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looking ahead
acting now

ANNUAL REPORTING 2026

TRANSPARENCY REPORT

START

BDO

Contents

- Context
- Messages from our leaders
- Message from our Independent Non-Executives
- About us
- Governance
- Audit quality
- Ethics and independence
- Risk management



Appendices

- A Network and legal structure
- B Principal Risks
- C Firm Metrics
- D Compliance statements
- E Biographies
- F Information about our Independent Non-Executives
- G Meeting attendance and tenure
- H Audit Firm Governance Code mapping
- I Local Auditors (Transparency) Regulations mapping
- J EU Regulation mapping
- K Financial information
- L List of EU/EEA audit firms
- M List of Public Interest Entities and EEA regulated entities
- N List of major local audits
- O Glossary

This report forms part of a suite of reports covering the 2025/26 financial year, all of which are available in the Reporting Portal section of our website.













Context

About this report

Our annual Transparency Report explains how we govern and manage our organisation. Its theme, 'Looking ahead, acting now', reflects both the foresight shaping our future direction and the decisions we are taking today to prepare the organisation for the journey ahead.

In line with the Audit Firm Governance Code (Revised 2022) (AFGC), it outlines our approach to governance, audit quality, ethics and independence, risk management, regulatory compliance and our commitment to serving the public interest. The report provides a fair, balanced and transparent account of our performance in the financial year ended 3 July 2026 (FY26), highlighting the progress we have made, the challenges we continue to address, and the actions we are taking to drive further improvement. In doing so, it offers readers clear insight into how we continue to strengthen our governance, enhance quality and build a more resilient business for the future.

The report covers the activities of BDO LLP (BDO UK) for FY26 unless otherwise stated, and includes disclosures required under:

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

References to the merger with BDO Ireland on 4 July 2026 are included where relevant. BDO Ireland continues to publish its own Transparency Report and, accordingly, disclosures relating to the Irish business are included only where specifically stated.

Messages from our leaders

Read about the perspectives of our senior leaders on the priorities, developments and challenges that shaped FY26 and continue to influence our strategic direction. Discover how the merger with BDO Ireland and our continued focus on quality, trust and sustainable growth are helping to position BDO UK for the future.

Message from our Independent Non-Executives

Discover how our Independent Non-Executives supported, challenged and influenced decision-making during FY26, with a continued focus on audit quality, public interest and organisational resilience. Read about their engagement with BDO UK's governance and leadership throughout FY26, including their oversight of audit quality, the continued development of the system of quality management and senior leadership succession.

About us

Read about who we are, the clients and markets we serve, and how our strategy is focused on supporting the UK mid-market through sustainable, profitable growth. Discover how our strategic priorities, Values and Core Purpose guide the decisions we make and the capabilities we are building for the future.

Governance

Read about how we strengthened our governance arrangements in FY26, including implementing a revised governance structure and establishing an independent Governance team to support effective decision-making. Learn how our Executive Board and oversight bodies provided leadership, challenge and oversight throughout the year, while driving the continued evolution of governance practices across the organisation.

Audit quality

Read about how we are improving audit quality through our multi-year transformation programme.

Learn how the development of the CLEAR framework, the continued embedding of High Performing Teams, enhanced coaching and feedback initiatives, and expanded learning and development programmes are helping to build curiosity, professional scepticism and accountability across the Audit stream.

Discover how initiatives such as the expansion of our standardisation and optimisation programme, strengthened in-flight audit support and improved effectiveness monitoring are helping us deliver sustainable improvements in audit quality.

Ethics and independence

Read about how ethics and independence underpin the delivery of high-quality services across BDO UK, supporting public trust, professional judgement and decision-making in the public interest. Learn about our refreshed Code of Conduct, modernised Independence Policy and Guidance Platform, enhanced speak-up and reporting mechanisms and continued investment in ethics training.

Risk management

Read about how we manage risk through a firmwide framework designed to support accountability, informed decision-making and effective governance. Learn how the Enterprise Risk Management Framework, refreshed Principal Risks, internal controls framework and Three Lines Model were further developed during FY26 to support resilience, regulatory compliance and the delivery of strategic objectives.

Messages from our leaders

Message from our Senior Partner



Welcome to BDO UK's 2026 Transparency Report.

Transparency is fundamental to earning trust, and this report sets out how we are strengthening governance, improving audit quality and acting in the public interest, to build a more resilient organisation for the future.

Having the right governance structure in place is integral to our culture and the way we operate. As the Senior Partner of BDO LLP (BDO UK) during the last financial year, I have held responsibility for our governance framework, comprehensive details of which are set out within this report.

