

Transparency Report 2024

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Managing Partner, Brian McEnery

Introduction from the **Managing Partner**

Welcome to BDO's 2024 Transparency Report

As, I imagine any organisation operating in a similar space as ours, I could identify numerous carefully crafted initiatives and investment programmes we have in place to help position BDO, our people and the businesses we serve tackle the opportunities available to us in what has proven to be a strong and resilient market.

But if we step back and take a broader view for the purposes of this report, BDO's role during this current period of unprecedented volatility and change has been dynamic in consistently serving the public interest through an ongoing commitment to delivering quality engagements.

Looking ahead we remain committed to our strategy for growth both in terms of our geographical presence in Ireland and in terms of expanding the breadth and depth of our service portfolio offering.

People

We will continue to invest in growing our people which is central to our mission; both in terms of their development and also in creating the best possible environment for them to realise their full potential.

We celebrate Diversity & Inclusion and this year we again published our gender pay report.

Whilst this is only our Second Gender Gap Report as a Firm, it is pleasing to see our results trending in the right direction. However, we still have a way to go, and I look forward to working across the Firm to continue to drive equality and fairness in everything we do.

BDO is committed to ongoing investment in our training, processes and people to ensure we deliver the audit quality expected by all our clients and stakeholders.

As you can see in this report's Sustainability section, BDO in Ireland has made positive progress in our Sustainability journey over the last year. We've actively adopted the Environmental, Social, Governance (ESG) framework and this is guiding us as we make the changes that matter to progress.

The Firm in Ireland is in a strong place to deliver for our people, our clients and against our ambitious plans for growth. Growing our people is central to our mission in BDO and we continue our investment in advancing the most supportive working environment enabling our colleagues to realise their full potential; a process kick-started by our move to new state-of-the-art offices just over a year ago. I am delighted that BDO Ireland was recently nominated in

Ireland's top 150 best employers (200+ employees – *The Sunday Independent/Statista*) which reflects the progress we have made over the last year. We also saw significant increases in the number of Graduate applications to join the Firm.

Diversity and Inclusion

I have been heartened by the commitment and drive of our people over the last year, who have created and implemented impactful and innovative programs to help us improve the representation of our teams. In the first half of this year a deep research project was conducted on all aspects of Diversity & Inclusion across the Firm to ensure we continue to listen to our people's needs and create the best possible working environment for everyone.

We remain firmly focused on increased female representation at director and partner level. With continued focus and effort, I know we can continue to make BDO a truly egalitarian place to work.

Celebrating success and having fun together is an important part of our culture. Last year we continued to celebrate a variety of cultural events through the year, take note of and share our successes, and let our hair down at our annual summer barbeque and black-tie Christmas events.

We are, above all, a people-powered business, and I could not be prouder of all the BDO people who make the Firm such a special organisation to work with and work for.



Audit Quality and Risk Management

Management of risk and audit quality are cornerstone of our day-to-day activities that feed into our strategic positioning as a Firm within the marketplace as well as the BDO Global wider network. The partners, through the management committee, set the tone at the top and actively impress upon core processes and activities throughout the Firm to ensure that partners and staff members are invested in this commitment.

During the previous year, a significant focus was placed on enhancing the internal system of quality management (SoQM) in accordance with the International Standard on Quality Management (ISQM (Ireland)1), which came into effect on December 15, 2022. As a Firm, our focus during 2023 and beyond lies firmly in ensuring the operating effectiveness of our SoQM. I am delighted to say the strength of our sound SoQM is reflected within the reasonable assurance conclusion reached through the Firm's annual evaluation of the operating effectiveness of our SoQM (performed as referenced within [Appendix I: Compliance Statement](#) on effectiveness of system of quality management).

This endeavours to ensure that the Firm follows a consistent and systematic approach to audit quality, allowing for the development and implementation of Firm-specific responses while maintaining overall consistency within the network.

The Firm welcomed external reviews conducted by IAASA (Irish Auditing & Assurance Supervisory Authority) and BDO Global. These reviews encompassed assessments of the Firm's



SoQM as well as a selection of audit engagements across different tiers. We engaged constructively with the reviewers and acknowledged the improvement in quality observed. We remain committed to implementing recommendations from these reviews within the designated timelines in support of our unwavering commitment to audit quality.

Our internal review process of completed audit engagements continued to demonstrate the dedication and diligence of its engagement teams to delivering robust quality audits. The results of these internal reviews aligned closely with the Firm's policies and procedures, as confirmed by the external reviews. Audit quality is, and remains, a strategic priority for our Firm and for BDO Global.

BDO Sustainability

The BDO Sustainability Movement was launched in 2021 to encourage our people to learn more about how they can personally embrace sustainability practices in their own lives, as BDO professionals and as advisers to our clients. In 2023 we began our journey to become a truly sustainable business. This involved a cross-firm team, assisted by independent experts, and resulted in our first Sustainability Strategy which was completed and approved by our partners in December 2023. We have included a full overview of our sustainability strategy later in our report.

Innovation through technology

The external audit market has experienced significant technological innovation in recent years, revolutionising the way audits are conducted. One of the most impactful advancements is the adoption of data analytics and, more recently, Artificial Intelligence (AI). These technologies enable auditors to analyse large volumes of financial data quickly and accurately, identifying patterns and anomalies that may indicate potential risks or areas of concern. This not only increases efficiency but also enhances the quality of the audit by providing deeper insights into the financial health of the organisation.

We have witnessed recent advances in AI that simplify how businesses approach utilisation of data and their interface with AI without a need for sophisticated computer programming skills. Such advances enhanced through Generative AI (GenAI) will further enable simplified usage of AI and accelerate business's interaction for BDO Ireland and our clients.

Looking to the future we can see that by leveraging AI algorithms, auditors can automate routine tasks, such as data entry and transaction testing, allowing them to focus on more complex and judgment-intensive aspects of the audit.

While the use of blockchain technology continues to be novel in the world of finance and auditing, is there a future state where its use is more accepted and widespread, potentially greatly improve the integrity and reliability of financial records? Through close collaboration across the network, dedicated Irish innovation teams and constructive engagement with our regulators we continue to stay abreast

of technological developments. We have in place a framework for any new tools and techniques to be rigorously considered and tested before being implemented by both our local teams and specialist experts within the BDO Network. Our technological risk appetite remains unchanged in that we do not seek to be a leader in this sphere of the audit world.

Governance

Over the past year, we have placed a significant focus on strengthening our governance structures. In response to growing regulatory demands and heightened stakeholder expectations, we have been proactive in enhancing our governance frameworks to ensure greater accountability, transparency, and ethical conduct within the Firm.

This has involved the annual review of the remits of various governing committees ensuring each aspect of our business is appropriately overseen as required. We have also reviewed, and where necessary strengthened oversight mechanisms, particularly in relation to audit quality. We have continued to invest in programmes to upskill our partners in areas where emerging governance issues, such as cybersecurity risks and ESG considerations are pertinent. By fortifying our governance structures, we are better positioned to mitigate risks, safeguard shareholder interests, and deliver quality assignments that enhance our overall reputation in the marketplace and trust in the work of auditors.

In conclusion

I am proud of the progress we have made over the last year, and we have exciting times ahead.

The Sustainability agenda will be a key area of growth for the Firm over the coming years. Whether this is an audit or an assurance service, there is a big role for accountancy Firms in terms of measurement and management. Sustainability is relevant to everything that we do, from audit to tax with special significance for advisory.

Additionally, we are focussed on growing our Financial Services business and expanding our geographical offering to build on our current presence in Dublin, Limerick and Cork.

Our Global BDO Purpose of *'People helping People'* ensures that we will always put our people and our clients at the centre of everything we do.



Brian McEnery
Managing Partner

Report from the **Head of Audit**



Our audit division's number one objective is for our Firm to be recognised for delivering consistently high-quality audits.

Our audit division has continued to show positive growth levels over the last 12 months in a marketplace where there continues to be a strong demand for audit services. Our focus has been to grow our business where we have the ability to add resource capacity with high quality personnel. We assess all audit opportunities in this lens as we want to ensure that we can continue to deliver for our audit clients and continue to maintain and strengthen audit quality.

Aligned with this we have actively managed our portfolio of audit work over the last year and have made decisions as to whether to retender for existing audits and consider how we can reduce the number of audits but increase the average size of individual audits. We also continue to focus on working with clients who are the right strategic fit.

The demand for high quality resources both from a retention and attraction perspective continues to be a challenge for firms but we have and continue to invest in recruitment and our people. It is important that our people enjoy working with our clients and that they are being trained appropriately to deliver from an audit quality perspective. We need to ensure that they are appropriately equipped to

do their job and to help them in their career development within the Firm.

We continue to focus on our goal of delivering consistently high-quality audits. During the last year we have been subject to a number of reviews from IAASA, Chartered Accountant's Ireland and BDO Global. While there were points noted for improvement, the audit files selected for review were generally noted to be of good quality with less than significant improvements required. Similarly IAASA noted only one minor finding on their whole Firm review as noted in their report issued in March 2024.

This reflects the focus of our audit teams and investment made by them and the Firm as a whole as we work towards our objectives around delivering consistently high- quality audits.

We are focussed on continuously improving our Firm wide procedures and processes and have made appropriate investments to ensure that this is the case, both now and in the future.

We will continue to build on the enhancements we have already made and will seek out further improvements in the future.

We never forget the vital role that independent, high-quality audit plays in the capital markets, and the communities of which we are a part.



Teresa Morahan
Head of Audit

Legal Structure and Ownership

The Irish Firm of BDO (“the Firm”) consists of a group of Irish registered partnerships formed under the Partnership Act 1890 which are wholly owned by the partners in the Firm. At 1 March 2024 there were 38 partners.

BDO employs over 500 people and operates from offices in Dublin, Limerick and Cork. The principal services provided

by the Firm are Audit, Tax, Advisory and Consulting. These business streams have dedicated teams of partners and professional individuals nationwide tailoring high quality business solutions for the Firm’s clients. Further details on the individual services provided by each business stream can be found on our [website](#).

Additionally, the Firm provides services through the following wholly owned subsidiaries:

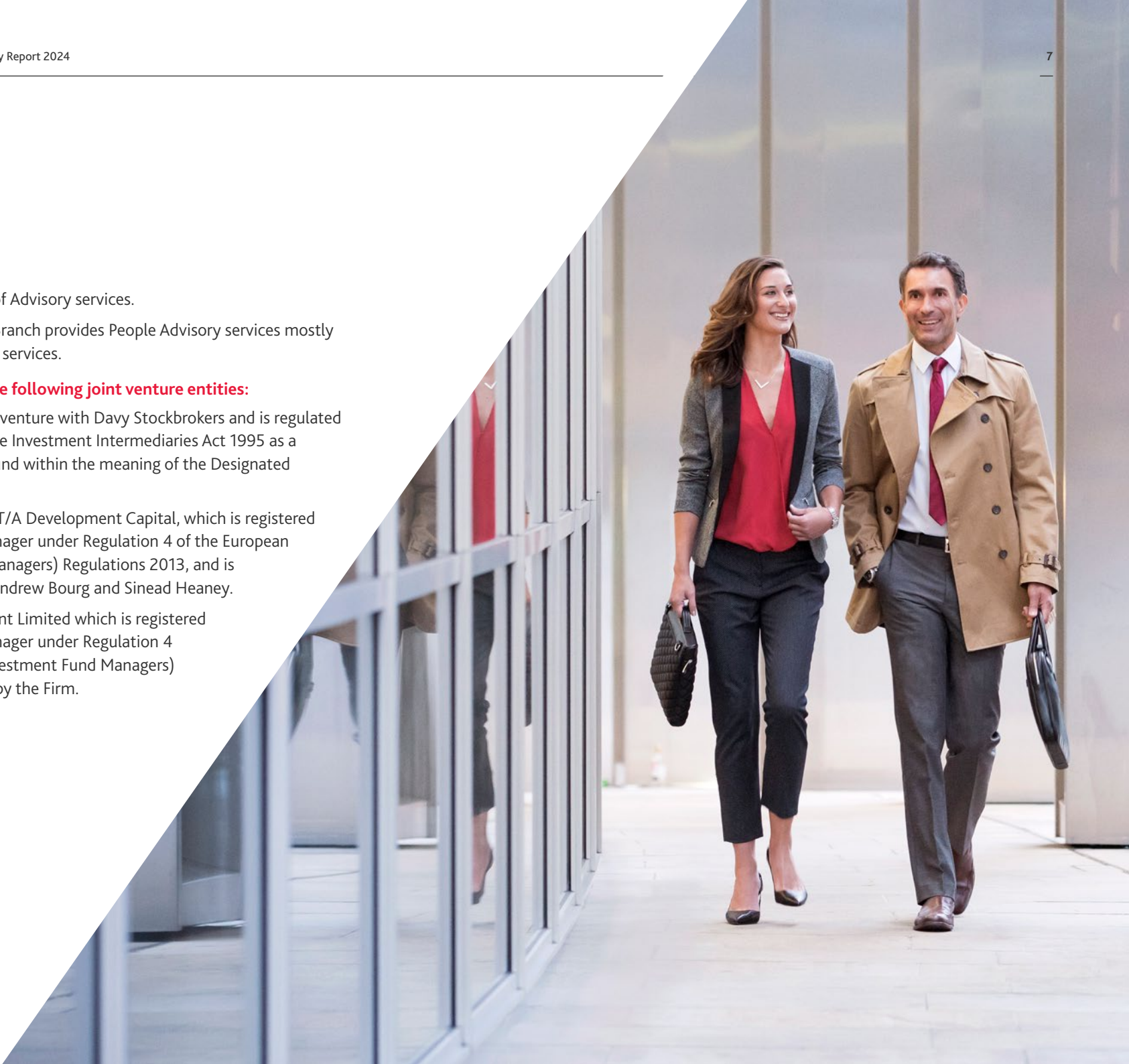
- ▶ BDO Customs and International Trade Services Limited is a Company of International Trade and Customs advisors focusing on International and European Customs and Trade Law, Import/Export Taxes (Customs, Anti-Dumping Duties, etc.), Excise Duties (both EU Directive and National implementation), Audits and Disclosures, Appeals (both national and to EU level), Export Licensing, AEO, together with project management for Set-Ups.
- ▶ BDO Eaton Square Limited provides management and technology consultancy services, demonstrating expertise in organisational design, strategy development & execution, and system integration with a specialism in HR system implementation.
- ▶ BDO Corporate Secretaries Limited and BDO Secretariat Limited provide Corporate Secretarial Services through every stage of a company’s lifecycle from formation to winding up, ensuring companies fulfil their statutory obligations.
- ▶ BDO Talent Management Limited provides a range of People Advisory services including Recruitment services, flexible staffing, acting as Employer of Record, HR Advisory and Talent Development.
- ▶ BDO Technology People Limited provides recruitment and talent acquisition services for IT and technical teams

Audit	Tax	Advisory	Consulting
Statutory Audit	Corporate Tax Planning	Corporate Finance	Risk Advisory Services
Other Assurance	Corporate Tax Compliance	Corporate Recovery	Management Consulting
	Customs and International Trade	Corporate Secretarial	Technology Consulting
	Transfer Pricing	Development Capital Fund Management	Talent Management Solutions
	R&D Tax Services	EII Scheme Funds	
	Indirect Tax	Transaction Services	
	Employment Taxes	Sports Advisory Unit	
	Personal Tax	Outsourcing	
		Payroll	

- ▶ BDO Digital Limited provides a range of Advisory services.
- ▶ BDO Talent Management Limited UK Branch provides People Advisory services mostly focused on HCM software consultancy services.

Furthermore, the Firm participates in the following joint venture entities:

- ▶ BES Management DAC which is a joint venture with Davy Stockbrokers and is regulated by the Central Bank of Ireland under the Investment Intermediaries Act 1995 as a manager of a designated investment fund within the meaning of the Designated Investment Funds Act, 1985
- ▶ Development & Growth Funding DAC T/A Development Capital, which is registered as an Alternative Investment Fund Manager under Regulation 4 of the European Union (Alternative Investment Fund Managers) Regulations 2013, and is owned 40% by the Firm and 60% by Andrew Bourq and Sinead Heaney.
- ▶ Development Capital Fund Management Limited which is registered as an Alternative Investment Fund Manager under Regulation 4 of the European Union (Alternative Investment Fund Managers) Regulations 2013 and is owned 100% by the Firm.



