to training needs assessments, and developing learning materials in partnership with the Audit stream L&D team.

Revenue CoE

The Revenue CoE continues to work closely with the Audit stream helping auditors to improve the quality of audits over revenue.

The revenue consultation policy for PIE and high-risk audits has been extended to include not only approval of the planned approach but also review and approval of execution for selected complex engagements. These execution reviews formed part of our expanded in-flight review programme, led by QRST.

Additionally, in collaboration with the Standardisation and Optimisation team, the CoE is piloting a new tool for revenue correlation analysis. Full deployment is planned for the March 2026 year-end audits.

Following assessment of RCA in the period, measures are being implemented to enhance 'four eyes' review mechanisms within the Revenue CoE and strengthen the experience of the team.

Audit quality

Pensions CoE

Following the launch of the Pensions CoE with a pilot last year, we revised the model and expanded the pilot this year, providing end-to-end support in relation to pension assets to 33 PIE and other higher-risk engagements.

Full deployment is targeted for December 2025 through a specific team responsible for auditing pension assets on PIE and high-risk engagements.

Valuations CoE

Consisting of a hybrid team of valuation experts and auditors, we piloted our Valuations CoE from May 2024 to October 2024. The pilot received positive feedback and the AE approved full roll-out of Valuations CoE support for impairment reviews.

Following an initial focus on improving risk assessment and scoping through implementation of a comprehensive triaging and planning consultation process, Valuations CoE priorities for FY26 include embedding the new process into our audit approach and the provision of greater depth support to Audit teams at all stages of the audit of impairments process.

Credit CoE

Following the launch of the Credit CoE with a pilot last year and assessment of the learnings, full deployment started in the year. The Credit CoE provides Audit team support and is involved in several other quality initiatives.

The end-to-end process between the Credit CoE and Audit teams includes:

- ▶ Supporting quantitative and qualitative risk assessment and the proposed audit plan
- ▶ Reviewing Audit engagement team granular risk assessments to provide independent challenge and further considerations
- ▶ Signing off on selected audit work papers.

In FY26, the Credit CoE will continue to support engagement teams based on initial risk assessments and seek opportunities to train the Audit stream, standardise work papers, and enhance handovers with experts.

Future CoEs

As part of the Audit stream SI, additional areas for potential CoEs are currently being evaluated with an intention to expand the level of inflight support provided to Audit teams in areas that are either subject to specific complexities or which are less frequently encountered by Audit teams.

Quality Review and Support team

The purpose of the QRST is to improve audit quality across all audit sectors and ensure that we consistently deliver high-quality audits.

QRST seeks to improve audit quality through:

- ▶ Coaching and supporting Audit engagement teams through all phases of the audit from planning through to completion
- ▶ The review and challenge of the engagement team's audit approach and documentation, to identify areas of improvement before the completion of the audit engagement
- ▶ Collating the emerging themes and good practice examples identified across all QRST reviews on a periodic basis, and sharing these with the Audit stream and key stakeholders such as the methodology and training teams.

QRST supports engagement teams delivering the most complex audit engagements which include mainly, but not exclusively, PIEs and large listed engagements. The QRST is integral to our first line of defence and provides real-time support to engagement teams through in-flight reviews of audit files during all phases of the audit from planning through to completion.

We continued to invest in QRST over the past year, which is now led by a senior partner (the 1LOD Lead Partner) supported by reviewers and programme leaders of increased seniority and experience. The QRST team expanded from 13 to 33 due to the reallocation of resources from the AQD to enhance QRST's capacity for in-flight review support. With these increased resources, the number of engagements supported rose from the planned 48 to 114 for the 2024–25 review cycle.



The focus of the reviews has been strategically tailored to address areas of recurrent findings and other hot topics from the current inspection cycle, including IT general controls, ISA (UK) 600 (Revised), and the execution of significant risk areas.

To support the expansion, enhanced reporting was introduced to provide detailed oversight, with escalation routes to AQLs, the AE, and the LT. This improved reporting framework evolved in response to emerging issues, ensuring that key matters are captured and acted upon promptly.

In FY25, in addition to the independent effectiveness review, where we obtain below acceptable scores on an audit which has been through enhanced QRST, we look to where we can improve our QRST support as well as any audit methodology and execution issues.

Audit quality

Sustainability and ESG in Audit and non-financial assurance work

As sustainability reporting regulations continue to evolve globally, companies are increasingly expected to provide stakeholders with a clear and transparent view of both their financial and non-financial performance.

Closely following developments in the corporate reporting landscape, we recognise the growing importance of the interconnectivity between financial and non-financial information, as well as the critical role of ESG assurance in building stakeholder trust.

We are committed to planning and performing audits in accordance with professional standards and related guidance issued by standard setters, including those relating to climate-related matters.

From a policy perspective, climate risk consideration is mandatory for every one of our audits.

To ensure that our Audit teams are well-equipped to challenge and evaluate climate-related impacts on financial reporting, we have continued to engage with them across a number of audit

engagements, based on centrally assigned climate risk ratings. We have also expanded our sector-based approach through sector-specific training, standardised templates, and digital tools.

To address the complexities of the continuously evolving reporting landscape, we launched our Sustainability Compass — an online tool designed to help auditors identify applicable sustainability reporting regulations. We have also continued to develop our Climate Risk Dashboard, a tool for assessing climate risks for properties and real estate.



We further strengthened our capacity-building efforts through our secondment programme and by expanding our Climate and Sustainability technical team, with a focus on deepening technical expertise in ESG assurance. We are actively supporting the development of BDO Global's sustainability assurance methodology, aligned with the latest developments and building upon International Standard on Sustainability Assurance 5000.

Looking ahead to FY26, we anticipate further expansion of the sustainability reporting and assurance regime in the UK, particularly through the introduction of the UK Sustainability Disclosure Standards following the public consultation period. Our focus post-consultation will be on supporting Audit teams in building their knowledge of International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards and understanding the implications of these new requirements for both financial audits and ESG assurance engagements.

On our horizon

Looking ahead, we are focused on the continued strengthening of our SoQM as the platform for consistently high-quality audits and continued delivery of the SI established in FY25 to underpin consistent practical application of our methodologies, embed our culture of consultation and drive a challenge mindset.

In particular, this is focused on the continued roll out of our standardisation programme and technology tools, embedding and further developing AQD Evolve and the continuation of our QRST expansion (including the STMP) incorporating learning from the initial expansion alongside the activities set out in the Audit people and culture section below to embed our High Performing Teams framework with key activities focused on the PJF6 and coaching.

Audit quality



Audit people and culture

As a business whose intellectual capital is derived from the people within our teams, our focus on our people and the culture of our Audit stream is an absolute imperative. As noted earlier in the report our new BDO-wide Strategic Framework brings people and culture into the heart of our vision for our organisation. This is also true for our Audit stream.

Our Audit People and Culture team's focus is on ensuring that the day-to-day experience of our people supports them to deliver consistently high-quality audit work, always. In order to ensure that our efforts are placed in the areas which have the maximum return for the investment made (by support teams, by our people and in terms of cash), we ensure our initiatives are tied back to our Audit stream strategy and our three stream priorities of Quality, Talent and Commercial Management.

Our focus on High Performing Teams

FY25 is our second year of working to embed our High Performing Teams culture within the stream. High Performing Teams continues to help us anchor our thinking and decision making to ensure that our areas of focus are delivering our desired outcome of consistently high-quality audit work for the public interest. Our Audit stream continues to engage with the High Performing Teams framework and the supporting Audit Specific Behaviours as we have embedded them within all initiatives, communications and areas of day-to-day lives as auditors.

Over the last year, we have continued to refine our governance structure which supports our High Performing Teams framework and have refreshed the ToR for our Audit Culture Committee to ensure that it is clearly the body responsible for overseeing this framework.

In addition, our Audit Culture Panel, a group of audited entity-facing colleagues that we created last year, continue to meet to discuss and share insights on key culture-related initiatives we plan to deliver.

We continue to leverage our Influencer network to gather insights and feedback as to how our High Performing Teams framework is being embedded locally across the Audit stream. We have put in place a more formalised 360 feedback loop with them to further strengthen the quality of insights we are able to obtain.

Developments in our areas of focus

Psychological safety and its link to cultural intelligence

Fostering a psychologically-safe working environment is not about simply creating a 'nice' workplace; it is essential for driving quality outcomes by encouraging open dialogue and challenge. In summer and autumn 2024, we rolled out the psychological safety workshops delivered to senior leadership in the prior year to our managers; these were developed by Cognacity, renowned experts in mental health and performance, and delivered by our skilled internal facilitators.

We ran 19 half-day workshops, with an average of 16 managers per session, across seven UK locations focusing on the pivotal role leaders, at all levels, play in setting the right 'tone at the top' and nurturing a culture of psychological safety within their teams.

We understand the need for a sustainable approach, ensuring psychological safety is not perceived as a 'one off' initiative or 'buzzword'. Therefore, the Audit L&D team is embedding the principles of psychological safety into the Audit stream's learning curriculum, to highlight its crucial role in promoting open dialogue and constructive challenge, ultimately supporting the delivery of consistently high-quality audits.

Throughout 2024, we also embraced the concept of 'cultural intelligence' (CQ) to further enhance the psychological safety within our teams. By acknowledging the diverse cultural backgrounds of our workforce – including, but not limited to, differences in race, gender, generation, and organisational culture – we sought to equip our people with the skills needed to collaborate effectively across cultures.

Our CQ facilitators (accredited by the Cultural Intelligence Centre) have developed tailored content bridging the academic research and theory with practical, real-life audit examples. We conducted 14 half-day workshops for partners and directors, with an average of 13 partners and directors per session, across six UK locations from July 2024 to April 2025, to equip leaders with an understanding of CQ theory, enhance their self-awareness of behavioural preferences, and develop actionable strategies to address cultural challenges within their teams.



Beyond senior leadership, we identified a network of 42 individuals across the Audit stream, across various grades, to serve as 'CQ Advocates' to champion cultural awareness and competence within their teams, highlighting the importance of CQ in fostering effective collaboration. We ran three half-day sessions across December 2024 and January 2025 with an average of 14 attendees per session to provide deeper insights into the role of CQ Advocates, encouraging discussions on how advocates could apply their learning and foster conversations about CQ within their teams. We have also embedded principles around CQ in EiC and experienced hire onboarding programmes.

Longer term, the Audit stream will look to develop comprehensive resources on both psychological safety and CQ, integrating them into real-life audit scenarios to enhance practical application and impact and incorporating them into core competency courses, ensuring these are sustainably embedded throughout the stream.

Audit quality

Engagement with Extended Delivery Teams

In line with the Audit stream's strategy to continue to embed and grow our EDTs in South Africa and India, we recognise that fostering an inclusive and supportive environment across diverse teams is critical for ensuring quality and driving High Performing Teams. To achieve this, in January 2025, we engaged with our EDTs via face-to-face workshops in South Africa and India. This direct interaction is key to ensuring the smooth collaboration between our UK teams and EDTs continues, allowing us to build strong relationships and align our efforts towards shared goals.

The full-day workshops mirrored the focus we have with our UK team members on psychological safety and CQ. The sessions were designed to be practical, incorporating scenarios where team members could discuss and apply their knowledge – such as considering what actions they would take in specific situations, and providing practical advice on working effectively with colleagues in the UK.

Following the success of these workshops, we will schedule visits to South Africa and India at least twice a year where we can cover important learning topics.

On-the-job coaching

On-the-job coaching is a core skill that auditors of all grades need to develop as they need to have the ability to support others by sharing knowledge, giving support and in the moment feedback with an aim to getting work right first time. On-the-job coaching also supports timely and effective review of work which is another area of related focus noted below. The objectives of on-the-job coaching fall squarely into our Audit Specific Behaviours of “We Prioritise our Teams” and “We Recognise and Celebrate Each Other” and ultimately support our focus on consistently high-quality audit work and our High Performing Teams framework. On-the-job coaching is the 20% of the 70-20-10 training model and refers to a form of L&D that takes place in the work environment: a partner, experienced colleague, or manager provides guidance, feedback and support to a less experienced colleague while they perform their day-to-day tasks (70% of learning).

This type of on-the-job coaching aims to improve a colleague's skills, knowledge, and performance by offering real-time, practical advice and demonstrations directly related to their work. As we further standardise and optimise our approach to core audit areas, on-the-job coaching will be key in supporting how we embed and develop new skills in this area.



Storytelling

We believe regularly sharing success stories linked to our High Performing Teams framework and our Audit Specific Behaviours is crucial to bringing to life the importance of a culture that supports the delivery of consistent, high-quality outcomes in the Audit stream, as well as ensuring consistency in how we make use of our communication channels to provide encouragement and celebration of good examples of High Performing Teams delivered by our teams.

As a result, this year, we have established a formal communications strategy together with a detailed communications plan to provide structure to how we regularly share success stories to our target audiences, which creates traction on our priority areas of focus with some examples in the year being psychological safety, on-the-job coaching and project management. Our strategy also addresses how we will communicate such stories to our external audiences to convey the attractiveness of the profession, as well as articulate how it feels to work as an auditor in BDO UK.

Trainee passport

We are committed to ensuring our trainees acquire the technical knowledge and specialist skills they need to attain their professional qualification and become a well-rounded audit professional by the time they reach the end of their training contract.

As part of this commitment, this year we launched our Audit Trainee Passport, an interactive web-based tool to support our first-year trainees in driving their own professional development.

The tool, which has been built by auditors in collaboration with our Audit L&D team, allows trainees to identify emerging knowledge and skills gaps in real-time which, with the support of their People Managers and resourcing managers, can be proactively managed as they progress on audits throughout their first year. In addition, the tool seeks to clarify the experience we would typically expect our first-year trainees to acquire before progressing onto the second year of their training contract to better prepare them for this transition where they will be expected to take on more complex areas of audits.

The tool was piloted with all first-year trainees based in our London Audit Group and will be extended out to all first-year trainees for our September 2025 EiC intake. Looking forward, we are looking at how we could expand this desktop app to host second-year and third-year knowledge and skills areas to allow trainees to continue using this tool to support their professional development throughout their trainee experience.

Audit quality

Project management

Effective project management ensures the right people are delivering the right work at the right time and remains fundamental to our ability to deliver high-quality audits consistently. By focusing on our project management practices, we can achieve excellence in delivery that is characterised by streamlined processes, effective communication and efficient co-operation with our audited entities.

This year is our second year of focus on project management where we have continued to deliver on a range of workstreams to build on the progress we reported in the previous year.

We launched our Audit Project Management Dashboard, which seamlessly extracts project management data from each of our key systems and provides snapshot insights on the status of our audits, enabling informed project management decisions which are timely and effective.

We have continued to facilitate designated learning sessions focused on developing effective project management practices and project management decision-making on audits. To date, we have run 50 sessions across the stream; targeted at Assistant Manager, Manager and Senior Manager level (who typically assume project manager responsibilities in our audit engagements); with the number of total attendees exceeding a thousand. Our Audit L&D team are now working to ensure these learnings are incorporated into the existing curriculums, so principles become embedded.

Specialists and experts

Our specialists and experts play a critical role in supporting us to deliver high-quality audits of complex areas which require specialist knowledge and expertise.

Over the last year, representatives of each of the specialist and expert teams have come together to understand what works well, and what could be better, in our engagement with specialist and expert teams to identify areas we believe are important to achieving long-term cultural alignment, including procedural and infrastructural barriers which inherently arise due to variations in stream-specific processes and ways of working.

This work has led to the introduction of our cultural alignment plan which includes a range of actions that seek to leverage existing areas of strength in our engagement as well as remediate areas of challenge. Actions include establishing local points of contact to increase accessibility to specialist and expert teams across all office locations as well as encouraging Audit teams to extend recognition and celebration of our specialists and experts, using initiatives such as our annual Audit Awards ceremony, where they have contributed to the delivery of high-quality audits.

Looking forward, we will look to assess the effectiveness of our actions in improving engagement with our colleagues in specialist and expert teams on audits.



Professional Judgement Framework

One of our Audit Specific Behaviours is 'We Have a Challenge Mindset', recognising the importance of exercising effective challenge and scepticism in delivering high-quality audits that serve the public interest.

Over the last year, we have used our High Performing Teams framework to drive the adoption of our PJF6 to support a challenge mindset when addressing areas of judgement on audit engagements. Elevating the importance of PJF6 and bringing consistency to the way in which it is applied and evidenced across all audit engagements is a key priority area for us to enhance audit quality, particularly on complex areas of our audits.

Following a full retrospective review of the framework, we were able to identify several factors which were not assisting teams to access and apply our framework effectively on audit engagements. This led to the identification of key actions as targeted responses to each of these areas and which we will assess the impact of shortly. Collectively, these actions have helped us to elevate the framework as a fundamental part of our audit methodology which seeks to support Audit teams in addressing areas of judgement.

Examples of such actions include the launch of a practical application guide to highlight the crucial behavioural aspects underpinning effective judgement, launching two learning modules featuring practical insights from members of our AE and experienced audit practitioners across the stream and conducting a full review of our APT library to ensure PJF6 is referenced as a prompt to our Audit teams at key junctures of the audit process.

In addition, we have launched our Final Readiness Review, which requires Audit teams to step back and reflect on the appropriateness of the conclusions reached over professional judgements and significant risk areas at the completion stage of the audit.

Looking forward, we plan to build on this progress by deepening our awareness of biases and facilitating practical strategies which can be used by our Audit teams to reduce the way they might inhibit our ability to exercise effective challenge.

Audit quality

Culture assessment

We continue to evaluate our progress on embedding our High Performing Teams framework by undertaking six different types of assessment capturing both quantitative and qualitative data that is derived from internal and external sources. These assessments are spread throughout our financial year to ensure we are periodically assessing how the Audit stream is embracing the framework as our culture of quality and ensuring that our Audit Specific Behaviours are being embedded into day-to-day interactions on audit engagements.



In line with the previous year, we have continued to review the results from the external Audit Feedback Programme which captures feedback direct from our audited entities, their management teams and governance bodies in relation to identified Audit Firm Metrics and leverage output to measure the consistent delivery of audit quality from the perspective of the companies we audit. This external data set was triangulated with our own internal data sources, such as the Audit Quality Survey 2024 results, Listening Programme 2024 results, RCA behavioural survey and review findings and colleague feedback. The triangulation exercise re-confirmed our continued areas of focus as well as helped us to identify emerging priority areas for the second half of 2025 and into FY26 to ensure we maintain progress in embedding the High Performing Teams framework and the Audit Specific Behaviours.

We continue to publish our Audit Culture Dashboard, which brings together a range of topical KPIs which collectively help us to measure the overall effectiveness and embeddedness of our High Performing Teams framework. This information is reported to our management and oversight bodies and provides a consistent, structured formula for evaluating our audit culture in a systematic manner. As well as providing us

with a snapshot of progress towards an established culture, the Audit Culture Dashboard is actively used to pinpoint areas of the business where our High Performing Teams framework is thriving as well as areas where additional focus is needed to drive continuous improvement and reach high-quality outcomes.

This year, we established office assessments which are used on an ad hoc basis where data indicates emerging issues arising in a particular area of the business.

In addition, we have introduced ethnographic studies as a real-time assessment approach to provide new insights into the way our Audit teams are working together and engaging with each other to deliver high-quality audits.

To ensure all six assessments support us in reaching a holistic and balanced view of our progress on this culture change journey, we have published an annual culture assessment report for the first time this year – as a formal, structured way of capturing headline insights from each of the six assessments and presenting a clear evaluation of our progress to date as well as the key areas of focus we should look to address in the next financial year. This report will represent a comprehensive review that is shared with relevant internal bodies at the end of each financial year.



Attractiveness of the profession

Our focus on our High Performing Teams framework is central to how we translate the attractiveness of the audit profession into tangible benefits for our teams. We have conducted proprietary research on the attractiveness of the audit profession focusing on 'Why BDO Audit?' to pinpoint the factors that attract, develop, engage, motivate and retain our talented colleagues.

By leveraging both qualitative and quantitative insights, we performed a thematic analysis to identify key focus areas specific to each grade, as well as overarching trends influencing the attractiveness – or unattractiveness – of the audit profession. These findings have been distilled into a comprehensive research report and action plan, ensuring these priorities remain central to our SI. In Q3 2024, we shared the full report with the Audit stream and are continually seeking ways to engage teams further on the topic, such as through presentations and workshops.

By understanding what makes the profession appealing – or unappealing – we are able to develop strategies for attracting, retaining, and developing skilled professionals. This, in turn, fosters High Performing Teams that are equipped with the expertise, experience, professional scepticism and are digitally savvy to ensure we continue to deliver consistent high-quality audits. Our auditors know that no digital tool, no AI Assistant or robot can replace their judgement and experience when auditing complex financial statement areas. We will ensure our people are ready for the future, with the requisite skills and know how, to use digital tools to assist, not to replace, them in the delivery of their work.

We recognise that truly understanding this issue also requires collaboration across the broader eco-system – including other firms and regulatory bodies – to drive meaningful, industry-wide impact. As such, we remain actively engaged in key forums and working groups to shape the future of the profession.

Audit quality

Leadership

We continue to focus on the importance of tone at the top for driving lasting cultural change. Many of our areas of focus leverage the importance of our senior leaders in advocating and role-modelling continuous improvement initiatives.

Following the appointment of our new Head of Audit there has been an updated approach to communication and engagement with leaders with regular update calls for partners, directors and managers, deep-dive sessions focused on the development of our 2028 Audit stream strategy and planned activities for a conference and office road trip for the AE to meet and share insights with a wider group of colleagues.

We have engaged with a third-party performance analyst business to provide a research assessment on our wider stream engagement with continuous improvement initiatives. The objective of the review is to identify exemplar leadership behaviours which support proactive engagement with our areas of focus. The research assessment is currently in its early stages of delivery and we anticipate being able to provide updates in next year's report.

We are also reviewing the importance of our leaders understanding their personal and team strengths through an assessment of available profiling tools. Our aspiration is to identify a complementary suite of tools which not only help our leaders understand their personal leadership traits but also help our teams understand the importance of their strengths and their role within team situations. Audit is a team endeavour and therefore the focus on teams is key to driving consistently high-quality outcomes.



Performance management

We continue to recognise the important role our performance management approach plays in embedding a culture of quality. Over the past few years, significant improvements have been made in establishing clear performance expectations, fostering a culture of timely and constructive feedback, and celebrating successes to create a positive work environment. Given the changes implemented previously, we have sought to further embed our approach, with only minor improvements this year focused on providing further clarity and guidance to support further consistency and fairness during evaluation.

High Performing Teams is integral to our performance management strategy and guides how individuals assess and demonstrate their contributions to high-quality audit through the focus on the three priorities of Quality, Commercial Management and Talent, along with Audit Specific Behaviours. Embedding these priorities in our performance review forms, feedback forms, promotion forms, and processes for assessment and objective setting highlights the importance we place on ensuring contributions to these core priorities and behaviours are prioritised, demonstrated, recognised and in turn rewarded when delivered well.



Our performance management approach incorporates KPIs such as the completion rates of mandatory and required learning, and utilisation levels to support data driven decisions as well as focus on our three priority areas noted above. Managers, Senior Managers, and Directors are also assigned quality ratings that reflect their specific impact on audit quality.

We encourage the timely and constructive provision of feedback throughout the year to support ongoing development and recognition with the annual review process being the time when all the feedback is collated to provide an overall picture of the performance journey and contribution to the High Performing Teams priorities and the Audit Specific Behaviours. While we encourage solicited feedback throughout the year, our confidential upward feedback programme for Managers, Senior Managers, and Directors is running for the third year, enabling junior Audit team members, including members of our EDTs, to provide confidential feedback in a psychologically safe environment to Managers and above. We ensure that questions asked are reflective of our initiatives, therefore additions have been made for project management, on-the-job coaching, and excellence in delivery. The outputs of these feedback programmes, supports each Manager, Senior Manager and Director's annual performance review and the objective setting process.

Looking forward, we will refine our performance management approach by incorporating more automated, data-driven outcomes. This aims to reduce the time spent on the process and documentation and enhance the quality of discussions that support career development and talent planning.

Audit quality

Career journeys

We launched our Audit Career Journeys tool, which provides an interactive guide on what is expected of each grade within the Audit stream, while signposting relevant tools, frameworks required and recommended learning. Career journeys was created to prioritise support for career development, timely and constructive review and feedback, 'on the job' coaching, as well as to be used to support specific performance management activities such as providing feedback and setting objectives.



Recruitment of quality talent

The annual Cibyl research (published in 2025) notes that only one in 13 students are interested in a career in accounting and financial management. This equates to 7% of student interest, while as a sector the profession holds 22% of the market vacancies at trainee level (19% in 2024). However, despite this, we continue to see a healthy talent pipeline through graduates and school leavers who value the opportunity to gain a prestigious qualification and valuable insights into the wider business world. The wider challenge of the profession in ensuring that it remains attractive to the most talented, highest quality candidates is an area of focus for our stream. We continue to offer multiple access routes to an understanding of a career in audit through insight days, our Black Heritage programme, a partnership with Spring Pod for virtual work experience, internships and Industrial Placement opportunities. We continue to actively recruit approximately 430 school leavers and graduates into the Audit stream each year.

