

1. Introduction

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

2. Purpose and Objectives of the AC

- 2.1 The primary purpose of the AC is to oversee the preparation, review (including the external audit and third party assurance over our ESG data) and publication (including a review of the press release) of the firm's Annual Report and financial statements.
- 2.2 In order to achieve this purpose, the AC will oversee all matters in relation to the external audit and the external auditors and take appropriate actions to enable the AC to recommend the financial statements (and related documents) to the OB for approval.
- 2.3 In fulfilling its purpose, the AC shall ensure it balances 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 international network of member firms.
- 2.4 The AC's objectives are aligned with BDO's values and core purpose as set by the Executive Board from time to time.

3. Responsibilities

- 3.1 The AC shall be responsible for the oversight of the following areas:

Financial matters

- 3.2 Reviewing the financial statements and, if thought appropriate, referring these to the Oversight Board for their approval;
- 3.3 Reviewing the external auditors' assessment on Going Concern and also the Letter of Representation;
- 3.4 Receiving assurances from other relevant bodies in the firm that any matters relating to fraud or whistleblowing have been appropriately taken into account in the financial statements;

- 3.5 Reviewing and challenging the narrative in the Annual Report, including the third party assurance in relation to ESG, and the press release relating to the Annual Report;
- 3.6 Considering and challenging significant financial reporting judgements relating to the statutory financial statements and referring these to the Oversight Board and, where appropriate, the partners for approval;
- 3.7 Overseeing the effectiveness of the firm's controls and ensuring responses to these, and remediation of control findings, is communicated by the external auditors;
- 3.8 Meeting in closed session with the external auditors to receive their feedback on the firm's management and finance functions and reporting relevant matters to Oversight Board.

External audit oversight

- 3.9 reviewing and approving the proposed scope and plan for the external audit
- 3.10 Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process itself.
- 3.11 Develop and implement policy on the engagement of the external auditor to supply non-audit services ("NAS") to the firm and monitor compliance;
- 3.12 reporting to OB regarding the overall quality of the external audit, including agreeing and monitoring appropriate Audit Quality Indicators
- 3.13 making recommendations to the Oversight Board in relation to the appointment, remuneration and terms of engagement of the firm's external auditors;
- 3.14 Supporting the Risk Oversight Committee ("ROC") with the oversight of the The AC has the right to request additional internal audit activities.

4. Authority

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

5. AC composition

- 5.1 The AC shall comprise the Senior Partner, an OB member, one INE, and two frontline Audit stream partners.
- 5.2 Members of the AC shall have appropriate knowledge, skills and expertise to fulfil their role.

- 5.3 Members of the AC shall serve for their term of appointment to their respective roles or, in the case of the two frontline Audit stream partners for an initial term of four years which can be renewed for a further four-year term.
- 5.4 The OB member shall Chair the AC.
- 5.5 The Senior Partner, following discussion with the Chair and the Head of Audit, shall propose to Nomination Committee the two frontline Audit stream partners to serve on AC and they will be appointed following Nomination Committee's approval.
- 5.6 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), and then agreement from the Nomination Committee, shall be entitled to remove any member of the AC.
- 5.7 The OB member's responsibilities as Chair include:
- effective chairing of meetings of the AC;
 - determining the agenda for AC meetings;
 - ensuring that the agenda points are consistent with the AC's responsibilities as set out in these Terms of Reference;
 - ensuring that the agenda clearly sets out the purpose of each point and that the supporting papers provide sufficient detail and clarity for AC members to carry out their responsibilities appropriately;
 - ensuring that AC's responsibilities are appropriately dealt with in scheduled meetings¹ of the AC;
 - reviewing the papers for each meeting, ensuring that the AC receives accurate, timely and clear information;
 - ensuring that all AC members are involved in discussions and decision-making; and
 - ensuring that AC members are held to account for their actions in the AC action log.
- 5.8 In the anticipated absence of the Chair, the Chair shall nominate another member of the AC to be Chair.
- 5.9 Members of the AC must uphold the highest standards of conduct, including respecting the confidential nature of matters discussed at meetings.

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. AC Secretary (“ACSec”)

- 6.1 The ACSec shall be Melanie Foard or appropriate substitute if required.
- 6.2 In the absence of the appointed ACSec, a suitable alternative will be supplied from the Governance team.
- 6.3 The role of the ACSec shall be to:
- organise meetings of the AC;
 - collate papers for meetings of the AC;
 - 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 AC at least 5 days in advance of each scheduled AC meeting;
 - take minutes of meetings of the AC;
 - timeously produce a draft of such minutes and circulate to members of the AC for comment/approval prior to the next meeting of the AC; and
 - maintain a log of actions arising from AC meetings and hold AC members to account for their completion.

7. Meetings

Scheduled meetings

- 7.1 The AC shall have scheduled meetings at least four times a year.
- 7.2 A scheduled meeting of the AC shall be quorate when 50% of its members (including the 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, together with supporting papers, to members of the AC 3 days in advance of the meeting by way of Diligent.
- 7.4 In preparing the agenda, the Chair shall be assisted as necessary by the members of the AC and the ACSec.

- 7.5 The agenda will clearly set out the purpose of each point including whether an AC decision is required.
- 7.6 The supporting papers should ensure that members of the AC have a full understanding of the issues to be discussed at the meeting.
- 7.7 Where a matter is to be decided by the AC at a scheduled meeting, a vote shall be taken of AC 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 AC. 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 AC at any time.
- 7.9 The Chair and ACSec shall ensure that an agenda and supporting papers are provided as soon as practical prior to the meeting to ensure that members of the AC understand the matters to be discussed including whether an AC decision is required.
- 7.10 An ad hoc meeting of the AC shall be quorate when a majority of members are in attendance, either in person or remotely.
- 7.11 Where a matter is to be decided by the AC at an ad hoc meeting, a vote shall be taken of AC 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 AC. 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 ACSec 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 AC understand the matters to be discussed including whether an AC decision is required.

7.14 Where a matter is to be decided by the AC at an email meeting, a vote shall be taken of members and matters decided by a simple majority of the AC members responding by the date notified by the Chair in the email calling the meeting.

Meetings generally

7.15 Members of the AC have the right to attend any AC meeting and receive the agenda and papers or in the case of an email meeting receive the agenda and papers.

7.16 Other individuals can attend a meeting of the AC in whole or in part by invitation of the Chair only.

7.17 Non-AC 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 AC, members of the AC should endeavour to attend meetings in person.

7.19 Members of the AC 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 a simple majority but calculated by reference to the non-conflicted members only.

8. AC effectiveness and evaluation

8.1 Feedback for the yearly performance evaluation on the effectiveness of each member of the AC will be provided by the Senior Partner, following consultation with the Chair.

8.2 Feedback for the yearly performance evaluation on the effectiveness of the Chair will be provided by the Senior Partner and the INE member of the AC.

8.3 The AC shall conduct an annual self-assessment of its effectiveness under these Terms of Reference, implement a plan to take forward any actions arising from the assessment and report any conclusions or recommendations to the OB.

8.4 The AC shall review these Terms of Reference annually and consider any amendments that may be required.

9. General matters

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

9.2 The AC shall have access to sufficient resources to carry out its duties and may seek any information it requires from employees or partners of the firm in order to perform its duties.

9.3 The AC shall, with the approval of the OB, engage independent professional advice, either internally or externally, 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 AC 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 AC 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 Committee on

Oversight Board on