The BDO Network

BDO in Ireland is a Member Firm of BDO International Limited.

The BDO network is an international network of independent public accounting, tax and advisory Firms which are members of BDO International Limited and perform professional services under the name and style of BDO ("BDO Member Firms"). BDO is the brand name for the BDO network and all BDO Member Firms.

Legal and structural arrangements in the network

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.

Governance of the network

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 Executive of BDO International Limited.

Council

The Council comprises one representative from each voting BDO Member Firm – generally the managing partner – and represents the members of BDO International Limited in general meetings. The Council is chaired by the Council Chair, elected among the existing Council members by the Council upon nomination by the Global Board. The current Council Chair is Wayne Berson, managing partner of BDO in the USA.

The Council approves the Network's budget, appoints the Global Board and approves any changes to the Articles of Association and the Regulations of BDO International Limited. The Regulations of BDO International Limited, as adopted by the Council, are binding on all



Revenue
US \$14 billion
(+10.2%)



Partners and staff
115,661



Locations
166 countries and
territories



Offices
1,776

Member Firms (voting and non-voting). The Council meets at least once a year, with additional meetings held if the Council Chair and/or the Secretary of BDO International Limited consider it necessary or appropriate, or upon the request of a minimum number of Council members.

Global Board

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, with the appointment being approved by the Council. Members are eligible for reappointment for further terms which are also approved by the Council. The Global Board sets policies and priorities for the network and oversees the work of the Global Leadership Team. The Board meets at least four times a year and more if required and is chaired by Wayne Berson, BDO USA. The Global Board sets policies and priorities for the global organisation and oversees the work of the Executive.

Executive

The Executive comprises the Chief Executive Officer (CEO), who is appointed by the Global Board, and the members of the Global Leadership Team (GLT), who are appointed by the CEO.



The current global CEO is Pat Kramer, previously CEO of BDO Canada and a member of BDO's Global Board. The CEO's powers and responsibilities are set out in the Regulations of BDO International Limited and as further determined by the Global Board.

The GLT is tasked with coordinating the activities of the BDO network on a day-to-day basis. It is headed by the CEO and comprises the Chief Strategy and Operations Officer, Global General Counsel, Global Head of Advisory, Global Head of Audit & Assurance, Global Head of Business Services and Outsourcing (BSO) (also Regional Managing Director, Americas), Global Head of IT, Global Head of People & Culture, Global Head of Risk & Compliance, and Global Head of Tax. They recommend quality standards, policies, and strategies to the Global Board.

The GLT is supported by the Global Office at Brussels Worldwide Services BV, a Belgian limited liability company.

The Global Office coordinates service provision within BDO, providing impartial oversight, quality assurance and global tools. Departments and areas of focus include:

- ▶ Advisory
- ▶ Audit & Assurance
- ▶ Business development
- ▶ Communications
- ▶ Finance & Accounting
- ▶ IT
- ▶ Legal & Privacy
- ▶ People & Culture
- ▶ Regulatory & Public Policy
- ▶ Risk & Compliance
- ▶ Sustainability
- ▶ Tax.

BDO International Limited and Brussels Worldwide Services BV, or any other central entities of the BDO network, do not provide services to clients. This is the sole preserve of the BDO Member Firms.

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 such entity's acts or omissions. Nothing in the arrangements or rules of BDO shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide services BV and/or the BDO Member Firms.

Global committees

Within the BDO network there are a number of global committees, composed of professionals from the network's firms, who report to the respective member of the GLT and the CEO. These committees, which act in an advisory capacity for the benefit of the network's firms, are further supported by a number of sub-committees, task forces and working groups. The International Risk Management Committee and the Audit Steering Committee are key to the network's risk and quality management.

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 or audited entity 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.

Size of the BDO network

The global aggregated turnover for BDO Member Firms (including their exclusive Alliances) in 166 countries for the year ended 30 September 2023 was in excess of \$14 billion. Partner and staff numbers at 30 September 2023 were 115,661 in 1,776 offices.

Appendix I of our Transparency Report discloses the list of all EU/EEA BDO Audit Member Firms together with the countries in which these Member Firms are present.

The combined turnover from statutory audits of the BDO EU/EEA audit Firms is €630,045,046 (published 09 January 2024)*.

* Please note that this figure does not include the UK.

Sustainability

Sustainability Strategy BDO

The BDO Sustainability Movement was launched in 2021 to encourage all our people to learn more about how they can personally embrace sustainability practices as an individual, as a BDO professional and as an adviser to our clients.

In 2023 we began our journey to become a truly sustainable business. This involved a cross-firm team, assisted by independent experts, and resulted in our first Sustainability Strategy which was completed and approved in December 2023.

The building blocks of our sustainability strategy are as follows:

BDO Sustainability Ambition

Sustainability Benchmarking



Sustainability
Business
Model



Sustainability
Value
Proposition



CSRD/ESRS
Reporting



Governance
Model



Sustainability
Strategy &
Road Map

BDO Stakeholder Engagement

Ambition

We engaged all our people to arrive at an ambition and commitment that we can be proud of, anchored in our **Core Purpose**:

“We advise and challenge because we are passionate about your success”

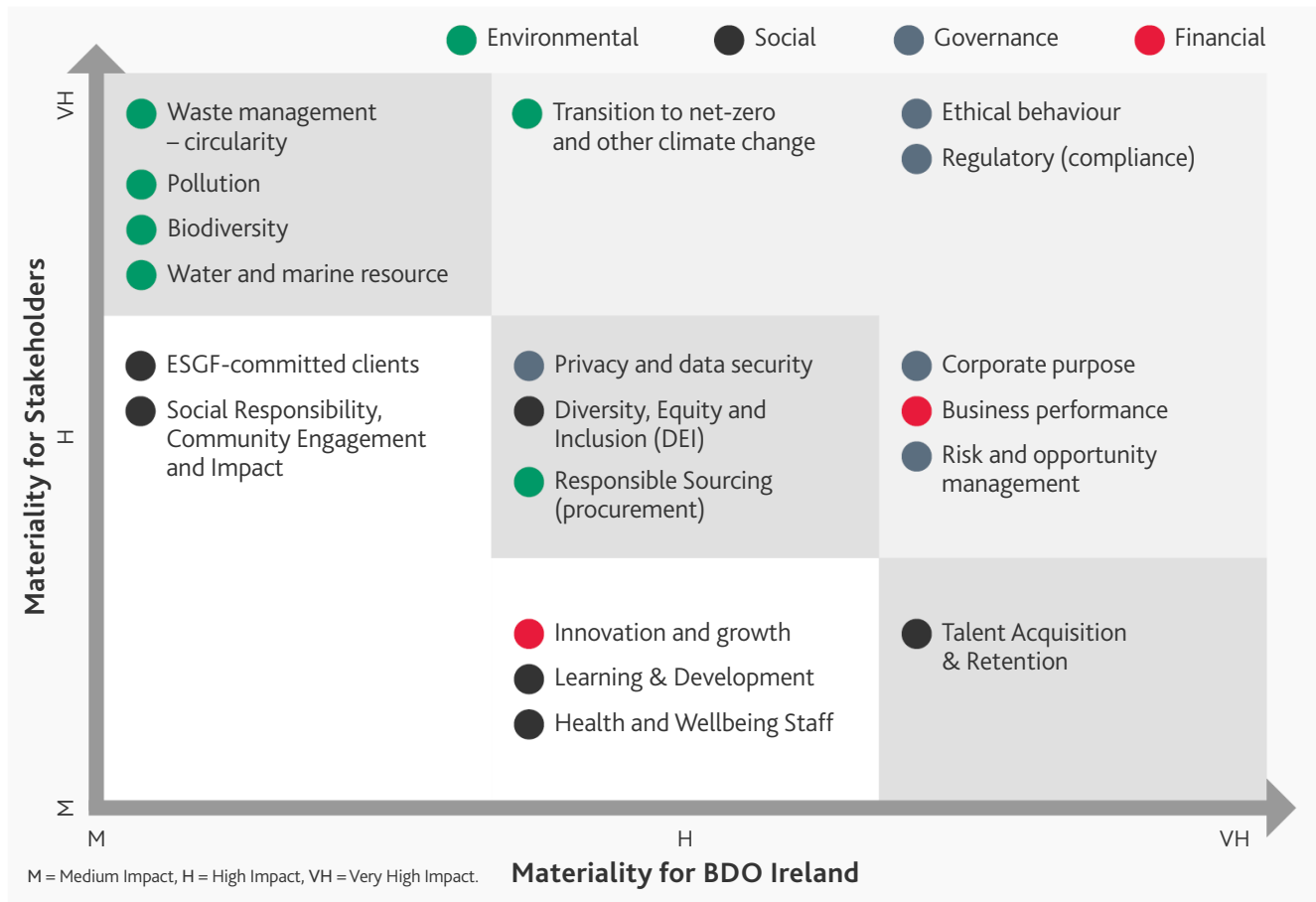
Our Sustainability ambition is to inspire, educate and lead an unstoppable movement for sustainable business practice in our markets and in our organisation.

Our Sustainability framework is as follows:

Sustainable Business Framework			
Environmental	Social	Governance	Financial
<ul style="list-style-type: none"> Transition to net-zero and other climate change Waste management – circularity Pollution Biodiversity Water and marine resource Responsible Sourcing (procurement) 	<ul style="list-style-type: none"> Diversity, equity and inclusion ESGF-committed clients Social Responsibility, Community Engagement and Impact Talent Acquisition & Retention Learning & Development Health and Wellbeing Staff 	<ul style="list-style-type: none"> Ethical behaviour Regulatory (compliance) Corporate purpose Risk and opportunity management Privacy and data security 	<ul style="list-style-type: none"> Business performance Innovation and growth

ESGF Materiality Assessment

As part of our strategy, we completed a Materiality Assessment to establish the most important impacts on our business and the most significant impacts we're making on the environment and our stakeholders. The graph below shows the top right quadrant of issues which our analysis and stakeholder engagement identified as the most important:



As part of our strategy, we identified the following priorities for YE 2024:

- ▶ Measure our Carbon Footprint using the year ended 28th February as our base year and submit targets to GRI to reduce our Carbon emissions in line with BDO's global commitment to achieve Net-Zero by 2050.
- ▶ Ensure our work environment is one where everyone can thrive.
- ▶ Support our local community through initiatives such as the Inner-City Enterprise and contribute socially to philanthropic causes.
- ▶ Ensure an environmentally friendly and sustainable procurement strategy with our vendors.
- ▶ Work with BDO globally to ensure our initiatives are aligned to maximum benefit.

Transition to Net Zero

BDO Global joined *The Net-Zero Financial Services Providers' Alliance* in 2021 and as a result our organisation as a whole made a commitment to support the goal of net-zero greenhouse gas emissions by 2050 or soon.



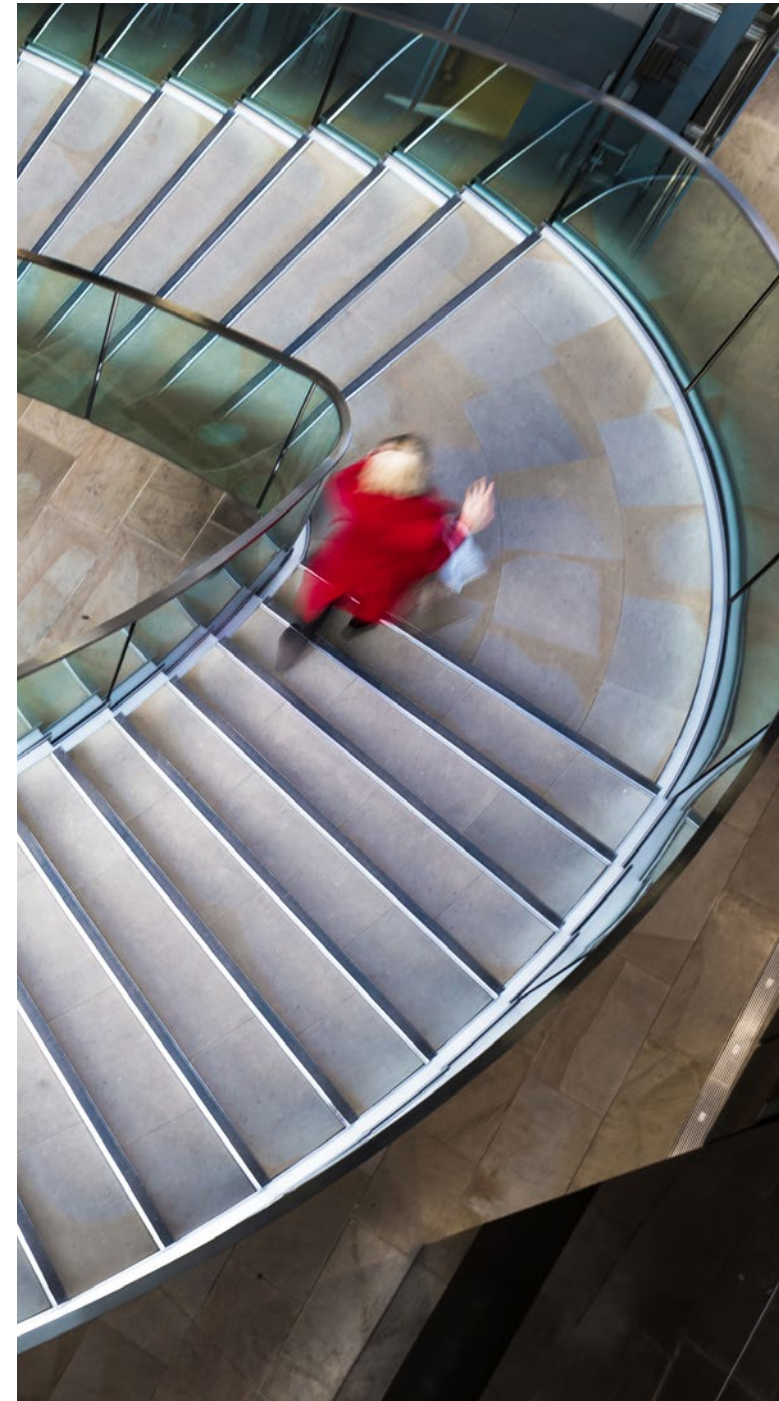
Governance

One of the key components of our new Sustainability Strategy is the implementation of our new Sustainability governance structure. An essential part of the governance is our Sustainability Committee, which began its three-year term on 1st March 2024.

The Committee is responsible for the implementation and management of our ESGF framework and strategy and oversees the systems, policies and processes to achieve the Firm's sustainability objectives and monitor sustainability risks. They are also responsible for prioritising initiatives, developing internal capabilities, and driving/ monitoring implementation.

The objectives and terms of reference are summarised below:

- ▶ The Sustainability Committee is composed of leaders from across the business.
- ▶ The Sustainability Committee has the role to oversee the systems, policies and processes to achieve the Firm's sustainability objectives and monitor sustainability risks. These policies cover a wide range of topics under environment, social and governance.
- ▶ The Committee is responsible for developing policies specific to ESGF – these policies are collectively called Sustainability policies.
- ▶ The Sustainability Committee decides ESGF priorities and initiatives for the year, sets long term objectives and goals, and lead the annual reporting process on ESGF related topics.
- ▶ One purpose of the Sustainability Committee is to guide advancement of BDO's ESGF disclosure, starting with qualitative disclosures, followed by establishment of metrics and goals to support qualitative disclosures.
- ▶ The Sustainability Committee is also responsible for prioritising initiatives, developing internal capabilities, and driving and monitoring implementation. The Sustainability Committee meets on a regular basis and reports to the Managing Partner & the Partnership.
- ▶ The Sustainability Committee will collaborate with other governance and management bodies as required, including:
 - Management Committee
 - Quality & Risk Committee
 - Audit Committee
 - Support Functions.



Environmental Initiatives

We implemented the following environmental initiatives in 2023/2024



We moved to our new office in February 2023 and sustainability was a key factor in our decision on which office to choose. We are delighted that *Miesian Plaza* is the first development in Ireland to be presented with certification for global green building standard. We are pleased to be working from an office which is awarded **LEED Platinum** status (LEED in Energy and Environmental Design).