We monitor a large amount of data to ensure that our recruitment approach for our EiC cohorts progresses candidates who are most likely to succeed in their study, exams, perform highly and work collaboratively together as part of a High Performing Team. Our data insights have led to

updates in our assessment centre approach prior to the launch of the September 2024 campaign and updates to our market targeting which has been focused on ensuring potential colleagues understand the Beyond the Ordinary opportunities a career in audit can provide. Based on our data analysis to date we are pleased with how our newest colleagues are creating successful careers within the stream.

Looking forward, to support our EiC assessment approach, we are in the process of transitioning from our previous supplier to a new supplier and rebuilding our approach. With today's AI being the technology of tomorrow we must ensure that our assessment tools seek to capture the true ability of a candidate and the cognitive abilities we need to be High Performing Teams.

There is still a high demand for the recruitment of experienced and qualified auditors, and this is partly due to the number of graduates entering the profession not keeping pace with the demand. However, we have seen a significant decline in the number of experienced hires joining Audit this year with approximately 180 experienced new joiners in FY25, compared to approximately 390 experienced new joiners in FY24. The decline

is due to various contributing factors such as a reduction in attrition levels, introduction of more efficiencies and innovation and continued focus on responsible growth.

We recognise how important our recruitment process is in not only assessing the technical skills but broader skills such as critical thinking and effective communication which is why we have built in an annual review of our interview questions and case studies to ensure they remain relevant and properly test the skills we need our auditors to have. Similar to the move to EiC introducing in person interviews, all experienced hire interviews also have to include one interview stage to be conducted in person. This has helped us reconnect with our candidates, build rapport, showcase what BDO has to offer and test some of the broader competencies that we know are becoming increasingly important. Going forward, to further enhance our experienced hire recruitment process, all interviewers will be mandated to complete interviewing skills training. This is currently a requirement for EiC and we will be extending this to experienced hire to drive a consistent process with a lens of the removal of unconscious bias in FY26.



Audit quality

Onboarding joiners to the firm

We continue to recognise the importance of an effective onboarding programme to provide our joiners with sufficient information and learning to help them acclimatise into their new role and team by having a better understanding of our expectations and culture. Our onboarding programme is multi-faceted and seeks to support our joiners with sufficient training, both in person and online. We are looking at extending this to provide more audit-specific content.

We also ensure our joiners are aware of key people that are available to support them such as their People Manager and 'buddy'. Over the last year, we have also enhanced the role of our resourcing managers as we recognise the allocation of appropriate work during the first 100 days is important to allow our joiners to have time to learn our methodology and ways of working.

All experienced hire joiners continue to be invited to an online firmwide 'Welcome to BDO' induction on their first day as well and are invited to a three-day 'in-person' Audit stream induction to cover the end-to-end cycle of an Audit applying BDO methodology. This is purposefully delivered 'in person' to also encourage joiners to build their network and ask questions. More practical examples and exercises have been introduced

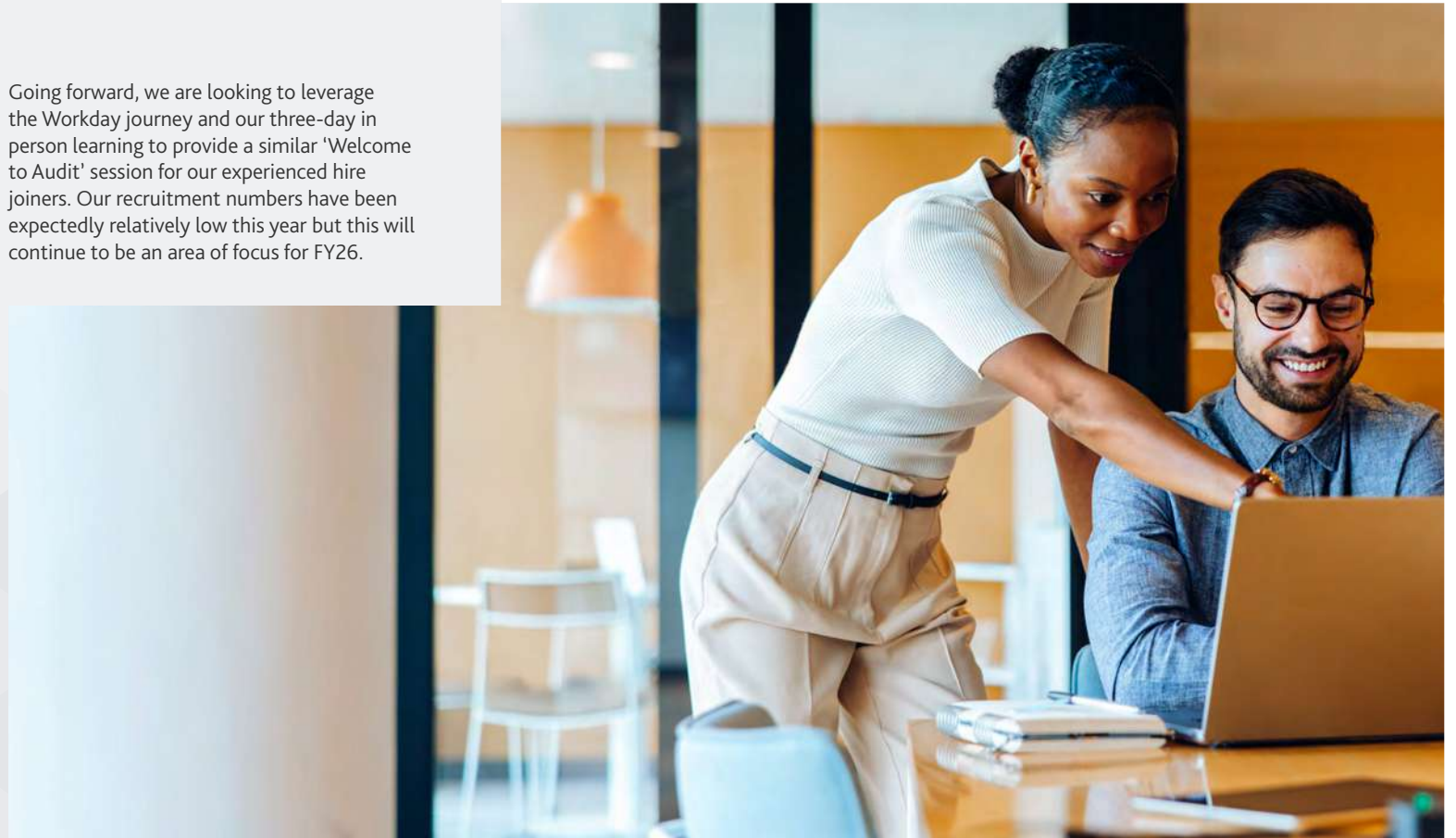
as part of this year's refresh, as well as ensuring High Performing Teams is the golden thread which runs through the three days to help our joiners understand how everything comes together.

Some sectors and offices have introduced work shadowing for their joiners for the first one or two weeks to enable their joiners to have time and familiarise themselves with Audit teams and audited entities before taking the lead on their own audit work or portfolios.

All joiners have a six-month probation period, and in the Audit stream we have a mid-probation review to ensure we are supporting and having regular check-ins with our joiners. We have refreshed the importance of our probation period and are reviewing the end-to-end process, to ensure we are providing timely support to our joiners during their first six months.

For EiC, in September 2024 we welcomed over 430 trainees to the iconic Wembley stadium for two days, with the first day focused on organisation-wide priorities and the second on Audit stream strategy, ambitions, our key priorities and the role of our Audit trainees. This was a hugely successful two days.

Going forward, we are looking to leverage the Workday journey and our three-day in person learning to provide a similar 'Welcome to Audit' session for our experienced hire joiners. Our recruitment numbers have been expectedly relatively low this year but this will continue to be an area of focus for FY26.



Audit quality

Financial and non-financial recognition

As part of our ongoing focus on High Performing Teams, we have continued with non-financial recognition initiatives to recognise and celebrate our colleagues in the Audit stream and continue to develop a suite of initiatives as a priority to ensure we are positively reinforcing the behaviours which support our High Performing Teams focus and drive the delivery of consistently high-quality outcomes.

Our third annual Audit Awards ceremony was hosted in November 2024, where we recognised and celebrated colleagues who made exceptional contributions to our quality agenda in the last financial year. We refreshed our existing suite of award categories to ensure they were reflective of our High Performing Teams focus, which led to the introduction of our new 'High Performing Teams Award' category celebrating our exceptional Audit teams in the year.

We have continued our collaboration with The Blaze women's cricket team based at Trent Bridge in Nottingham for a second year. In July 2025, The Blaze hosted a number of Audit colleagues who have consistently demonstrated exceptional performance across the year for a two-day sports-oriented development and celebratory programme.

Our celebratory events for individuals who achieve milestone promotions to Manager, Senior Manager and Director have continued this year. Looking forward, we will look to introduce a celebratory event for those who reach qualification.

New for this year is our collaboration with the Open University to deliver a six-part podcast series providing practical insights into a newly-developed degree focused on audit and accounting. The podcasts were recorded by the Open University and featured six high-performing practitioners from the Audit stream who are recognised as specialists in their respective areas of the profession.

Looking forward, we will look to emphasise the importance of in-the-moment recognition and celebration of contributions to high-quality outcomes amongst colleagues on audit engagements to ensure positive reinforcement is present amongst teams throughout the year.



Listening Programme

Our annual organisation-wide engagement survey – our 'Listening Programme' – ran for two weeks in November 2024. We saw a high participation across the Audit stream of 75%, equivalent to 2,565 partners and staff.

We ran our survey with a similar question set to the prior year, and so we were able to directly measure our progress across a largely consistent data set. The Listening Programme provides us with helpful insights across the national Audit stream as well as insights into local offices, teams and grade specifics.

We were pleased to see areas of improvement and consistency, drawing on career development, people manager support, and peer relationships – which are all testament to the work we have been doing on High Performing Teams. We also scored well on people being comfortable to 'speak up' and being aware of our ethics and whistleblowing policies. This has been supported by the work we have been doing on psychological safety and CQ.

We continue to look at how we can further improve areas such as Accountability, Accomplishment and Meaningful Work with some activities such as Career Journeys and the Trainee Passport, helping to drive improvements in these areas.



Our Listening Up strategy focuses on meaningful engagement with our people and encourages open, two-way communication at all levels. It underpins a culture of psychological safety, where respectful challenge and scepticism are encouraged – key ingredients for High Performing Teams.

In April 2025, we conducted a review of our Listening Up strategy to assess how effectively we hear from and respond to our people. The review confirmed that we have a variety of well-established channels in place that enable our people to share their views, raise concerns and provide constructive challenge. It also highlighted that we are taking clear action in response to feedback, reinforcing our commitment to continuous improvement and to fostering a culture where all voices are heard.

Audit quality

Learning and Development

Our continued investment in L&D

We have made progress on the actions from the three-year implementation plan established following the strategic review of our L&D offering in summer 2023.

In FY24, we expanded the depth and breadth of L&D expertise in the Audit stream's L&D team. In doing so, we are able to support the development and delivery of our enlarged curriculum more effectively, helping to ensure that our people are receiving the right learning at the right time.

Our Learning Strategy Council (LSC) (previously the Learning Steering Committee), the independent leadership body for the stream's L&D, is now chaired by the Head of People and Culture in the Audit stream. The LSC approved a new suite of L&D policies covering topics such as required learning, faculty, evaluations and assessments in October 2024, providing a framework for our learning compliance and their publication completed Phase one of the plan which was focused on governance and infrastructure. Work on subsequent phases of the plan is on track.

Our learning offering has developed in line with the new curriculum plan established in the prior year (following an extensive learning needs analysis and holistic curriculum review). Key highlights from the year include:

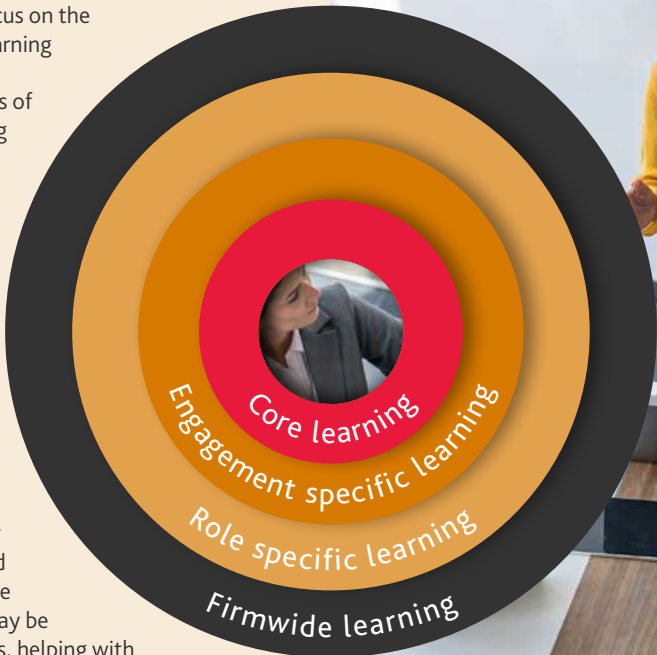
- ▶ New blended post-qualified quarterly programme, Audit Connect
- ▶ New graduate pathway and refreshed experienced joiners' programmes
- ▶ For RIs and EQRs, role-specific learning programmes
- ▶ Increased in-person learning with our EDTs
- ▶ Enhanced learning programme for specialists and experts.

Our learning needs analysis has been revisited throughout the year, with a full review also completed during the year. The latest learning needs for the stream have been assessed and our response to these needs is built into the learning offering as appropriate.

During the year, we have developed our new Faculty strategy designed to support the effective delivery of our enlarged curriculum through a smaller, more dedicated pool of facilitators who are upskilled to be experts on our learning content. Approved in spring 2025, the Audit stream's L&D team are in the process of implementing this strategy ready for full stand-up of our new approach to the Faculty ahead of the start of the new learning year. We are focussing on a culture of continuous learning as a strategic priority. Our formal learning curriculum is designed to support this objective by providing the base knowledge and skills that individuals can then apply in the flow of work.

To assist continued learning in the flow of work we are in the process of developing a Learning Library; a centralised repository of bite-sized on-demand learning assets that our people can access at the point of need. This library complements our required learning curriculum and is designed to encourage our people to engage with relevant learning content as needs arise on audits to support them in the delivery of high-quality work.

As we continue to focus on the importance of our learning culture, the ability to measure effectiveness of learning is key. During the year, we have developed a learning effectiveness dashboard which used the learning transfer evaluation model as a basis to consider how effective our learning has been. This will help us identify where enhancements to our learning offering need to be made and where additional support may be required by our teams, helping with our aim for continuous improvement.



Audit quality

How our Audit stream curriculum is built

Our curriculum in the Audit stream includes mandatory organisation-wide and stream-wide learning. Fundamentally, it is designed to help us meet the professional standards of our professional bodies and meet our requirements as a regulated entity. As such, it complies with the continuing education of statutory auditors referred to in paragraph 11 of Schedule 10 to the Companies Act 2006. However, by tailoring our stream curriculum so that learning is targeted based on role and experience, we are able to remain competitive, motivate our people, and support continued delivery of consistently high-quality audit work, by supporting our people in the development of the necessary knowledge and skills.

Our people are encouraged to supplement required learning where possible with additional personal L&D activities which stretch them to learn new skills and develop personal competencies across different areas, as they seek to enhance their abilities and progress their careers with us.

All required learning for Audit staff and partners is managed and monitored through the Audit stream's L&D team, governed by the LSC, with further oversight from the AE.

Required learning comprises core learning, applicable to all those working on audit engagements, supplemented by engagement and role specific learning as relevant to an individual's portfolio. It covers both skills and technical elements.

Within each layer, learning is split into foundation level learning, to support development of baseline knowledge and skills, along with annual updates to maintain competence.

All our people, including all our engagement leads, working on local public sector assignments receive specialist local audit work training on an annual basis to ensure they remain competent to work in this specialist area. Similar engagement-specific training applies for those working in financial services and on US engagements.

The stream adopts a blended approach to formal learning events, using a mixture of face-to-face and virtual sessions. Virtual sessions are generally focused on the transfer of theoretical learning with the face-to-face learning providing our people with the opportunity for enhanced practical application of that knowledge.

Our commitment to supporting the quality agenda

The Audit stream's L&D team work across our Audit teams, as well as central support and quality teams, to ensure a coordinated response to any findings and to deliver proposed actions from learning needs analysis, RCA, other reviews and external reviews.

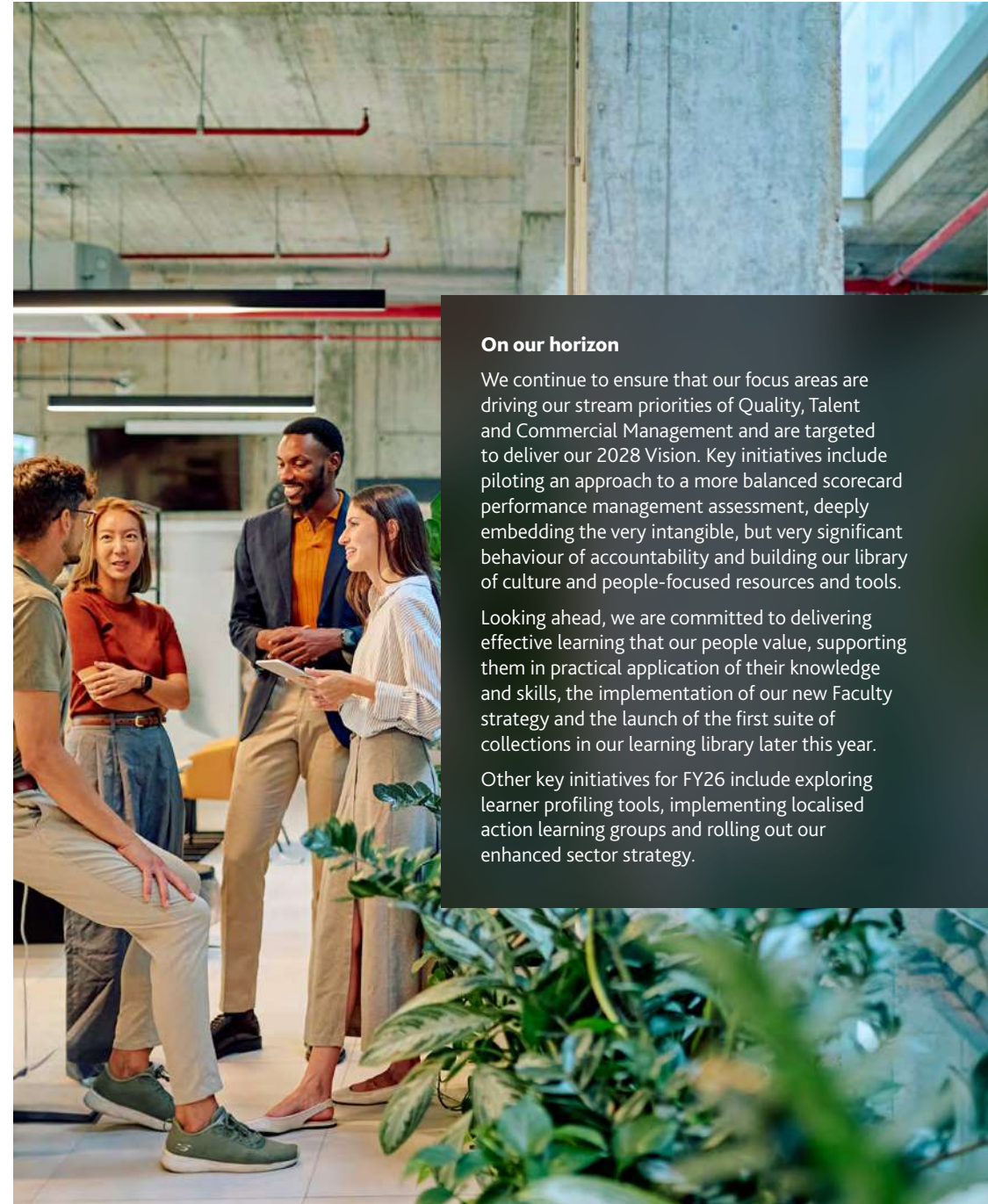
We are also working closely with colleagues in areas such as Standardisation and Optimisation, and Digital Enablement, to ensure that developments in these areas are appropriately incorporated into our learning, embedding the quality of our offering. Such updates ensure our people have access to the latest tools and technologies to use, supporting efficient, quality audits.

On our horizon

We continue to ensure that our focus areas are driving our stream priorities of Quality, Talent and Commercial Management and are targeted to deliver our 2028 Vision. Key initiatives include piloting an approach to a more balanced scorecard performance management assessment, deeply embedding the very intangible, but very significant behaviour of accountability and building our library of culture and people-focused resources and tools.

Looking ahead, we are committed to delivering effective learning that our people value, supporting them in practical application of their knowledge and skills, the implementation of our new Faculty strategy and the launch of the first suite of collections in our learning library later this year.

Other key initiatives for FY26 include exploring learner profiling tools, implementing localised action learning groups and rolling out our enhanced sector strategy.



Ethics and independence

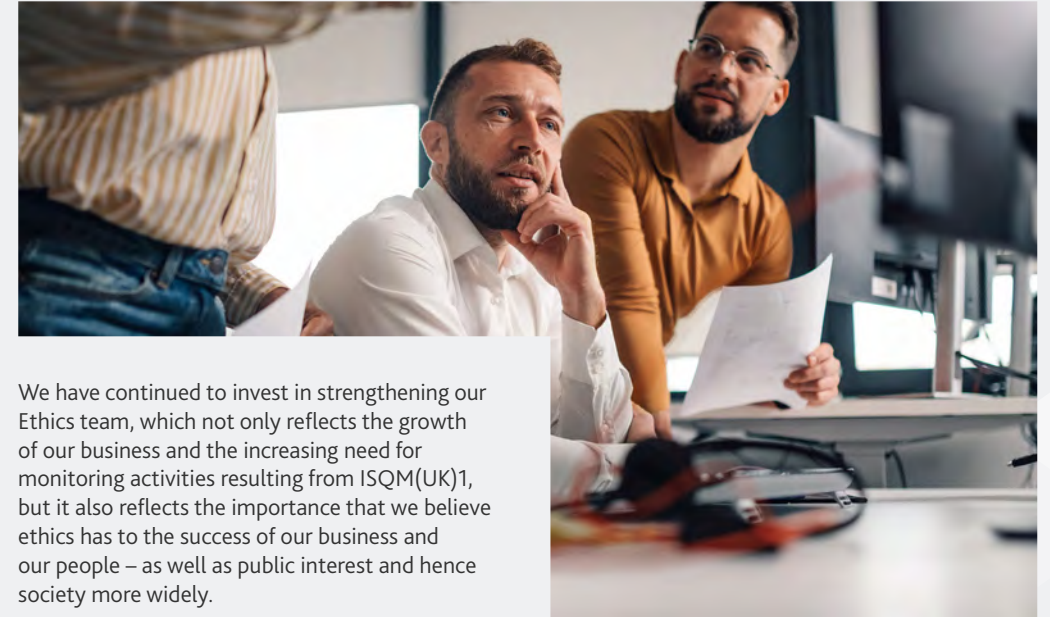
As well as being a fundamental component of ISQM(UK)1, ethics and ethical behaviour are foundational to the way we 'do things' at BDO UK; it is important to our newly-launched The Feel and The Deal (that we offer all our people) and it is expected by our clients, audited entities and wider stakeholders.



It is also central to maintaining trust and confidence in BDO, and in the accountancy and auditing profession more widely. This is why we not only embed ethics and independence into our systems, processes, and values, but we also are committed to ensuring that all our people live by them.

For these reasons, it forms a strong and explicit thread throughout our Strategic Framework and is prominently reflected in the major components of our SoQM, internal controls framework and governance structure. During FY25, we have reviewed the design and implementation of the controls in the ISQM(UK)1 framework and matured the risk and control responses as a result of this. We recognise that further maturity in the operation of controls is required, and we are committed to ensuring that this takes place in FY26.

We also realise that, as our business grows and changes, new ethical risks will emerge that need a response at a senior level. Consistent with building on our heritage and looking to the future, we are alert to this and are able to be agile in our response. An example of this over the past year has been the transformation of the AI Enablement Group to the AI Steering Committee, on which the Ethics Partner has a permanent seat.



We have continued to invest in strengthening our Ethics team, which not only reflects the growth of our business and the increasing need for monitoring activities resulting from ISQM(UK)1, but it also reflects the importance that we believe ethics has to the success of our business and our people – as well as public interest and hence society more widely.

Our policies and procedures are in line with, or exceed, regulatory requirements including those relating to local public sector audits.

In terms of regulatory obligations, we have a responsibility at the organisation-wide level to follow the FRC's Ethical Standard and the ICAEW Code of Ethics, as well as a BDO Global network requirement to comply with the International Ethics Standards Board for Accountants (IESBA) International Code of Ethics for Professional Accountants. We have embedded the recent changes from these regulatory standards into our policies and procedures.

In line with the requirements of both the EU Audit Regulation and the Local Auditors (Transparency) Regulations 2020, we confirm that, in the past year, we have conducted an internal review of our relevant independence practices.

Our compliance with these standards includes:

Acceptance and Continuance objectives

Our acceptance procedures are completed for all new clients, audited entities and engagements. In respect of all Non-Audit Services (NAS) provided to audited entities, procedures require approval by the Audit partner to ensure that they (or their delegate) are informed about any proposed engagement and that they consider the implications for the auditor's objectivity and independence before the engagement is accepted.