This year, we made significant changes to our governance structure, effective from January 2026, to strengthen our governance framework and support effective challenge and decision-making in an ever more complex business world.

These changes were implemented following a review conducted by a Governance Review Sub-Committee, which I initially convened in August 2025, and a subsequent equity partner vote.

Reflecting these changes, our Partnership Council was renamed the Oversight Board (OB), which now has an extended remit following the dissolution of both our Business Interest Oversight Board and Remuneration Committee. Chaired by the Senior Partner, the core purpose of the OB is to provide direct and effective scrutiny of leadership decisions and to safeguard the equity interests of all members of our partnership.

Our Leadership Team has also been renamed the Executive Board (EB) to better reflect the role it plays and continues to include a member directly responsible for ensuring good governance across the organisation.

Further actions have included the introduction of an independent Governance team, headed up by a newly appointed Governance Partner, which provides a bridge between our respective management and oversight teams. As outlined in this report, the team has carried out extensive work since its establishment and will now play a pivotal role in supporting and promoting good governance practices.

Our Independent Non-Executives (INEs) also continue to serve a vital purpose in providing objective oversight and constructive challenge to the EB as the organisation evolves and grows. In May 2026, we strengthened our INE body with the appointment of Syreeta Brown.

Syreeta has more than 25 years' experience, including operating at C-suite and managing director level across FTSE 100, FTSE 250 and Fortune 500 organisations. Her experience and insights in people strategy have added a fresh perspective to our oversight and governance discussions, helping to ensure our leadership decision-making continues to put people and culture at its heart.

I am proud to have served in the role of Senior Partner for a maximum of two consecutive four-year terms. Following an equity partner vote in May 2026, Iain Henderson was appointed as my successor, a role he formally assumed in October 2026.

It has been a privilege to help build trust and confidence in the work we deliver at BDO UK by providing challenge to our Executive Board to ensure transparency, accountability and adherence to ethical standards are prioritised at all times.



Matthew White
For and on behalf of BDO LLP

Messages from our leaders

Message from our Managing Partner



In a year marked by both continued change and opportunity, we have remained focused on delivering sustainable growth, strengthening quality and investing in the people, technology and wider capabilities that will shape our future.

Our Core Purpose – Helping you succeed – is at the heart of, and underpins, our Strategic Framework: it governs everything we do. The 'you' in this is deliberately broad and it includes each of: the businesses we work with; each other; and society more widely.

For the businesses we work with, we deliver this through the provision of integrated advice and appropriate solutions to help them to operate effectively, to innovate and to grow across each of the regions in which we operate, which in turn facilitates sustainable economy-wide growth. We are committed to playing our part in the UK's economic growth.

Consistent with this, delivering consistently high-quality audits plays a vital role in building trust and confidence in UK plc, enhancing the UK's position as a world-class destination for investors.

We remain committed to our responsibilities as one of the UK's largest audit firms, serving the public interest entity (PIE) market. As the UK's fifth largest accountancy firm, we audit circa 150 of these important entities. In recognition of the importance of audit and its wider public interest implications, this report details the ongoing work being carried out by our Executive Board and our Audit Executive to drive further quality improvements.

Most importantly, our ability to deliver high-quality engagements is reliant on our culture and our behaviours. This means building teams who demonstrate appropriate professional scepticism, provide challenge and act at all times with complete integrity.

Although the Audit Reform and Corporate Governance Bill did not progress, the case for reform remains, in our view, compelling. Strengthening the resilience of the audit market is still necessary to address the risks that could arise from the failure or withdrawal of a major audit firm, with potentially far-reaching consequences for financial stability and market confidence.

Reform need not come at the expense of growth. A proportionate approach can deliver both. Regulation should encourage competition, and it should support a diverse audit market beyond the largest firms, of which BDO UK is one. Indeed, smaller firms should be encouraged and supported to take on PIE audits. It should also focus audit requirements on organisations that are of the greatest systemic importance, while removing unnecessary obligations for smaller businesses. This approach would strike the right balance between encouraging growth and managing risk.

Above all, this is about more than audit. It is about safeguarding the long-term effectiveness, attractiveness and competitiveness of the UK's business environment and capital markets.

This last year has seen significant and ongoing uncertainty and volatility, with many of the businesses we work with absorbing increased operational costs, rising employment taxes and the wider effects of lingering geopolitical instability. We are committed to helping our clients to navigate that world, consistent with our Core Purpose.

Alongside these macroeconomic pressures, the increasingly rapid advances in artificial intelligence (AI) continue to influence investor sentiment across a wide range of sectors. As AI matures, it will reshape how many businesses operate.