We also implemented reusable cups company-wide for use in our **Gratitude Cafe** to encourage a shift away from single-use plastics and participated in **Plastic Free July**, a global movement that helps millions of people be part of the solution to plastic pollution. We will continue to work on rolling out environmentally friendly business activities from Miesian as we move forward in the year.



We also introduced our **Borrow and Return Library**. The idea behind this initiative is to encourage employees to share their favourite books with each other and promote a culture of reading and learning within the workplace in a sustainable and joyful way.



We procured climate-neutral paper for our office. With climate-neutral paper we are contributing to more sustainable production of print jobs and achieve the benefits:

- Reduce our carbon footprint with CO2 neutrally produced and delivered office papers
- Papers produced with efficient resource use, using raw materials from renewable sources
- Ensure optimal sustainable production across the whole paper supply chain (from raw materials, energy, water consumption, Emissions and waste management)
- Support three carbon offset programmes.



In terms of our external environment, we also supported initiatives to save our planet such as our **Beach Clean Up on Bull Island** to celebrate World Environment Day, **Plastic Free July** and WWF initiatives aimed at saving endangered species particularly Sea Turtles.

We also supported the **Canopy Project**, an initiative by the **Earth Day Network** to plant trees around the world which recognises the vital role that trees play in supporting life on Earth. Trees help to absorb carbon dioxide and other greenhouse gases from the atmosphere, provide oxygen, regulate the climate, and support biodiversity. Through the *Canopy Project*, individuals and organisations can make a contribution to plant trees and help combat climate change.

The Earth Day Network works with local organisations and communities to identify areas where reforestation efforts can have the greatest impact.

Since the launch of the *Canopy Project* in 2010, millions of trees have been planted around the world, including in areas affected by natural disasters such as hurricanes, wildfires, and floods. The project continues to be an important initiative in the fight against climate change and for a more sustainable future.



Social and CSR

Social

Our social impact focuses on both our Employees, our Community and our World. With our people we enable personal growth and fulfilment to benefit individuals and to enable the Firm to work together to make a difference as a team.

In our Community we support local charities looking to make a difference at a local level. For example, BDO Ireland is a sponsor of the *Inner City Enterprise (ICE)*. We are delighted to continue to support this initiative which resonates with our own Core Purpose – helping people succeed. We also support *Inner City Enterprise* by hosting workshops for their members on financial management, branding, and tax affairs.

We also:

- ▶ Hosted our 2nd annual **Big Pink Breakfast** in aid of the *Irish Cancer Society*, specifically to raise money for Breast Cancer supports. As part of this event, we posted infographics and breast cancer detection tips all around the office.
- ▶ November was dedicated to our **Movember** initiative, and we were thrilled that so many people decided to get involved in our mustache competition.
- ▶ In December of each year we partner with *St. Audoen's Primary School*, an underfunded school

in Dublin city centre. The staff all contribute the cost of a toy from their December paycheque and we give the kids a fun pre-Christmas party.

- ▶ In February we hosted **Pancake Tuesday** in support of *Focus Ireland* and to welcome staff to our new office.
- ▶ **Individual Initiatives:** We also believe its important to support individual initiatives by our staff and throughout 2023, staff members in the various BDO Ireland offices organised their own events and fundraised for a myriad of fantastic causes such as the *Irish Guide Dogs for the Blind*, the *Samaritans* and *Shine a Light*.

Sustainability Education and Training

Our partners have also shown their commitment to sustainability by completing Sustainability Management and Strategy Courses in Chartered Accountants Ireland and Cambridge Institute of Sustainability.

In addition, we rolled out a company-wide training programme in March 2024, Introduction to Sustainability. This eLearning has been designed to introduce BDO Ireland staff to the fundamentals of Sustainability (ESG) and why it matters at BDO. It is important that all staff gain a greater understanding of Sustainability and what it means for the Firm from an operational and reporting perspective.



Diversity and Inclusion

In 2020, we established our Diversity & Inclusion (D&I) Programme. This initiative is an extension of our core values and is central to the success of our Firm. Our mission is to ensure that D&I becomes embedded within our Firm's culture and is evident in our day-to-day interactions both internally and externally in the market. As an employee-led initiative, the programme is built to reflect the insights of our own diversity within the Firm.

Our key objective for our D&I programme is to ensure that BDO is an open, respectful and inclusive environment for everyone. This will ensure that our strategic objectives are also achieved which include:

- ▶ Attracting, retaining and empowering diverse talent
- ▶ Building diverse and dynamic teams to optimise client delivery, and
- ▶ Enhancing employer recruitment and retention.

The committee works across four key pillars:



Over the last year we hosted a number of events and activities which focused on our four key pillars, in addition to supporting a number of external initiatives in order to advance our D&I objectives, including:

▶ Membership and supporter of the Irish chapter of the **30% Club**. Active participation in the Professional Services Group of the 30% Club in the development of its guiding framework – Flourishing Equally in the Future Workplace. BDO's commitment to the framework is a key priority for the Firm, and we are committed to the full implementation of the framework in our Firm as part of our Gender Balance pillar.

▶ Publication of our second **Gender Pay Gap Report** in December 2023. We were proud to see a significant narrowing of the gender pay gap compared to the previous year, and to have a workforce where 54% of our people are women. However, we recognise that, as a Firm, we have underrepresentation of women in senior leadership roles, which is a significant contributor to our Gender Pay Gap. We continue to implement upon our action plan to address our Gender Pay Gap, and we are confident in our ability to continue to make significant headway through continued staff engagement and a number of targeted programs, some of which are discussed in further detail below.

▶ Annual celebration of **International Women's Day**, which has become a week long celebration. This year, we celebrated International Women's Day in a number of ways:

- We hosted female entrepreneur, *Pamela Laird* who shared her experience as a female founder, as well as her experiences on *Dragon's Den* and *The Apprentice*.
- We held an in person coffee morning with treats sourced from female-founded businesses in aid of Women's Aid.

▶ We are a supporter of the **DCU Access** to the Workplace Programme. This programme provides DCU Access students with a high-quality internship during their summer break, hosted by leading Irish companies participating in the programme. Our participation in and support of the DCU Access to the Workplace programme is a key initiative in our Abilities and Access pillar, which focusses on enabling access to the workplace for all, including those from non- traditional backgrounds.

▶ We completed the first full cycle of our **Senior Female Mentoring Programme**. This programme involved the participation of female Senior Managers and Directors in a structuring mentorship programme, encompassing workshops and 360 reviews.

▶ As part of our appraisal process for qualified staff, we held **Career Conversations**, encouraging discussions on medium-to-long term career goals and career development. In order to facilitate these discussions, specific training was provided to the Partners and Directors leading this discussions.

▶ We Partnered with **Trinity Centre for People with Intellectual Disabilities** (TCPID). TCPID is situated with the School of Education in Trinity College Dublin, and provides a post-secondary accredited Level 5 Certificate in Arts, Science and Inclusive Applied Practice for students with intellectual disabilities. As part of our Partnership, we provide internship and placement opportunities for students and graduates with Intellectual Disabilities.

▶ Annual celebration of **World Culture Day**. At BDO, our employees represent over 40 different nationalities and we are proud of the cultural diversity of our workforce. This year we celebrated World Culture Day by spotlighting a number of our colleagues in emails highlighting their cultural backgrounds, and we hosted a cultural food event in our Dublin office, inviting colleagues to dress in their traditional national dress or country colours.



▶ Annual celebration of **Pride Month**. In June 2023, we held an in office celebration and walked in the Pride Parade.

▶ We held our first **Festive Family Day** for our colleagues and their families.



Diversity and inclusiveness are key priorities for our Firm and we recognise that our D&I strategy is a journey.

We're proud of the progress we have made to date, but we still have much more we need and want to do to foster an even more diverse and inclusive workplace culture. We are committed to the journey and we are committed to achieving our objectives.

Health and well-being

Here at BDO nothing is more important to us than the health and well-being of our people. With this in mind, we created an annual Wellness Programme, designed to promote and support the overall health and well-being of our people.

We utilise employee feedback to deliver engaging initiatives that positively impact well-being in the workplace. Our agenda focuses on a variety of monthly initiatives that are geared towards promoting mental, physical and financial wellness.

Programme activities are conducted monthly, and include:

- ▶ Chair yoga and meditation
- ▶ Financial wellbeing clinics: Achieving Budgeting and Savings Success
- ▶ Onsite mini health assessments
- ▶ Resilience and mental health session with professional boxer
- ▶ Nutrition and healthy eating session
- ▶ Employee Assistance Program re-launch
- ▶ National Workplace Wellbeing Day event
- ▶ Onsite massages
- ▶ Blue Monday event
- ▶ Share your Pet competition
- ▶ Sports panel discussion with internal staff members
- ▶ Family planning session.



Social Wellness Active Group

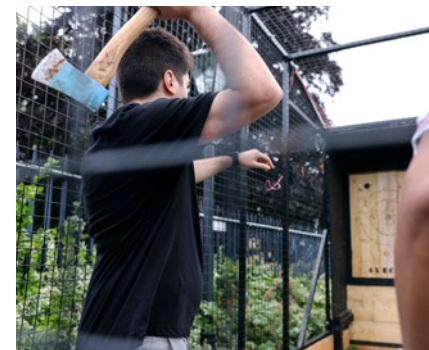
Our Social Wellness Active Group (SWAG), consisting of team members from various departments throughout the Firm, was set up in 2016 with the aim of improving the social environment of the workplace and creating strong working relationships amongst individuals. Now more than ever, nurturing connections is essential to boosting morale and bringing our people together while working remotely.

Over the past number of years, the SWAG committee has built a track record of organising many successful events that continue to bring a high level of engagement across all levels.

Across 2023 and into early 2024 the committee continued its very important work in driving continuous social interaction and integration amongst our people.

During this period we held a number of informal events and gatherings across the Firm to promote team interaction including Pizza Friday's, and inhouse gatherings such as getting together to support and celebrate the Ireland ladies football team in the World Cup. Again we partnered with our CSR programme to hold a combined events and support outdoor activities including the annual beach clean up.as.

Over the Summer months of 2023 we held not one, but two, tag rugby completions such was the appetite and competition among our people. We also submitted a team to the Inter 7s football tournament and achieved great success. Our Summer BBQ was a fantastic evening for all in June 2023. In the months ahead, we will again kick off our



tag rugby competition and look forward to our Summer BBQ in July 2024 which promises, as ever, to be a fantastic event enjoyed by everyone in the Firm.

The next six months promise to be incredibly busy with events such as coffee mornings, yoga and the inaugural Drag Bingo night in honour of Pride month bringing our people together – to mingle and get to know each other.

The events have been very well-received by attendees and it has been fantastic to socialise with colleagues as well as meet new and familiar faces.

Our approach to SWAG remains proactive, based on event feedback that allows us to create events that are both enticing and interesting to the diversity in our teams. We look forward to the year ahead with renewed optimism and with plenty of creative ideas to bring our people together.

The Governance Structure of the Irish Firm

Good governance is integral to the activities of the Firm providing a platform to run our business effectively and efficiently and supports our commitment to serve the public interest by consistently performing quality engagements. The audit function is an integrated part of the Firm and is subject to the same governance structure as all other business segments of the Firm.

The Irish audit Firm governance code

The Irish Audit Firm Governance Code ("the Code") was published by the Chartered Accountants Regulatory Board (CARB) in June 2012 and applies for financial year commences on or after January 2013.

The Code is applicable to audit Firms that audit public interest entities which are defined in the Code as entities registered in the Republic of Ireland which are within the scope of SI 277 of 2007: Transparency (Directive 2004/109/EC) Regulations 2007, as amended.

The objective of the Code is to provide a template which boards and shareholders of public interest entities can use to assess a Firm's governance procedures. One of the key elements of the Code is the principle that audit Firms should appoint independent non-executives within their governance structures. This is consistent with best practice governance within many types of organisations and should, in this instance, provide a basis for enhanced dialogue between stakeholders and audit Firms.

In compliance with the Code the Firm appointed Josephine Feehily to Chair the Firm's governance body and Conn Murray as Non-Executive Chairman of the Firm.

Josephine has had a distinguished public service career having been Chair of the Revenue Commissioners and the first Chair of the Policing Authority in Ireland. Josephine is currently Chair of TUS (Technological University of the Shannon) and a Union Committee Member of the IRFU. Josephine Chair's the Firm's Governance Body to oversee the implementation of the Irish Audit Firm Governance Code.

As Chairman, Conn's primary role is to ensure that the partnership is effective in its tasks of setting and implementing the Firm's direction and strategy. Conn also oversees the public interest aspects of the Firm's decision making, stakeholder dialogue and management of the reputational risks including those in the Firms businesses that are not otherwise effectively addressed by regulation.

Together with Conn Murray they represent two Independent Non-Executive Members of the Governance Body with the third member being the Managing Partner of the Firm.





Firm governance structure

BDO maintains a comprehensive governance structure that provides oversight of the whole Firm and the audit practice within it to ensure the Firm has the appropriate levels of checks and balances. The Firm is led by the Managing Partner who is elected by the partners and serves a three-year term. The Managing Partner is responsible for developing and implementing the policies and strategies of the Firm and for its direction and management. He is responsible to the partners of the Firm and provides regular business updates on strategy and development to all partners at monthly meetings.

Along with the Managing Partner there are a number of committees which deal with key aspects of governance within the Firm, including:

- ▶ the Management Committee
- ▶ the Partnership Committee
- ▶ the Evaluation Committee
- ▶ the Quality and Risk Committee
- ▶ the Audit Committee.

Management Committee

The Management Committee is the leadership body within the governance structure which provides executive leadership to the Wider Firm. It is chaired by the Managing Partner and members of the Committee are selected by the Managing Partner and approved by the partners. As at 1 March 2024 it is comprised of:

- ▶ Brian McEnery (Managing Partner)
- ▶ Andrew Bourg
- ▶ David O'Connor (Head of Consulting)
- ▶ Liam Hession (Limerick Managing Partner)
- ▶ Derek Henry (Head of Tax)
- ▶ Katharine Byrne (Head Of Advisory)
- ▶ Paul Nestor
- ▶ Sinead Heaney
- ▶ Teresa Morahan (Head of Audit).

The function of the Management Committee is to assist the Managing Partner in developing and implementing the policies and strategies of the Firm and meets monthly. It is responsible for day-to-day management of the Firm and for:

- ▶ Quality and risk management, compliance, and internal quality assurance matters
- ▶ Primary responsibility for setting and monitoring adherence to the Firm's financial budgets

- ▶ Ongoing financial management including partners' earnings, drawing and capital funding
- ▶ HR policy and procedures
- ▶ Business development initiatives
- ▶ Support other operational matters including issues arising within the support teams covering finance, HR, marketing, IT and facilities.

Partnership Committee

The Partnership Committee comprises five partners: elected by the partners. The members serve for a three-year period.

The Partnership Committee meets on an ad-hoc basis and is responsible for partnership matters including the appointment and removal of partners, development of new business areas and cessation of existing business streams including any potential mergers or business acquisitions, appointment of the Managing Partner and matters pertaining to the Partnership Agreement.

Members of the Partnership Committee:

- ▶ Gavin Smyth
- ▶ Ken Kilmartin
- ▶ Kevin Doyle
- ▶ David O'Connor
- ▶ Rory O'Keeffe.

Evaluation Committee

The Evaluation Committee comprises the Managing Partner together with four partners elected by the partners and the members of this committee serve for a one-year period.

The function of the Evaluation Committee is to review the partner's contribution to the Firm and against specific criteria including quality of client service, staff management and development and contributing towards the financial success of the Firm. The Evaluation Committee is also responsible for recommending, subject to a vote of the partners, the distribution of the Profit of the Firm.

When evaluating the performance of Partners, the committee obtains an output of the Q&RC (Quality and Risk Committee) assessment annually. The Q&RC report their conclusions and recommendations (including potential sanctions) on these annually to the Evaluation Committee.