The provision and approval of NAS is specifically reviewed at an engagement level as part of our internal inspections programme conducted on a selection of audit files. Thematic reviews are also undertaken by the Ethics team on audit independence working papers to test, among other things, that NAS are approved and documented as required.

Ethics and independence

Conflicts of interest

The ICAEW's Code of Ethics requires us to comply with its Fundamental Principles and apply its conceptual framework. In doing so, it recognises that we must avoid or mitigate any conflict of interest that causes threats against these Fundamental Principles.

The Engagement Partner is responsible for the identification of potential conflicts of interest. Conflict checks are carried out through a computerised search of our client and engagement database, to identify circumstances and relationships which could give rise to a potential conflict of interest. There is a facility to perform restricted conflict checks where enhanced sensitivity is required. The stream Quality and Risk teams and the Ethics team both provide direction, oversight and a point of escalation, to ensure that conflict checking is performed consistently and robustly.

International conflict of interest checks across the BDO network are performed using the network's conflict-checking system. The system initiates conflict checks for either separate countries, a group of countries, or worldwide, logs responses and keeps a digital audit trail for future use.

Where potential conflicts of interest are identified, we either decline to accept an engagement as set out in more detail below or, if appropriate, we put in place robust arrangements to make sure that

the conflicts of interest are managed. Where appropriate, we seek informed consent from all parties and, if required, ensure that teams are separate and appropriate information barriers are in place.

Where, in our opinion, a conflict is not manageable, or where it cannot be managed to the satisfaction of all parties, or where we believe that a reasonable and informed third party would have significant concerns, then we decline to act.

Code of Conduct

Trust is critical to our profession and to the work we do. Our stakeholders put their trust in us to deliver the highest quality of work. It is our actions and our behaviours that ensure that trust is maintained. Our brand and reputation are sustained by this trust and our Code of Conduct is in place to help frame how we do business. Underpinned by our core purpose, our code is a framework to help us do the right thing. This is also relevant to serving the public interest.

Speaking up and listening guidance

Speaking up is vital at BDO UK. Our speaking up and listening guidance support our Code of Conduct and our commitment to demonstrating quality by doing the right thing, which is also aligned to our values. We encourage people to do the right thing and to report, in a safe environment, any misconduct witnessed or experienced, giving us the opportunity to listen and follow up on the concern raised. We are committed to listening and acting on feedback, ensuring our workplace remains safe and supportive for everyone.

This year, we have maintained our focus on strengthening our 'speaking up' environment. We aim to foster a culture where speaking out is not just encouraged but expected. We want people to feel comfortable living our values, spotting potential concerns, and speaking up confidently.

Creating this environment means ensuring people can speak up without fear of retaliation, knowing their concerns will be heard and managed properly. This is crucial for a culture where you can truly be yourself, aligned with our values.

Building on our initiatives launched last year to elevate speaking up, including new social behaviour policies, speaking up and listening guidance, and improved exit interview procedures, we introduced a simplified mechanism to promote inclusion and encourage speaking up and challenge.

Our data shows People Managers are the most used route for speaking up, reinforcing their critical role to model ethical conduct, especially with their direct reports.

To support People Managers, we have introduced a web-based Internal Concern Form. This tool is available to all our people, including the HR team, partners, and People Managers, to capture any concern that has been reported to them, or that they would like to report directly. It covers breaches of the Code of Conduct, BDO UK policies, misconduct, performance, or wellbeing issues.

Our speaking up and listening guidance outlines all of the easy-to-use mechanisms which we have in place for raising concerns, ensuring unethical behaviour is reported without fear of reprisal. This includes the ability to report anonymously when reporting a whistleblowing concern via NavexGlobal. It holds everyone accountable, ensuring breaches are addressed promptly and fairly. Our speaking up and listening guidance states that we do not accept and will not tolerate any form of retaliation to individuals raising honest concerns under our speak up processes. Any suggestion of retaliation will be taken extremely seriously and will be investigated as deemed necessary.

This year, we have delivered targeted communication around speaking up and listening up alongside our core speak up practices. We have developed allyship and active bystander training, where participants commit to being active allies and learn to confidently address poor behaviours, ensuring a supportive and respectful environment.

Ethics and independence

Financial interests and relationships

In order to comply with relevant ethical standards, we have policies in place that prohibit BDO UK, its partners (and persons closely associated with them) and its staff (and their immediate family members) from holding a financial interest in an audited entity or an affiliate of an audited entity.

We have a financial interest compliance platform. Use of this system is a mandatory requirement for all partners, principals, and directors and is considered a strong control against this risk.

BDO UK, covered persons (as defined by the FRC) and persons closely associated with them may only enter into business relationships with any of our audited entities or their affiliates where they:

- ▶ Involve the purchase of goods and services from the audited entity in the ordinary course of business and on an arm's-length basis and where the value involved is not material to either party
- ▶ Would be clearly inconsequential to either party in the view of an objective, reasonable and informed third party.

Employment-type relationships with an audited entity are relatively rare but, in order to protect objectivity, approval procedures are in place before any such situation can be established.



We monitor adherence to our policies through a suite of tailored monitoring activities, which include the Annual Declaration process. This process, which is overseen by the Ethics Partner, seeks confirmation from partners and staff that our policies surrounding financial, business, employment and personal relationships have been complied with, including those working on local public sector audits.

We also undertake a number of detective control activities across these areas to assess and identify any non-compliance issues with our policies and procedures.

Rotation policy

Our policies are in accordance with the FRC's Revised Ethical Standard, notably that:

- ▶ The Audit partner on a listed or PIE audited entity rotates after five years, except in exceptional circumstances, where rotation can be extended to occur beyond this and then only up to seven years. Where an extension of the rotation period occurs, additional safeguards will be put in place and approval for the extension will be obtained from the Ethics Partner
- ▶ Once an Audit partner has completed five years on a listed or PIE audited entity, they are required to observe a cooling-off period for five years before they can return on the same entity



- ▶ Audit teams are required to plan the rotation of other partners and senior staff involved in the audit of PIEs to achieve a gradual rotation to preserve audit quality
- ▶ Our rotation policy for other partners and senior staff requires any continuous involvement longer than seven years to be discussed with the Ethics Partner / Ethics team
- ▶ For non-listed audited entities, the Audit partner will normally rotate off the audit after ten years. Where rotation is extended beyond ten years, a rotation plan will be agreed with our Ethics Partner and additional safeguards put in place
- ▶ Local Public Government auditors are appointed by the Public Sector Audit Appointments Limited on a five-year basis.

Rotation data is held on our firm's Audit Monitoring Database (AMD), which is reviewed and confirmed periodically by the Audit partner or director. The Ethics team undertake quarterly reviews of any exceptions raised in the AMD to ensure compliance in accordance with our policies.

Bribes, gifts and hospitality policy

In accordance with the Bribery Act, partners, staff, or anyone who performs services for or on behalf of BDO UK are not permitted to agree to anything that an objective, reasonable and informed third party might perceive to be a bribe (including similar corrupt inducements). We have specific policies regarding situations where a bribe might occur – gifts, hospitality and expenses, facilitation payments, political contributions, charitable contributions, sponsorship, commission payments and commission receipts.

Partners, staff, and persons closely associated with them may only accept a gift, favour, or other personal benefit from an entity (or an entity's officers or employees) or introducers of work to BDO UK or any other organisation or individuals, including suppliers, if it satisfies the criteria set out in our gifts policy.

Ethics and independence

Non-Audit Services

The provision of all NAS, except for those on the permitted list as per paragraph 5.40 of the Ethical Standard, are prohibited for audited entities which meet the definition of a PIE or OEPI. Given the significance of the judgements concerning the provision of NAS to PIEs and OEPIs, all NAS provided to them have to be centrally approved by the Ethics team, in addition to by the relevant Audit partner.

NAS proposed for all other types of audited entities must first be approved by the respective Audit partner who will undertake a threats and safeguards assessment in consultation with the Ethics team, where appropriate. Services and fees are approved via our client take-on system and are also subject to targeted monitoring on a monthly basis, through the review of reports obtained from our billing system.

NAS approval on UK audited entities is required not just for NAS carried out in the UK but also by BDO member firms. As an example, BDO Global requires all BDO member firms to carry out global conflict checking when considering accepting NAS on the subsidiary of an international group, to identify any conflict with an audited entity of BDO UK. Whilst this process is in place, we have not been provided with any assurance that it is followed consistently by all BDO member firms

and BDO Global is unable to provide us with any assurance as to the effectiveness of the design and operation of this process. Our evaluation of the SoQM, has concluded that this indicates a severe deficiency since we are unable to design and implement sufficient compensating controls to prevent BDO member firms carrying out NAS for audited entities without pre-approval. A summary of the deficiency is included in [Appendix D](#).

Given the perceived self-interest threats from providing NAS to audited entities, we also require central approval of all NAS to audited entities once the Audit : NAS fee ratio exceeds certain pre-set limits.

The objective, reasonable and informed third party test is a critical part of assessing the acceptability of any NAS and, as such, we require all NAS to be assessed against this. Furthermore, the Ethics team monitor the extent to which this test has been determinative in the outcome of the decision.

In relation to Local Public Sector Audit, we are guided by the requirements in the Auditor Guidance Notes. Furthermore, we have agreed through contractual Terms of Appointment with the Public Sector Audit Appointment, to limit our NAS work to 70% of the total fees for services to any Local Government audited entity and its controlled entities in any one year.

Global approach

Our Global Ethics and Independence team is committed to developing policies and procedures, supported by effective technological solutions, to ensure that the BDO network continues to act ethically and, where required, remains independent both in fact and appearance.

The network's suite of policies and procedures form the basis of the Global Ethics and Independence Management Programme; a framework established to assist member firms to comply with relevant ethical and independence requirements.

The programme is documented in the BDO Ethics and Independence Manual and comprises of five elements:



- ▶ Standards and policies
- ▶ Processes, data and tools
- ▶ Training and communication
- ▶ Monitoring and reporting
- ▶ Leadership and governance.

We work with clients and audited entities that operate across multiple jurisdictions, including a large number of PIEs. Working with these businesses 'conflict-free' and maintaining independence, where required, is a priority for the network.

As detailed above, comprehensive due diligence is performed prior to accepting any new audit engagement or new engagement for an existing BDO audited entity.

These policies, procedures and tools enable BDO member firms to collaborate on service provision prior to the acceptance of clients and audited entities.

Furthermore, ongoing monitoring activities are carried out at a global level to ensure that BDO member firms remain compliant with the programme and to ensure that BDO continues to meet the demands of the changing environments in which our firms operate.

Non-financial conduct

To create a workplace where people want to be, it is crucial that everyone follows BDO UK's Code of Conduct and values. These guidelines shape how we treat each other and help us meet the expectations of our stakeholders, including our own people, while fulfilling public interest responsibilities. Read our approach overleaf.



Ethics and independence

Our approach to non-financial misconduct

Non-financial misconduct is increasingly important for cultural influence and compliance at BDO UK. We focus on handling issues such as discrimination, harassment, victimisation, bullying and substance misuse. Our values and culture are clear, but we must tackle misconduct early. We ensure a controlled environment where people can raise concerns confidently, knowing they will be addressed fairly and without retaliation, which is outlined in the speaking up and listening guidance section (above), and we have robust internal controls to manage, report, investigate and resolve these concerns.

Preventing misconduct requires clear policies on respect and zero tolerance for incidents. Our leaders must model the right behaviours and act promptly on issues. This encourages a culture where you can be yourself and speak up, supporting a culture of challenge.

This is covered extensively in our partner development training around setting the tone for appropriate workplace behaviour, which is being rolled out across the organisation.

Empowering our leaders to drive change within their teams is crucial. This training focuses on shifting behaviours by clearly outlining what the law says about discrimination, harassment and sexual harassment, and clarifying the line between intent and impact. Leaders are encouraged to set the tone at the top, lead by example, call-out poor behaviours, and create psychologically safe spaces.



Training on ethics

Given our focus on quality and doing the right thing for business and society, our Ethics team created a mandatory annual ethics e-learning module, forming part of our mandatory training required to be completed by all BDO staff and partners, which also includes training on anti-money laundering (AML), fraud prevention, data protection, cyber security and modern slavery. Additionally, in line with the new Continuing Professional Development (CPD) guidelines set by the ICAEW, and therefore in line with our CPD Policy, all CPD categories are required to complete at least one hour of verifiable CPD hours on ethics.

We also ensure that new joiners of all grades undertake our 'Ethics and Independence for New Joiners' module on Workday as part of their induction. This sets out the key ethical principles and behaviours expected from our people whilst they are employed by BDO UK.

Since 2019, BDO UK has reported quarterly to the FRC on non-financial conduct complaints, showing effective monitoring and remediation. We have continued to invest in control and monitoring activities, leading to a steady increase in reported cases, indicating a better speak-up culture and improved internal controls.

With effect from July 2024 the FRC have widened the NFC reporting obligations to include additional categories of conduct that cover professional behaviour (including NFC), exam cheating and other integrity matters, breaches of confidentiality, objectivity and professional competence and due care, in line with the ICAEW's Code of Ethics.

Our focus within the NFC team has accelerated assessments and reviews relating to all misconduct, enhancing internal controls to meet these obligations.

Changes to ICAEW's Code of Ethics

The 2025 edition of the Code of Ethics aligns with the IESBA and includes updates on technology, role and mindset, and professional behaviour.

The section of the Code of Ethics on professional behaviour has been updated to better reflect how ICAEW members should interact with clients, colleagues and the wider public. The role and mindset provisions highlight the importance of the profession's duty to act in accordance with the public interest.

The new technology provisions highlight the potential risks that new technologies pose for the profession. They stress the fundamental principles of professional competence and due care and confidentiality.

The ICAEW sets clear expectations for professional behaviour to help you raise concerns about unethical conduct or spot inappropriate practices. This clarity allows for appropriate action when necessary.

This strengthens the direction of travel regarding regulatory expectations around non-financial misconduct and circumstances in which a member may be liable to disciplinary action.

We support the ICAEW's direction and are compliant with these changes, which are already included within our various behavioural policies, guidance and training.

On our horizon

BDO UK, and our global network, are working together to ensure we are well-placed to be in full compliance with the International Ethics Standards for Sustainability Assurance, released earlier this year, prior to the effective date.

We embrace a culture of constant improvement, and, in the coming year, we are committed to strengthening our ethical culture. We will focus on governance and leadership to ensure our speak-up arrangements are robust and effective. We will continue to develop our ethical reporting, giving those in charge of governance clear and adequate information they need to oversee our ethical standards effectively.

We will be publishing a refreshed Code of Conduct by the end of 2025, considering current expectations, best practice and reflecting the changes to our Strategic Framework. Importantly, it will have ethical principles at its heart. This will ensure that we continue to promote the desired culture and commitment to quality work, professional judgement, and values, serving the public interest and compliance with professional standards and applicable legal and regulatory requirements.

Risk management

Confirmations of our compliance with the AFGC, Article 13(2)(d) of the EU Regulation, and the Local Auditors (Transparency) Regulations 2020 are included in [Appendix D](#). Further details on how we have complied with the disclosure requirements are provided in Appendices G, H and I.



Risk management – what it means at BDO

Everyone in BDO UK is responsible for identifying and managing the risks associated with the work they do and the role they perform. A consistent and effective approach to risk management, which is integrated into our organisation wide culture and activities, helps to ensure that our objectives are achieved, and that the management of risk is consistent with our Strategic Framework. Ultimate accountability for risk management lies with the LT, with day-to-day responsibility being delegated to the QRE. The QRE is chaired by the Head of Quality and Risk.

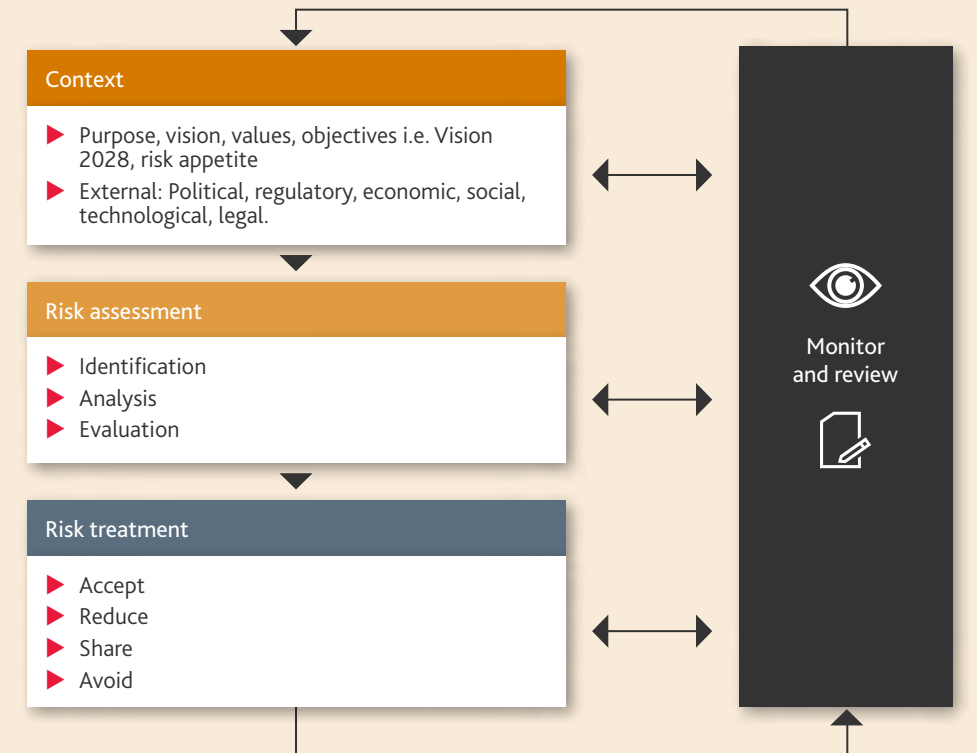
How risks are identified, assessed and monitored

The role of the QRE is to assist the LT in defining and agreeing the strategy for managing quality and risk and to ensure that our strategic quality and risk objectives remain aligned to our overall Strategic Framework. The Head of Quality and Risk is a member of the LT and reports to the LT on a monthly basis on quality and risk matters.

During FY25, a refresh of our Principal Risks has been performed, combining both top-down and bottom-up perspectives and evidence, ensuring that key mitigation activities to manage those risks are in place. This review has considered the changes to our risk landscape since the prior year as well as emerging risks for the year ahead and beyond. The Principal Risks have been reviewed and agreed with the LT and approved by the QRE.

[Appendix B](#) sets out the firm's Principal Risks along with their associated mitigations, as well as an overview of the most significant emerging and ongoing risk factors that influenced our review of the risks. We monitor, manage and mitigate the risks we face through a focus on risk management and both preventive and reactive mitigations, applying our ERM framework and processes 'bottom-up' across the organisation. Our overall cycle of identifying, assessing and responding to risks is illustrated here:

The cycle of identifying, assessing and responding to risks



Risk management

The QRE receives periodic updates from the streams and business units as well as regular updates on internal compliance reviews, internal audit reviews, information security risks, engagement acceptance and economic crime matters, ethics and independence matters, regulatory inspections, claims and other risk events. The QRE also receives updates on matters in the wider network of BDO member firms that may impact on the firm's risks. We maintain a risk reporting system which ensures that reports of risk events are escalated appropriately so that leadership are aware and can address the relevant risks. Our central Quality and Risk Management (QRM) team is the first point of contact in the risk reporting process. In response, the Legal team, who form part of QRM, ensure that appropriate resource and expertise are applied to the incident and there is reporting to professional indemnity insurers where appropriate. The Legal team will take an active role in responding to regulatory investigations, claims and complaints.

Our internal controls framework

Our internal controls framework serves as the backbone of our commitment to quality, integrity, and operational excellence, benefiting our clients, audited entities, regulators, employees, and the broader public interest. It is designed to mitigate risks, ensure compliance with regulatory requirements, and uphold the highest standards of professional conduct, as emphasised within the AFGC.

The LT assumes the ultimate responsibility for our internal control system, ensuring robust design and implementation to support the effectiveness of our operations, the reliability of financial reporting, and compliance with laws and regulations.

Our internal controls framework encompasses a wide range of controls, including those in the following areas:

- ▶ **Compliance:** these controls ensure adherence to laws, regulations and professional standards, safeguarding our reputation and mitigating legal and regulatory risks, thereby maintaining the trust and confidence of our clients and audited entities

- ▶ **Operational:** covering areas such as acceptance and continuance and our management of projects, data and third-party risks. These controls ensure the efficiency and effectiveness of our operations, ultimately translating to high-quality service delivery and client and audited entities' satisfaction
- ▶ **Financial:** ensuring the accuracy and reliability of our financial reporting, safeguarding our assets and financial integrity, ultimately benefitting our stakeholders through transparent and trustworthy financial information
- ▶ **IT and information security:** controls designed to protect our information systems and data, ensuring their confidentiality, integrity and availability. This upholds our commitment to data privacy and security through safeguarding sensitive information, protecting the interests and rights of our clients, audited entities and employees.

These controls are implemented across our distinct service line – our Audit, Tax, Deals and CR&O streams – and our Central Operation teams. Controls are tailored to the specific risk profile of each service line. Risk owners are required to conduct periodic self-assessments and validation of all identified controls to validate ongoing control effectiveness. In doing so, this allows us to proactively identify and remediate any controls gaps / deficiencies on a timely basis, ensuring our internal controls framework remains robust and adaptable to our risk landscape whilst allowing for oversight and identification of new and emerging risks.

We also foster a culture of control by promoting ethical behaviour, transparency and accountability. Our leadership sets the tone from the top, ensuring that all staff understand the importance of internal controls in maintaining audit quality and fulfilling our responsibilities to all stakeholders.



Risk management

Evolution of our risk management and internal controls framework

We recognise the importance of having robust frameworks in place, particularly in the light of the current global environment, a rapidly-changing risk landscape and the context in which we operate. As such, whilst we have established strong foundations, we continue to enhance our existing risk management and internal controls frameworks and are committed to ensuring we have in place mechanisms which are aligned with regulatory requirements and industry best practice, those which are mature, advanced and embedded throughout the fabric of our firm.

Our ongoing commitment to the evolution of our risk management and internal controls framework saw us embark on a programme of transformation during FY25. As part of this programme, we are augmenting the capacity and capabilities of our Quality and Risk teams to consolidate and update various elements of our frameworks and develop a pragmatic and sustainable solution to facilitate effective risk management and consistent application and validation of control operation. We have appointed a dedicated Head of ERM to lead the programme. This investment is further evidence of our dedication to ensuring we have in place robust frameworks for governance, risk, control, compliance and quality.

Our key objectives underpinning the risk and controls transformation programme include:

- ▶ Strategic risk integration: risk consideration is fully integrated into strategic decision-making processes and embedded within our overall business strategy
 - ▶ Integration and alignment: a cohesive approach is adopted and applied across risks management and internal controls activities
 - ▶ Assurance mapping: enhanced activities to provide a more comprehensive view of the assurance landscape, enabling the timely identification of gaps or overlaps in assurance coverage and ensuring controls optimisation
 - ▶ Accountability and ownership: improved self-certification regime for internal control fostering increased ownership and accountability
 - ▶ Systematic testing: a unified programme to systematically test the design and operational effectiveness of internal controls and risk response, building on existing practices (in some areas where a more mature testing programme is already embedded)
- ▶ Timely remediation: enhanced and effective remediation processes and monitoring to address control deficiencies and risk mitigation failures
 - ▶ Knowledge share: a comprehensive risk management training and education programme to improve awareness and understanding at all levels
 - ▶ Successful achievement of these objectives will not only strengthen our risk management and controls frameworks but also foster a stronger risk culture. It will ensure that we are well-prepared to navigate the evolving risk landscape and uphold the highest standards of governance, control and operational excellence.



The three lines model

We will continue to leverage the three lines model to provide structured oversight and assurance across our risk management and internal controls frameworks. This model clearly delineates roles and responsibilities, ensuring that risk ownership and accountability are embedded within the first line (operational management), while the second line (quality, risk and compliance functions) provides independent oversight, challenge and support. Our Internal Audit function (the third line) performs a crucial role in providing independent, objective assurance on the effectiveness of the framework. By strengthening the three lines model, we are not only enhancing our risk management capabilities but also fostering a stronger risk culture. This includes increasing awareness and understanding of risk at all levels, promoting open communication, and encouraging proactive risk identification and mitigation. The model also enables us to better articulate our risk management approach to stakeholders, demonstrating our commitment to robust governance and control.

Risk management

Confidentiality and information security

At BDO UK, we are strongly committed to protecting the privacy of our clients', audited entities' partners' and employees' personal information, and to protecting us against both internal and external information security threats.

Our Chief Operating Officer (COO) is accountable for information security, and the Information Security Office led by the Chief Information Security Officer, are responsible for operating and continually improving our certified ISO27001:2022 Information Security Management System which is assessed by BSI twice annually.

All partners and employees play a crucial role in maintaining a secure environment and are bound by the ICAEW's Code of Ethics, which includes a duty of confidentiality that precludes them from disclosing confidential information acquired through professional and business relationships to third parties unless legally or professionally obligated to do so. We undertake regular activities, such as communications and phishing simulations, to raise and maintain awareness of information security topics in addition to e-learning on data protection and cyber security at induction and at least annually. We continuously monitor and evolve our guidance with increased focus on rapidly advancing AI technologies.



