

1. Introduction

- 1.1 The Audit Board (“AB”) has been established by the Oversight Board (“OB”).
- 1.2 The AB has the delegated authority of the Oversight Board (“OB”) in respect of the functions and powers set out in these Terms of Reference.

2. Purpose and Objectives of the AB

- 2.1 The primary purpose of the AB is to promote audit quality (thereby also meeting the purpose of the Audit Firm Governance Code (“AFGC”) and, as such, encompasses oversight of quality matters but also matters relating to Audit people and culture in recognition of the part they play in driving audit quality.
- 2.2 The independent oversight role of the Public Interest Committee (“PIC”) is complementary to that of the AB. The primary purpose of PIC is to promote audit quality, ensure the firm takes the public interest into account in its decision-making and safeguard the sustainability and resilience of the firm, particularly its Audit stream (consistent with the objectives of the AFGC). The AB provides particular focus on audit quality and audit people and culture matters.
- 2.3 Audit Board considers matters within its remit and provides recommendations and challenge for the AuditExec to consider and the AuditExec shall take into account recommendations and challenge from the AB and report to AB on how it has responded to these.
- 2.4 In fulfilling its purpose, the AB shall ensure it takes into account the interests of various stakeholders (employees, partners and clients of the firm, regulators and the public at large) and upholds:
 - the integrity, brand and reputation of BDO;
 - the public interest;
 - the firm’s purpose and values;
 - the firm’s obligations and commitments as a firm within the BDO Network.
- 2.5 The AB’s objectives are aligned with BDO’s purpose, vision and strategic goals and, in particular, the Strategic Imperatives and all associated Priorities set out in the Strategy Refresh.

3. Responsibilities

3.1 The AB shall have the following responsibilities:

Audit quality

- 3.2 Overseeing the development of the Audit stream's strategy and strategic plans.
- 3.3 Reviewing and challenging the delivery of the Audit stream's strategy as set by the Audit Executive supported by the Audit Quality Executive, with a focus on audit quality and, linked with this, the sustainability and resilience of the Audit stream.
- 3.4 Overseeing the development of procedures for embedding the System of Quality Management within the Audit stream.
- 3.5 Reviewing the effectiveness of the Audit stream's continuous improvement initiatives, including the quality plan and root cause analysis.
- 3.6 Reviewing, with a particular focus on the public interest, key correspondence with the FRC relating to audit quality matters including (but not limited to) the PIE undertakings correspondence, Audit Supervision letters and responses, the draft Public Report and the firm's response to the points raised within it.
- 3.7 Receiving regular updates on the work of and initiatives implemented by the Head of Audit, the Head of Audit Quality, the Audit Executive and the Audit Executive Sub-Committees.
- 3.8 Considering the implications of the Audit stream budget on audit quality.
- 3.9 Undertaking reviews or deep dives into matters impacting quality as and when they arise, including (but not limited to) those identified as strategic initiatives by the Executive Board.

Audit People and Culture

- 3.10 Reviewing and challenging the implementation of the Audit people strategy and the Audit culture strategy as set by the Audit Executive and the extent to which they achieve the objectives of the AFGC, including reviewing survey results where relevant.

- 3.11 Overseeing the processes affecting individual Audit partners relating to partner behaviours (including behaviours affecting Audit quality) to ensure an effective and balanced application of these.
- 3.12 Supporting the sustainability and resilience of the Audit stream by overseeing the processes relating to recruitment, development, retention and promotion of Audit staff and partners (including processes in relation to the promotion of staff to salaried and equity partner positions).
- 3.13 Reviewing and challenging succession plans for senior appointments within the Audit stream.
- 3.14 Being consulted on appointments to senior management positions within the Audit stream at oversight level, including Head of Audit, Head of London Audit Group and Audit stream Executive members.

4. Authority

- 4.1 These Terms of Reference have been approved by the AB and the OB.
- 4.2 The AB and its members have duly delegated authority to carry out their responsibilities as set out in these Terms of Reference.

5. AB composition

- 5.1 The AB shall comprise two independent non-executives (“INEs”), at least one of whom shall have audit experience, the Senior Partner (“SP”), an OB member, the Head of Audit and a frontline Audit stream partner.
- 5.2 Members of the AB shall have appropriate knowledge, skills and expertise to fulfil their role.
- 5.3 Members of the AB shall serve for their term of appointment to their respective roles or, in the case of the frontline Audit stream partner for an initial term of three years which can be renewed for a further 3 year term.
- 5.4 One of the INEs, selected by the Senior Partner with the support of the Nomination Committee, shall Chair the AB.

5.5 The Senior Partner, following discussion with the Chair (unless the Chair's role is under discussion, in which case following discussion with the Managing Partner ("MP")) and agreement from the Nomination Committee shall be entitled to remove any member of the AB.

5.6 The INE's responsibilities as Chair include:

- effective chairing of meetings of the AB;
- determining the agenda for AB meetings;
- ensuring that the agenda items are consistent with the AB's responsibilities as set out in these Terms of Reference;
- ensuring that the agenda clearly sets out the purpose of each agenda item and that the supporting papers provide sufficient detail and clarity for AB members to carry out their responsibilities appropriately;
- ensuring that AB's responsibilities are appropriately dealt with in scheduled meetings¹ of the AB;
- reviewing the papers for each meeting, assuming they are received sufficiently in advance of the meeting;
- ensuring that the AB receives accurate, timely and clear information;
- ensuring that all AB members are involved in discussions and decision-making; and
- ensuring that individuals with actions allocated to them by the AB (including AB members) are held to account for timely delivery of their actions in the AB action log.