All Partners in the firm go through a full performance evaluation every two years. Our Quality & Risk Committee (Q&RC) review annually the AQR results (from internal and external reviewers) for Audit Partners. The Q&RC also obtains

a report from our Compliance Director (E&IL) on our internal monitoring of the following:

- ▶ Client Acceptance Procedures
- ▶ Applicable legal and Regulatory Requirements
- ▶ Independence Requirements
- ▶ Annual Declarations
- ▶ Continuing Professional Development
- ▶ Disclosure of External Shareholdings & Interests.

Members of Evaluation Committee:

- ▶ Brian McEnery
- ▶ Brian Hughes
- ▶ David O'Connor (Corporate Recovery)
- ▶ Kevin Doyle
- ▶ Stewart Dunne (HAAQM).





Quality and risk committee

The Firm has established a Quality and Risk Committee (Q&RC) to promote a quality and risk management culture throughout the Firm and ensure the development and implementation of the Firm's Quality and Risk Management Policy. The purpose of the Committee is to:

- ▶ Provide assurance to the partners on the approach to the management of risk within the Firm and oversee the overall Risk Framework, including the identification, assessment and mitigation of risk, and
- ▶ Ensure that the governance and delivery of services which are provided by the Firm are of the highest possible standard and in keeping with the Mission, Ethos and Core Values of the Firm.

The Committee is also responsible for overseeing compliance with any statutory and regulatory bodies' standards which are applicable to the Firm and considering the implementation of any recommendations made by these bodies.

The membership of the Committee comprises four Partners and the Firm's Quality & Risk Director.

Ultimate responsibility for quality and risk management within the Firm rests with the individual partners. The Committee's role is one of oversight, recognising that the partners are responsible for executing the Firm's risk management and related policies. The Committee engages in appropriate communication with staff on risk, risk policy and controls and encourages a risk management culture throughout the Firm ensuring that attention to risk is embedded as part of the Firm's decision-making and operations.

All partners and staff are required to submit annual confirmations of regulatory compliance which include statements of independence.

Members of Quality and Risk Committee:

- ▶ Paul Nestor (Joint Chair)
- ▶ Richard Warren-Tangney (Joint Chair)
- ▶ Brian Gartlan
- ▶ Philip Glynn
- ▶ Stewart Dunne (HAAQM).

Audit committee

In keeping with corporate governance best practice the Firm requires that its annual financial statements should be subject to external scrutiny through a formal audit process. As part of this process the Firm has established an Audit Committee responsible for the oversight of the financial reporting process, the audit process, the Firm's system of internal controls and compliance with laws and regulations.

The Audit Committee is appointed by the partners and comprises a minimum of three Partners with appropriate audit and financial reporting qualifications. Each member of the Committee will be appointed for an initial period of three years which may be extended thereafter.

The Audit Committee is responsible for the Firm's annual financial statements and is charged with the review, and challenge where necessary, of the actions and judgements of the Finance Partner and representatives from the finance function in relation to the annual financial statements. The Committee is also responsible for appointing the external auditor and monitoring the effectiveness of the audit process.

Members of Audit Committee:

- ▶ Diarmuid Hendrick (Chair)
- ▶ David O'Connor (Corporate Recovery)
- ▶ Stephen O'Flaherty.

The Partnership Committee, the Evaluation Committee, the Quality and Risk Committee and the Audit Committee report their activities to the Management Committee, the Partnership Secretary and, on an annual basis, directly to the Partners.



Ethics and independence

Ethics and independence are of fundamental importance to our culture and success. To fulfil our responsibility to act in the public interest, BDO is dedicated to creating an 'ethics & independence first' culture. It is central to creating and reinforcing 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 work hard to ensure that all our people live by them.

Ethics and independence remain central to reinforcing trust and confidence in BDO and in the accountancy and auditing profession.

In the past year we have seen disturbing accounts of unethical behaviour by professional accountants in relation to the treatment of confidential information and integrity and cheating in exams. Whilst not involving BDO we have taken the opportunity to raise these issues with our partners and staff and to remind them of our expectations in these areas. Integrity and Confidentiality are among the five Fundamental Principles of Chartered Accountants Ireland's (CAI) Code of Ethics.

The trust of the public can only be maintained and enhanced if we, our partners and members of staff conduct ourselves in accordance with the fundamental principles of the ethical standards. In terms of regulatory obligations, we have a responsibility at a Firm level to follow the Irish Auditing and Accounting Supervisory Authority's (IAASA) Ethical Standard

for Auditors (2020) and the CAI's Code of Ethics (2020), as well as a global network requirement to comply with the International Ethics Standards Board for Accountants (IESBA) International Code of Ethics for Professional Accountants.

The Firm has established policies and procedures designed to meet these ethical and independence requirements.

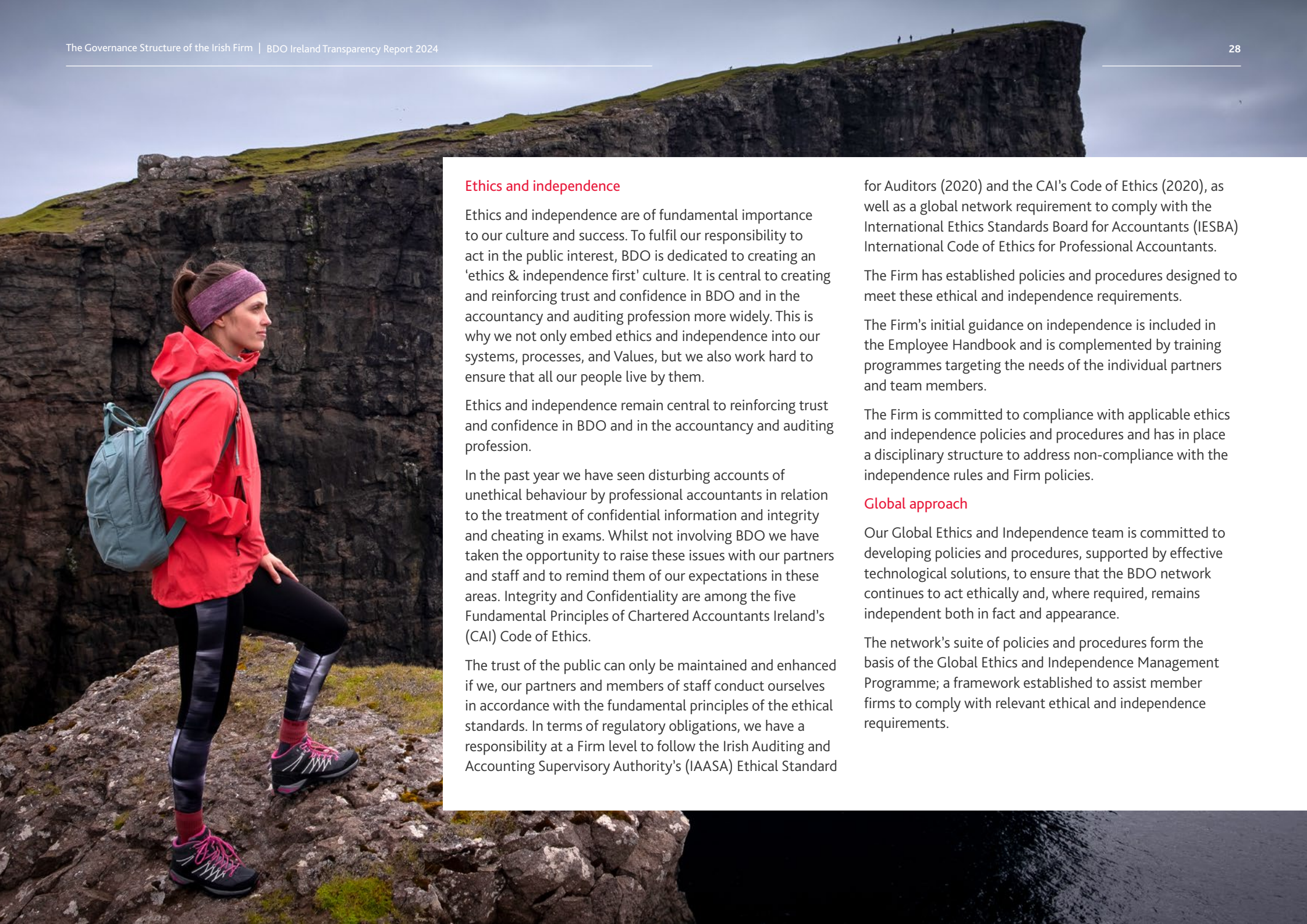
The Firm's initial guidance on independence is included in the Employee Handbook and is complemented by training programmes targeting the needs of the individual partners and team members.

The Firm is committed to compliance with applicable ethics and independence policies and procedures and has in place a disciplinary structure to address non-compliance with the independence rules and Firm policies.

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 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.

Comprehensive due diligence is performed prior to accepting any new audit engagement or new engagement for an existing BDO audited entity and the maintenance of a database of restricted entities, including listed and other PIEs, that is readily accessible to all partners and employees is an important component of this.

This due diligence, in combination with the global independence and conflict of interest tool, enables BDO 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 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.

Such is the importance of procedures and control in this area, that the network is currently in the process of designing and implementing a new generation of entity management system and conflict of interest tool, which will futureproof the system of internal control well into the future.

Speaking Up – expected, not just encouraged

The Firm takes allegations of inappropriate behaviour, whether in the workplace or outside of the workplace, seriously and supports individuals in raising honest concerns.

BDO considers integrity to be one of the cornerstones of its DNA. A speaking up policy and culture, which empowers those within the Firm to raise concerns, benefits the Firm as it allows potential problems to be identified and resolved at an earlier stage. An effective speaking up policy also enhances the compliance culture of the Firm because it means that everyone within the Firm is given the responsibility of ensuring that the Firm lives up to its commitments and obligations, from a quality and risk perspective.

We aim to have an environment where people are comfortable about speaking out, where this is not only encouraged, but is expected. We want to create an environment where people not only live our Values in their own work, but are vigilant in identifying potential concerns, and confident about speaking up in such situations.

We expect people to be accountable for their own behaviour but also for calling out other people's poor behaviour and speaking out against misconduct.





Integrity, objectivity and independence

Integrity, objectivity and independence are at the core of our culture and our business. Our partners and colleagues are not only required to apply the rules but also to adhere to our cultural values of integrity and honesty and the principles of ethics and independence.

In terms of regulatory obligations, we have a responsibility to follow the IAASA's Ethical Standard for Auditors (2020) and the CAI's Code of Ethics (2020), as well as a global network requirement to comply with the International Ethics Standards Board for Accountants (IESBA) International Code of Ethics for Professional Accountants. Our policies and procedures relating to ethical conduct and auditor independence are set out in detailed internal guidance pages on our intranet. These are complemented by extensive advice, consultation, and training programmes, designed to ensure compliance with International and Irish Ethical Standards. The Ethics Partner is responsible for providing guidance and support on the application of ethical standards to ensure that our professional objectivity and independence is maintained, and our cultural values adhered to.

As chartered accountants we are expected to demonstrate the highest standards of professionalism. The Firm recognises its role in serving the public interest and ethical behaviour plays a vital role in ensuring public trust and upholding the reputation of the accounting profession. The IAASA Code of Ethics assists us by providing relevant ethical guidance which forms a central part of our intake training programme whether that is through lateral hires or trainee recruitment.

Financial, business, employment and personal relationships

Each individual is responsible for determining their compliance with the Firm's independence policies. To comply with relevant ethical standards, the policies which the Firm has in place prohibit partners, team members and persons closely associated with them holding a financial interest in an audit client or an affiliate of an audit client. Additionally, the Firm, partners, team members and persons closely associated with them may only enter into business relationships with any of the Firm's audited entities or their affiliates where they:

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

The Firm also has in place policies requiring individuals to report where any member of their immediate family or close family, or anyone with whom they have a personal relationship, has an involvement with an audit client which they consider might create a threat to the Firm's objectivity or a perceived loss of independence.

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.

The Firm maintains a list of clients, mainly assurance clients of which the Firm must be independent, and this list may be accessed by all partners and colleagues. Similarly in order to perform effective enquiries to ensure that our independence on a global basis is not compromised BDO International maintains a worldwide register, accessible by all BDO professionals, of BDO's clients that are restricted entities.

We monitor adherence to our policies through tailored monitoring activities, which includes the annual declaration process which seeks confirmation from partners and staff that our policies surrounding financial, business, employment and personal relationships have been complied with. All exceptions are reviewed and investigated by the Quality and Risk Committee.

Where our monitoring procedures identify breaches, these are rectified as soon as possible, and the individual is subject to our sanctions policy.

Long association with the audit engagement

Audit engagement leaders and key partners, including the Engagement Quality Control Reviewer, involved in the audit are subject to periodic rotation of their involvement with audit clients under the independence rules set out in the Ethical Standards, notably that:

- ▶ The rotation period for key audit partners responsible for carrying out a statutory audit of a public interest entity is five years from the date of their appointment.
- ▶ 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 three 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.

- ▶ The Firm's rotation policy in relation to public interest entities and other listed entities requires that the engagement quality control reviewer or a key partner shall not remain in these positions for a period exceeding seven years.

The engagement partner reviews the safeguards put in place to address the threats to the objectivity and independence where partners and staff have been involved in the engagement in senior positions for a continuous period longer than seven years and shall discuss those situations with the Ethics Partner.

- ▶ For non-listed audit clients, the audit partner will normally rotate off the audit after ten years. Where rotation is extended beyond ten years, careful consideration is given as to whether it is probable that an objective, reasonable and informed third party would conclude the integrity, objectivity or independence of the Firm or engagement partner are compromised.

The Firm has established policies and procedures to monitor the length of time that audit engagement partners, key partners involved in the audit (including the Engagement Quality Control Reviewer) and partners and individuals in senior positions, including those from other disciplines, serve as members of the engagement team for each audit.



Fees, remuneration and evaluation policies

It is recognised that where fees from an audit client represent a large proportion of the total fees of the Firm a self-interest or intimidation threat may arise. The Firm's policies require that where it is expected that the total fees receivable from a public interest entity will regularly exceed 10% of the annual fee income of the Firm, the Firm will not act as the auditor of that entity and will either resign or not stand for reappointment, as appropriate.

The Firm's policies prohibit an audit being undertaken on a contingent fee basis.

The Firm's appraisal, promotion and remuneration processes for audit team members specifically excludes objectives related to selling non-audit services to audit clients.



Non-audit services provided to audit clients

The Firm has policies and procedures in place to restrict the scope of services that can be provided to audit clients which are consistent with IAASA's Ethical Standard for Auditors, the IESBA Code of Ethics and local applicable laws. In respect of all non-audit services, the approval by the audit engagement partner is required before such services can be provided to ensure that the audit engagement partner is informed about any proposed engagement in order to protect the Firm's independence as auditor. Before any such engagement is accepted the audit engagement partner considers whether the relevant services are permitted and, if applicable, the threats arising from the provision of the services and the safeguards that may be implemented to address those threats.

In circumstances where threats are identified which cannot adequately be addressed through the application of appropriate safeguards the Firm will either not accept the proposed non-audit services engagement or will resign as auditor.

Confirmations

All individuals within the Firm are required to confirm their compliance with the Firm's independence policies on commencement with the Firm and annually thereafter.

The confirmation is used to evidence the individual's understanding of the Firm's policies in relation to independence matters and that they have complied with these policies.

The responses to the annual declaration process are reviewed to identify possible conflicts or independence issues which are reported to the Quality and Risk Committee and the Head of Audit as appropriate.

Monitoring

The annual review of the Firm's quality control system, which is undertaken by appropriately qualified senior individuals within the Firm, includes:

- ▶ Review of the independence annual confirmations of selected individuals
- ▶ Review of compliance with relevant ethical requirements on acceptance and continuance of client relationships and specific engagements
- ▶ Review of compliance with the Firm's policies in relation to partner rotation
- ▶ Review of independence questionnaires completed on audit Engagements
- ▶ Review of annual disclosures of external interests and shareholdings
- ▶ Review of compliance to set requirements for continuous professional development within key areas.

Conflicts of interests

The CAI's Code of Ethics requires the Firm 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. One of these principles, that of objectivity, imposes an obligation on all professional accountants not to compromise their professional or business judgement because of bias, conflict of interest or the undue influence of others. A threat can arise when two or more entities have conflicting interests in a matter and the services being provided relate to that matter.