The Data Protection Officer has responsibility for ensuring compliance with relevant legislation and we are registered with the Information Commissioner as a data controller. Details of our registration can be found on the Information Commissioner's Office website under registration Z5799637.

To ensure that the use and circulation of personal data within the BDO network is safe and in line with data privacy principles, the BDO Global Privacy Programme is an awareness and compliance programme that supports all BDO member firms in meeting their obligations under privacy laws. It contains tools, guidance and information that will help BDO member firms, partners, employees, and anyone else engaged or retained by BDO member firms, and the BDO network, to respect and appropriately protect personal data, as well as to create a culture of privacy within the BDO network.

The BDO Global Information Security Policy and Global Privacy Policy require all BDO member firms to maintain policies, procedures, and training in respect of confidentiality, information security and data protection.



On our horizon

During FY26, we are working on carrying out more detailed profiling to build out further the assurance process around our Principal Risks. We are considering the skillsets across our risk management functions and looking to enhance our capabilities.

HERITAGE + HORIZONS

TRANSPARENCY REPORT 2025

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A: Network and legal structure

BDO UK

- ▶ BDO UK is a limited liability partnership, incorporated in the UK and is owned by its members (referred to as partners). On 4 July 2025 there were 353 members
- ▶ BDO Northern Ireland is an independent partnership from BDO LLP
- ▶ A service company, BDO Services Limited, employs people, contracts with suppliers and provides services to BDO UK and third parties
- ▶ BDO is an international network of public accounting, tax and advisory firms, each of which perform professional services under the name and style of BDO
- ▶ BDO is the brand name for the BDO network and all BDO member firms
- ▶ During FY25, BDO UK moved from operating through three different streams: Audit, Tax and Advisory, to operating through four streams: Audit, Tax, Deals and CR&O. Further details on the individual services provided by each stream can be found on the [BDO website](#).

BDO Global

- ▶ Each BDO member firm is a member of BDO International Limited, a UK company limited by guarantee, as either a voting member (one per country) or a non-voting member
- ▶ BDO International Limited is the governing entity of the BDO network and sets the membership obligations of the BDO member firms through the Articles and Regulations of BDO International Limited
- ▶ The BDO network is governed by the Council, the Global Board and the Global Leadership Team (GLT) of BDO International Limited
- ▶ The Council comprises one representative from each voting BDO member firm and represents the members of BDO International Limited in general meetings. The Council approves the network's central budget, appoints the Global Board and approves any changes in the Articles and Regulations of BDO International Limited. The Council meets at least once a year
- ▶ The Global Board is the Board of Directors of BDO International Limited. It comprises the managing partners of at least the three largest firms of the EMEA region, the two largest firms of the Americas region and the two largest

firms of the Asia Pacific region. Each Global Board member is appointed for a three-year term, which is approved by the Council. The Global Board sets policies and priorities for the global organisation and oversees the work of the GLT. The Global Board met (for an in-person / hybrid meeting) or discussed single issues during a Global Board call six times in the year to 4 July 2025

- ▶ The GLT is tasked with coordinating the activities of the BDO network. It is headed by the CEO and comprises the Chief Strategy and Operations Officer, Global Head of Risk & Compliance, Global General Counsel, Global Head of Tax, Global Head of People & Culture, Global Head of Advisory, Global Head of Audit and Assurance, Global Head of Business Services and Outsourcing (also Regional Managing Director, Americas) and Global Head of IT
- ▶ The GLT is supported by the Global Office at Brussels Worldwide Services BV. Brussels Worldwide Services BV, a Belgian limited liability company, provides services to assist in the coordination of the BDO network. Each of

BDO International Limited, Brussels Worldwide Services BV and the BDO member firms is a separate legal entity and has no liability for another entity's acts or omissions

- ▶ Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BV and / or the BDO member firms
- ▶ Neither BDO International Limited nor any other central entities of the BDO network provide services to clients
- ▶ The global aggregated turnover for BDO Member firms (including their exclusive Alliances) in 166 countries for the year ended 30 September 2024 totalled US\$15bn. Partner and staff numbers at 30 September 2024 were 119,611 working out of 1,800 offices worldwide. [Appendix K](#) sets out the name, operating country of statutory auditors within the European Union (EU) / European Economic Area (EEA) and the combined turnover achieved by those firms.

Key features of the Member Firm Network Agreement

- ▶ Each BDO member firm is an independent legal entity and profits are not shared between member firms
- ▶ All BDO member firm client engagements – whether for domestic work, referred work from other firms in the network, or international work sourced from non-BDO sources – are conducted in the name of the local BDO member firm
- ▶ Membership of the network confers certain rights on BDO member firms, as well as certain obligations. Rights include the use of the BDO brand (including the network name and logo), the ability to refer work to and from other BDO member firms and a wide range of resources. Obligations include the capability to offer the minimum core services, including accounting and auditing, taxation and specialist advisory services.

B: Principal Risks

An important element of governing any organisation and safeguarding its resilience is to identify, assess and manage risk. We have assessed and documented our Principal Risks which, if realised, could have a detrimental impact on our organisation. Embedded within our Risk Management Framework is the identification of the key mitigation activities that are in place to effectively manage those risks.

As required by the AFGC, in respect of the year ended 4 July 2025, we performed a robust assessment of the principal risks facing the organisation, including those that would threaten the business model, future performance, solvency or liquidity. In performing this evaluation, we have considered the full range of the organisation's services and operational activities.

- In particular, we gave specific consideration to the following emerging and ongoing risk factors:
- ▶ The vital importance of our culture, particularly its impact on and relationship with audit quality, including our responsiveness to risks and issues raised by our regulators, and our design and implementation of responses to quality risks in relation to ISQM(UK)1
 - ▶ Significant change within our organisation, with the appointment in October 2024 of a new Managing Partner and LT and newly implemented Strategic Framework, known as the 2028 Vision
 - ▶ The accelerating pace of change, particularly in relation to generative AI, and the need to appropriately balance the opportunities and threats that this presents
 - ▶ Exposure to geopolitical risk in the context of trade wars / international tariffs in addition to the ongoing conflicts across Ukraine, Russia and the Middle East and wider global threats.



This year's review has resulted in a rearticulation of our risk profile, including the downgrading of Fraud and Insider Threat, as defined within last year's Transparency Report.

This area remains on our risk profile and, as such, appropriate mitigating activities are in place to effectively mitigate the risk of risk realisation.

Commercial Risk, and Financial Management Reporting Risk, each as defined in last year's Transparency Report as a Principal Risk, have been consolidated within the Strategic Change & Delivery Principal Risk.

The tables below summarise the Principal Risks as determined by the QRE and LT that were effective on 4 July 2025.

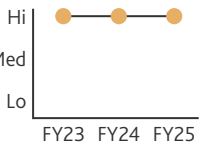
B: Principal Risks

Risk	Description / Risk landscape	Key mitigating activities
Geopolitics and macroeconomics Hi Med Lo FY23 FY24 FY25 Risk trend: no change	BDO UK faces significant challenges in navigating the complex geopolitical and macroeconomic landscape. Uncertainty and volatility in this risk have increased over the last year. The newly appointed UK and US Governments have introduced layers of political uncertainty and volatility that could impact strategic decisions. International conflicts, such as the ongoing war in Ukraine and the escalating conflict in the Middle East, add further unpredictability and volatility to the global environment. More specifically, significant political shifts created by the new Governments in the UK and US, fluctuations in global capital markets, and a worldwide volatile investment climate contribute to increased economic instability, influencing recession risks and inflation trends. The velocity at which these changes and risks have manifested themselves is unprecedented in recent times, requiring rapid analysis and adaptation in order to maintain strategic alignment. Last year marked a record year for elections in modern times, with significant voter turnout and political shifts. The previously accepted rules basis for the international order, including in relation to economic, defence, and climate frameworks, is undergoing significant transformation. These shifts are reshaping global cooperation and security dynamics, adding layers of complexity to the geopolitical landscape. These dynamics can lead to financial market instability and strategic misalignments, hindering BDO UK's ability to seize growth opportunities within the UK without increased risk. The global downturn in deal activity has exacerbated revenue challenges. Failure to adapt to these geopolitical and economic shifts could disrupt BDO UK's operational frameworks and financial planning, diminishing competitive advantage and potentially causing long-term setbacks in market positioning and revenue generation.	▶ Agility and operational flexibility ▶ Proven ability to respond effectively in similar situations ▶ Leadership-driven horizon scanning and scenario planning ▶ Risk awareness and risk management prominence in our 2028 Vision and strategy model ▶ Crisis management and business continuity planning and testing ▶ Continuous monitoring of the firm's financial metrics, cash headroom and financial resilience ▶ Scenario planning ▶ External advice ▶ Challenge of leadership by our various oversight bodies, including the external experience / perspective of INEs ▶ Managing partner membership of the global board.

B: Principal Risks

Risk	Description / Risk landscape	Key mitigating activities
Strategic change and delivery Hi Med Lo FY23 FY24 FY25 Risk trend: no change BDO UK faces the risk of failing appropriately to manage its business across the portfolio of services offered, client and audited entity relationships, people, technology and other resources, including in light of changing competitive environment. An oversight could result in our inability to adjust pricing to reflect market conditions, changes in demand for services, and rising costs. Equally, opportunity risks may arise from inadequate or ineffective marketing and business development activities. Internally, BDO UK is undergoing significant changes with the appointment in October 2024 of a new Managing Partner and LT. The new strategy, known as the 2028 Vision, is based on an established model which outlines "<i>where we win, how we win, and winning capabilities</i>". Six imperatives underpin this model, and a clear and focussed implementation plan formed of 19 LT Priorities – with a focus only on (a) what only the LT can do and (b) no more than 20 priorities over four years. A similar approach is adopted throughout the organisation to create alignment and focus for all of our people. Clarity, understanding and belief are critical to implementation of the 2028 Vision. Externally, BDO UK must navigate a rapidly changing business environment characterised by volatile market conditions, evolving client needs and changes to our competitive landscape. Poor management of client and audited entity relationships, coupled with inefficient and / or ineffective service delivery, can lead to low client satisfaction and low recovery rates. Collectively, these factors could prevent BDO UK from capitalising on market opportunities and adequately responding to commercial pressures, potentially resulting in lost revenue and a reduced market share. Failure to adapt to both internal and external changes could significantly hinder BDO UK's growth and profitability. Ensuring robust strategic change and delivery mechanisms is essential for maintaining competitive advantage and achieving long-term success. The rapidly-evolving landscape of technology and AI are a key factor in this principal risk area. ▶ LT ownership of, and regular challenge to, strategy, change, growth management and quality ▶ Challenge from our various oversight bodies, including external INEs ▶ Documented responsible growth strategy with established KPIs ▶ Regular discussions on transformation and change by LT and BDO Global ▶ Monitoring and updating stream-specific priorities, programmes, and PMD ▶ Dedicated IT resources for innovation, digital products, automation, and AI ▶ Technological innovation to increase efficiency, effectiveness and reduce cost ▶ Dedicated project management functions and resources for governance over change programmes ▶ Monitoring of people utilisation and other measures ▶ Property portfolio strategy and monitoring ▶ Ongoing curation of a balanced portfolio of revenues and investments ▶ Application of internal commercial principles for project acceptance / continuance / pricing, appropriately balancing risk / reward ▶ Use of management dashboards showing revenues, fee recovery metrics and people utilisation ▶ Expansion of support provided by BDO Shared Service Centre and through offshoring ▶ Analysis of regular detailed financial management information, and appropriate actions where needed ▶ Marketing and sales activities, and client policies and procedures ▶ Client Listening Programme ▶ Appropriate quality and risk function, as set out in the separate Principal Risks for those areas.		

B: Principal Risks

Risk	Description / Risk landscape	Key mitigating activities
BDO Network / Global  Risk trend: no change	The BDO network is critical to BDO UK's ability to offer comprehensive and high-quality services across markets. However, there is a risk that BDO Global may not manage this network effectively. Inadequate management could lead to inconsistencies in service delivery standards between BDO member firms and / or diminished service reach, potentially undermining BDO UK's market position. Failure to effectively coordinate and oversee these relationships could result in a failure to implement required policies and procedures uniformly, a lack of adequate quality controls, and delayed responses to identified deficiencies. There is also a risk of a major BDO member firm leaving the network leading to shortfalls in the capability to deliver services to global clients or audited entities and / or shortfalls in funding of critical infrastructure, resources and other BDO Global intellectual property. These risks are further heightened in the context of recent developments across the wider professional services industry, including increasing private equity investment in peer firms, consolidation of BDO member firms across jurisdictions, and centralisation strategies adopted by competitors. Any shortcomings might reduce regulator confidence, erode audited entity / client trust, and ultimately result in a loss of reputation for BDO as a whole. Ensuring robust management of the network is vital to maintaining the integrity and efficacy of BDO's global operations and to safeguarding its standing in the marketplaces within which it operates. Maintaining strategic agility and alignment across the network is essential if BDO is to respond effectively to these market shifts and preserve its ability to compete with more capitalised, centralised, or structurally integrated networks.	BDO Global: ▶ Methodologies and supporting tools applied globally, including APT ▶ BDO member firm accreditation ▶ Global policies for all BDO member firms, including risk management, data privacy and information security ▶ International quality inspection programme ▶ Sanctions on BDO member firms for non-compliance ▶ Significant financial penalties for BDO member firms trying to exit the network ▶ Strong collaboration between BDO member firms. BDO UK: ▶ Membership of the Global Board ▶ UK LT member responsible for growth, strategy & international ▶ Activity of the International Liaison Partner intervening in service issues ▶ BDO UK participation in and influencing of global policy design and oversight ▶ Challenging and influencing modernisation of governance arrangements ▶ Engagement quality control (in the Audit stream) with respect to reliance on subcontracting to BDO member firms (including component auditors) ▶ Crisis Management Committee equipped with plans and tools to rapidly respond to a significant BDO Global risk event ▶ SoQM controls (responses) for the Audit stream.

B: Principal Risks

Risk	Description / Risk landscape	Key mitigating activities
Legal and regulatory Hi Med Lo FY23 FY24 FY25 Risk trend: no change	BDO UK is exposed to legal and regulatory risks across its service lines, reflecting the range and complexity of regulatory frameworks. Quality management standards such as ISQM(UK)1 and QC1000, requiring a proactive, risk-based quality management system, are critical to maintaining audit quality and minimising regulatory intervention. Across all service lines, BDO UK must comply with obligations relating to AML, anti-bribery, and broader financial crime legislation. The Economic Crime and Corporate Transparency Act 2023 (ECCTA) introduces a new corporate offence of failure to prevent fraud, which increases the firm's potential liability where associated persons commit fraud for the benefit of the organisation. In Tax, adherence to the Professional Conduct in Relation to Taxation ensures advice is ethical, legally sound, and in line with professional standards. Non-compliance may lead to significant financial and non-financial sanctions as well as self-initiated remediation and internal investigations. As the fifth largest accountancy firm in the UK, BDO UK employs a large number of people to provide its services. Employee claims have the capacity to develop into expensive, time consuming and reputationally damaging outcomes, so we must proactively manage relationships with all partners and staff to ensure compliance with employment law. To manage these risks, we must horizon scan and maintain robust governance, effective internal controls, and ongoing staff training to ensure compliance and protect its licence to operate in a rapidly changing regulatory environment.	▶ Leadership's tone ▶ Quality control systems, methodologies and guidance ▶ Comprehensive risk reporting, triage and allocation system ▶ Proven ability to respond effectively in similar situations ▶ Extensive use of experienced external counsel ▶ Partner and staff involvement with professional institutes and regulatory bodies (identifying change and influencing where possible and appropriate) ▶ Maintaining an appropriate level of formal interaction and relationships with regulatory authorities ▶ Regular review of anticipated regulatory changes and assessment of their impact ▶ Mandatory completion of new service line checklist ▶ Perceived impact on compensation and promotion ▶ Mandatory training on subjects including economic crime, AML, ethics and data protection ▶ Dedicated 'second line' functions including technical support services, compliance activities and a central QRM team ▶ SoQM arising from the implementation of ISQM(UK)1 ▶ Horizon scanning activities ▶ Purchasing insurance responsive to legal and regulatory risks ▶ Engagement between internal legal and human resources (HR) functions, including monthly reporting of employment related matters ▶ Annual employee listening survey ▶ Ongoing review and upgrade of IT controls ▶ Dedicated commercial lawyers within the internal legal team.

B: Principal Risks

Risk	Description / Risk landscape	Key mitigating activities
Audit quality Hi Med Lo FY23 FY24 FY25 Risk trend: new Principal Risk in FY25	BDO UK is committed to serving the public interest, acting in accordance with the ethical standards and delivering consistently high-quality audits. We conduct audits across a diverse portfolio, including both PIEs, such as listed companies, credit institutions, and insurance undertakings, and non-PIEs. We do recognise that we have a higher tolerance for risk in respect of our traditional audited entity base, particularly in the entrepreneurial part of the market. As the supply side of the audit market continues to evolve, BDO UK remains active in the marketplace while continuing to be committed to managing growth responsibly. Investment in our people, processes, tools and technology supports our priority of audit quality. BDO UK's Audit practice is subject to oversight by the FRC, the ICAEW and some overseas regulators such as the PCAOB. We operate within the frameworks of the FRC's Ethical Standard for Auditors and the ICAEW's Code of Ethics, which underpin our commitment to integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In a regulated environment, failure to meet the expected standards can result in breaches of professional and ethical requirements, regulatory non-compliance, litigation, dissatisfaction with our work, reputational harm and a loss of trust. Consequences may include financial and non-financial sanctions, adverse inspection outcomes, enforcement action, and a diminished likelihood of appointment and retention, thereby weakening our position in the market. The effectiveness of our quality management system depends on robust design, implementation, monitoring, and timely remediation of responses that are designed to mitigate our identified quality risks and allow us to meet our quality objectives. This requires the right tone from the top, sustained leadership focus, clear accountability, and technical competence across all levels of our audit practice. Continuous improvement and excellence in delivery are essential not only to protect BDO UK's reputation and regulatory standing, but also to support long-term commercial success through satisfaction in our audit work and loyalty. A culture grounded in quality, professional scepticism, and ethical conduct is critical to embedding these values in every engagement.	▶ Commitment to our AQP, our SoQM remediation plans and ultimately embedding our SoQM, with members of our AE in key positions on the ORC for ISQM(UK)1 ▶ A cultural programme that promotes quality through High Performing Teams and regularly monitors and assesses the effectiveness of our actions and excellence in delivery ▶ A programme of standardisation of the application of our audit methodologies through our systems, tools and templates ▶ Ongoing investment in technology ▶ Extended delivery teams once embedded ▶ Targeted L&D ▶ Proactive support for engagements through our Audit Quality Leads network, in-flight reviews, consultations, engagement with specialists and experts and CoE ▶ Continued investment in our lines of defence to provide support to audit teams, drive and develop methodology improvements and changes ▶ Regular reporting on audit quality to our internal executive and governance bodies including: the AQE, AE, AB and the LT ▶ Client / audited entity and engagement acceptance and continuance processes and controls ▶ Internal and external licensing processes ▶ Rigorous and consistent partner and staff performance systems linked to audit quality ▶ Reward and recognition consistently linked to audit quality outcomes ▶ Improvement through learning from our internal quality inspection programme and external inspections supported by independent RCA ▶ Listening programmes and engagement feedback programmes.

B: Principal Risks

Risk	Description / Risk landscape	Key mitigating activities
Quality of service delivery Hi Med Lo FY23 FY24 FY25 Risk trend: no change	BDO UK is committed to delivering high quality engagements and services across its Tax, CR&O and Deals streams. The type and nature of the work undertaken across these streams differs widely, and is subject to a variety of regulatory and statutory requirements as well as professional standards. Given the breadth of work delivered, the risks applicable across the streams vary, but common themes include: misalignment with client or stakeholder needs, expectations or requirements; poor client selection; evolving professional standards and legal and regulatory changes; and lack of appropriately skilled or resourced teams. Each of the above could lead to failure to deliver to expected quality standards, which could result in the loss of key clients, inability to win future work, adverse reputational impacts, commercial disputes, legal claims or regulatory sanctions. A number of the services delivered by the streams are subject to complex legal, regulatory or professional standards, requiring teams to have a clear understanding of what is required and how to apply it as well as an awareness of and ability to adapt to relevant changes. Further, a dynamic economic, political and competitive environment for both BDO UK and its clients means client requirements vary, with increasing demand for new and complex services to meet these changing client needs. As this demand for new services increases, there is a risk that resource pressure and service complexity outpace our ability to deliver to the required standard. Effective horizon scanning, continuous development of professional skills and alignment with appropriate service partners, along with continuous innovation in relation to data and technology (including AI) are all essential to maintain high quality service delivery. Competitors in the market can impact on BDO UK's ability to deliver to expected standards through lack of access to attract or ability to retain appropriately skilled resource (particularly in emerging areas), or by creating pressure to keep pace with innovation and changing technology. Further, certain services are highly reliant on systems and IT infrastructure for delivery, meaning an IT failure can materially impact on BDO UK's ability to deliver to client requirements. There is also an expectation by the market that firms such as ours will keep up to date with technological changes that impact on work quality and delivery. The wide ranging nature of these risks requires BDO UK to implement and maintain a diverse set of mitigants and controls to ensure quality standards are maintained across the streams.	▶ Service line guidance, methodologies, systems, tools and templates ▶ Internal engagement review programmes (cold reviews, hot reviews, thematic reviews) ▶ Required engagement oversight by sufficiently experienced partners and staff ▶ Internal licensing programme ▶ SMEs to support delivery across engagements ▶ Client acceptance processes and controls ▶ Ongoing investment in technology and infrastructure ▶ New Services Policy and Strategic Partnership Policy ▶ Participation in professional and industry bodies ▶ Appropriate recruitment standards and continuous development of staff ▶ Client listening programmes and engagement feedback reviews ▶ Professional indemnity insurance.

B: Principal Risks

Risk	Description / Risk landscape	Key mitigating activities
Client portfolio Hi Med Lo FY23 FY24 FY25 Risk trend: no change An appropriate portfolio of clients and audited entities is central to BDO UK's commitment to high quality, independence and ethical standards. BDO UK is at risk if it fails to appropriately identify, assess and manage risks associated with the acceptance and continuance of client and audited entity relationships and projects. Specific risks attached to any one client / audited entity or client project arise from: ▶ Money laundering reporting and other economic crime considerations as to client and project ▶ Audit independence ▶ Other conflicts of interest ▶ Reputation of client / audited entity and of project ▶ Project execution risk as to skills to undertake the work (competence), available resources (capacity) and effective deployment of skills and resources ▶ Commercial risks both directly financial and non-directly financial (precluded from doing other work) ▶ Network risks, both to us and caused by us. Risks also arise from the development of new service lines. These risks are heightened in the context of a volatile macroeconomic environment, where financial distress, misconduct or ethical failures among clients / audited entities may be more likely. Even where clients and audited entities pass formal take-on and continuance procedures, there remains a reputational risk in acting for clients /audited entities whose conduct, profile or public perception may be inconsistent with our values or long-term interests. Further, new obligations such as the “failure to prevent fraud” offence under the ECCTA reinforce the need for rigorous and ongoing client / audited entity risk assessment processes, including periodic reassessment and escalation of concerns where necessary. Failure to manage these risks effectively may result in regulatory breach, reputational damage, enforcement action, damage to the network or individual firms or commercial loss. ▶ Tender approvals and portfolio reviews ▶ Service-specific approvals prior to firmwide acceptance processes ▶ Client / audited entity engagement acceptance and continuance policies, procedures and training ▶ UK and international conflict checking processes ▶ Processes operationalised through software solutions, with key controls integrated ▶ Escalation of approval of potential bids, clients, audited entities or engagements with higher risk characteristics or reputational concerns ▶ Dedicated 'second line' functions including subject matter expert support services ▶ Maintaining adequate professional indemnity insurance ▶ Annual quality and risk assessment for all partners.		