5.7 In the anticipated absence of the Chair, the Chair shall nominate another member of the AB to be Chair.

5.8 Members of the AB must uphold the highest standards of conduct, including respecting the confidential nature of matters discussed at meetings.

6. **AB Secretary ("ABSec")**

6.1 The ABSec shall be Huda Gamil or appropriate substitute if required.

¹ It is not expected that every scheduled meeting deals with all responsibilities listed but each responsibility must be covered at least once every year.

- 6.2 In the absence of the appointed ABSec, a suitable alternative will be supplied from the Governance team.
- 6.3 The role of the ABSec shall be to:
- organise meetings of the AB;
 - collate papers for meetings of the AB;
 - ensure that such papers adhere to the minimum standards for Oversight meetings set by the OB;
 - circulate the agenda and supporting papers by way of a confidential board pack to the AB at least three days in advance of each scheduled AB meeting provided papers are received on a timely basis;
 - take minutes of meetings of the AB;
 - timeously produce a draft of such minutes and circulate to members of the AB for comment/approval prior to the next meeting of the AB; and
 - maintain a log of actions arising from AB meetings

7. Meetings

Scheduled meetings

- 7.1 The AB shall have scheduled meetings at least five times a year.
- 7.2 A scheduled meeting of the AB shall be quorate when 50% of its members (including the Chair or acting Chair) are in attendance, either in person or remotely.
- 7.3 So far as scheduled meetings are concerned, the Chair will prepare the agenda and this will be circulated by the ABSec, together with supporting papers, to members of the AB three days in advance of the meeting by way of Diligent.
- 7.4 In preparing the agenda, the Chair shall consult as they consider necessary with the members of the AB and the ABSec.
- 7.5 The agenda will clearly set out the purpose of each point including whether an AB decision is required.
- 7.6 The supporting papers should ensure that members of the AB have a full understanding of the issues to be discussed at the meeting.

- 7.7 Where a matter is to be decided by the AB at a scheduled meeting, a vote shall be taken of AB members present as well as the votes cast by non-attending members who have given the Chair their mandate by email to vote in a particular way, and matters decided by a simple majority of the AB. Where there is a deadlock, the Chair shall have the casting vote.

Ad hoc meetings

- 7.8 The Chair can call an ad hoc meeting of the AB at any time.
- 7.9 The Chair and ABSec shall ensure that an agenda and supporting papers are provided as soon as practical prior to the meeting to ensure that members of the AB understand the matters to be discussed including whether an AB decision is required.
- 7.10 An ad hoc meeting of the AB shall be quorate when 50% of its members (including at least one INE member) are in attendance, either in person or remotely.
- 7.11 Where a matter is to be decided by the AB at an ad hoc meeting, a vote shall be taken of AB members present as well as the votes cast by non-attending members who have given the Chair their mandate by email to vote in a particular way, and matters decided by a simple majority of the AB. Where there is a deadlock, the Chair shall have the casting vote.

Email meetings

- 7.12 The Chair can call a meeting to decide an issue by email.
- 7.13 The Chair and ABSec shall ensure that an agenda and supporting papers are provided as soon as practicable prior to the email meeting to ensure that members of the AB understand the matters to be discussed including whether an AB decision is required.
- 7.14 Where a matter is to be decided by the AB at an email meeting, a vote shall be taken of AB members and matters decided by a simple majority of the AB responding by the date notified by the Chair in the email calling the meeting.

Meetings generally

- 7.15 Members of the AB have the right to attend any meeting and receive the agenda and papers or, in the case of a matter to be considered by email, receive the agenda and papers.

- 7.16 Other individuals can attend a meeting of the AB in whole or in part by invitation of the Chair only.
- 7.17 Non-AB attendees at a meeting do not have any voting rights nor do they have the right to be heard save at the invitation of the Chair.
- 7.18 Subject to the office location of individual members of the AB, members of the AB should endeavour to attend meetings in person.
- 7.19 Members of the AB should declare any conflicts of interest at the commencement of the meeting and then recuse themselves from the discussion and/or vote on any matter relating to the conflict. Any such recusal will not impact the quoracy of the meeting and therefore the validity of any discussion and/or vote and the vote itself will still be determined based on the relevant provision above but calculated by reference to the non-conflicted members only.

8. AB effectiveness and evaluation

- 8.1 AB members who are partners are subject to their normal yearly performance evaluation. This evaluation shall include their effectiveness on the AB.
- 8.2 Feedback for the yearly performance evaluation on the effectiveness of each member of the AB will be provided by the Senior Partner, following consultation with the Chair.
- 8.3 Feedback for the yearly performance evaluation on the effectiveness of the Chair will be provided by the Senior Partner following consultation with at least two AB members.
- 8.4 The AB shall in consultation with OB conduct an annual assessment of its effectiveness under these Terms of Reference and report any conclusions or recommendations to the OB.
- 8.5 The AB shall review these Terms of Reference annually and recommend to OB any amendments that may be required.

9. General matters

- 9.1 The AB shall have access to all relevant BDO partners, staff and information to allow it to discharge its duties.

- 9.2 The AB shall have access to sufficient resources to carry out its duties.
- 9.3 The AB shall, with the approval of the OB, engage independent professional advice where it judges this necessary in order to allow it to discharge its duties.
- 9.4 When considering a matter or making a decision, the AB shall give due regard to any relevant legal or regulatory requirements, as well as any guidance or best practice issued by relevant regulatory bodies.
- 9.5 In the event of a fundamental disagreement between AB members, the Chair shall notify the MP and the SP of the matter in dispute and discuss with them the potential steps to resolve the matter, which may include discussing the matter and agreeing a way forward with the OB.

These Terms of Reference were approved by the:

Audit Board on 20 January 2026

Oversight Board on 23 January 2026