The relevant partner is responsible for the identification of possible conflicts, ensuring that any such conflicts can be properly managed before an engagement is accepted and being alert to potential conflicts which may arise throughout the engagement.

We have a designated Ethics Partner who monitors compliance with the applicable independence policies and procedures, provides consultations regarding independence matters, and oversees independence training and maintenance of a restricted entity database.

We maintain a database of all our Firm's restricted entities, including listed companies and other public interest entities. This is available to all staff on our intranet and its objective is to prevent the performance of prohibited non-assurance services or investment in these entities. The database is continuously updated.

Prior to accepting any new client or assurance engagement, our engagement teams must perform specific procedures to identify potential conflicts of interest and threats to our independence.

There is also an independence declaration per audit engagement signed by all partners and staff members that have been involved in the performance of the audit engagement confirming that they comply with the relevant independence requirements relevant to the audit engagement.

Where potential conflicts of interest are identified, we either decline to accept an engagement 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.



Continuing professional development

The Firm has a policy of facilitating and encouraging continuing education as an important means of developing knowledge and maintaining and improving the quality of its services and of motivating and retaining its people.

For audit partners and professional individuals, the Firm requires them to participate in appropriate continuing professional development (CPD) programmes and monitors the fulfilment of programme obligations.

Audit partners comply with IES 8 (International Education Standard 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements) ensuring that their CPD achieves the following regulatory outcomes:

- ▶ The RI actively maintains and enhances the knowledge, skills, and values they need to perform high quality audits and deliver a professional service to their clients
- ▶ It contributes to the performance of high-quality audits, and thereby safeguards the public interest
- ▶ It enhances public confidence in the auditing profession.

The continuing education program is comprised of training sessions organised by the Firm specifically designed to meet its needs, with such training provided by the Firm as well as external training by relevant professional bodies or other training organisations that are accredited by the local professional body.

Certain courses are mandatory while others are optional. The CPD requirements for professional auditors are also factored into the programme.

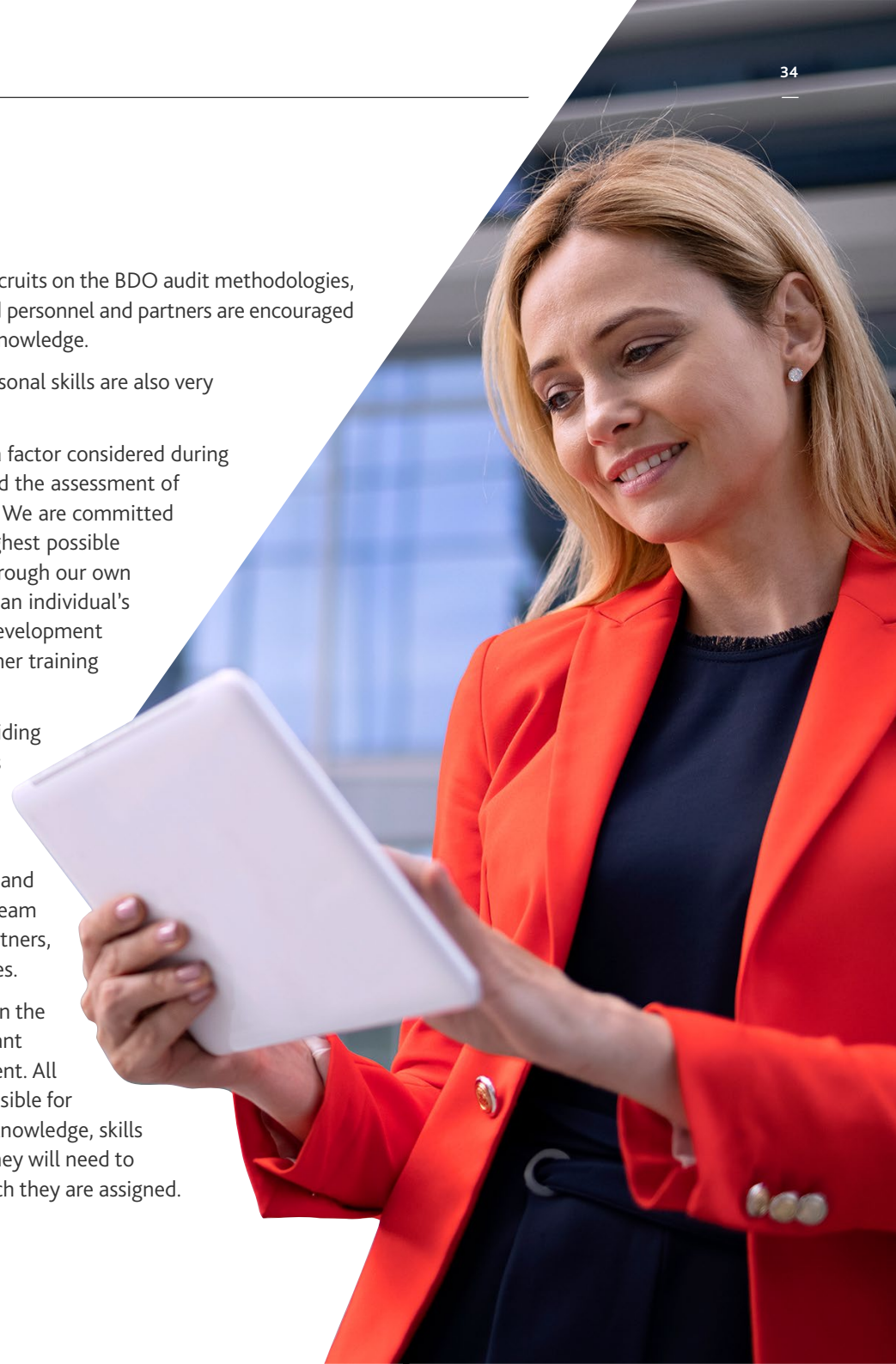
Extensive training is given to all new recruits on the BDO audit methodologies, tools, and processes. More experienced personnel and partners are encouraged to update and deepen their technical knowledge.

Developing management and interpersonal skills are also very important for this group.

Continuing professional education is a factor considered during the yearly evaluation of audit staff and the assessment of their career potential within the Firm. We are committed to developing and maintaining the highest possible standards of technical competence through our own development programmes. As part of an individual's performance appraisal, professional development needs are assessed, and courses or other training opportunities are identified.

We have developed a curriculum providing technical training for our professionals throughout their careers. For all new audit professionals, there is an orientation programme covering the Firm's audit approach and procedures and its organisational structure. All audit team members, including managers and partners, attend regular technical update courses.

These courses are complemented by on the job coaching which provides a significant aspect of their professional development. All audit individuals are personally responsible for keeping up to date with the requisite knowledge, skills and professional competence which they will need to successfully carry out the roles to which they are assigned.



System of Quality Management (SoQM)

Overview

Within the current year BDO finalised the implementation of International Standard on Quality Management 1: ISQM (Ireland) 1, this standard became effective on 15 December 2022 and it paved way to our transition from the firm's internal quality control system to our System of Quality Management ("SoQM") which takes a proactive and risk-based approach to managing quality.

The SoQM revised framework also aligns with requirements set out within International Standards on Quality Control Ireland (ISQC (Ireland) 1), issued by Irish Auditing & Assurance Supervisory Authority (IAASA).

For the firm to be capable to delivering and maintaining a SoQM that is appropriately designed, implemented with controls that operate effectively there are individuals assigned with key roles to oversee that process. BDO has aligned its assignment of these roles to requirement guidelines set out in ISQM (Ireland) 1. These assigned individuals possess the appropriate skillset experience, knowledge, influence, and authority, and have sufficient time to fulfil the responsibilities set out within these roles. The Global firm policies has also provided input for a framework of consistent requirements that these individuals should meet to discharge their duties.

Individuals assigned key roles within our SoQM are:

- ▶ **Ultimate responsibility and accountability:** The Managing Partner; Brian McEnery is the individual assigned with ultimate responsibility and accountability for our Firm's SoQM including the conclusion reached for its effectiveness.
- ▶ **Operational responsibility for the system of quality management:** The Head of Audit & Assurance Quality Management (HAAQM); Stewart Dunne is the individual assigned operational responsibility for the SoQM. Stewart is supported by a team of professionals who look after compliance requirements on independence matters, monitoring and remediation of areas identified within SoQM including annual evaluation of identified findings and deficiencies.

The Firm has invested considerable time and resources to establish and operate a SoQM that complies with ISQM (Ireland) 1 and achieves the objectives that that:

- ▶ The Firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements, and
- ▶ Engagement reports issued by the Firm or engagement partners are appropriate in the circumstances.

The Firm has adopted all of the quality objectives and specified responses as set out in ISQM (Ireland) 1 for all of the eight components covered by our SoQM. The eight components are:

- ▶ The Firm's risk assessment process
- ▶ Governance and leadership
- ▶ Relevant ethical requirements
- ▶ Acceptance and continuance of client relationships and specific engagements
- ▶ Engagement performance
- ▶ Resources
- ▶ Information and communication
- ▶ The Firm's monitoring and remediation process.



These components operate in the Firm's SOQM in an iterative and integrated manner. Other requirements of ISQM (Ireland) 1 comprise the roles and responsibilities for the SoQM, leadership's overall evaluation of the system, network requirements or network services and documentation. The Firm identifies emerging developments and changes in the circumstances of the Firm or its engagements and adapts its system of quality management to respond to such changes. Robust monitoring and remediation are a critical component of the Firm's SoQM to ensure that the Firm continuously seeks to improve its quality processes. The monitoring performed may identify deficiencies in the Firm's SoQM. Deficiencies may exist where:

- ▶ A quality objective required to achieve the objectives of the system of quality management is not established
- ▶ A quality risk, or combination of quality risks is not identified or accurately assessed
- ▶ A response, or combination of responses, does not reduce to an acceptably low level the likelihood of a related quality risk occurring because the response is not meticulously designed, implemented, or operating effectively, or
- ▶ Another aspect of the SoQM is absent, or not properly designed, implemented, or operating effectively, such that a requirement of ISQM (Ireland) 1 has not been addressed.

A fundamental part of an effective monitoring and remediation process is to perform root cause analysis ('RCA') on the identified deficiencies to understand why deficiencies arose and to be able to design an effective remediation plan to prevent deficiencies from occurring again in the future. On at least an annual basis the Firm evaluates whether these deficiencies have a severe and/or pervasive impact on the achievement of the quality objectives in the Firm's SoQM.

Evaluating the SoQM

The Firm's annual evaluation of the SoQM considers information gathered about the design, implementation, and operation of the system of quality management from monitoring activities performed over the period up to the evaluation date. The monitoring activities include testing the operating effectiveness of responses, reviewing findings from internal and external inspections of engagements, and considering other relevant information obtained about the SoQM.

The Firm uses professional judgment to evaluate the results of these monitoring activities to determine whether findings, individually or in aggregate, are assessed to be deficiencies in the SoQM. For all deficiencies identified, the root cause is investigated and the severity and pervasiveness of the deficiency on the SoQM, individually and in aggregate with other identified deficiencies, is evaluated.

Report from Head of Audit & Assurance Quality Management

Our commitment to quality remains an essential part of our strategic framework. Stakeholders continue to seek peace of mind and stability in financial markets.

As auditors, we play a key role in contributing to this stability by providing assurance over the financial statements on which the players within these financial markets are reporting.

At the heart of this assurance rests the performance of high-quality audit engagements which rely on firms having established fit-for-purpose systems of quality management. As a Firm we have invested significant time and resources to ensure our system of quality management is fit for purpose and not just a “*tick-the-box*” compliance exercise. Accordingly, our system of quality management supports us in delivering on our responsibilities to serve the public interest and achieving our strategic and quality objectives.

Our approach further encompassed oversight from BDO Global by incorporating guidance, templates and feedback from network community calls which contributed to us delivering on a global vision of ensuring our system of quality management is designed in such a way as to provide us and the network with a high level of assurance that we continue

to deliver high quality engagements that are compliant with applicable laws, regulations and standards.

Our system of quality management also emphasises the importance of robust monitoring and remediation to ensure we continuously seek to improve what we do. This involves performing annual internal evaluations of the operating effectiveness of our systems of quality management as well as external reviews from BDO Global and our regulators. As a key input within our monitoring and remediation process, issues and findings identified within the annual assessment, external inspections and reviews undergo a comprehensive root cause analysis to determine the impact to our SoQM operating effectiveness

Our root cause analysis efforts allow us to understand the results of these monitoring exercises, ensuring we are well positioned to remediate any improvement areas and incorporate these into the overall design of our system of quality management.

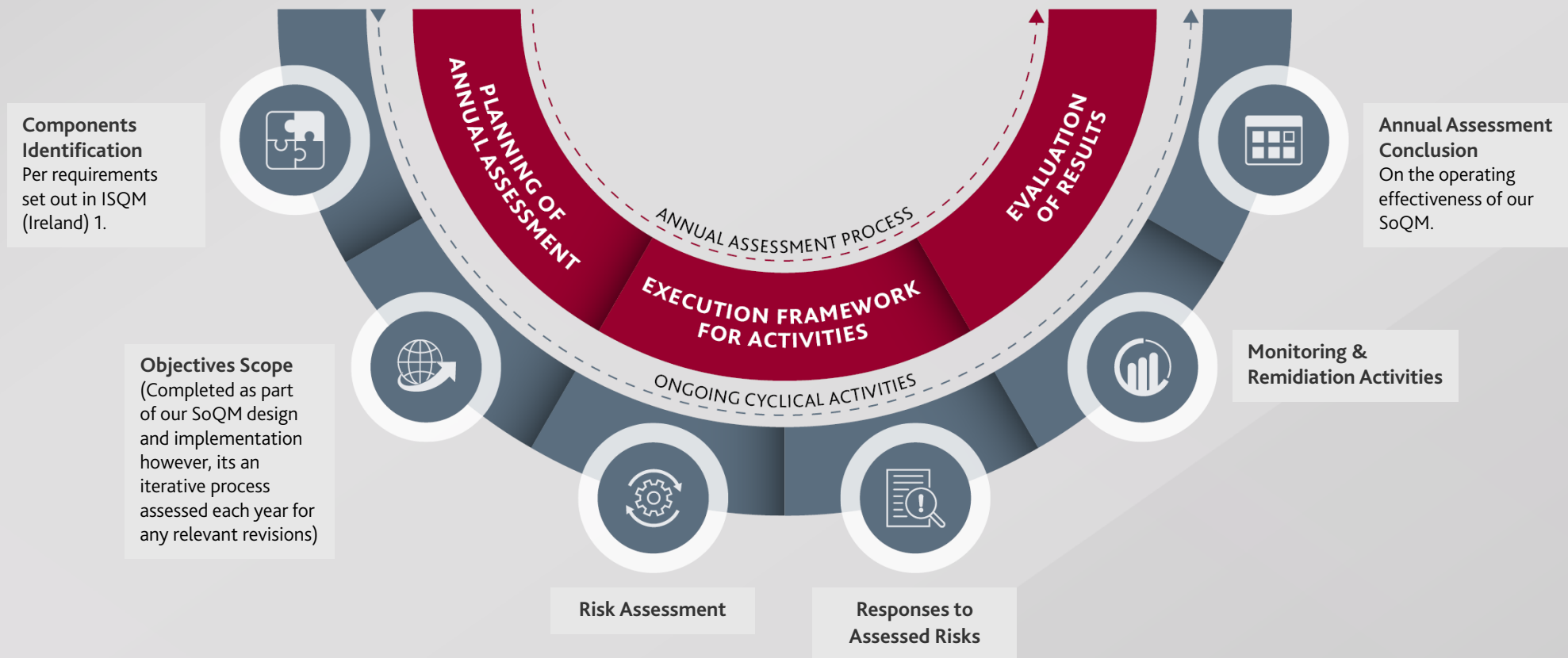
We hope that the information provided in this section of our transparency report provides you with greater insight into our system of quality management and that it further demonstrates our unwavering commitment to quality.



Stewart Dunne
Head of Audit & Assurance
Quality Management

Our SoQM Assessment

BDO Global designed an automated framework for use by member firms to document the SoQM assessment. BDO Ireland has adopted this tool and applied relevant additional local requirements (as set out within ISQM (Ireland) 1), within its framework. We have set out below our cyclical activities that feed into our annual assessment process.