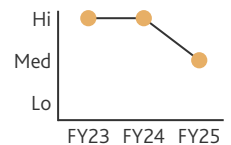
B: Principal Risks

Risk	Description / Risk landscape	Key mitigating activities
Reputation Hi Med Lo FY23 FY24 FY25 Risk trend: no change BDO UK's reputation may be adversely affected by internal or external events that undermine stakeholder confidence, impairing its ability to operate effectively and build its market position. In today's climate of increased public and media attention on professional services firms and the large accounting firms in particular, managing reputation proactively and where necessary reactively is critical to BDO UK's long-term success. BDO UK is viewed as an "accounting giant", operating in a scrutinised profession and working on high-profile work of public interest; its ability to manage its reputation must be mature and must create the right environment for BDO to win work, retain the licence to operate and have the permission to grow. 14% of mid-market businesses (BDO UK's market, and target, heartland) who changed their auditor / adviser in the last year cited "poor media coverage" as a primary factor according to YouGov research in 2025 – an increase on prior years. Failures in adapting to new or updated standards and regulations, and / or inadequately addressing adverse findings from regulatory inspections, may result in sanctions, including restrictions on operations, loss of licence to trade, and / or financial penalties. Moreover, unethical behaviour or a lack of integrity by our people could significantly tarnish BDO UK's reputation, regardless of whether such behaviour is systemic or isolated, leading to diminished trust among audited entities, clients, and the wider public. Such actions could severely affect our ability to attract and retain business. The evolving regulatory landscape introduces additional uncertainty, and failure to adequately respond to these changes — including investment in enhanced quality frameworks such as a SoQM, or planning for the resources needed to meet new expectations — could further undermine BDO UK's market credibility, client / audited entity trust, and overall resilience. Operational and strategic decisions also have the potential to garner media comment and regulatory interest and, where matters are leaked, may force leadership into reactive comment. BDO UK's reputation is shaped by its leadership, the consistency with which its values are upheld by its leadership, the type of clients, audited entities and engagements it accepts, its decision-making criteria, how it deals with complex social or cultural agendas, and the way it manages all forms of media. Reputational damage in any of these areas — even if indirectly caused — could attract regulatory attention, damage stakeholder relationships, lose work or talent, and erode our competitive position. Reputational damage is also caused when BDO network firms and other large accounting firms attract negative media. Further, our people, if identified as employees or partners, have the potential to attract negative press comment as a result of inappropriate behaviour outside of work. ▶ Strong governance: ethics and integrity of leadership and partners in line with defined BDO UK values ▶ Approval processes, annual declarations and take-on processes that include reputational aspects ▶ Dedicated ethics team and yearly ethics training ▶ Integrated approach to managing our external stakeholder network ▶ Proactive reputation management programme led by the Chief Communications Officer ▶ Global alignment on issues management and response (e.g. BDO Global, BDO US) ▶ Public and media relations policy ▶ Active media engagement activities managed by the Corporate Affairs team, with approvals required for all external publications ▶ An evidence log of all claims made in our suite of annual reports ▶ Only approved and media-trained partners may brief journalists, supported by a 24/7 Press Office and access to leading Public Relations agencies ▶ Ongoing monitoring of media coverage and social media discourse regarding BDO UK ▶ Publicised Social Media Policy, Professional Conduct Policy, BDO UK Code of Conduct and Working Away and Socialising Outside of Work Policy ▶ Live horizon scanning, including a quarterly reputation management dashboard ▶ Key reactive mitigations COBRA Committee ▶ Crisis management and business continuity planning, testing, and scenario exercises with a tested and live response plan ▶ Comprehensive risk reporting, triage and allocation systems ▶ Prior experience in-house of handling negative press and difficult media enquiries and access to leading Public Relations agency if additional counsel is required.		

B: Principal Risks

Risk	Description / Risk landscape	Key mitigating activities
Hi Med Lo FY23FY24FY25 Ethics and values Risk trend: no change	Ethics and values are key to our reputation, our role serving the public interest and society. They are equally key to our culture. As such, if our ethics and values framework were to fail effectively to define, communicate, or uphold our ethical and independence standards and core values, this could potentially enable unethical behaviour or isolated actions that could significantly damage us. While BDO UK has a good track record regarding independence and has upheld a consistent set of ethics and values over many years - helping to maintain an ethical culture where speaking up is expected, safe spaces are protected, and doing the right thing is expressly recognised and applauded. Failure to continually reinforce these standards in practice could compromise our commitment to professional and regulatory expectations. As well as resulting in regulatory risks, such a breakdown could undermine our risk culture and result in a loss of trust and confidence from key stakeholders, including the general public, audited entities, clients, regulators, and our people. Inappropriate behaviour, misconduct or ethical lapses — including acts of fraud, misreporting, or unauthorised disclosure of information — may also arise where ethical expectations are not consistently upheld or where internal pressures compromise professional judgement. While isolated, such instances may carry a disproportionate risk to our reputation, regulatory standing, and stakeholder confidence. Embedding our values in daily decision-making and reinforcing expectations at all levels helps mitigate these risks. The culture and tone set from the top are critical to this.	▶ A culture of serving society and “doing the right thing” set from the top ▶ Focus on values, culture, quality, independence, and ethics within the 2028 Vision, combined with ongoing monitoring including a listening programme and exit surveys ▶ Dedicated Ethics Partner, and supporting ethics function, reports directly to Managing Partner with direct ‘access’ to INEs and our regulators ▶ Ethics built into key drivers of culture, including quality and risk performance reviews ▶ ‘Ethics watermark’ and personal integrity built into the entry points to the firm: personnel hire, client / audited entity take-on, supplier take-on, new service authorisation ▶ Whistleblowing policies and hotline, encouraging scepticism and speaking up and maintaining awareness, monitoring of retaliation ▶ Clear process for managing breaches of ethical policies, including investigation and escalation routes and the identification and execution of remedial actions ▶ Mandatory annual ethics training for all of our people, combined with mandatory ethics training during onboarding ▶ Periodic internal audit and regulatory reviews of ethics-related controls and conduct risk areas ▶ Challenge from our various oversight bodies, including INEs with external experience / perspectives.

B: Principal Risks

Risk	Description / Risk landscape	Key mitigating activities
People and culture  Risk trend: Decreasing	In the context of a challenging business landscape, BDO UK's One Firm Culture and the supporting firmwide People Proposition may prove inadequate to effectively attract, retain and develop the high-quality talent we require in our business. A deficit of high-quality, skilled talent within the business impairs our ability to deliver quality work in an efficient, effective way and undermines our role in doing the right thing for business and society. A strong, overarching culture, in which a culture of quality is embedded, is essential to mitigate this risk and ensure we remain able to focus on sustainable, profitable growth. The challenging business landscape manifests itself in: ▶ Evolving expectations of the employer / employee relationship ▶ Dominance of reward and recognition as an attraction tool ▶ Skills drain and attractiveness of our profession ▶ Adoption of agile working practices and technology (including gen AI) ▶ Demand for inclusion and belonging ▶ Prominence of wellbeing in decision-making ▶ Moving 'learning' from a need to a want. Culture (who we are and how we do things) is the blood which flows through our veins. It shapes how we work together, win together and thrive together both internally and externally. We must nurture a culture that is born from our core purpose, is bound by our values and supports our vision to put people and culture at the heart of our business.	▶ Embedding and monitoring of our One Firm Culture ('The Feel') and our People Proposition ('The Deal') ▶ Review and definition of a long-term reward and recognition strategy ▶ Review and definition of a cross-stream L&D strategy focused on core professional and business development skillsets ▶ The development, implementation, embedding and monitoring of ED&I firmwide and stream plans, social mobility plan and ESG strategy ▶ Development of an active engagement strategy focused initially on our Listening Programme ambition to have an engagement score within the top quartile for professional service firms ▶ Robust recruitment and screening processes ▶ Appropriate policies and robust messaging around the appropriate use of generative AI in all aspects of a colleague's working life ▶ Governance structures, including ToR as appropriate, in place for people and culture governance bodies ▶ Learning culture supported by technical and commercial training, development, and on-the-job coaching ▶ Structured career discussions, performance reviews, and feedback to develop partners and employees ▶ Development and implementation of a multi-year partner development, hire and promotion investment / plan and active succession planning ▶ Strong focus on people in new strategy, alongside BDO UK's people proposition and Quality Cornerstones to guide professional behaviour ▶ Role-modelling of behaviours required to bring to life our culture and deliver our refreshed People Proposition ▶ Development of tools and identification of KPIs to ensure effectiveness of our culture and People Proposition in delivering our strategic ambitions ▶ Listening events and Annual Listening Programme Engagement survey.

B: Principal Risks

Risk	Description / Risk landscape	Key mitigating activities
Environment and sustainability Hi Med Lo FY23 FY24 FY25 Risk trend: no change BDO UK's environmental management approach is critical to delivering on its sustainability commitments and supporting its transition to Net-Zero. Failure to understand the physical and transitional risks and opportunities associated with a changing climate, and factor these into BDO UK's business strategy, may undermine operational resilience and business continuity, and present commercial and market access risk. Failure to maintain effective, measurable strategies – or to demonstrate credible progress against stated environmental and climate goals – may expose BDO UK to increasing regulatory expectations, stakeholder scrutiny and reputational risk. Lack of certainty around the evolution of disclosure obligations, rising client procurement criteria, and changing societal expectations place growing emphasis on how firms address sustainability and climate impact. A weak or outdated approach – or failure to deliver tangible progress – could damage BDO UK's brand and impair its ability to attract and retain clients / audited entities and talent, particularly in sectors prioritising responsible business conduct. Delays in achieving Net-Zero targets, or failure to provide transparent reporting, may further erode confidence in BDO UK's commitments and reduce competitiveness in markets where sustainability performance is a key differentiator. ▶ Commitment to becoming a Net-Zero business by 2050 ▶ Net-Zero targets validated by external party (Science Based Targets initiative) ▶ Increasing Independent Limited Assurance of environmental data (Greenhouse Gas emissions) ▶ Data improvement programme supported by move to ESG software as a service (SaaS) platform ▶ Communication and reporting carried out with strong review and approval processes ▶ Recruitment and retention of suitably qualified data and carbon accounting experts ▶ Education and awareness raising with employees, clients and suppliers on environmental topics ▶ Oversight from Decarbonisation Steering Group ▶ Sustainability and ESG Board formed to advise the LT on long-term and emerging issues such as biodiversity ▶ Regular strategy updates with governance bodies ▶ Regular internal audit reviews ▶ Increased supplier due diligence on environmental topics ▶ Tracking of client requests for due diligence, prioritising support for bids and tenders ▶ Policy changes supported by leadership (travel, property, supplier management) ▶ Annual publication of our Impact Report which includes mandatory and voluntary disclosures ▶ ISO:14001 Environmental Management System Accreditation ▶ Liaising with BDO Global with respect to the wider network's sustainability agenda ▶ Annual Climate Scenario Analysis to inform business strategy ▶ Climate Risk Working Group established to manage risks and opportunities related to climate change.		

B: Principal Risks

Risk	Description / Risk landscape	Key mitigating activities
Confidentiality and information security Hi Med Lo FY23 FY24 FY25 Risk trend: no change	BDO UK has a duty to safeguard client, audited entity and personal information from threats to confidentiality, integrity, and availability. Any failure to do so could result in unauthorised disclosure, loss, or corruption of information, with potentially significant regulatory, legal, operational and reputational consequences. There is a risk that BDO UK may be unable to prevent or rapidly recover from a cyber-attack, ransomware incident, or data breach, particularly as cyber threats grow in scale and sophistication or previously unknown software vulnerabilities may be exploited before vendors issue fixes (known as zero day exploits). Inadequate detection, response, or resilience capabilities could impair operations, disrupt service delivery, or result in the compromise of sensitive information. In addition, there is a risk that BDO UK fails to identify and mitigate emerging information security threats – including the malicious use of AI, exploitation of third-party or cloud service vulnerabilities, or misuse of privileged access – especially where such threats evolve faster than internal controls or awareness. Ensuring strong information governance, maintaining effective security protocols, and investing in operational resilience are essential to protect stakeholder trust and BDO UK's licence to operate.	Governance, policies and assurance: ▶ Globally recognised standards such as ISO27001:2022 (Information Security Management System) accreditation and Cyber Essentials Plus certification ▶ Monitoring by LT, QRE via regular briefings and a dedicated Information Security committee chaired by COO and members from LT, OB, and QRE ▶ Three lines of defence, which includes dedicated teams for IT Governance, IT security, Chief Information Security office, data protection, internal audit ▶ Policies and procedures aligned to legal, regulatory and best practice controls ▶ Extensive data protection policies and processes, including solutions for data loss prevention and detection and internal and external audits third-party and cloud provider security assurance reviews and contractual requirements ▶ Business continuity framework informing and monitoring continuity planning and disaster recovery. Technical controls and architecture: ▶ Security by design policy and procedures ▶ Exposure management procedures to proactively identify and rapidly remediate ▶ Strong identity including multi-factor authentication with separation of privileged and user credentials ▶ Mobile device management to protect the device and data from threats ▶ Security operations centre utilising advanced technologies to detect and respond to threats and suspicious behaviour. People and behaviour: ▶ Mandatory annual training for information security and data protection ▶ Ongoing awareness activities to alert partners and staff to topical cyber risks and the behaviours necessary to minimise such risks ▶ Targeted training / alerts to specific teams (e.g. Finance) ▶ Simulated Phishing exercises to reinforce learning.

B: Principal Risks

Risk	Description / Risk landscape	Key mitigating activities
Technology Hi Med Lo FY23 FY24 FY25 Risk trend: no change	BDO UK may fail to effectively govern, implement, and leverage technology, resulting in operational disruption, reduced service quality, or loss of market relevance. Weaknesses in the design or execution of technology strategy, including poor change management, lack of integration across platforms, or underinvestment in scalable and resilient infrastructure, could compromise the organisation's ability to operate effectively and meet client / audited entity expectations. Rapid advancements in areas such as AI, including generative AI, create both opportunities and risks. Without robust oversight, the use of emerging technologies may lead to unintended consequences such as bias, confidentiality breaches, or errors in outputs. Unauthorised or uncontrolled use of technology, including shadow IT and unmanaged SaaS platforms, can introduce cyber vulnerabilities, compliance issues, and data fragmentation, undermining IT governance. Failure to embed appropriate controls across the technology lifecycle, from design and procurement through to deployment and decommissioning, may result in inefficiencies, duplication, or technical debt. A lack of agility in responding to evolving business needs and client expectations could impede our ability to innovate, transform services, or remain competitive in a fast-moving market.	Strategy and governance: ▶ Clearly defined IT strategy aligned with business objectives and communicated across the organisation ▶ IT policies and procedures in place, including a technology governance framework covering access, change, patching, and infrastructure oversight ▶ Digital Board drives firmwide innovation, promotes adoption of new technologies, and owns digital products such as those developed through BDO Labs. Operational resilience: ▶ Incident, change, and problem management processes are embedded and subject to regular review ▶ Disaster recovery and business continuity plans are maintained and tested to support continuity of critical technology services ▶ Monitoring of infrastructure usage and future capacity requirements for critical systems. Security and controls: ▶ Privileged access management in place, including oversight of third-party access to networks and systems ▶ Regular internal reviews of incidents and service levels, including checks to prevent unauthorised software installation ▶ IT control monitoring conducted by appropriately qualified and resourced governance and control teams. Sourcing and vendor management: ▶ Procurement Policy defines technology sourcing and vendor management processes, with outsourced provider performance subject to regular review and contractual service levels. Emerging technology and innovation: ▶ AI Enablement Working Group established to explore and govern the responsible use of AI, including generative AI ▶ Controlled experimentation environment for new technologies to mitigate risks before enterprise-wide adoption.

B: Principal Risks

Risk	Description / Risk landscape	Key mitigating activities
Hi Med Lo FY23 FY24 FY25 Risk trend: no change	BDO UK's ability to manage, govern, and extract value from data may be ineffective, potentially limiting BDO UK's operational effectiveness, regulatory compliance, and strategic decision-making. If the location and classification of data are unknown or inconsistently applied, this may lead to inappropriate access to restricted data, making it difficult to ensure data is only used for authorised purposes and in line with legal and regulatory requirements. Failure to maintain data quality, consistency, and accessibility across systems and service lines could result in inefficiencies, misinformed decisions, and impaired reporting. Challenges may arise from poor data governance, including unclear ownership, lack of accountability, or inconsistent data management practices. The absence of a firmwide approach to data stewardship may lead to duplication, fragmentation, or underutilisation of data assets, reducing their value and creating compliance and operational risks. In particular, failure to align data storage and classification with security standards could result in breaches or data misuse, increasing BDO UK's exposure to regulatory and reputational damage. Data silos — whether from legacy systems, unintegrated platforms, or inconsistent taxonomy — can restrict the flow of accurate, real-time insights, impairing the ability to respond to risks or seize commercial opportunities. Without a clear and coherent data strategy, BDO UK risks falling behind competitors in its ability to leverage analytics, automation, and innovation. Ultimately, data is a strategic asset, and failure to treat it as such could compromise BDO UK's ability to operate efficiently, meet stakeholder expectations, and deliver high-quality services.	▶ IT, QRM and data policies and procedures ▶ Dedicated Data Office, led by the Chief Data Officer ▶ Establishment of a central data governance framework with defined roles (data trustees, stewards, custodians) ▶ Development and implementation of a firmwide data strategy, aligned to business objectives ▶ Data quality monitoring and remediation programmes, with regular validation and cleansing ▶ Adoption of standardised data definitions and taxonomy across platforms and reporting lines ▶ Data labelling and access controls; ▶ Integrated data platforms or dashboards, reducing reliance on manual processing ▶ Consider mandatory training and awareness for data literacy at all levels, including leadership ▶ Data maturity assessments and periodic internal audit reviews to benchmark progress ▶ Clear policies and procedures on data retention, lifecycle, and accountability ▶ Oversight by a Data Governance Council or inclusion in Quality & Risk Committees ▶ Internal reporting and monitoring of key data metrics (e.g. % of automated vs. manual data inputs, number of reconciliations, % compliance with taxonomy standards) ▶ Delivery of a Master Data Management programme for organisation data.

C: Audit Firm Metrics¹⁰

We use Audit Firm Metrics to help provide insight into audit quality internally and as a source of information for our wider business intelligence (i.e. wider correlations to audit quality). We work to continually align Audit Firm Metrics with the needs of the AE, AQE and QLC to both identify good practice and areas requiring improvement via regular reporting cycles. This, in turn, is helping develop appropriate corrective actions / interventions aligned with our BPOs and leadership's objectives, the effectiveness of which is then re-assessed by our Audit Firm Metrics. This cycle is summarised in our [Audit quality section](#).

We note that our external stakeholders, such as audit committees and regulators, use Audit Firm Metrics when assessing the quality of our external audits as well as to monitor the overall trend of audit quality within the profession. We continue to collaborate with the FRC in our continued understanding of what 'good practice' represents in the use of Audit Firm Metrics. Internally, we are continuing to re-assess our selection of Audit Firm Metrics parallel to the continued evolution of our SQAP, the results of our ISQM(UK)1 assessment, guidance issued by BDO Global and the outcomes of the annual reporting to the FRC (see [Firm Metrics July 2025](#)).

Audit quality measures

These measures can be used to assess our internal quality management processes (e.g. internal monitoring systems) as well as the quality of engagement performance (the outcomes / findings of the internal monitoring systems).

The reported results are indications that the quality of individual engagements is adequate or inadequate, but further work is subsequently performed by the RCA team (and summarised in the [Audit quality section](#)) to understand if the identified issues are isolated or systemic.

Metrics on external investigations related to our audits

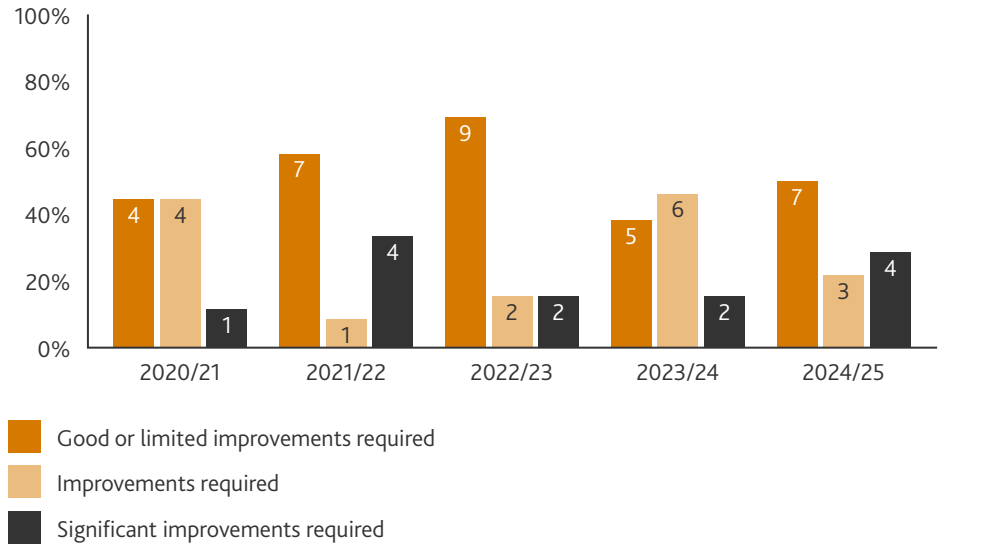
Audit Firm Metrics Definition	Metric FY25 (FY24)	Commentary
Number of cases in the last year (6 July 2024 – 4 July 2025) in which the FRC's Conduct Committee has found against the firm or one of its partners	0 (0)	No such cases occurred during the year to 4 July 2025
Number of cases in the last year (6 July 2024 – 4 July 2025) in which the equivalent of a Conduct or Disciplinary Committee of any other Regulatory Body has found against the firm or one of its partners	2 (3)	During the year, consent order offers were received from the ICAEW for both the firm and a former partner regarding one case. They had not been accepted by the firm's year end but have been included in the metric for FY25. The other case relates to an ICAEW finding against one of the firm's partners in relation to work performed at another firm during 2018. Where we have enquiries from the ICAEW we are committed to working constructively with them to resolve these. Further details of the ICAEW's disciplinary process can be found at www.icaew.com

Metrics on audit quality reviews (external)

Results of inspection by the FRC's Audit Quality Review of corporate audits

The FRC's AQR report focuses primarily on the audits of PIEs. The AQR team reviews a risk-based sample of individual audits and assesses elements of our SoQM. Separately, they provide thematic reviews on a periodic basis, which help facilitate our efforts in continuous improvement.

The most recently completed AQR report for the 2024/25 cycle was published in July 2025 and was in respect of engagements with year ends ranging from June 2023 to March 2024. The full 2024/25 AQR report on BDO can be found at: [FRC BDO LLP Public Report July 2025](#).



¹⁰ Audit Firm Metrics were referred to as Audit Quality Indicators in our 2024 Transparency Report and prior. The change in terminology is to align to the naming convention now used by the FRC.

C: Audit Firm Metrics



Results of inspection by the FRC's Audit Quality Review of public sector audits

The FRC is also responsible for monitoring the quality of 'major local audits' as defined within the Local Audit (Professional Qualification and Major Local Audit) Regulations 2014 (MLAs), focusing on both financial statements and Value for Money (VFM) arrangements.

The FRC inspected a sample of six NHS MLAs this year, one of which was a BDO UK audit and this was rated good for both the financial statement opinion and VFM conclusion. The FRC will not publish a full public report on MLAs for the current year.

The FRC previously set out how they will [support the local audit system to recover](#) and this will continue. For the year ended 31 March 2025, the FRC will:

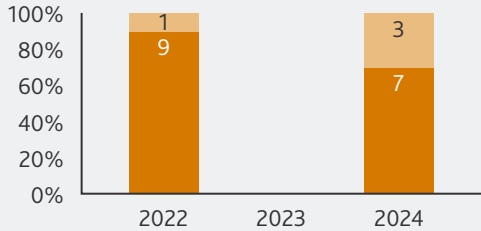
- ▶ Continue to perform six inspections of NHS MLAs
- ▶ Perform no routine inspections of local government MLAs unless there is a clear case in the public interest to do so. This decision will allow staff and partners at audit firms to focus on rebuilding assurance by completing as much outstanding work as possible.



Results of inspection by the ICAEW's Quality Assurance Department of corporate audits

The ICAEW's QAD undertakes inspections of UK statutory audits which are outside the scope of the FRC's AQR's inspections. We receive a private annual report from the QAD documenting its findings and a summary of the inspections is included in section 2 of the FRC's AQR report on the firm.

In accordance with the biennial review schedule operated by the QAD, the results of the most recently completed review by the ICAEW's QAD for 2024 were included in the FRC's July 2025 report and were in respect of engagements with year-ends ranging from March 2023 to March 2024. The summary of the inspection outcomes can be found at: [FRC BDO LLP Public Report July 2025](#).



- Good/generally acceptable
- Improvement required
- Significant improvement required

Of the 10 reviews performed, 7 files were graded good or generally acceptable, and 3 files required improvement. No files required significant improvement.

Results of inspection by the ICAEW's Quality Assurance Department of public sector audits

The QAD additionally undertakes inspections of UK non-major local audits. All firms authorised by the ICAEW to carry out local public audits under the Local Audit and Accountability Act 2014, and actively undertaking local audits, of which BDO UK is one, receive a monitoring review at least once every three years.

During the period, the ICAEW did not inspect any of the firm's non major local audits, in accordance with its planned inspection programme, and therefore there are no results included in this report.

The most recently completed review by the ICAEW's QAD was for an engagement with a March 2022 year-end and reference to the review was included in our Transparency Report 2023.



C: Audit Firm Metrics

Metrics on audit quality reviews (internal)
Results of our practice reviews

Both the current year and comparative data include all UK audit engagements and, as applicable, UK overseas territories audits performed by BDO UK.

Any comparison of results year-on-year should recognise we continually seek to refine our approach to internal reviews, to ensure they are consistent with the latest regulatory developments and continue to be sufficiently challenging and robust.

The grading categories used in this table are:

- Good:** This grade covers audits where there are no identified key findings and other findings / matters are limited in number.
- Acceptable with limited improvements required:** This grade covers audits where any key findings are limited both in significance and in number.
- Improvements required:** Generally, an audit is graded 'Improvements Required' where there are weaknesses in audit evidence, documentation and / or significant judgements that are unlikely to have a material impact.

Grade	2024 complete	2024 (%)	2023 complete	2023 (%)	2022 complete	2022 (%)
1. Good	16	20%	16	16%	14	14%
2. Acceptable, limited improvements	39	47%	39	40%	51	53%
3. Improvements required	19	23%	26	27%	15	16%
4. Significant improvements required	8	10%	17	17%	16	17%
Total	82	100%	98	100%	96	100%

Significant improvements required: Audits are graded 'Significant Improvements Required' where they do not provide reasonable assurance that there are no undetected material misstatements, or there are significant concerns over the appropriateness of a significant judgement(s), which are likely to be material.