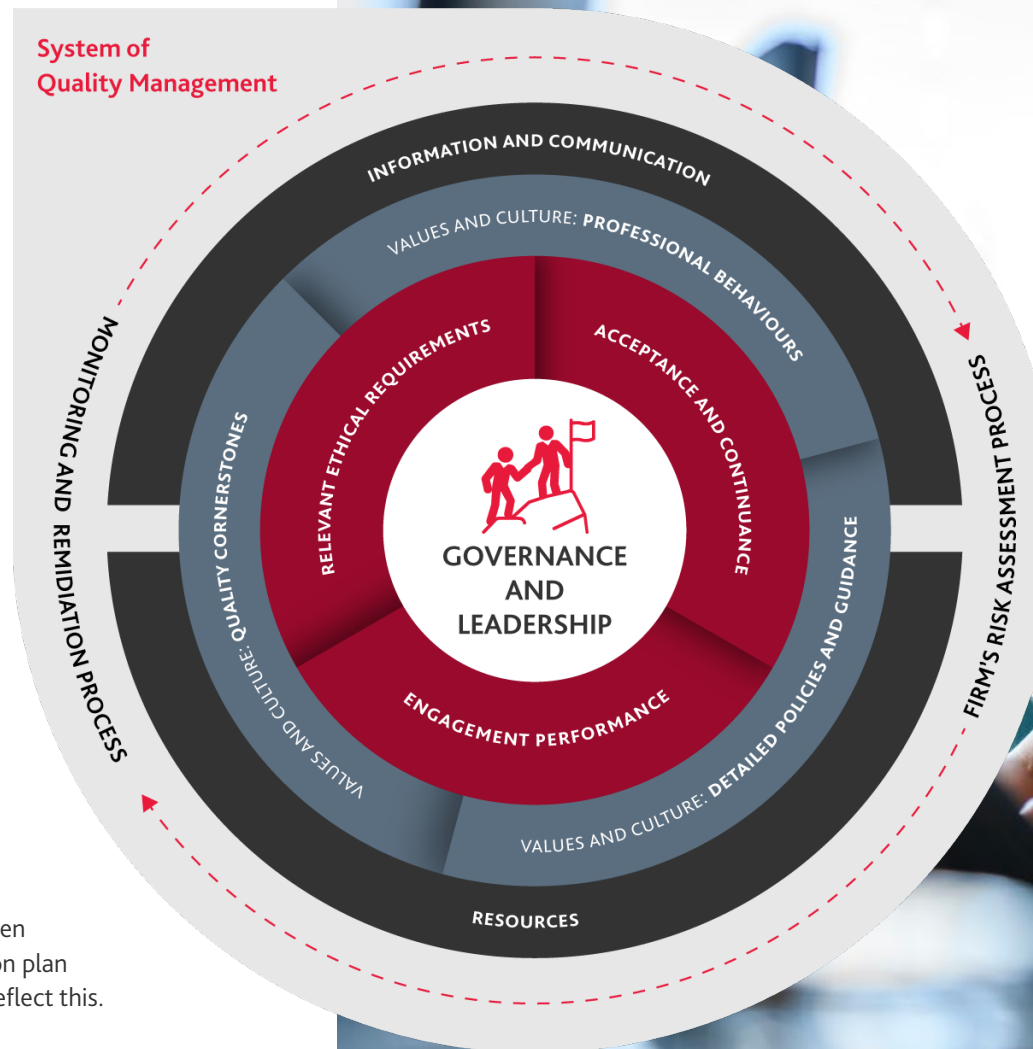


SoQM Components Insights

Our insights on components of SoQM as guided by ISQM1 (Ireland).

As part of the Firm's annual review assessment applying the framework set out in ISQM (Ireland) 1 confirms (Refer to *Appendix I: Compliance Statement on SoQM*) that the review of effectiveness of the system of internal control has been performed. Where applicable this exercise has identified the following key aspects:

- ▶ The Firm's risk register annual review process that includes inspection for accurate roll forward from previous year, current year assessments and subsequent updates. Together with clear identification of key risk categories and classification of risks within those categories.
- ▶ The control environment has been a documented within an iterative process where control activities identified as relevant in mitigating known risks have been tested for operating effectiveness. All elements of ineffective controls have been identified and evaluated as required to ensure appropriate mitigating actions are taken.
- ▶ The documentation process for the Firm's system of internal control has been robust and sufficiently reviewed internally across the appropriate layers of responsibilities and feedback on gaps identified adequately addressed.
- ▶ For all findings raised by regulators and the Global Firm regarding the Firm's system of internal control, they have been appropriately identified within the Monitoring & Remediation plan and where applicable our risk register has been updated to reflect this.



Leadership responsibilities for quality management within the Firm

Quality management is dependent upon an organisational structure which is inherently sound, and which clearly defines the responsibilities of the various levels of management. To meet expectations of quality driven service delivery that our stakeholders have BDO recognises the need to build highly effective and qualified teams. Such teams comprise of committed audit professionals and support staff who understand client's business needs as well as sectors they operate within. Leadership plays a crucial role in setting the appropriate "tone at the top" and laying the foundation for a culture of quality.

A key enabler to our commitment to quality is having a governance structure that is inherently sound and structured such that the Firm's leadership is visibly seen to be committed to quality and held accountable for their actions.

The partners demonstrate their commitment to quality through the Firm's strategic and operational policies, ensuring adequate consideration of quality matters. Partner performance evaluations are required to be impacted by both positive and negative indications of their individual commitment to quality.

Our Core Purpose and Values, which guide our behaviours, help to lay such a foundation. These values include being:



The Quality and Risk Committee – with partner representatives from across our businesses - reinforces the "tone at the top" through a commitment to Firm policy and professional standards together with actions taken in cases of non-compliance with such policies.

Operationally, the Firm's Heads of Audit, Tax, Advisory and Consulting are accountable to the Managing Partner for the quality of the services provided by their service lines.

Our compliance with relevant ethical requirements

Foundationally, as auditors, we provide an independent and objective assessment of an organisation's financial statements, giving assurance to stakeholders that the financial information is accurate and reliable. Ethics in audit is therefore essential to quality and for preserving trust, maintaining professionalism, complying with legal and regulatory requirements, protecting the public interest, and upholding the reputation of the auditing profession. The Firm has detailed policies and procedures which are based on the requirements of the IESBA Code of Ethics and supplemented by additional requirements from the Irish Auditing & Accounting Supervisory Authority (IAASA).

IAASA and Chartered Accountants Ireland (CAI)

These policies and procedures ensure that all partners and team members understand the ethical environment in which the Firm operates. Reporting to the Firm's Managing Partner, the Firm has a dedicated Ethics and Independence Lead (E&IL) who is responsible for providing guidance and support on the application of the Firm's policies and procedures and to ensure that our professional objectivity and independence are maintained. The E&IL is further responsible for ensuring all partners and colleagues are adequately trained and assessed on relevant ethical and independence matters.

Annual declarations are made by all partners and team members to confirm that they are familiar with the ethical environment and its requirements to which the Firm is subject and to assist in monitoring compliance with these requirements.

All actual, or potential, breaches of ethics and independence are consulted on with the E&IL to identify the root cause and determine the remedial actions and/or reporting requirements that may be required.





Acceptance and continuance of client and specific engagements

The acceptance and continuance of client and specific engagements are critical steps that allow us to assess the appropriateness, suitability, and feasibility of undertaking both a client, and an engagement. These procedures help safeguard independence, maintain professional standards, manage risks, and uphold ethical principles, ultimately enhancing the credibility and quality of our work. The Firm has in place policies and procedures which are designed to identify quality risks in accepting and continuing client relationships or performing specific engagements. These require for each engagement partner to undertake a detailed evaluation to assess the risks associated with that client and appropriate safeguards that may be needed prior to its approval.

Each evaluation includes, inter-alia, obtaining information about the prospective client, key management and beneficial owners of the entity. The evaluation also requires the engagement partner to consider the competence, capability (including time) and objectivity of the Firm prior to accepting the engagement. Where clients or engagements are assessed at a higher-than-normal level of risk, also known as sensitive clients, the Firm's policies and procedures set out requirements for engagement partners to consult with the Firm's E&IL and/or Quality and Risk Committee as appropriate prior to acceptance of the client or engagement.

The Firm will decline to act for a potential client or to accept an engagement where the evaluation process

identifies concerns that cannot be resolved through the implementation of appropriate safeguards.

Our system of quality management also specifies that the financial and operational priorities of the Firm shall not lead to inappropriate judgments about whether to accept or continue a client relationship or specific engagement. To that extent, we have strengthened our internal policies and procedures to review and approve all new and significantly modified non-audit services provided to audit clients. BDO Global has also invested significant time and resources in developing Project COI 2.0 which will introduce a new standardised independence data-set and global service category across all Firms within the BDO network.

Additionally, where the Firm receives information that would have caused it to decline a client or engagement had the information been available earlier, the Firm's policies and procedures further require that the engagement partner consults internally on the required legal, professional, and regulatory responsibilities in these instances.

Where it is decided to withdraw from the client or engagement, the matter is brought to the attention of the Firm's Quality and Risk Committee.

Engagement performance

Common Methodology

Clear and accessible audit methodologies and related tools to support engagement teams are an important part of delivering a consistently high-quality audit on a consistent basis. Our policies and procedures are designed to ensure that audits meet all applicable professional standards, regulatory requirements and that we issue reports that are appropriate in the circumstances. To achieve this and to promote consistency in the approach to auditing throughout the BDO network, BDO Global has developed a common BDO audit methodology, related software tools and other standard forms of documentation. This methodology is fully compliant with International Standards on Auditing. The BDO audit methodology is supplemented and enhanced by Ireland specific requirements, policies, procedures and guidance intended to ensure that the methodology applied by the Firm's audit teams complies with Ireland auditing, accounting and regulatory requirements.

Specialists and experts

As required by the auditing standards, the BDO audit methodology puts significant emphasis on the use of the right people, with the right skills, knowledge and experience. Standing beside our audit teams, there is a pool of experts and specialists to provide support in a broad range of areas to help teams to address complex issues in their audits. This range of support extends from taxation specialists to complex valuations experts, from financial reporting reviewers to forensic audit support teams, from technical helplines to quality review partners. Certain levels of support are mandated through policy and procedure embedded in the BDO audit methodology which may be in the form of mandatory consultation or through second review mechanisms. In other non-mandated cases, the support available can extend from basic consultation through to collective discussion and conclusion in a technical panel through to involvement of specialists in the event certain events or conditions exist within an audited entity.



Supervision and review

We require all professional work to be supervised by our employees who have appropriate knowledge and experience. It is the responsibility of the relevant partner, principal or director to ensure that related risks are identified and that decisions are taken by those with an appropriate level of authority. The relevant partner, principal or director must also ensure that professional work is carried out with appropriate professional scepticism, and that it meets our standards in all respects. Our review procedures are designed to ensure effective control of the audit as it progresses. These policies are designed to ensure that:

- ▶ The work is performed in accordance with applicable standards and regulations
- ▶ Significant matters have been raised for further consideration and appropriately addressed
- ▶ Appropriate consultations have taken place
- ▶ The planned work has been reviewed and that the objective of all planned work has been achieved
- ▶ The work performed, and the evidence obtained, supports the conclusions reached.

The documentation present on the audit file enables an experienced auditor to understand the significant matters arising on the audit as well as the nature, timing and extent of the procedures undertaken, the results of those procedures and the evidence obtained.

Effective consultation

Effective consultations are critical in ensuring engagements are performed at the highest standard possible. Under the guidance of the Firm's HAAQM and Head of Audit, we actively promote a culture of consultation whereby engagement teams seek out the professional advice of experienced technical resources within the Firm.

Our system of quality management sets out the established policies and procedures to follow when seeking a consultation, including matters on which mandatory

consultation is required (or for which voluntary consultation is sought), whom to consult and how to effectively deal with differences of opinion, if they arise.

We have access to various consultation groups within BDO Global on matters such as technical accounting or auditing, ethics and independence, cybersecurity and anti- money laundering legislation (AML) as well as technical groups within the wider BDO network through the assistance of a dedicated Regional Quality Director.



Professional Judgment

We pride ourselves in demonstrating exceptional professional judgment in every client interaction. Doing all we can to deepen and increase the consistency of the professional judgment we exercise is key to continuously providing the best value to our clients and exceeding the expectations of our stakeholders.

Our professional judgement framework provides a shared conceptual foundation and common vocabulary for our professionals. It also encourages consistent behaviour in driving towards desired outcomes, supported by justifiable

conclusions and effective documentation and it aids us in dealing with and clearly communicating complex issues.

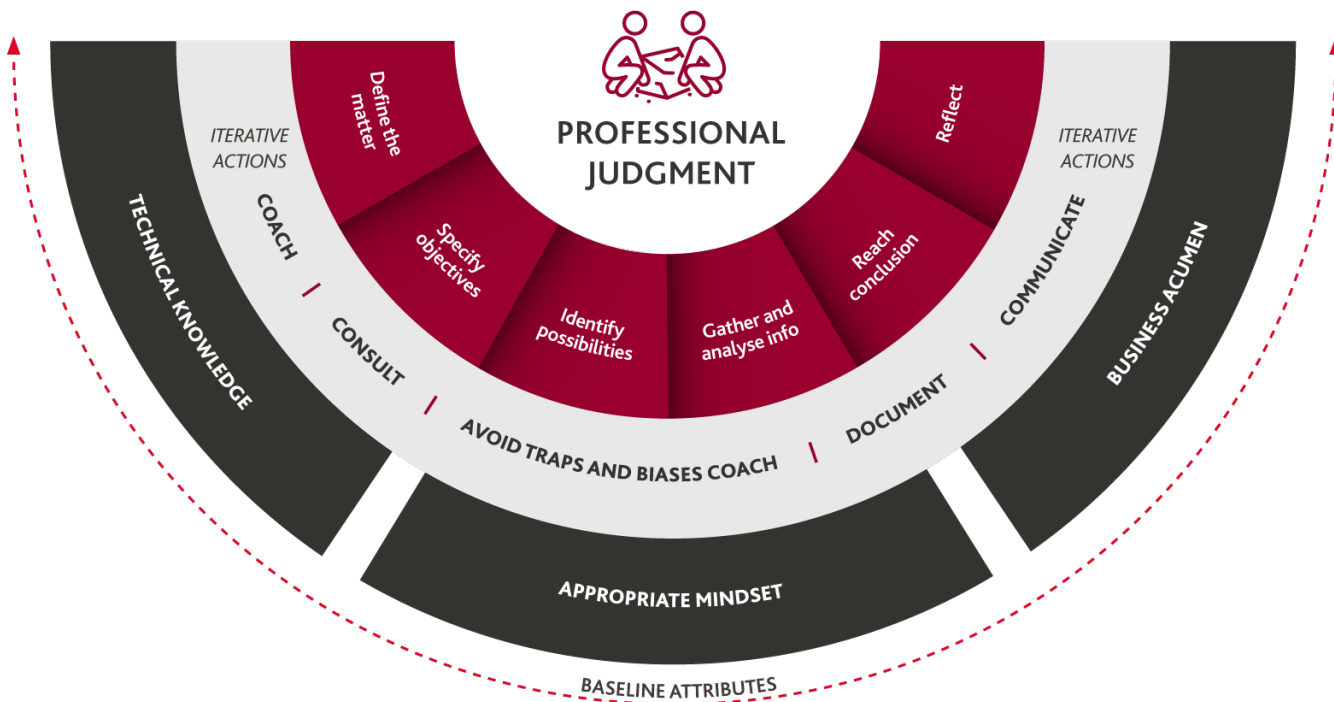
When all the elements of this framework are effectively in place, we maximise the likelihood of consistently exercising high-quality professional judgment.

Recent external events including regional conflicts had significant impacts on judgements around matters such as going concern, asset impairments and valuations. Through careful application of this framework our engagement teams continue to diligently apply and demonstrate high-quality professional judgement.

Engagement quality reviews

Engagement quality reviews (EQR) contribute to the ongoing improvement of the audit practice by providing an objective evaluation of the audit work and instilling confidence in the reliability of financial reporting. ISQM 2 Engagement Quality Reviews became effective on 15 December 2022 and it, alongside ISQM (Ireland) 1, deals with the appointment and eligibility of EQ reviewers and their responsibilities relating to the performance and documentation of an EQR.