In the latest review cycle (FY25), 27 engagements were rated as either 'Improvements Required' or 'Significant Improvements Required'. The reduction in the proportion of engagements not reaching our expected level of audit quality, relative to the prior year, has been addressed in the [Audit quality](#) section. RCA is performed over some of these engagements at an engagement level and on a thematic basis.

Our approach to PRs is such that each RI will normally be subject to review every two years.

Where engagements are graded as 'Improvements Required' or 'Significant Improvements Required', the RI will complete a quality improvement plan, which will be submitted to both the Practice Review Partner and Head of Audit Quality and Risk for approval. We are enhancing our oversight of quality improvement plans and going forward they will be monitored on a quarterly basis.

Where engagements are graded as 'Improvements Required', the central PR team will conduct a follow up review of the same file when the next engagement has been completed to ensure the RI has implemented the actions in response to the findings.

Where engagements are graded as 'Significant Improvements Required', the RI will be subject to a follow up review of the same file when the next engagement has been completed to ensure the RI has implemented the actions in response to the findings and that RI will be selected for another review in the following year's PR process.

42% of RIs (based on number of RIs as at end of FY25) were subject to PR during the 2024 cycle.



C: Audit Firm Metrics

Operational metrics

We consider the number of Audit stream staff members in the UK firm, including new hires and leavers during the period, as indicators of the consistency of the firm's engagement teams. We hold that consistent teams assist in improving our audit quality and maintaining professional knowledge within the organisation, whilst recognising that adding new staff will promote new and fresh ideas, ultimately improving and achieving high audit quality.

Furthermore, whilst acknowledging the right number of RIs to have when compared against staff will be dependent upon the firm's engagement portfolio, a higher proportion of senior engagement team members may indicate that the firm possesses the right levels of experience and knowledge to benefit audit quality.

In addition, the Audit stream utilised EDTs in South Africa and India to provide additional resources during the year. The total number of staff in the EDTs at 4 July 2025 was 233 (5 July 2024: 261).



Audit Firm Metric definition	Metric FY25 (FY24)	Commentary
Opening number of permanent partners and staff members within the Audit stream (as at 6 July 2024)	3,117 (2,971)	We believe that our staff turnover appropriately reflects the profile of our business and we have huge pride in the exceptional talent of all of our people, even after they leave the firm.
Number of newly recruited and internally seconded / transferred permanent partners and staff members to the Audit stream within the period 6 July 2024 – 4 July 2025	659 (862)	The minor variance identified in the headcount reconciliations for both FY24 and FY25 are reflective of individuals either moving from professional to support roles or casual workers to regular employees during the period, which are not regarded as either new joiners or leavers from the Audit stream per the definitions provided above.
Number of leavers and internally seconded / transferred permanent partners and staff members from the Audit stream within the period 6 July 2024 – 4 July 2025	848 (744)	The difference between the FY24 closing position and the FY25 opening position relates to those staff movements that took place on 5 July 2024 itself, the remapping of worker types and inclusion of interns in our headcount.
Closing number of permanent partners and staff members within the Audit stream (as 4 July 2025)	2,930 (3,085)	

Metrics on RIs

Audit Firm Metric definition	Metric FY25 (FY24)	Commentary
Number of Audit RIs (as at 4 July 2025)	193 (177)	With an increase of RIs during the year of 16 (9%) we have continued our investment in senior experience and knowledge to support our Audit teams to deliver quality
Ratio of RIs to non-RI audited entity facing permanent staff members for the Audit stream (as at 4 July 2025)	7.4% (6.0%)	

C: Audit Firm Metrics



Investment metrics

We consider the average number of hours of structured learning per person in the Audit stream, the total number of hours of structured learning completed by all staff members and partners within the Audit stream during the financial year as well as the percentage of completions of structured learning as at the financial year end, as indicators of our investment in improving audit quality and maintaining professional knowledge.

All staff and partners are required to complete mandatory firmwide risk management and ethics training annually. For our Audit partners and staff, our required learning curriculum also requires completion of stream specific technical and skills learning. In addition to any required learning for new joiners, individuals either complete our EiC or Audit Connect programme as applicable to their grade as well as any role specific learning deemed necessary. EiC is our pre-qualified curriculum and Audit Connect is our post-qualified curriculum. Bespoke learning programmes are added as needed to support our Audit partners and staff. All this formal learning is then further supplemented with localised and self-directed learning as appropriate.

Further description of the L&D programmes provided to our partners and our people during the financial year can be found in the [About us](#) section (for firmwide L&D programmes) and the [Audit quality](#) section (for Audit L&D programmes).

The total structured learning for our Audit partners and staff equates to approximately two weeks on average per person. In FY24, our core curriculum was supplemented by several programmes, covering key topics such as journals, stock counts and working with specialists and experts. In the FY25 curriculum, these elements have been streamlined and incorporated into our main curriculum as appropriate. Further, our curriculum has been tailored so that individual elements are specifically targeted at only those in the relevant audience group as opposed to the full stream, resulting in a more focus learning offering and reduced overall average hours per person.

100% completion is expected on all structured learning. Minor fluctuations occur year on year, the result of numerous factors including the timing of learning release versus reporting date, staff sickness and other absences. Overall non-completion levels are minimal and each case is followed up as appropriate. Non-completion forms part of our assessment of overall performance for staff and Partners, with appropriate follow up action taken, in line with our policies.

Overall metrics on investment in training

Audit Firm Metric definition	Metric FY25 (FY24)
Average hours of structured learning per person in the Audit stream	70 (78)
Total hours of structured learning completed by all staff and Partners within the Audit stream	225,001 (206,494)
Percentage of completions of structured learning in the period 1 July 2024 – 30 June 2025 ¹¹	99.60% (99.46%)

The metrics above reflect the time recorded for learning activities by our Audit partners and staff and presume complete and accurate time recording.

We believe the learning undertaken by our partners and our staff supports them to meet the ICAEW's CPD requirements.



¹¹ Please note that the FY24 percentage of completions of structured learning covers the marginally extended period of 1 July 2023 – 5 July 2024 (resulting from movements in the year-end and timing of report running). The impact of the additional five days on the comparative is not considered significant.

C: Audit Firm Metrics

Culture and behaviour metrics

As we continue to embed and evolve our culture and behaviours within the Audit stream by embedding our High Performing Teams framework, underpinned by our Audit Specific Behaviours, understanding where we are on the culture journey is important. This understanding informs the decisions we make in the Audit stream and ensures we invest time and effort in the areas which deliver continuous improvement.

As a result, we consider the 'favourable' responses provided, in a representative sample of questions from our annual Audit Quality Survey, as an indicator of our progress on audit culture initiatives and partner and staff engagement with our High Performing Teams framework.

The results presented here are from the annual Audit Quality Survey which was issued to the Audit stream in April 2025. These results, along with the results of other surveys, are reviewed by the Audit Culture Committee and the AE to help identify ways to improve the understanding and engagement with audit quality improvements and to highlight areas where further focus is required.

All results (both 2025 and 2024) represent the combination of 'Strongly Agree' and 'Agree' responses. It is noted that the 2025 Audit Quality Survey achieved a response rate of 71%, whereas the 2024 Audit Quality Survey achieved a response rate of 68%.

Audit Firm Metric definition (question from the Audit Quality Survey)	Question Domain	2025	2024
I take pride, am accountable, and have personal responsibility for the quality of the work that I complete	Quality	97%	97%
I believe that the engagement leaders I work with demonstrate a commitment to consistent high quality through their actions and behaviours	Quality	90%	92%
I believe the engagement teams I work with collectively take pride and are accountable for the completion of their work to a consistent high-quality standard	Quality	82%	83%
I personally have sufficient time and appropriate resources to deliver consistent high quality audit work	Resourcing	52%	56%
The learning, coaching and development I receive from BDO enables me to deliver consistent high-quality audits	Training	78%	79%

This year's Audit Quality Survey results are directly comparable with the 2024 Audit Quality Survey with statistically insignificant variances. The Audit Quality Survey results continue to emphasise the need for continued action in key areas. We must continue to enhance project management practices, engage with our Standardisation and Optimisation programme, and strengthen resource

management through our Audit Resourcing Directorate. Additionally, continued focus on reward and recognition, fostering experiential learning and on-the-job coaching, and ensuring accountability remain crucial priority areas which will help us continue to move towards an established culture of quality.

Our ongoing investment activities in technology, research and development

Whilst we do not have a formal metric in this area, it is worth noting our ongoing activities in technology, research and development. We have improved our data analytics platform, BDO Advantage, adding features for risk assessment and fraud detection. In addition, a new tool for automating substantive audit testing will be rolled out in FY26, boosting efficiency and standardisation in audit processes.

We have also strengthened our certification process over audit tools in response to the ISQM(UK)1 remediation programme. This enhancement includes improved governance and documentation processes, better quality control over tool testing, and the involvement of key parties, all of which are overseen by the Audit Digital Board. Additionally, we have introduced a self-certification policy for Audit teams using tools that are not centrally certified.

Within TRA, the emerging technology group have investigated emerging technologies, including use of AI, in order to enhance our capability and develop guidance for auditing new technologies. BDO Audit labs have experimented on nine ideas from the Audit stream in the last year, with three successful

experiments able to start production next year. This includes development of AI knowledge bases. In addition, AI Labs are investigating the use of AI technology. A dedicated AI Labs team has been established to further explore the use of AI across BDO. Further developments have been made on automation where 15 new automation processes have been implemented this year, amounting a total estimated time saving equivalent of 85 full time staff.



D: Compliance statements

The Transparency Report is compliant with the AFGC, Article 13 of the EU Audit Regulation (537/2014) and the Local Auditors (Transparency) Regulations 2020.

We have included below individual statements of compliance as required by the regulations above. Compliance mapping to the individual requirements and regulations is set out in [Appendices G-I](#).



Statement of review of the effectiveness of internal controls as required by AFGC provision 24

As part of its annual procedures and in compliance with the AFGC, the LT confirms that it has conducted a thorough review of the effectiveness of the internal control system. The LT is satisfied that the system is operating effectively and aligns with the risk management principles outlined in the AFGC subject to the disclosures made in relation to the firm's SoQM evaluation set out later in this section.

Summary of the processes that have been applied

The review of the effectiveness of the system of internal control included the following:

- ▶ Considering and review of relevant aspects of the firm's governance structure including its oversight and executive committees. This includes self-assessments, reviews of ToR and monitoring of KPIs
- ▶ Reviewing reports relating to quality and risk activities across the firm and minutes from the QRE, as well as regular discussions on quality and risk issues with the Head of Quality and Risk on the management and monitoring of risks
- ▶ Reviewing the firm's Principal Risks and ERM framework, activities, policies and other documentation
- ▶ Closely monitoring the operation of the firm's ISQM(UK)1 framework, considering its effectiveness, as well as reviewing and considering the results of the testing and evaluation performed by the ISQM(UK)1 team
- ▶ Reviewing regular reports and updates from the firm's Finance Partner relating to financial controls, budgeting and performance
- ▶ Participation in various governance committees and working groups, developing, implementing and reporting on the firm's data governance framework, policies and standards
- ▶ Ensuring that both centrally managed and non-centrally managed IT general controls are integral to the firm's internal control framework. This is done by maintaining effective operation through systematic risk management, monitoring, reporting, governance and auditing activities
- ▶ Receiving outputs from the Information Security Committee, the information security management project and the independent information security office. Additionally monitoring compliance of the firm's information security management system with ISO27001
- ▶ Reviewing the independent assessment provided by PricewaterhouseCoopers (PwC), our external auditors, which includes their audit of our financial systems and processes. Receiving and acting upon PwC's management letter setting out control findings or other relevant observations arising from their audit work and ensuring that these are addressed. Reviewing and approving the firm's annual report
- ▶ Receiving regular ethics and compliance reports from the Ethics Partner
- ▶ Receiving regular reports at various cadences from the firm's second line functions that are not specifically mentioned above. Many of these sit in the QRM team
- ▶ Addressing any significant weaknesses and internal control issues.



The ongoing review of the effectiveness of the internal control system by the LT has not identified any significant failings or weaknesses. Furthermore, no material issues relating to internal controls have been disclosed in the firm's financial statements or management commentary, save as detailed below in relation to the firm's evaluation of its SoQM.

As part of this continuous review process, led by the LT, where opportunities for strengthening internal controls to better manage and mitigate Principal Risks have been identified, appropriate actions have been developed and are either in the process of being implemented or have already been executed. The status of these implementations is subject to regular monitoring and reporting.

D: Compliance statements

Effectiveness of internal quality control system as required by Article 13 of the EU Audit Regulation and the Local Auditors (Transparency) Regulations 2020

The LT, which has ultimate responsibility and accountability for the SoQM under ISQM(UK)1, has carried out a review of the evaluation conclusion of the SoQM as at 30 June 2025. The LT concluded – in line with paragraph 54(b) of ISQM(UK)1 – that, except for matters related to identified deficiencies that have a severe but not pervasive effect on the design, implementation and operation of the SoQM, the SoQM provides the firm with reasonable assurance that the objectives of the SoQM are being achieved.

ISQM(UK)1 does not define severe or pervasive deficiencies and therefore we use professional judgement to determine whether an identified deficiency is severe and / or pervasive. During the year, operational responsibility was assigned to the ORC which consists of partners and senior leaders who lead on components of the SoQM, or quality and risk leads within service lines that fall in the scope of ISQM(UK)1. The ORC is chaired by the Head of Audit Quality and Risk. Operational responsibility for compliance with independence requirements is assigned to the Ethics Partner who is also a member of ORC. In addition, operational

responsibility for monitoring and remediation was assigned to the Head of QRM, with oversight from the LT Lead for Governance, Reputation and Legal and the Head of Quality and Risk. Furthermore, a Moderation Committee, consisting of four partners, including the Head of Monitoring and Remediation, approved the design and implementation of remediation activity in the year and considered the plans for evaluation.

The LT received regular briefings throughout FY25 on the progress of the ISQM(UK)1 framework from the Head of Monitoring and Remediation and received proposed conclusion papers in order for them to reach a conclusion of the SoQM as at 30 June 2025. Findings were identified through the testing of controls in our SoQM, as well as by considering other sources of evidence such as our internal and external file review gradings and RCA conclusions.

We considered various factors to determine whether a deficiency was severe. These included looking at inadequacies in the design, implementation or operation of responses, taking into consideration that remediation of FY24 deficiencies had progressed throughout the year; and that some further design of the framework was undertaken during the year and therefore we had some responses which were not operational until close to the year end.



We also considered whether deficiencies were likely to cause the firm to fail to comply with professional standards or applicable legal and regulatory requirements and whether they significantly impacted the firm's ability to operate its SoQM.

We concluded on whether a deficiency could be considered to be pervasive by considering factors such as whether the finding was likely to undermine the SoQM, including whether it had a history of regular occurrence and was likely to recur, whether the related quality objective would not be met in most cases and whether the majority of the audit opinions that we issue would be impacted.

We considered findings and deficiencies individually and in aggregate and whilst we identified severe deficiencies, we did not identify any pervasive deficiencies.

We identified four categories of severe deficiencies which are as follows:

► **Challenges in consistent practical application of the firm's methodologies following a period of intense methodology development:** Although our data on both internal and external file inspections demonstrates that we can carry out high-quality audits, we recognise that we do not yet do this consistently and that our results are below the standard that they need to reach. There are a range of findings that are driving the poor audit quality outcomes, while some of these findings are recurring at a thematic level, the underlying findings in the engagements vary in nature.

The firm has significantly increased and enhanced its methodologies and policies over recent years. However, delivering high-quality audits consistently relies heavily on the ability of teams to assimilate the various methodology and policy requirements and developments. The assessment of a range of other information through the evaluation, such as RCA, AB's Stand Back Review and AE strategic refresh indicate challenges with the consistent execution of the firm's methodologies, including the practical application of the firm's frameworks for exercising professional judgement.

The AE strategic refresh has established forward-looking, practical, SI which have commenced in the period and will drive positive change. In addition, the outcome of controls testing largely indicates that we have established structures and mechanisms to monitor engagement level findings and have responded to these findings by implementing processes and controls to address them through our SoQM.

However, considering all the evidence identified as part of the ISQM(UK)1 evaluation process, we conclude that at the SoQM level there is a deficiency in the Engagement Performance component relating to the challenge of consistently applying the firm's methodologies in practice within audit engagements. In FY26, our programme of standardisation will continue to better enable consistent application of our audit methodologies; automation, technology and digital tools; actions to embed the PJF6; and actions to support a consultation culture.

D: Compliance statements

► **Measuring the effectiveness of key processes within the SoQM:** Whilst we are confident that the key aspects of the SoQM are in place, the number of findings across our audit quality inspections suggests that there may be deficiencies in the design or operation at a wider process level in the SoQM (i.e. not ISQM(UK)1 framework controls) and which we are not necessarily able to identify through ISQM(UK)1 controls testing. For example, this may be as a result of insufficient rigour in some of our policies, insufficient rigour in the compliance with these policies, application of judgement within our SoQM, or the ability for audit teams to absorb the changes timeously and fulfil their roles within the SoQM.

The AE strategic refresh recognised the need to further embed elements of the High Performing Teams framework, which in turn supports mindset and behaviours that support the effectiveness of key processes within the SoQM and consistent performance at the engagement level, together with initiatives to simplify systems and data which aim to reduce the complexity of the SoQM over time. We have therefore concluded that there is a deficiency in our ability to sufficiently measure the effectiveness of key processes and we intend to implement an effectiveness monitoring programme during FY26.

► **Quality control processes:** A recurring finding was noted in the FRC's AQR report relating to quality control procedures. We have considered this finding both with regards to RIs and with regards to EQRs.

Our remediation work during FY25 focused on the central monitoring of EQRs' involvement in audits and interventions where an EQR's involvement is indicated to be insufficient; training for existing and new EQRs; tools to guide and evidence review; and newly implemented monitoring controls established in the period.

While controls have been designed and implemented in FY25, the embeddedness and effectiveness of the monitoring will not be assessed until FY26. We therefore concluded that the deficiency in our quality control processes related to EQR remains.



► **Global conflicts checking process:** In FY24 we concluded that there was a deficiency with regards to reliance on the Global network regarding the global conflict checking process. This deficiency remains as we do not receive assurance about the operating effectiveness of controls relating to global network conflict checking activities carried out by other BDO member firms using the network global system.

We are unable to design and implement sufficient compensating controls in the UK, however, our Audit teams carry out additional procedures at an engagement level to identify whether NAS have been carried out by the BDO network for UK audited entities and we carry out a central thematic review each year. However, these processes are not sufficient to fully mitigate the risk of NAS being carried out without prior approval. Given we are unable to design and implement sufficient compensating controls, this deficiency remains.

Local Auditors (Transparency) Regulations 2020 statements:

[Appendix H](#) demonstrates how BDO UK complies with the Local Auditors (Transparency) Regulations 2020.



E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs

Biographies of members of our oversight bodies as at 4 July 2025

Matthew White

Senior Partner

Matthew has been a partner since 2002. Matthew became Senior Partner in October 2018. Matthew is also the Chair of PC, BIOB, QRSC and NomCo, and is a member of AB, AC and RemCo. He is also the International Liaison Partner.

Suk Aulak

Partner, Midlands, BSO Team

Suk has been a partner since 2019. Suk became a member of PC in February 2019. He is also a member of RemCo.

Lee Causer

Partner, Midlands, Business Restructuring

Lee has been a partner since 2019. Lee became a member of PC in April 2023. He is also a member of BIOB and NomCo.

Arbinder Chatwal

Partner, Southampton, Business Assurance

Arbinder has been a partner since 2018. Arbinder became a member of PC in October 2022. He is also Chair of AC and a member of the Next Generation Leaders group.

Fiona Condron

Partner, London, Not for Profit

Fiona has been a partner since 2017. Fiona became a member of PC in October 2024. She is also Vice Chair of the ICAEW Charities and Voluntary Sector Committee.

Hamid Ghafoor

Partner, North-West, Business Assurance

Hamid has been a partner since 2013. Hamid became a member of PC in October 2022. He is also a member of QRSC.

Ariel Grosberg

Partner, London, Financial Services Audit

Ariel has been a partner since 2018. Ariel became a member of PC in October 2024. He is also a member of AC.

Jeff Harris

Partner, Gatwick, CF Transaction Services

Jeff has been a partner since 2013. Jeff became a member of PC in November 2019. He is also a member of AC.

Sarah Hillary

Partner, London, Risk Advisory Services

Sarah has been a partner since 2019. Sarah became a member of PC in October 2022. She is also Chair of RemCo and a member of QRSC.

David Isherwood

Ethics Partner

David has been a partner since 2010. David became a member of BIOB in January 2022. He is also a member of NomCo and the International Network's Ethics and Independence Steering Committee.

Catherine Kewish

Director, Lead for the Office of the Senior Partner

Catherine has led the Office of the Senior Partner since April 2022. She is a lawyer with 20 years' experience advising professional practices. Catherine is a member of QRSC.

Sophie Michael

Partner, London Audit Group

Sophie has been a partner since 1998. Sophie became a member of PC in October 2024. She is also a member of RemCo.

Iain Nettleton

Partner, International Institutions and Donor Assurance

Iain has been a partner since 2018. Iain became a member of PC in October 2022. He is also a member of AB.

Andrew Radford

Partner, London Audit Group, Professional services

Andrew has been a partner since 2018. Andrew became a member of PC in October 2024. He is also a member of RemCo.

Sandra Thompson

Partner, Professional Services

Sandra has been a partner since 2022. Sandra became a member of AB in December 2024. Sandra is also a member of the QLC and LSC.

E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs

Biographies of members of our Leadership Team as at 4 July 2025

Mark Shaw Managing Partner

Mark has been a partner since 2006. Mark became Managing Partner in October 2024. He is the Chair of LT. He is also a member of BDO's Global Board.

Gurpal Ahluwalia Head of Deals

Gurpal has been a partner since 2018. Gurpal became an LT member in October 2024. He is also Chair of the Deals Executive and a member of the Global Advisory Leadership Group.

Kyla Bellingall Leadership Team – Regions, Markets and Sectors

Kyla has been a partner since 2015. Kyla became an LT member in October 2024. She is also Chair of the Regions, Markets and Sectors Executive.

Andy Butterworth Chief Operating Officer

Andy has been a partner since 1999. Andy became a member of LT in October 2016. He is also Chair of the OB and a member of the Global Board Advisory Committee.

Kaley Crossthwaite Head of Quality & Risk

Kaley has been a partner since 2008. Kaley became a member LT in July 2022. She is also Chair of the QRE and the firm's Money Laundering Compliance Principal. Kaley is also a member of BDO's International Risk Management Committee.

Anna Draper Leadership Team – People, Culture and Purpose

Anna has been a partner since 2012. Anna became a member of LT in July 2022. She is Chair of the PCPE. She is also a member of the Global People Committee.

Adam Fraiss Head of Tax

Adam has been a partner since 2001. Adam became an LT member in October 2024. He is Chair of the Tax Executive and a member of the Global Tax Committee.

Scott Knight Leadership Team – Growth, Strategy and International

Scott has been a partner since 2003. Scott became an LT member in April 2014.

Gervase MacGregor Leadership Team – Governance, Reputation and Legal

Gervase has been a partner since 1991. Gervase became a member of LT in July 2008. He is also the MLRO for BDO UK.

Dominic Stammers Head of Audit

Dominic has been a partner since 2014. Dominic became an LT member in October 2024. He is also a member of AB and chairs the AE. He is also a member of the Global Audit Leadership Committee.

Leigh Treacy Head of Consulting, Risk and Outsourcing

Leigh has been a partner since 2014. Leigh became an LT member in October 2024. She is Chair of the CR&O Executive. She is also a member of the BDO Global Advisory Leadership Group.



E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs



Biographies of our Independent Non-Executives as at 4 July 2025

Eamonn McGrath

Eamonn was appointed as an INE on 3 January 2022. He is the Chair of PIC and a member of BIOB, AB and NomCo. Eamonn spent more than 30 years as a PLC audit partner at EY and was also on the firm's board in a senior policy and regulatory role. He previously held non-executive positions at Cranmer Court Tenants as well as at property consulting firm Henry Riley LLP and a charity.

Ola Fadipe

Ola was appointed as an INE on March 1, 2025. She is a member of BIOB, PIC and NomCo, and is the INE with responsibility for people matters.

Ola is a Senior Director at Google overseeing talent efforts across Asia-Pacific and EMEA steering one of the largest teams within Google's People function. She brings over two decades of experience in people, talent, and culture. Her leadership is recognized for implementing border-transcending strategies, and she is known for integrating HR with business to empower employees and drive value.

Prior to Google, Ola was BlackRock's Chief Talent Officer in EMEA, driving organisational growth through talent development and engagement. Ola previously served as a Non-Executive Director for HMRC.

Jane Guyett

Jane was appointed as an INE on 3 January 2022. She is a member of BIOB, AC, QRSC, PIC and NomCo.

Jane, who was awarded a CBE for her services to the economy in 2020, has extensive experience in highly regulated sectors, notably financial services and investment banking, including as Chief Operating Officer for Bank of America Securities. She has a broad portfolio of non-executive roles including at Royal London Group, London Stock Exchange Group companies – London Clearing House and Banque Centrale de Compensation, Hiscox Group.

David Matthews

David was appointed as an INE on 31 January 2022 and became a member of PIC and AB on appointment. He was appointed Chair of AB in October 2024.

He is also a Justice of the Peace; a Trustee of Cumberland Lodge, Inter Mediate, Treloar's and the Chartered Accountants Livery Charity and a member of the Court of the Worshipful Company of Chartered Accountants in England and Wales.

David was the President and Chair of ICAEW in 2020/21 and now chairs its Governance and Appointments Committee. Previously, he spent almost 40 years at KPMG, including as an audit partner responsible for some of KPMG's largest global audited entities and latterly as a member of its UK Executive Committee and Board.



E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs

Information about our INEs

Candidates for INE roles are proposed and approved by PC (acting through NomCo). PC reviews the effectiveness and independence of the INEs. In doing this, they receive feedback from the business periodically as to the impact and contribution made by the INEs and this is communicated to them by the Managing Partner and Senior Partner.

PC implicitly reviews the effectiveness of the INEs via their contribution at the oversight board meetings which they attend and, in particular, their input into PIC. High level areas of focus and responsibility are set for the INEs which direct their appointment across the oversight bodies.

The INEs are invited to attend two meetings of PC each year without executive members of LT in attendance and have the right to meet with each other on a private basis.

In addition, INEs have the right to initiate direct access to PC at any other time in order to report and agree a course of action in relation to any fundamental disagreements with the executive members of LT. Where ultimately the disagreement cannot be resolved and results in the resignation of an INE, they also have the right to report this resignation publicly.

At present, the INEs are contracted to BDO UK for an initial three-year term, which is then reviewed by PC. An additional three-year term can then be offered. At the end of the full six-year period, further rolling one-year terms may be agreed but nine years remains the maximum tenure for any INE.

The INEs perform duties as set out in their letter of appointment; in particular, they:

- ▶ Provide advice on governance and fulfilment of INE obligations relating to the AFGC
- ▶ Share knowledge from industry and regulatory experience
- ▶ Apply independent judgement to matters of particular concern.



Our criteria for assessing (a) the INEs' independence from the LLP and its members and (b) their independence from our audited entities can be summarised as follows:

- ▶ Rigorous independence checking prior to appointment
- ▶ Quarterly monitoring on the INEs' personal and business relationships against the firm's client-base. Where a conflict is identified, this is addressed, for instance, by applying effective safeguards
- ▶ Requirement to sign an Annual Declaration confirming relevant matters relating to independence and conflicts of interest
- ▶ Requirement to advise the Senior Partner prior to accepting any additional external roles or appointments.

When a new INE joins us, they are given a full induction programme which includes meetings with key stakeholders internally and appropriate training and knowledge sharing in relation to our business and systems. Where occasions arise that the INEs consider they need to obtain independent professional advice in order to fulfil their duties, they will be fully reimbursed for the cost of obtaining such advice.



INE	Total remuneration per annum
Eamonn McGrath*	£120,000
Jane Guyett	£110,000
David Matthews	£110,000
Ola Fadipe**	£100,000

* Chair of PIC
** Joined 1 March 2025
All salaries quoted above have been effective from March 2025.

F: Meeting attendance and tenure

The table below sets out the meeting attendance for FY25 and tenure of members of our oversight bodies and the LT as at 4 July 2025. Meetings a member was eligible to attend in FY25 are shown in brackets after the number of meetings a member attended.

	Partnership Council	Business Interest Oversight Board	Audit Board	Audit Committee	Quality & Risk Sub Committee	Public Interest Committee	Nomination Committee	Remuneration Committee	Leadership Team
Matthew White ¹²	14 (14) Oct 2018 – present	6 (6) Jan 2022 – present	6 (6) Jan 2022 – present	3 (3) Sep 2016 – present	3 (3) Nov 2023 – present		1 (1) Jan 2022 – present	5 (5) Jul 2018 – present	
Jo Gilbey ¹³	15 (16) Oct 2016 – Sep 2024 Mid-Oct 2024 – Mar 2025	2 (2) Mid Oct 2024 – Mar 2025	5 (5) Mid Oct 2024 – Mar 2025	3 (3) Mid Oct 2024 – Mar 2025	2 (2) Mid Oct 2024 – Mar 2025		2 (2) Mid Oct 2024 – Mar 2025	8 (10) Jul 2021 – Sep 2024 Mid Oct 2024 – Mar 2025	
Suk Aulak	25 (25) Feb 2019 – present							10 (10) Jul 2024 – present	
Lee Causer	24 (25) Apr 2023 – present	3 (3) Feb 2025 – present					1 (1) Mar 2025 – present		
Arbinder Chatwal	25 (25) Oct 2022 – present			6 (6) Oct 2022 – present					
Fiona Condron	20 (20) Oct 2024 – present								
Hamid Ghafoor	23 (25) Oct 2022 – present				5 (5) Nov 2023 – present				
Ariel Grosberg	19 (20) Oct 2024 – present			4 (4) Oct 2024 – present					
Jeff Harris	25 (25) Nov 2019 – present			6 (6) Nov 2019 – present					

¹² Matthew White was out of the business between November 2024 and March 2025 for treatment for cancer. Jo Gilbey was Acting Senior Partner for that period.
¹³ Jo Gilbey was a member of PC and RemCo until 30 September 2024 and then, between mid-October 2024 and March 2025 she fulfilled the role of the Senior Partner at meetings of PC, BIOB, AB, AC, QRSC, NomCo and RemCo in her capacity as Acting Senior Partner during this period.

F: Meeting attendance and tenure

	Partnership Council	Business Interest Oversight Board	Audit Board	Audit Committee	Quality & Risk Sub Committee	Public Interest Committee	Nomination Committee	Remuneration Committee	Leadership Team
Sarah Hillary	24 (25) Oct 2022 – present				5 (5) Nov 2023 – present			9 (10) Jul 2023 – present	
David Isherwood		7 (7) Jan 2022 – present					2 (2) Jan 2022 – present		
Catherine Kewish					5 (5) Nov 2023 – present				
Sophie Michael	20 (20) Oct 2024 – present							7 (7) Oct 2024 – present	
Iain Nettleton	25 (25) Oct 2022 – present	4 (4) Jan 2024 to Nov 2024	8 (9) Nov 2024 – present				1 (1) Jan 2024 – Nov 2024		
Andrew Radford	19 (20) Oct 2024 – present							7 (7) Oct 2024 – present	
Sandra Thompson			6 (8) Dec 2024 – present						
Andrea Bishop			2 (2) Sep 2022 – Sep 2024						
Nick Carter-Pegg ¹⁴	5 (5) Oct 2016 – Sep 2024			2 (2) Apr 2017 – Sep 2024				3 (3) Jul 2024 – Jul 2024	

¹⁴ Nick Carter-Pegg attended three RemCo meetings in July 2024 as cover for Sarah Hillary who was unable to attend some of those meetings.

F: Meeting attendance and tenure

	Partnership Council	Business Interest Oversight Board	Audit Board	Audit Committee	Quality & Risk Sub Committee	Public Interest Committee	Nomination Committee	Remuneration Committee	Leadership Team
Kelly Sheppard	16 (18) Oct 2022 – Feb 2025	2 (2) Nov 2024 – Feb 2025					1 (1) Nov 2024 – Feb 2025		
Andrew Viner	5 (5) Oct 2016 – Sep 2024	3 (3) Jan 2022 – Sep 2024					0 (0) Jan 2022 – Sep 2024	3 (3) Jul 2019 – Sep 2024	
Eamonn McGrath		7 (7) Mar 2024 – present	10 (11) Jan 2022 – present			7 (7) Jan 2022 – present	2 (2) Mar 2024 – present		
Ola Fadipe		1 (2) Mar 2025 – present				3 (3) Mar 2025 – present	1 (1) Mar 2025 – present		
Jane Guyett		7 (7) Jan 2022 – present		6 (6) Jan 2022 – present	2 (2) Apr 2025 – present	7 (7) Jan 2022 – present	2 (2) Jan 2022 – present		
David Matthews			11 (11) Jan 2022 – present		1 (1) Jan 2025 – Mar 2025	7 (7) Jan 2022 – present			
Mark Shaw									15 (15) Oct 2024 – present
Gurpal Ahluwalia									14 (15) Oct 2024 – present
Kyla Bellingall									15 (15) Oct 2024 – present
Andy Butterworth									20 (22) Oct 2016 – present

F: Meeting attendance and tenure

	Partnership Council	Business Interest Oversight Board	Audit Board	Audit Committee	Quality & Risk Sub Committee	Public Interest Committee	Nomination Committee	Remuneration Committee	Leadership Team
Kaley Crossthwaite ¹⁵									18 (22) Jul 2022 – present
Anna Draper									21 (22) Jul 2022 – present
Adam Frai									14 (15) Oct 2024 – present
Scott Knight			2 (2) Jan 2022 – Sep 2024						21 (22) Apr 2014 – present
Gervase MacGregor									18 (22) Jul 2008 – present
Dominic Stammers	5 (5) Oct 2022 – Sep 2024		9 (9) Oct 2024 – present						15 (15) Oct 2024 – present
Leigh Treacy									15 (15) Oct 2024 – present
Paul Eagland									7 (7) Jul 2008 – Sep 2024
Simon Gallagher									4 (7) Feb 2019 – Sep 2024
Chris Grove									7 (7) Oct 2016 – Sep 2024

¹⁵ Kaley Crossthwaite is currently on leave from the business and her role is being covered by Gervase MacGregor.

G: AFGC mapping

We cross-reference in the table in this Appendix to where and how BDO UK complies with the principles and provisions of the AFGC.

A Leadership

Principles		Section
A	A firm's Management and governance structures should promote the long-term sustainability of the firm. To this end, the Management of a firm should be accountable to the firm's owners.	Governance
B	A firm's governance arrangements should provide checks and balances on individual power and support effective challenge of Management. There should be a clear division of responsibilities between a firm's governance structures and its Management. No one individual or small group of individuals should have unfettered powers of decision.	Governance
C	A firm's Management should demonstrate its commitment to the public interest through their pursuit of the purpose of this Code and regular dialogue with the INEs. Management should embrace the input and challenge from the INEs (and ANEs).	Message from our INEs Governance
D	The members of a firm's Management and governance structures should have appropriate experience, knowledge, influence and authority within the firm, and sufficient time, to fulfil their assigned responsibilities.	Governance E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs F: Meeting attendance and tenure
E	The Management of a firm should ensure that members of its governance structures, including owners, INEs and ANEs, are supplied with information in a timely manner and in a form and of a quality appropriate to enable them to discharge their duties.	Message from our INEs Governance
Provisions		Section
1	A firm should establish a Board or equivalent governance structure to oversee the activities of Management.	Governance
2	At least half a firm's Board should be selected from among partners who do not have significant management responsibilities within the firm.	Governance E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs
3	The chair of the Board should not also chair parts of the Management structure or be the managing partner.	E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs

G: AFGC mapping

A Leadership

Provisions	Section
4A firm's Management and Board should have a clear understanding of their authority, accountabilities and responsibilities. The Board should have clearly defined terms of reference, with matters specifically reserved for its decision, detailing in particular its role in relation to firm strategy, risk, culture and other matters relating to the purpose of this Code. Management should have terms of reference that include clear authority over the whole firm and matters relating to the purpose of this Code. Terms of reference should be disclosed on the firm's website. Terms of reference for international management and governance structures taking decisions that apply to the UK should be disclosed on the UK firm's website in the same way as for UK-based structures.	Governance Firm website: Governance Bodies – Terms of Reference
5A firm should establish arrangements for determining remuneration and progression matters for members of the Board which support and promote effective challenge of Management.	About us
6The individual members of a firm's governance structures and Management should be subject to formal, rigorous and ongoing performance evaluation and, at regular intervals, members should be subject to re-election or re-selection.	About us Governance
7There should be a formal annual evaluation of the performance of the Board and any committees, plus the public interest body. A firm should consider having a regular externally-facilitated board evaluation at least every three years.	Governance
8Management should ensure that, wherever possible and so far as the law allows, members of governance structures and INEs and ANEs have access to the same information as is available to Management.	Message from our INEs Governance
9A firm should disclose in its annual transparency report:	
(a) the names and job titles of all members of the firm's governance structures and its Management;	E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs
(b) a description of how they are elected or appointed and their terms, length of service, meeting attendance in the year, and relevant biographical details;	Governance E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs F: Meeting attendance and tenure
(c) a description of how its governance structures and Management operate, their duties, the types of decisions they take and how they contribute to achieving the Code's purpose. If elements of the Management and / or governance of the firm rest at an international level and decisions are taken outside the UK, it should specifically set out how management and oversight is undertaken at that level and the Code's purpose achieved in the UK; and	Governance
(d) an explanation of the controls it has in place on individual powers of decision and to support effective challenge by Board members, how these are intended to operate and how they work in practice.	Governance

G: AFGC mapping

B People, Values and Behaviours

Principles		Section
F	A firm is responsible for its purpose and values and for establishing and promoting an appropriate culture, that supports the consistent performance of high-quality audit, the firm's role in serving the public interest and the long-term sustainability of the firm.	About us Audit quality
G	A firm should foster and maintain a culture of openness which encourages people to consult, challenge, contribute ideas and share problems, knowledge and experience in order to achieve quality work in a way that takes the public interest into consideration.	About us Audit quality Ethics and independence
H	A firm should apply policies and procedures for managing people across the whole firm that support its commitment to the purpose and Principles of this Code.	About us
Provisions		Section
10	A firm's Board and Management should establish the firm's purpose and values and satisfy themselves that its purpose, values and culture are aligned. If a firm's purpose and values are established at an international level, the firm should ensure it has the ability to influence that decision-making process and the ability to tailor the output for the UK.	About us
11	A firm should have a code of conduct which it discloses on its website and requires everyone in the firm to apply. The Board and INEs should oversee compliance with it.	Ethics and independence Firm website: Code of Conduct
12	A firm should promote the desired culture and a commitment to quality work, professional judgement and values, serving the public interest and compliance with professional standards and applicable legal and regulatory requirements, in particular through the right tone at the top and the firm's policies and procedures.	About us Audit quality Ethics and independence
13	A firm should establish policies and procedures to promote inclusion and encourage people to speak up and challenge without fear of reprisal, particularly on matters relating to this Code and the firm's values and culture.	Ethics and independence
14	A firm should introduce meaningful key performance indicators on the performance of its governance system, and report on performance against these in its transparency reports.	Governance
15	A firm should assess and monitor culture. It should conduct a regular review of the effectiveness of the firm's systems for the promotion and embedding of an appropriate cultures underpinned by sound values and behaviour across the firm, and in audit in particular. INEs should be involved in this review and where a firm has implemented operational separation the ANEs should be involved in the review as it relates to the audit practice. Where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the purpose of this Code, it should take corrective action.	Message from our INEs About us Audit quality

G: AFGC mapping

B People, Values and Behaviours

Provisions (continued)		Section
16	A firm should establish mechanisms for delivering meaningful engagement with its people. This should include arrangements for people to raise concerns in confidence and anonymously and to report, without fear, concerns about the firm's culture, commitment to quality work, the public interest and / or professional judgement and values. The INEs should be satisfied that there is an effective whistleblowing policy and procedure in place and should monitor issues raised under that process.	Message from our INEs Ethics and independence
17	INEs should be involved in reviewing people management policies and procedures, including remuneration and incentive structures, recruitment and promotion processes, training and development activities, and diversity and inclusion, to ensure that the public interest is protected. They should monitor the firm's success at attracting and managing talent, particularly in the audit practice. Where operational separation is in place the ANEs should be involved in this process.	Message from our INEs Governance
18	INEs and ANEs should use a range of data and engagement mechanisms to understand the views of colleagues throughout the firm and to communicate about their own roles and the purpose of this Code. One INE should be designated as having primary responsibility for engaging with the firm's people.	Message from our INEs
19	A firm should disclose in its annual transparency report a description of how:	
	(a) it engages with its people and how the interests of its people have been taken into account in decision-making; and	About us
	(b) opportunities and risks to the future success of the business have been considered and addressed, its approach to attracting and managing talent, the sustainability of the firm's business model and how its culture, in particular in the audit practice, contributes to meeting the purpose of this Code.	Message from our INEs About us Audit quality Risk management B: Principal Risks

G: AFGC mapping

C Operations and Resilience Principles

Principles		Section
I	A firm should promote a commitment to consistent high-quality audits and firm resilience in the way it operates. To these ends, a firm should collect and assess management information to evaluate the effectiveness of its policies and procedures and to enhance its operational decision-making.	Message from our INEs Governance Audit quality Risk management D: Compliance statements
J	A firm should establish policies and procedures to identify, assess and manage risk, embed the internal control framework and determine the nature and extent of the principal risks the firm is willing to take while working to meet the purpose of this Code.	Audit quality Risk management B: Principal Risks
K	A firm should communicate with its regulators in an open, co-operative and transparent manner.	Message from our INEs Governance
L	A firm should establish policies and procedures to ensure the independence and effectiveness of internal and external audit activities and to monitor the quality of external reporting.	Governance

G: AFGC mapping

C Operations and Resilience Principles

Provisions		Section
20	A firm should assist the FRC and its successor bodies to discharge its duties by sharing information openly.	Governance
21	A firm should take action to address areas of concern identified by regulators in relation to the firm's audit work, leadership and governance, culture, management information, risk management and internal control systems.	Audit quality Risk management
22	A firm should develop robust datasets and effective management information to support monitoring of the effectiveness of its activities, including by INEs (and ANEs), and its ability to furnish the regulator with information.	Governance Audit quality Risk management C: Audit Firm Metrics
23	A firm should establish an audit committee and disclose on its website its terms of reference and information on its membership. Its terms of reference should set out clearly its authority and duties, including its duties in relation to the appointment and independence of the firm's auditors. Where a firm's audit committee sits at an international level, information about the committee and its work should be disclosed by the UK firm as if it were based in the UK.	Governance Firm website: Governance Bodies – Terms of Reference
24	A firm should monitor its risk management and internal control systems, and, at least annually, conduct a review of their effectiveness. INEs should be involved in the review which should cover all significant controls, including financial, operational and compliance controls and risk management systems.	Governance Risk management D: Compliance statements
25	A firm should carry out a robust assessment of the principal risks facing it, including those that would threaten its business model, future performance, solvency or liquidity. This should reference specifically the sustainability of the audit practice in the UK. INEs (and in firms with operational separation, ANEs) should be involved in this assessment.	Message from our INEs Governance Risk management B: Principal Risks
26	A firm should publicly report how it has applied the Principles of this Code, and make a statement on its compliance with its Provisions or give a detailed explanation for any non-compliance, i.e. why the firm has not complied with the Provision, the alternative arrangements in place and how these work to achieve the desired outcome (Principle) and the purpose of this Code.	Governance D: Compliance statements G: AFGC mapping
27	A firm should explain who is responsible for preparing the financial statements and the firm's auditors should make a statement about their reporting responsibilities in the form of an extended audit report as required by International Auditing Standards (UK) 700/701.	See our 2024/2025 Annual Report when published

G: AFGC mapping

C Operations and Resilience Principles

Provisions (continued)	Section
28 The transparency report should be fair, balanced and understandable in its entirety. A firm should disclose in its transparency report:	
(a) a commentary on its performance, position and prospects;	Leadership messages Message from our INEs About us Risk management A: Network and legal structure D: Compliance statements
(b) how it has worked to meet the legal and regulatory framework within which it operates;	Risk management B: Principal Risks G: AFGC mapping H: Local Audit Transparency Regulations mapping I: EU Audit Regulation mapping
(c) a description of the work of the firm's audit committee and how it has discharged its duties;	Governance
(d) confirmation that it has performed a review of the effectiveness of the system of internal control, a summary of the process it has applied and the necessary actions that have been or are being taken to remedy any significant failings or weaknesses identified from that review;	D: Compliance statements
(e) a description of the process it has applied to deal with material internal control aspects of any significant problems disclosed in its financial statements or management commentary;	D: Compliance statements
(f) an assessment of the principal risks facing the firm and explanation of how they are being managed or mitigated; and	B: Principal Risks
(g) a description of how it interacts with the firm's global network, and the benefits and risks of these arrangements, with reference to the purpose of this Code. This should include an assessment of any risks to the resilience of the UK firm arising from the network and any action taken to mitigate those risks.	Governance B: Principal Risks

G: AFGC mapping

D INEs and ANEs

Principles	Section
M A firm should appoint INEs to the governance structure who through their involvement collectively enhance the firm's performance in meeting the purpose of this Code. INEs should be positioned so that they can observe, challenge and influence decision-making in the firm.	Governance
N INEs (and ANEs) should provide constructive challenge and specialist advice with a focus on the public interest. They should assess and promote the public interest in firm operations and activities as they relate to the purpose of this Code, forming their own views on where the public interest lies.	Message from our INEs Governance
O INEs (and ANEs) should maintain and demonstrate objectivity and an independent mindset throughout their tenure. Collectively they should enhance public confidence by virtue of their independence, number, stature, diverse skillsets, backgrounds, experience and expertise. They should have a combination of relevant skills, knowledge and experience, including of audit and a regulated sector. They owe a duty of care to the firm and should command the respect of the firm's owners.	Message from our INEs E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs
P INEs (and ANEs) should have sufficient time to meet their responsibilities. INEs (and ANEs) should have rights consistent with discharging their responsibilities effectively, including a right of access to relevant information and people to the extent permitted by law or regulation, and a right, individually or collectively, to report a fundamental disagreement regarding the firm to its owners and, where ultimately this cannot be resolved and the independent non-executive resigns, to report this resignation publicly.	Message from our INEs E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs F: Meeting attendance and tenure
Q INEs (and ANEs) should have an open dialogue with the regulator.	Message from our INEs Governance

G: AFGC mapping

D INEs and ANEs

Provisions	Section
29 INEs should number at least three, be in the majority on a body chaired by an INE that oversees public interest matters and be embedded in other relevant governance structures within the firm as members or formal attendees with participation rights. If a firm considers that having three INEs is unnecessary given its size or the number of public interest entities it audits, it should explain this in its transparency report and ensure a minimum of two at all times. At least one INE should have competence in accounting and / or auditing, gained for example from a role on an audit committee, in a company's finance function or at an audit firm.	Governance E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs
30 INEs should meet regularly as a private group to discuss matters relating to their remit. Where a firm adopts an international approach to its management and / or governance it should have at least three INEs with specific responsibility and relevant experience to focus on the UK business and to take part in governance arrangements for this jurisdiction. The firm should disclose on its website the terms of reference and composition of any governance structures whose membership includes INEs, whether in the UK or another jurisdiction.	Message from our INEs E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs Firm website: Governance Bodies – Terms of Reference
31 INEs should have full visibility of the entirety of the business. They should assess the impact of firm strategy, culture, senior appointments, financial performance and position, operational policies and procedures including client management processes, and global network initiatives on the firm and the audit practice in particular. They should pay particular attention to and report in the transparency report on how they have worked to address: risks to audit quality; the public interest in a firm's activities and how it is taken into account; and risks to the operational and financial resilience of the firm.	Message from our INEs Governance E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs
32 A firm should establish a nomination committee, with participation from at least one INE, to lead the process for appointments and re-appointments of INEs (and ANEs), to conduct a regular assessment of gaps in the diversity of their skills and experience and to ensure a succession plan is in place. The nomination committee should assess the time commitment for the role and, when making new appointments, should take into account other demands on INEs' (and ANEs') time. Prior to appointment, significant commitments should be disclosed with an indication of the time involved. Additional external appointments should not be undertaken without prior consultation with the nomination committee.	Governance
33 A firm should provide access for INEs to relevant information on the activities of the global network such that they can monitor the impact of the network on the operations and resilience of the UK firm and the public interest in the UK.	Message from our INEs Governance
34 INEs should have regular contact with the Ethics Partner, who should under the ethical standards have direct access to them.	Message from our INEs
35 INEs should have dialogue with audit committees and investors to build their understanding of the user experience of audit and to develop a collective view of the way in which their firm operates in practice.	Message from our INEs
36 Firms should agree with each INE (and ANE) a contract for services setting out their rights and duties. INEs (and ANEs) should be appointed for specific terms and have a maximum tenure of nine years in total.	E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs

G: AFGC mapping

D INEs and ANEs

Provisions (continued)		Section
37	The firm should provide each INE (and ANE) with the resources necessary to undertake their duties including appropriate induction, training and development, indemnity insurance and access to independent professional advice at the firm's expense where an INE or ANE judges such advice necessary to discharge their duties.	Governance E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs
38	The firm should establish, and disclose on its website, well defined and clear escalation procedures compatible with Principle P, for dealing with any fundamental disagreement that cannot otherwise be resolved between the INEs (and / or ANEs) and members of the firm's Management and / or governance structures.	E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs
39	An INE (and / or ANE) should alert the regulator as soon as possible to their concerns in the following circumstances: ▶ The INE or ANE believes the firm is acting contrary to the public interest; or ▶ The INE or ANE believes the firm is endangering the objectives of this Code; or ▶ The INE or ANE initiates the procedure for fundamental disagreements.	
40	A firm should disclose in its annual transparency report: (a) information about the appointment, retirement and resignation of INEs (and ANEs); their remuneration; their duties and the arrangements by which they discharge those duties; and the obligations of the firm to support them. The firm should report on why it has chosen to position its INEs in the way it has; and (b) its criteria for assessing whether INEs (and ANEs) are: i) independent from the firm and its owners; and ii) independent from its audited entities.	Message from our INEs Governance E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs E: Biographies of members of our oversight bodies and Leadership Team and information about our INEs

The Operational Separation principles and provisions set out in the AFGC do not apply to BDO UK and, accordingly, have not been complied with. That said, in the spirit of these principles and provisions, we do have AB, which oversees the activities of the Audit stream.