We have ensured that our internal policies and procedures on EQR remain fit for purpose under the new standard. Under this policy, we require that an EQR be performed for all audit engagements of listed entities and PIEs as well as referred work from within the BDO network where so requested. An EQR is also required for certain assurance engagements. EQ reviewers are centrally approved by the Head of Audit in which they consider if the proposed EQ reviewer has the necessary competence, capability, and time and whether they comply with relevant ethical requirements, including in relation to threats to objectivity and independence. To be eligible for selection, EQ reviewers are required to be adequately trained. The Firm's EQR training focuses on root causes for quality issues in engagements that should be identified and challenged by the EQ Reviewer.



Colleagues with competence capabilities

The Firm's recruitment policies are designed to attract people who possess appropriate characteristics to enable them to deliver a high-quality service and perform their duties with professional competence. As a Firm we seek out people with high levels of intelligence, integrity and motivation. This enables us to contribute to the continuing development of the Firm and the ongoing provision of high-quality service to our clients.

All candidates applying for professional positions are required to apply and are subject to a variety of selection processes. Our HR department collaborates with the business to understand the role requirements and to ensure that the selection process appropriately identifies the most suitable candidates. The interview process is also designed to evaluate a potential candidate's attitude towards quality.

Assignment of engagement team members

Quality can only be achieved by having the right people on the right jobs at the right time. Engagement partners allocate individuals to jobs according to their level of experience, the complexity of the assignment and their experience of the client/industry. The Firm's scheduling process also considers whether additional people or specialist support may be required and, where needed, we ensure that these professionals are appropriately contracted.





Ultimately, engagement partners are required to be satisfied that their engagement teams have appropriate competencies, training and capabilities, including time, to perform audit engagements in accordance with professional standards, and applicable legal and regulatory requirements. As part of our annual quality survey, we seek to obtain views from our people on whether they believe engagements are adequately and appropriately staffed and these results are reported to leadership to assist in their resourcing forecasts.

Competency framework

The Firm has established role descriptions and competency frameworks which describe required competencies and values, as well as behavioural indicators per team member level. These are made available to everyone upon joining the Firm and are stored on the Firm's internal website. Quality plays a key role in all aspects of this framework, and, as a contributing factor to promotion, we require all colleagues to consider how they can positively contribute to the Firm's quality agenda through adherence to this framework.

Training and technical development of our teams

Training and development continues to play a key role in ensuring the competence, professionalism and effectiveness of people within the Firm. Our learning and development strategy is designed to ensure that we remain competitive and that our people achieve the highest possible standards of competence through their professional development programs. We aspire to create an environment where our teams stay motivated throughout their career development. To achieve this, the

Firm's Leadership allocate overall responsibility for learning and development to the Firm's Training Partner.

The Firm's Training Partner, through assistance of the Audit Training Committee, ensures that training materials are sufficiently designed to build on the skills, capabilities and effectiveness of our people on a consistent basis across the Firm. To ensure that skills are successfully transferred among our people, the Firm's learning and development strategy further ensures that appropriate training content is developed internally or sourced externally through connecting with reputable external providers, where needed. We draw on the expertise of BDO Global resources where necessary.

We have successfully adopted a hybrid training model which incorporates both in-person and on-line learning courses. Having access to the BDO Global library of training, our learning management system, LMS, provides a first-class virtual classroom and on-line resource platform across the Firm. Our on-line training interventions are complimented by in-person sessions delivered by our Partners, Directors and Managers who are all subject matters experts in their respective fields. Through collaboration between our Learning & Development and HR departments, we monitor completion of all mandatory training courses and encourage participation in voluntary courses that could positively contribute to people's learning, based on their development plans. As a training Firm, we are committed to assisting our people in their professional development through supporting them during periods of external exams by allowing them sufficient time off work and giving them access to appropriate resources in order to assist them in preparing for these professional exams to the best of their abilities.

Performance evaluations

Everyone participates in formal performance evaluations, review and counselling to evaluate their level of competence and to help them reach their full potential. Additionally, Partners are objectively evaluated by the Firm's Evaluation Committee and Quality and Risk committee.

At the start of the performance period, each person sets goals in accordance with the Firm's pre-determined goal categories, including Quality and Risk Management. At the end of the performance period, each person's performance manager measures achievement of these quality indicators by determining whether the set goal(s) have been attained. The result of this assessment is incorporated into the person's overall performance assessment which ultimately holds individuals accountable for the quality of their work.

Whilst compensation generally matches the grade and the market benchmark, the results of performance evaluations impact on the promotion and compensation of each individual and, in some instances, on the determination of whether the individual continues to be a good fit for the Firm. Partners and managers involved in the appraisal process receive appropriate training and instruction to ensure that they are prepared and able to provide guidance and direction to individual team members to support them with their ongoing development within the Firm.

Audit Tools

BDO Global's in-house audit software, Audit Process Tool (APT), is used to document our work. It is designed in a way to accommodate significant layering of content onto the general 'library' of material on which all audit workspaces are built. APT can generate sector specific audit workspaces which contain content facilitating the audit for the sector concerned. It also allows for new, emerging or evolving material developed for areas including, for example, ESG reporting as well as materials developed for the impact of global events including international conflicts.



Communication of key information within the Firm

We continue to reinforce a culture which supports the exchange information within the Firm and with one another. We achieve this by having an open-door policy which allows for open and honest conversations at all levels within the Firm. Individuals receive regular business updates from leadership through written and in person sessions, allowing for transparency across the board.

In addition, and separate to our annual people survey, we survey professional staff across several quality indicators, whereby we obtain their perception of quality within the Firm and that within leadership's actions. These results are analysed and presented to the Quality and Risk Committee for consideration and remedial action, where needed.

We acknowledge the importance of having effective two-way communication with Those Charged with Governance of our clients and we achieve this by actively engaging with them during the planning and completion stages of the audit, attendance at relevant board meetings and presentation of our findings in a standardised, effective and professional manner.

As a professional Firm, we understand that the relevance and reliability of our communications is paramount. We have therefore established policies and procedures which ensures that, when required by law, regulation, or professional standards, or to support external parties' understanding of the system of quality management, any information provided is appropriately reviewed for relevance and reliability prior to its release.



Monitoring & Remediation

Monitoring and remediation

Under ISQM (Ireland) 1, Firms' monitoring efforts will be required to place greater emphasis on remediation. Only by appropriately remediating identified shortcomings can a Firm effectively incorporate learnings into its forward-looking system of quality management.

Our Firm is subject to a variety of monitoring exercises, both internally and externally, and we have designed our system quality management in such a way as to evaluate and track any shortcomings identified, enabling us to perform appropriate and meaningful root cause analysis.

Audit Quality Review (AQR) Programme

The Firm's annual AQR programme requires that a sample of engagement partners be subject to an objective internal quality review by the Firm's Audit & Assurance Quality Management and Technical Group. The purpose of these reviews is to measure adherence to the Firm's policies and procedures and quality agenda and to hold engagement partners accountable for their work and their commitment to quality.

Each review is risk-assessed to identify key areas for review and consists of assessing, on a sample basis for these key areas, the work papers and report in accordance with the requirements of professional standards and our own policies and procedures.

At the end of the review process, a formal grading is assigned as either:

- ▶ Satisfactory
- ▶ Acceptable with some areas to improve
- ▶ Major areas to improve
- ▶ Unsatisfactory.

Where an engagement partner receives a grading of major areas to improve or unsatisfactory, the matter is escalated to the Firm's Head of Audit and the Quality and Risk Committee for consideration against the Firm's sanctions policy. The engagement partner is also automatically subject to another review the following year.

The results of the AQR are shared with the engagement partners and teams. These results also form part of each engagements partner's performance evaluation. Firmwide, the findings are analysed for key themes and the results are shared within the management group to help drive quality improvements from within their teams.



Audit & Assurance Quality Management and Technical Group

This group supports audit Partners in the enhancement and development of audit quality mechanisms. Among other tasks it is responsible for:

- ▶ Development and maintenance of high-quality auditing methodologies and technical support literature and communicating developments to the practice aligned with BDO Global and regulatory key requirements.
- ▶ Consultations with audit Partners and other professionals seeking technical advice on auditing matters.
- ▶ Audit reporting policies, materials and pre-issuance reviews.
- ▶ Financial reporting consultations and pre-issuance reviews.
- ▶ Regulatory support for external inspections and reviews.
- ▶ Internal quality monitoring through the AQR's
- ▶ Monitoring of audit quality indicators and audit quality milestones and reporting to BDO Global on such matters.
- ▶ SoQM activities as prescribed by ISQM (Ireland) 1 and BDO Global.

Complaints and allegations

The Firm has policies and procedures in place to monitor, and confidentially deal with, complaints and allegations, where concerns are raised, externally or internally, that the Firm has failed to comply with professional standards and applicable legal and regulatory requirements or identified non-compliance with the Firm's system of quality management. The Firm continues to encourage everyone to speak up without the fear of being victimised or harassed or be treated differently in any way. Our policies and procedures are designed in such a way as to, wherever possible, discuss

in confidence the disclosure of information and protect the identify of anyone disclosing information and, where appropriate, investigate the matter further in a timely manner. Our clients are made aware of our complaints and allegations procedures through the Firm's General Terms of Business.

A copy of these procedures is further available on our external website. We always seek to provide consistently excellent quality services to our clients. However, where we fall short of this goal, we provide our clients with an opportunity to raise their concerns or complaints directly with the Firm's Managing Partner.





Root Cause Analysis

A key process to help us identify areas for improvement is performing Root Cause Analysis (RCA) on positive and adverse quality outputs. Root Cause Analysis is performed in several scenarios including:

- ▶ Audit Quality Reviews, where the audit was considered to require major improvements (grade 3) or unsatisfactory (grade 4)
- ▶ All external regulator reviews where the audit was considered to require improvements or significant improvements (grades 3 and 4)
- ▶ All external regulator reviews performed by the IAASA, and certain external reviews performed by other regulators where the audit was considered to be good or with limited improvements required (grades 1 and 2) to enable us to understand further good practice behaviours or other causal factors that were not present on those with improvements required.
- ▶ Limited number of prior year adjustments and investigations
- ▶ Targeted thematic reviews on wider findings where a concentration of findings have been identified.

BDO Global has developed a framework for firms to conduct our RCA in a manner that assess any casual factors that could indicate system level findings within our SoQM. Within the current period there are no engagement level findings that reflected casual factors that point to pervasive deficiencies within our SoQM.

Internal monitoring of the effectiveness of the Firm's system of quality management

In addition to internal reviews of completed engagements, the Firm is required under ISQM (Ireland) 1 to perform an annual evaluation of the operating effectiveness of its system of quality management.

As the designated Head of Monitoring and Remediation (HMR), the Firm's Audit & Assurance Quality Management and Technical Group Lead designs a formal monitoring plan which is reviewed and approved by the Firm's HAAQM. At the completion of the monitoring exercise, the results are evaluated individually and in aggregate and reported to the Managing Partner.

Considering these results, the Managing Partner performs an evaluation, on behalf of the Firm, of the operating effectiveness of the Firm's system of quality management and reports that either:

- ▶ Reasonable assurance can be achieved
- ▶ Expect for certain matters, reasonable assurance can be achieved
- ▶ Reasonable assurance cannot be achieved.

BDO Global

BDO Global performs a periodic quality review of all its network firms. The objective of the review is to:

- ▶ Ensure that BDO network firms are compliant with BDO Global requirements, including requirements to the quality of audit work
- ▶ Enhance the consistency of the systems of quality management
- ▶ Provide aggregated information on network quality to the Global Board and Global leadership team, as well as to international regulators
- ▶ Follow up on network firms implemented remedial actions.

The Firm was subject to a BDO Global review during 2023.

A report on the results of the review was made available to the Head of Audit with formal reporting to the Leadership and the HAAQM. The HMR is responsible for monitoring and documenting the implementation of and compliance with any corrective actions identified.

In addition, BDO Global will continuously monitor the network's achievement towards ISQM (Ireland) 1 compliance through various checkpoint programmes, surveys, and Audit Quality Indicator programmes.

IAASA

The Firm is subject to an annual quality inspection from IAASA. The purpose of this is to:

- ▶ Assesses the design of the Firm's system of quality management
- ▶ Perform compliance testing around the implementation of the Firm's procedures
- ▶ Evaluate the quality of a sample of PIE audits.

During 2023, IAASA performed an evaluation of Firm's system of quality. IAASA also selected a sample of PIE audits for inspections.

We have met with IAASA during the review to discuss their findings and the results have been discussed internally with Leadership and affected engagements partners and audit management team.

We acknowledge that the review indicated there is still room for improvement, however we take comfort in the fact that we continue to learn from the results of these reviews and take appropriate action to address the individual findings.

Public Interest Entities

A list of public interest entities at 29 February 2024 is set out below.

- ▶ DeCare Dental Insurance Ireland Designated Activity Company
- ▶ DVA Reinsurance Designated Activity Company
- ▶ Nautilus Indemnity (Europe) Designated Activity Company
- ▶ Newell Insurance Designated Activity Company
- ▶ Nokatus Insurance Company Designated Activity Company
- ▶ NorthStandard EU Designated Activity Company
- ▶ Saderea Designated Activity Company
- ▶ The Baxendale Insurance Company Designated Activity Company
- ▶ The Standard Club Ireland Designated Activity Company
- ▶ Tyre Reinsurance (Ireland) Designated Activity Company



Financial information

Turnover

Responsibility for financial reporting

Financial Information is prepared by BDO's Finance department and reviewed by the Audit Committee. Following this, the reviewed Financial Report's are presented to the Management Committee and to the partners on a regular interval as set out within the system of internal control of the firm.

Going concern

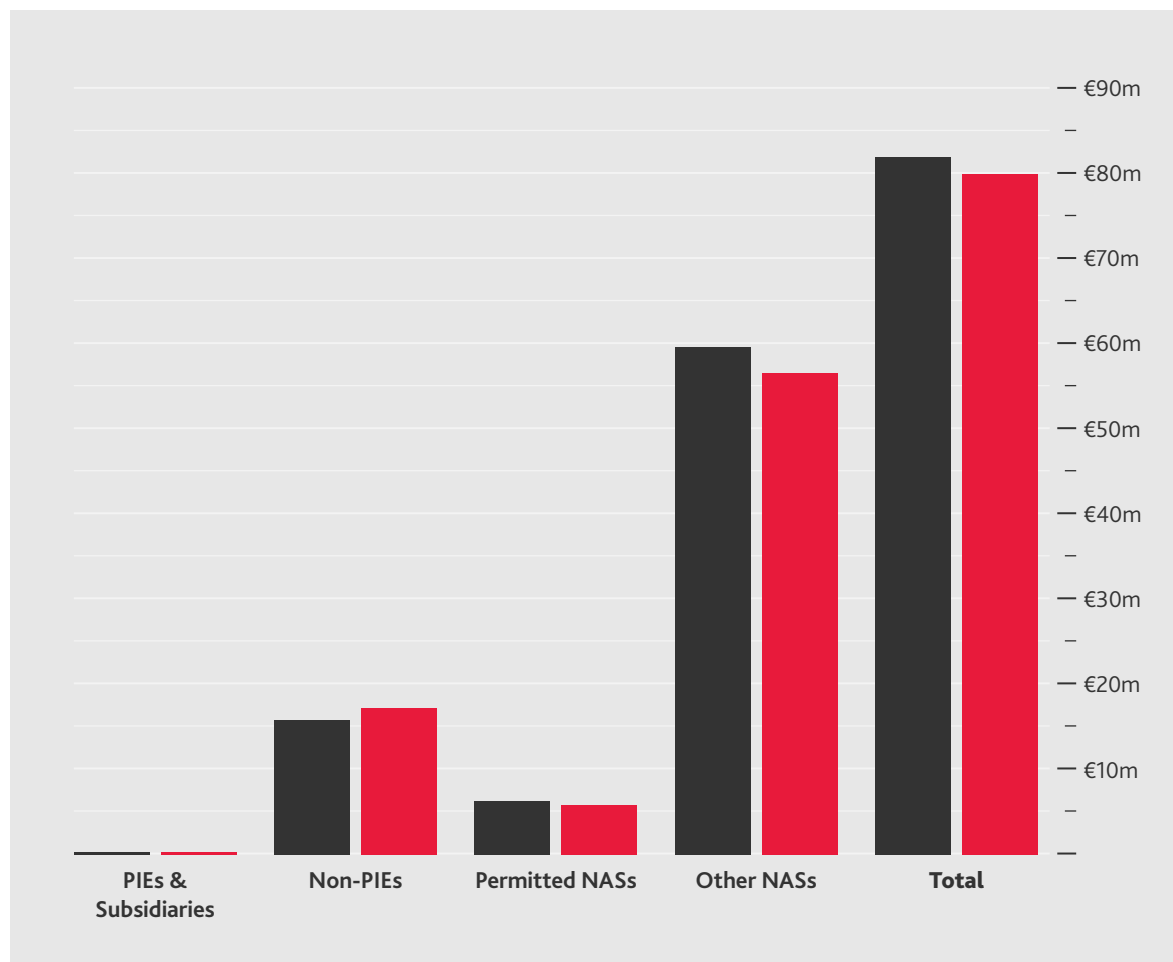
The Management Committee consider the firm to be a going concern as it has appropriate financial resources to meet its operational requirements for the foreseeable future.