H: Local Audit Transparency Regulations mapping

In accordance with the Local Auditors (Transparency) Regulations 2020, we make the following statement with regards to the application in practice of each of the requirements as set out in the Schedule to those Regulations on which we are required to report.



Requirement		Section
1.a.	A description of the legal structure, governance and ownership of the transparency reporting local auditor;	Governance A: Network and legal structure
1.b.	Where the transparency reporting local auditor belongs to a network, a description of the network and the legal, governance and structural arrangements of the network;	A: Network and legal structure
1.c.	A description of the internal quality control system of the transparency reporting local auditor and a statement by the administrative or management body on the effectiveness of its functioning in relation to local audit work;	Risk management D: Compliance statements
1.d.	A description of the transparency reporting local auditor's independence procedures and practices including a confirmation that an internal review of independence practices has been conducted;	Ethics and independence
1.e.	Confirmation that all engagement leads are competent to undertake local audit work and staff working on such assignments are suitably trained;	Audit quality
1.f.	A statement of when the last monitoring of the performance by the transparency reporting local auditor of local audit functions, within the meaning of paragraph 23 of Schedule 10 to the 2006 Act, as applied in relation to local audits by Section 18 and paragraphs 1, 2 and 28(7) of Schedule 5 to the 2014 Act, took place;	C: Audit Firm Metrics
1.g.	A list of major local audits in respect of which an audit report has been made by the transparency reporting local auditor in the financial year of the auditor; and any such list may be made available elsewhere on the website specified in regulation 4 provided that a clear link is established between the transparency report and such a list;	M: List of major local audits
1.h.	A statement on the policies and practices of the transparency reporting local auditor designed to ensure that persons eligible for appointment as a local auditor continue to maintain their theoretical knowledge, professional skills and values at a sufficiently high level;	Audit quality C: Audit Firm Metrics
1.i.	Turnover for the financial year of the transparency reporting local auditor to which the report relates, including the showing of the importance of the transparency reporting local auditor's local audit work; and	J: Financial information
1.j.	Information about the basis for the remuneration of partners.	About us

I: EU Audit Regulation mapping

We cross-reference in the table in this Appendix to where and how BDO LLP complies with the requirements of Article 13.2 and Article 13.3 of the EU Audit Regulation (as amended by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019).

Requirement	Section
13.2(a) a description of the legal structure and ownership of the statutory auditor, if it is a firm;	A: Network and legal structure
13.2(b) where the statutory auditor is a member of a network:	
(i) a description of the network and the legal and structural arrangements in the network;	A: Network and legal structure
(ii) the name of each member of the network that is eligible for appointment as a statutory auditor, or is eligible for appointment as an auditor in an EEA State or in Gibraltar;	K: EU / EEA member firms
(iii) for each of the members of the network identified under paragraph (ii), the countries in which they are eligible for appointment as auditors or in which they have a registered office, central administration or a principal place of business;	K: EU / EEA member firms
(iv) the total turnover of the members of the network identified under paragraph (ii) resulting from statutory audit work or equivalent work in the EEA States or Gibraltar;	K: EU / EEA member firms
13.2(c) a description of the governance structure of the statutory auditor, if it is a firm;	Governance
13.2(d) a description of the internal quality control system of the statutory auditor and a statement by the management body on the effectiveness of its functioning;	Risk management D: Compliance statements
13.2(e) an indication of when the last quality assurance review referred to in Article 26 was carried out;	Audit quality C: Audit Firm Metrics
13.2(f) a list of public-interest entities for which the statutory auditor carried out statutory audits during the preceding financial year;	L: List of Public Interest Entities and EEA regulated entities
13.2(g) a statement concerning the statutory auditor's independence practices which also confirms that an internal review of independence compliance has been conducted;	Ethics and independence
13.2(h) a statement on the policy followed by the statutory auditor concerning the continuing education of statutory auditors referred to in paragraph 11 of Schedule 10 to the Companies Act 2006;	Audit quality C: Audit Firm Metrics
13.2(i) information concerning the basis for the remuneration of members of the management body of the statutory auditor, where that statutory auditor is a firm;	About us

I: EU Audit Regulation mapping



Requirement		Section
13.2(j)	a description of the statutory auditor's policy concerning the rotation of key audit partners and staff in accordance with Article 17(7);	Ethics and independence
13.2(k)	where not disclosed in its accounts, information about the total turnover of the statutory auditor, divided into the following categories:	
	(i) revenues from the statutory audit of accounts of public-interest entities and members of groups of undertakings whose parent undertaking is a public-interest entity;	J: Financial information
	(ii) revenues from the statutory audit of accounts of other entities;	J: Financial information
	(iii) revenues from permitted non-audit services to entities that are audited by the statutory auditor; and	J: Financial information
	(iv) revenues from non-audit services to other entities.	J: Financial information
13.3	The transparency report shall be signed by the statutory auditor.	Message from our Senior Partner

J: Financial information

Disclosure in accordance with Article 13.2(k) (i) – (iv) of the EU Audit Regulation and the schedule to The Local Auditors (Transparency) Regulations 2020.

We have provided the following financial information from BDO UK's audited financial statements and its financial records for the year ended 4 July 2025. The figures indicate the relative importance of audit work for UK PIE's¹⁶ and local audits, and the levels of NAS provided to entities for which BDO UK is – and is not – the auditor. They relate to work performed by the UK firm only.

BDO UK Revenue Recognition Policy:

- ▶ Revenue is recognised for the reportable period on a basis consistent with the firm's audited consolidated financial statements
- ▶ Revenue is recognised when services are transferred to an audited entity / non-audited entity at an amount that reflects the consideration to which the firm expects to be entitled in exchange for those services
- ▶ Revenues are recognised applying IFRS 15 on an over time basis where contracts give the firm the right to receive payment for work performed to date

▶ Performance obligations are assessed for each contract and the transaction price is spread over the performance obligation. Progress towards complete satisfaction of the performance obligations is measured using time and costs incurred as a proportion of total estimated time and costs but excluding Value Added Tax.

All balances are provided as of 4 July 2025. Global conflict, the rapid development of technology and the continuing threat from climate change are as unsettling for the world's markets as they are for us all as individuals. These issues have also meant a challenging year for the UK economy and, consequently, challenging market conditions for large accountancy and business advisory firms. Growth rates are slowing across the profession and profitability is under pressure. Whilst BDO has not been immune from this, demand for our services remains strong. Full details on our firmwide results and performance are provided in our financial statements.

BDO UK LLP Revenue	FY2025		FY2024		FY2023		FY2022		FY2021	
	£m	%	£m	%	£m	%	£m	%	£m	%
Statutory audits and directly related services for audited entities (UK PIE's and subsidiaries of UK PIE's)	69	7%	59	6%	54	6%	43	5%	36	5%
Statutory audits and directly related services for audited entities (Other Entities)	348	35%	374	37%	346	37%	281	35%	240	33%
Statutory audits and directly related services for audited entities	417*	42%	433*	43%	400*	43%	324	40%	276	38%
Non-audit services to audited entities**	60***	6%	59***	6%	60***	6%	73	9%	91	12%
Total revenues from audited entities	477	48%	492	48%	460	49%	397	49%	367	50%
Non-audit services to non-audited entities	528	52%	523	52%	475	51%	411	51%	363	50%
BDO UK LLP firm revenue	1005	100	1015	100	935	100	808	100	730	100

Due to rounding differences in the percentage columns, the sum of the line items may not exactly equal the totals.

* Of which £1.8m relates to Local Audit Work in FY2025 (£2.3m in FY2024 and £1.4m in FY2023)

** Non-audit services provided to entities we audit are only provided where permitted by the FRC Ethical Standard and BDO Network and BDO UK Policies

*** Of which £0.1m relates to Local Audit Work in FY2025 (£0.0m in FY2024 and £0.0m in FY2023).

¹⁶ See details in [Appendix L](#).

K: List of EU / EEA member firms

Country (territory)	Legal Entity name
Austria	BDO Audit GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
	BDO Austria GmbH
Belgium	BDO Bedrijfsrevisoren BV / Réviseurs d'Entreprises SRL
Bulgaria	BDO AFA
Croatia	BDO Croatia D.O.O.
Croatia (Sarajevo)	BDO BH d.o.o. Sarajevo
Cyprus	BDO Limited
Czech Republic	BDO Group s.r.o.
	BDO Audit s.r.o
	BDO Czech Republic s.r.o.
Denmark	BDO Statsautoriseret Revisionsaktieselskab
	BDO Holding V Statsautoriseret Revisionsaktieselskab
Estonia	Aktiaselts BDO Eesti
Finland	BDO Oy
	BDO Audiator Oy

Country (territory)	Legal Entity name
France	BDO Atlantique
	BDO IDF
	BDO Lyon Audit
	BDO Méditerranée
	BDO Paris
Germany	BDO Rhone – Alpes
	BDO AG Wirtschaftsprüfungsgesellschaft
	BDO Concunia GmbH Wirtschaftsprüfungsgesellschaft
	BDO DPI AG Wirtschaftsprüfungsgesellschaft
	BDO DPI Mentoring GmbH & Co. KG
Greece	BDO Oldenburg GmbH & Co. KG Wirtschaftsprüfungsgesellschaft
	BDO Certified Public Accountants S.A.
Hungary	BDO Magyarország Könyvvizsgáló Kft. (BDO Hungary Audit Ltd)
Ireland	BDO
Italy	BDO Italia S.p.A.

K: List of EU / EEA member firms

Country (territory)	Legal Entity name
Latvia	BDO Assurance, LLC
Liechtenstein	BDO (Liechtenstein) AG
Lithuania	BDO Auditas ir Apskaita, UAB
Luxembourg	BDO Audit
Malta	BDO Malta CPAs BDO Technology Advisory Limited
Netherlands	BDO Audit & Assurance B.V.
Norway	BDO AS
Poland	BDO Spółka z Ograniczoną Odpowiedzialnością Sp.k
Portugal	BDO & Associados, SROC, Lda
Romania	BDO Audit SRL BDO Audit & Consulting SRL BDO Auditors & Accountants SRL BDO Auditors and Business Advisors SRL
Slovak Republic	BDO Audit, spol. s r.o.
Slovenia	BDO Revizija d.o.o.

Country (territory)	Legal Entity name
Spain	BDO Auditores S.L.P.
Sweden	BDO AB BDO Göteborg AB BDO Göteborg KB BDO Mälardalen AB BDO Norr AB BDO Sweden AB BDO Syd AB BDO Syd KB

This table reflects the position as at 24 December 2024.

The combined turnover from statutory audits of the BDO EU / EEA audit firms, based on the information received from the relevant firms was €731,071,742.00¹⁷ (published 8 January 2025).

Please note that BDO member firms have different year ends. Therefore, the total number that we have provided is a combination of the statutory audit turnovers of EU / EEA member firms for their latest financial year, as reported by the respective firms.

For each firm using another currency other than Euro, the average exchange rate for the period they reported has been used.

¹⁷ Please note that this figure does not include the UK. The turnover reported from Lichtenstein is from 2023. This figure might therefore be subject to change in the future if an updated figure is received from Lichtenstein.

L: List of Public Interest Entities and EEA regulated entities

A list of PIEs for which a statutory audit was carried out and an audit opinion was issued during the year is provided:

- ▶ A2D Funding II PLC
- ▶ A2Dominion Housing Group Limited
- ▶ Accent Capital plc
- ▶ Adriatic Metals Plc
- ▶ AEW UK REIT PLC
- ▶ Ageas Insurance Limited
- ▶ AJ Bell Plc
- ▶ Alliance Witan Plc
- ▶ Alpha Group International plc
- ▶ Amicorp FS (UK) Plc
- ▶ Applied Nutrition plc
- ▶ Augmentum Fintech PLC
- ▶ Aurora UK Alpha Plc
- ▶ AVI Global Trust Plc
- ▶ AVI Japan Opportunity Trust plc
- ▶ Baillie Gifford European Growth Trust plc
- ▶ Baring Emerging EMEA Opportunities Plc
- ▶ Baronsmead Second Venture Trust Plc
- ▶ Baronsmead Venture Trust PLC
- ▶ Blackfinch Spring VCT plc
- ▶ Braemar Plc
- ▶ British Friendly Society Limited
- ▶ British Smaller Companies VCT 2 Plc
- ▶ British Smaller Companies VCT PLC
- ▶ Caffyns Plc
- ▶ Caledonia Investments Plc
- ▶ Capital Gearing Trust plc
- ▶ Ceres Power Holdings Plc
- ▶ Chetwood Financial Limited
- ▶ Chetwood Funding 2024-1 Plc
- ▶ ClearBank Limited
- ▶ CLS Holdings Plc
- ▶ CNA Insurance Company Limited
- ▶ Cornish Mutual Assurance Company Ltd
- ▶ CQS Natural Resources Growth and Income plc
- ▶ CT Global Managed Portfolio Trust plc
- ▶ CT Private Equity Trust plc
- ▶ CT UK Capital and Income Investment Trust plc
- ▶ DE MONTFORT UNIVERSITY HIGHER EDUCATION CORPORATION
- ▶ Downing Renewables & Infrastructure Trust plc
- ▶ Ecofin Global Utilities and Infrastructure Trust plc
- ▶ Ecofin U.S. Renewables Infrastructure Trust Plc
- ▶ Ecology Building Society
- ▶ EFG Private Bank Limited
- ▶ Ellenbrook Developments PLC
- ▶ Empiric Student Property PLC
- ▶ Endeavour Mining Plc
- ▶ EQUINE AND LIVESTOCK INSURANCE COMPANY LIMITED (THE)
- ▶ Fairmead Insurance Limited
- ▶ Fce Bank Plc
- ▶ FIDBANK UK LIMITED
- ▶ Foresight Ventures VCT plc
- ▶ Foxtons Group Plc
- ▶ Fuel Ventures VCT Plc
- ▶ Futures Treasury plc
- ▶ Galliford Try Holdings plc
- ▶ Great American International Insurance (UK) Limited
- ▶ Greencoat UK Wind PLC
- ▶ Gresham House Energy Storage Fund PLC
- ▶ Gresham House Renewable Energy VCT 1 plc
- ▶ Gresham House Renewable Energy VCT 2 plc
- ▶ Guinness VCT PLC
- ▶ Halfords Group PLC
- ▶ Hargreave Hale AIM VCT Plc
- ▶ Henderson International Income Trust plc
- ▶ Henderson Opportunities Trust plc
- ▶ Home REIT plc
- ▶ Hyde Housing Association Limited
- ▶ ICICI Bank UK plc
- ▶ Impact Healthcare REIT plc
- ▶ Impax Environmental Markets plc
- ▶ Integrated Accommodation Services Plc
- ▶ Intu Debenture PLC
- ▶ J Smart & Co (Contractors) Plc
- ▶ JPMorgan American Investment Trust Plc
- ▶ JPMORGAN CHINA GROWTH & INCOME PLC
- ▶ JPMorgan Emerging Europe, Middle East & Africa Securities plc
- ▶ JPMorgan Emerging Markets Investment Trust plc
- ▶ JPMorgan US Smaller Companies Investment Trust plc
- ▶ Lendinvest Secured Income II Plc
- ▶ Life Settlement Assets PLC
- ▶ Lindsell Train Investment Trust plc
- ▶ LMS Capital plc
- ▶ M&G Credit Income Investment Trust plc
- ▶ Market Harborough Building Society
- ▶ Martlet Homes Limited
- ▶ Maven Renovar VCT plc
- ▶ Melton Mowbray Building Society
- ▶ Metropolitan Funding Plc
- ▶ MITIE Group plc
- ▶ Miton UK Microcap Trust plc
- ▶ Moat Homes Finance Plc
- ▶ Mobeus Income & Growth VCT PLC
- ▶ Molten Ventures VCT PLC
- ▶ Monmouthshire Building Society
- ▶ Montanaro UK Smaller Companies Investment Trust plc
- ▶ Monument Bank Limited
- ▶ MORTIMER BTL 2021-1 PLC
- ▶ MORTIMER BTL 2022-1 PLC
- ▶ MORTIMER BTL 2023-1 PLC
- ▶ Murray International Trust plc
- ▶ Newhospitals (St Helens And Knowsley) Holdings Limited
- ▶ Nippon Active Value Fund plc
- ▶ Norcros plc
- ▶ Northstandard Limited
- ▶ NRG Victory Reinsurance Limited
- ▶ Octagon Healthcare Fund plc
- ▶ Octopus AIM VCT 2 PLC
- ▶ Octopus AIM VCT PLC
- ▶ Octopus Apollo VCT PLC
- ▶ OCTOPUS FUTURE GENERATIONS VCT PLC

L: List of Public Interest Entities and EEA regulated entities

- ▶ Octopus Titan VCT plc
- ▶ Optivo Finance Plc
- ▶ Oxbury Bank PLC
- ▶ Oxford Instruments plc
- ▶ Pacific Assets Trust Plc
- ▶ Pacific Horizon Investment Trust Plc
- ▶ Palace Capital PLC
- ▶ Pamia Limited
- ▶ Patria Private Equity Trust plc
- ▶ Pembroke VCT PLC
- ▶ Pensana Plc
- ▶ ProVen Growth and Income VCT plc
- ▶ Proven VCT PLC
- ▶ Radian Capital plc
- ▶ Record PLC
- ▶ Reliance Bank Limited
- ▶ Residential Secure Income plc
- ▶ Revolut NewCo UK Limited
- ▶ Riverside Finance plc
- ▶ Robert Walters Plc
- ▶ Saffron Building Society
- ▶ Schroder BSC Social Impact Trust plc
- ▶ Schroder UK Mid Cap Fund PLC
- ▶ Seraphim Space Investment Trust PLC
- ▶ Shepherds Friendly Society Limited
- ▶ Smiths News Plc
- ▶ Social Housing REIT plc
- ▶ Southern Housing
- ▶ Sovereign Health Care
- ▶ Starr International (Europe) Limited
- ▶ Steamship Mutual Underwriting Association Ltd
- ▶ Stonewater Funding plc
- ▶ Suecia Re & Marine insurance Company Limited
- ▶ Suffolk Building Society
- ▶ Supermarket Income REIT Plc
- ▶ Teachers Building Society
- ▶ Temple Bar Investment Trust plc
- ▶ Thames Ventures VCT 2 plc
- ▶ The Biotech Growth Trust Plc
- ▶ The British Aviation Insurance Company Limited
- ▶ The Dentists' & General Mutual Benefit Society Limited
- ▶ The Diverse Income Trust plc
- ▶ The Global Smaller Companies Trust plc
- ▶ The Income & Growth VCT PLC
- ▶ The Mercantile Investment Trust plc
- ▶ The Merchants Trust plc
- ▶ The Original Holloway Friendly Society Limited
- ▶ The Scottish Lion Insurance Company Limited
- ▶ The Standard Club UK Limited
- ▶ Together Housing Finance plc
- ▶ Town Centre Securities Plc
- ▶ Transform Schools (North Lanarkshire) Funding Plc
- ▶ Treatt Plc
- ▶ Triad Group Plc
- ▶ Trifast plc
- ▶ Tritax Big Box REIT plc
- ▶ UIA (Insurance) Limited
- ▶ United Kingdom Freight Demurrage & Defence Association
- ▶ United Kingdom Mutual War Risks Association Limited
- ▶ Utilico Emerging Markets Trust plc
- ▶ VH Global Energy Infrastructure PLC
- ▶ Warehouse REIT Plc
- ▶ Westfield Contributory Health Scheme Limited
- ▶ Workspace Group Plc
- ▶ XPS Pensions Group plc
- ▶ Yarlington Treasury Services Plc



A separate list of entities with securities admitted to trading on an EEA regulated market and for which a statutory audit was carried out and an audit opinion was issued during the year is provided as required by Article 13.2(f) of the EU Audit Regulation in respect of BDO LLP's third country auditor registrations:

- ▶ Pacific Quay Finance plc
- ▶ White City Property Finance Plc
- ▶ Eurocastle Investment Limited
- ▶ JUTURNA (EUROPEAN LOAN CONDUIT NO. 16) PLC
- ▶ MotorK PLC
- ▶ FHW Dalmore (Salford Pendleton Housing) Plc
- ▶ Petra Diamonds US\$ Treasury Plc
- ▶ Dowson 2022-1 Plc

M: List of major local audits

The organisations below are the only bodies:

1. which constitute a 'major local audit' for the purposes of Regulation 12 of The Local Audit (Professional Qualifications and Major Local Audit) Regulations 2014 (SI 2014/1627); and
2. for which BDO LLP issued an audit report on its financial statements during the year ended 4 July 2025.

- ▶ East & North Hertfordshire NHS Trust
- ▶ Essex County Council
- ▶ Essex Pension Fund
- ▶ London Borough of Enfield
- ▶ London Borough of Enfield Pension Fund
- ▶ London Borough of Haringey
- ▶ London Borough of Haringey Pension Fund
- ▶ NHS Birmingham & Solihull Integrated Care Board
- ▶ NHS Hertfordshire and West Essex Integrated Care Board
- ▶ NHS North West London Clinical Commissioning Group
- ▶ NHS North West London Integrated Care Board
- ▶ NHS Sussex Integrated Care Board



N: Glossary of acronyms

Acronym	Definition
1LOD Lead Partner	1st Line of Defence Lead Partner
AB	Audit Board
AC	Audit Committee
ACA	Associate Chartered Accountant
ACP	Audit Compliance Principal
AE	Audit Executive
AI	Artificial intelligence
AFGC	Audit Firm Governance Code (Revised) 2022
AMD	Audit Monitoring Database
AML	Anti-money laundering
APT	Audit Process Tool
AQD	Audit Quality Department
AQE	Audit Quality Executive
AQL	Audit Quality Leader
AQP	Audit Quality Plan
AQR	Audit Quality Review
BIOB	Business Interest Oversight Board
BDO UK	BDO LLP

Acronym	Definition
BPO	Business Process Owner
CEDAR	Celebrating Ethnic Diversity and Roots Network
CEO	Chief Executive Officer
CoE	Centre of Excellence
COO	Chief Operating Officer
CPD	Continuing Professional Development
CQ	Cultural intelligence
CR&O	Consulting, Risk and Outsourcing
DMA	Double Materiality Assessment
ECCTA	Economic Crime and Corporate Transparency Act 2023
ED&I	Equality, Diversity and Inclusion
EDT	Extended Delivery Team
EEA	European Economic Area
EiC	Early in Careers
EMEA	Europe, Middle East and Africa
EQR	Engagement Quality Reviewer
ERM	Enterprise Risk Management

Acronym	Definition
ESG	Environmental, Social and Governance
EU	European Union
FRC	Financial Reporting Council
FY23	Financial year 2 July 2022 – 30 June 2023
FY24	Financial year 1 July 2023 – 5 July 2024
FY25	Financial year 6 July 2024 – 4 July 2025
FY26	Financial year 5 July 2025 – 3 July 2026
GLT	Global Leadership Team
HR	Human resources
ICAEW	Institute of Chartered Accountants in England and Wales
ICO	Information Commissioner's Office
IESBA	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
INE	Independent Non-Executive
ISA	International Standards on Auditing
ISQM(UK)1	International Standard of Quality Management (UK) 1
ISQM (UK) 2	International Standard of Quality Management (UK) 2

N: Glossary of acronyms

Acronym	Definition
IT	Information technology
KAP	Key Audit Partner
KPI	Key Performance Indicator
LSC	Learning Strategy Council
LT	Leadership Team
L&D	Learning and Development
MLA	Major local audit
MLRO	Money Laundering Reporting Officer
NAS	Non -Audit Services
NFC	Non-financial conduct
NomCo	Nomination Committee
OB	Operations Board
OEPI	Other entity of public interest
ORC	Operational Responsibility Committee
PC	Partnership Council
PCAOB	Public Company Accounting Oversight Board
PCPE	People, Culture and Purpose Executive
PDG	Project Delivery Group
PIC	Public Interest Committee

Acronym	Definition
PIE	Public interest entity
PJF6	Professional Judgment Framework
PMD	Practice Management Department
PMO	Portfolio Management Office
PR	Practice Review
PwC	PricewaterhouseCoopers
QAD	Quality Assurance Department
QC1000	PCAOB Quality Control standard QC1000
QLC	Quality Leaders Council
QRE	Quality and Risk Executive
QRM	Quality and Risk Management
QRSC	Quality and Risk Sub-Committee
QRST	Quality Review Support Team
RCA	Root Cause Analysis
RemCo	Remuneration Committee
RI	Responsible Individual
RTL	Review Team Leader
SaaS	Software as a service
SI	Strategic Initiatives

Acronym	Definition
SME	Subject matter expert
SQAP	Single Quality Action Plan
SoQM	System of Quality Management
STMP	Shorter-Term Measures Project
ToR	Terms of Reference
TRA	Technology Risk Assurance
VFM	Value for Money



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