The following turnover information, excluding Valued Added Tax, for the year ended 29 February 2024 has been extracted from the Firm's books and records.

REVENUE	2023	2024
Statutory Audit:	€	€
PIEs and their Subsidiaries.	278,505	277,122
Entities other than PIEs.	15,769,288	17,236,732
Permitted NAS's:		
Entities audited by the Firm.	6,235,007	5,843,306
NAS's:		
Other entities.	59,689,701	56,613,231
Total	81,972,501	79,970,391

The combined turnover from statutory audits of the BDO EU/EEA audit Firms for the period as of 9 January 2024 is €630,045,046*.

* Please note that this figure does not include the UK.



Partner remuneration

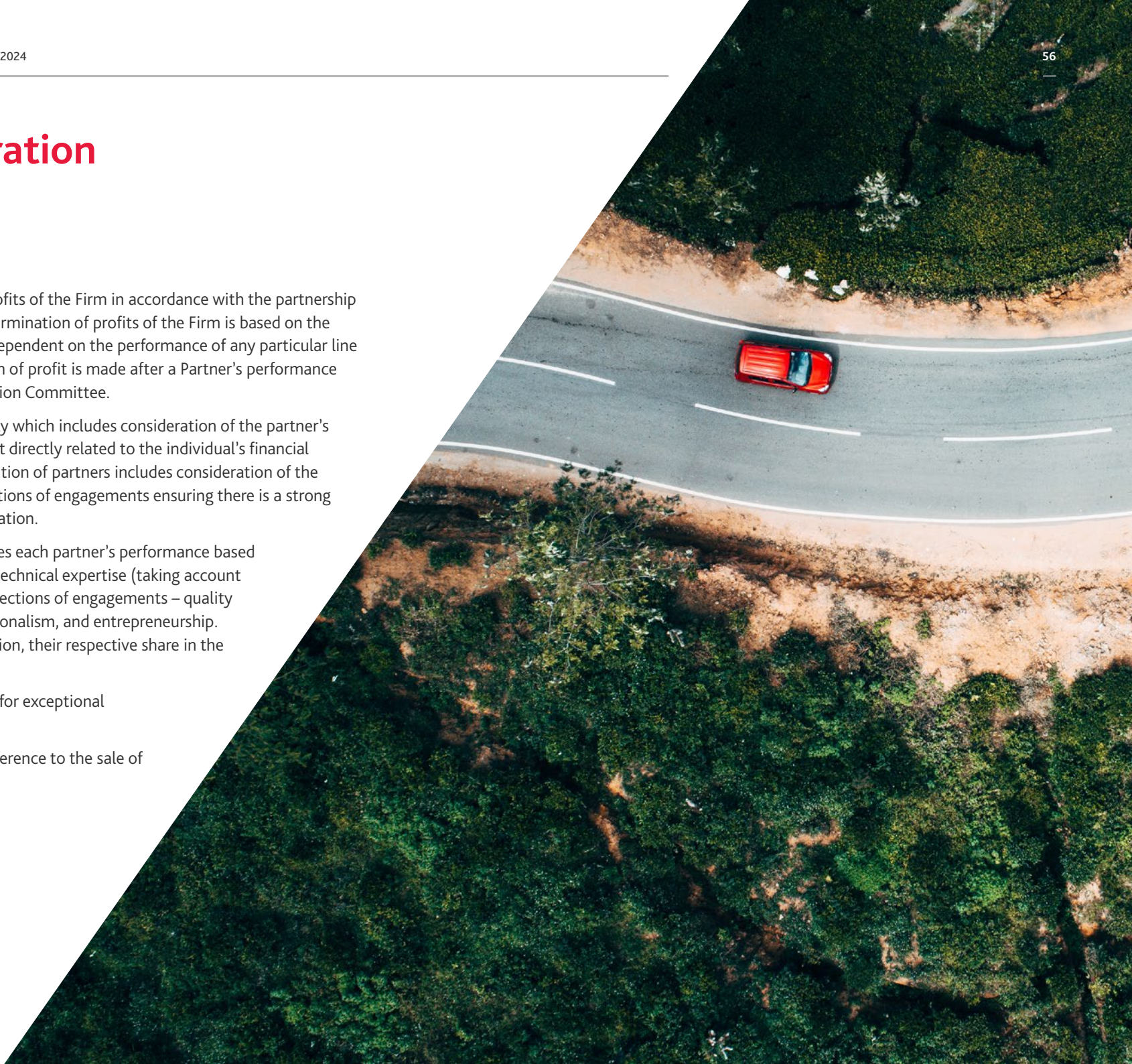
Partners are remunerated solely out of profits of the Firm in accordance with the partnership agreement or by fixed allocation. The determination of profits of the Firm is based on the results of the Firm as a whole and is not dependent on the performance of any particular line of business or function. The final allocation of profit is made after a Partner's performance has been appraised by the Partner Evaluation Committee.

Partner compensation is reviewed regularly which includes consideration of the partner's role, and the quality of the work, but is not directly related to the individual's financial performance. The appraisal and compensation of partners includes consideration of the findings from internal and external inspections of engagements ensuring there is a strong link between quality and partner remuneration.

The Partner Evaluation Committee assesses each partner's performance based on a number of specific criteria including technical expertise (taking account of findings from internal and external inspections of engagements – quality metrics), independence, integrity, professionalism, and entrepreneurship. Depending on the outcome of the evaluation, their respective share in the Firm may increase or decrease.

There is also provision to make payments for exceptional performance or severance payments.

Audit partners are not remunerated by reference to the sale of non-audit services to audit clients.



Appendix I

Compliance Statement on effectiveness of system of quality management

Effectiveness of internal quality control system as required by Article 13 of the EU Audit Regulation

The Managing Partner assumes the ultimate responsibility for BDO 's system of quality management as required by *International Standards on Quality Management ISQM (Ireland) 1* and establishes appropriate quality management processes across BDO. This standard requires an evaluation at least annually to determine whether the system provides reasonable assurance that the objectives of the SoQM have been met.

The Managing Partner confirms that BDO has performed a review of the effectiveness of SoQM, in doing so the following have been considered:

- ▶ Findings from regulatory inspections;
- ▶ Internal assessment feedback from BDO Global on the Firm's SoQM;
- ▶ Output from the Firm's internal review on the operating effectiveness of SoQM and risk management within the Firm

The SoQM is designed, implemented and operated to provide the Firm with reasonable assurance that:

- ▶ BDO and its personnel fulfil their responsibilities in accordance with set professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- ▶ Reports issued within various engagement types executed by the Firm are appropriate in the circumstances.

For any identified deficiencies, the Firm designs and implements remedial actions to address identified deficiencies that are responsive to the results of the root cause analysis and remedial progress is monitored.

On that basis the Managing Partner is satisfied that per our evaluation in accordance with ISQM 1 (Ireland) and conclusions reached that the Firm's SoQM provides the Firm with reasonable assurance that identified quality objectives within our SoQM are being achieved as of 15 December 2023.



Appendix II

Compliance with transparency regulations

Compliance with EU Regulation 537/2014 Article 13

The below outlines the requirements of the Regulation and where these are included in this report.

Requirement		Pg.
1	A description of the legal structure and ownership.	6
2	Where the Firm belongs to a network, a description of the network and the legal and structural arrangements of the network: <ul style="list-style-type: none"> a description of the network and the legal and structural arrangements in the network the name of each statutory auditor operating as a sole practitioner or audit firm that is a member of the network the countries in which each statutory auditor operating as a sole practitioner or audit firm that is a member of the network is qualified as a statutory auditor or has his, her or its registered office, central administration or principal place of business the total turnover achieved by the statutory auditors operating as sole practitioners and audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements. 	8
3	A description of the governance structure of the Firm.	23-27
4	A description of the internal quality control system of the Firm, and a statement by the administrative or managerial body on the effectiveness of its functioning.	35
5	An indication of when the last quality review referred to in chapter 2 of part 8 (Article 26) took place (quality review of statutory auditors by competent authority).	53
6	A list of PIEs for which the Firm has carried out statutory audits during the preceding financial year.	54
7.	A statement on the policy followed by the statutory auditor or the audit firm concerning the continuing education of statutory auditors referred to in Article 13 of Directive 2006/43/EC	34

Requirement		Pg.
8	A statement concerning the Firm's independence practices which also confirms that an internal review of independence compliance has been conducted.	28-33
9	Financial information showing the significance, from the perspective of the market, of the Firm, such as the total turnover divided into fees from the statutory audit of annual and group accounts, and fees charged for other assurance services, tax advisory services and other non-audit services.	55
10	Information concerning the basis for the remuneration of the principals or partners.	56
11	A description of the statutory auditor's or the audit firm's policy concerning the rotation of key audit partners and staff.	31
12	Information about the total turnover of the statutory auditor or the audit firm, divided into the following categories: <ul style="list-style-type: none"> revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public interest entity revenues from the statutory audit of annual and consolidated financial statements of other entities revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm revenues from non-audit services to other entities. 	55

Appendix III

EU/EEA BDO Member Firms

Country	Territory	Audit Firm Name
AUSTRIA	Austria	BDO Salzburg GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
	Austria	BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
	Austria	BDO Steiermark GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
	Austria	BDO Oberösterreich GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
	Austria	BDO Audit GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
BELGIUM	Belgium	BDO Bedrijfsrevisoren BV / Réviseurs d'Entreprises SRL
BULGARIA	Bulgaria	BDO Bulgaria OOD
CROATIA	Croatia	BDO Croatia D.O.O.
	Albania	BDO Albania Sh.P.K.
	Sarajevo	BDO BH d.o.o. Sarajevo
CYPRUS	Cyprus	BDO Limited
CZECH REPUBLIC	Czech Republic	BDO Audit s.r.o
	Czech Republic	BDO Group s.r.o.
	Czech Republic	BDO Czech Republic s.r.o.
DENMARK	Denmark	BDO Statsautoriseret revisionsaktieselskab
		BDO Holding VI, Statsautoriseret Revisionsaktieselskab
ESTONIA	Estonia	Aktiiaselts BDO Eesti

Country	Territory	Audit Firm Name
FINLAND	Finland	BDO Oy
	Finland	BDO Auditor Oy
FRANCE	France	BDO France
	France	BDO AUDIT DES ACTIVITES SOCIALES
	France	BDO PARIS ENTREPRISES
	France	BDO PARIS AUDIT PME
	France	BDO ATLANTIQUE
	France	BDO RENNES
	France	BDO LYON AUDIT
	France	BDO IDF
	France	BDO LES HERBIERS
	France	BDO FONTENAY LE COMTE
	France	BDO NANTES
France	BDO LES ULIS	
France	BDO Paris Audit & Advisory	
France	BDO Méditerranée	
GERMANY	Germany	BDO AG Wirtschaftsprüfungsgesellschaft
	Germany	BDO Oldenburg GmbH & Co KG Wirtschaftsprüfungsgesellschaft
	Germany	BDO DPI AG Wirtschaftsprüfungsgesellschaft
	Germany	BDO Dr. Daiber Audit GmbH

Appendix III

EU/EEA BDO Member Firms

Country	Territory	Audit Firm Name
GIBRALTAR	Gibraltar	BDO Limited
GREECE	Greece	BDO CERTIFIED PUBLIC ACCOUNTANTS S.A.
	Greece	BDO Services SA
HUNGARY	Hungary	BDO Hungary Audit Ltd
ICELAND	Iceland	BDO ehf.
IRELAND	Ireland	BDO
ITALY	Italy	BDO Italia S.p.A.
LATVIA	Latvia	BDO Assurance, LLC
LIECHTENSTEIN	Liechtenstein	BDO (Liechtenstein) AG
LITHUANIA	Lithuania	BDO Auditas ir Apskaita, UAB
LUXEMBOURG	Luxembourg	BDO Audit
MALTA	Malta	BDO Malta CPAs
NETHERLANDS	Netherlands	BDO Audit & Assurance B.V.
NORWAY	Norway	BDO AS
POLAND	Poland	BDO Spółka z ograniczoną odpowiedzialnością Sp. K.
	Poland	BDO Legal Latala i Wspólnicy Sp.K.
PORTUGAL	Portugal	BDO & Associados, SROC, Lda
ROMANIA	Romania	BDO Audit SRL
	Romania	BDO Auditors & Accountants SRL
	Romania	BDO Auditors and Business Advisors SRL

Country	Territory	Audit Firm Name
SLOVAK REPUBLIC	Slovak Republic	BDO Audit, spol. s r.o.
SLOVENIA	Slovenia	BDO Revizija d.o.o.
SPAIN	Spain	BDO Auditores, S.L.P.
	Spain	BDO Audiberia Abogados y Asesores Tributarios, S.L.P.
SWEDEN	Sweden	BDO AB
	Sweden	BDO Göteborg AB
	Sweden	BDO Göteborg Intressenter AB
	Sweden	BDO Göteborg KB
	Sweden	BDO Mälardalen AB
	Sweden	BDO Mälardalen Intressenter AB
	Sweden	BDO Norr AB
	Sweden	BDO Norr Intressenter AB
	Sweden	BDO Stockholm AB
	Sweden	BDO Sweden AB
SWEDEN	Sweden	BDO Syd AB
	Sweden	BDO Syd Intressenter AB
	Sweden	BDO Syd KB

Appendix IV

Glossary of Terms

AI	Artificial Intelligence
AB	Audit Board
AC	Audit Committee
APT	Audit Process Tool
AQI	Audit Quality Indicator
AQR	Audit Quality Review
BDO Global	BDO International Global Office
BSO	Business Services and Consulting
CAI	Chartered Accountants Ireland
CPD	Continuing Professional Development
CSRD	Corporate Sustainability Reporting Directive
DAC	Designated Activity Company
EMEA	Europe, Middle East & Africa
EQR	Engagement Quality Reviewer
ESG	Environmental, Social and Governance
ESGF	Environmental, Social, Governance & Financial materiality
ESRS	European Sustainability Reporting Standards
ED&I	Equality, Diversity and Inclusion
GenAI	Generative AI
GLT	Global Leadership Team
GRI	Global Reporting Initiative

HAAQM	Head of Audit & Assurance Quality Management
HMR	Head of Monitoring and Remediation
IAASA	Irish Auditing & Assurance Supervisory Authority
IESBA	International Ethics Standards Board for Accountants
INE	Independent Non-Executive
IRFU	Irish Rugby Football Union
ISQC(Ireland)1	International Standard of Quality Control (Ireland) 1
ISQM(Ireland)1	International Standard of Quality Management (Ireland) 1
ISQM(Ireland)2	International Standard of Quality Management (Ireland) 2
ISA	International Standards on Auditing
NAS	Non-Audit Services
PJF	Professional Judgement Framework
PIE	Public Interest Entity
RCA	Root Cause Analysis
RI	Responsible Individual
SoQM	System of Quality Management
SWAG	Social Wellness Active Group
TCFD	Task Force on Climate Related Financial Disclosures
The Firm	BDO Ireland
YE	Year-End

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