At BDO UK, we are strategically and responsibly considering the opportunities and risks presented by emerging AI technologies. Through ongoing investment in our people and platforms, our aim is to ensure our workforce is empowered, positioning us to drive long-term growth and lead our profession into the future.

Our recent strategic partnership with MindBridge helps us to accelerate our data-driven audit approach, equipping audit teams with AI-powered analytics to identify unusual transactions, assess risk more effectively and gain deeper insights from financial data.

I am so incredibly proud of our people, and how they have come together to drive our growth strategy over the last year. The completion of BDO UK's merger with BDO Ireland on 4 July 2026 marked a major step in delivering our ambition to harness the full potential of our international network. Together, we are creating more opportunities to collaborate across borders, to work seamlessly with clients – and to bring the best of BDO to our market heartland of entrepreneurial, growing and ambitious businesses.

I am grateful for the support which our clients and our people place in us. We will continue to drive collaboration, innovation and the delivery of high-quality audits to retain public trust and confidence. It is a privilege to lead BDO in the UK and Ireland, and it is a privilege to serve the public interest in doing so. I look forward to helping you achieve continued success.

Messages from our leaders

Message from our Head of Audit



The consistent delivery of high-quality audits is essential to serve the public interest and build trust in both BDO UK and the wider auditing profession.

Our unwavering commitment to this informs everything we do, particularly as BDO UK is the UK's fifth largest accountancy firm with a well-established foothold in the FTSE 350.

Achieving consistently high quality across all aspects of our audit portfolio is a multi-year endeavour. Improving quality, strengthening consistency and building confidence in our work remain at the heart of that ambition. Guided by a clear multi-year plan introduced in October 2024, this is being delivered through our integrated suite of strategic initiatives (SIs) as set out in last year's Transparency Report.

While we are encouraged by signs of progress to date, it takes time for changes of this scale to fully embed and translate into the consistent outcomes which we, our clients and our regulator rightfully expect. Delivering high-quality audits and providing an exceptional experience for audit clients are not competing objectives. They go hand in hand, and our focus remains on achieving both consistently across our portfolio.

Our external audit quality inspection scores are not, and have not been, where we would expect and recurring findings highlight the need to improve the consistency of our execution. In turn, this directly links to one of the two severe deficiencies that are included in our International Standard on Quality Management (UK) 1 evaluation, related to inconsistent execution. Further detail on our SIs, which are strengthening practical understanding as to how to demonstrate and evidence scepticism, professional judgement and challenge within audit teams, is included in the Audit quality chapter. It is also key that we continue to work with BDO Global to ensure the new global conflict-checking platform that is due for release is accompanied by a robust global monitoring programme to resolve the continuing severe deficiency in respect of global conflict-checking.

Towards the end of the financial year, our Audit Executive undertook a review of our SIs to re-evaluate their relevance and identify any enhancements required. This enabled us to improve the effectiveness of our initiatives by refining aspects of their design, and to reprioritise them based on progress delivered. Through this process, we reaffirmed our commitment to and confidence in the overall programme.

Our focus now is on continuing to execute our SIs to ensure our methodology, tools, coaching and quality processes are applied effectively and consistently across every aspect of every audit. Given its strategic importance to our organisation, progress continues to be reported to our Executive Board and Audit Board. The actions taken are included within our Single Quality Action Plan, which provides a comprehensive framework for understanding, enacting and protecting our system of quality management, and they are reviewed for effectiveness to optimise how they embed.

I am proud of the talent and dedication of our people and the work they are delivering. Improving purpose-led coaching and training is a critical action we are taking to ensure we help them fulfil their potential and to foster a culture of curiosity, professional scepticism and constructive challenge, further supported by the recently launched CLEAR framework. We also recognise that sustainable improvement depends on developing the next generation of talent, creating clear pathways for future leaders to build the experience, judgement and confidence needed to lead high-quality audits in an increasingly complex environment.

We continue to invest in the tools, technology and capabilities that support the delivery of effective, efficient and high-quality audits. By enhancing our digital audit ecosystem, expanding our use of data-driven audit techniques and embracing emerging technologies, we are helping our teams focus their efforts where they add the greatest insight and value. These investments will strengthen consistency across our portfolio and support better audit outcomes.

In an increasingly challenging macroeconomic environment, trust in audit quality and independent scrutiny of financial statements is more important than ever to help instil confidence in the UK's capital markets. We take this responsibility seriously and continue to engage proactively and constructively with the Financial Reporting Council.

While our journey continues, I am confident the upward trajectory we are on will continue in the year ahead. I would like to thank our people for the progress they have made this year and for their unwavering commitment to delivering high-quality audits, serving the public interest and earning the trust of our clients, regulators and wider stakeholders.

Message from our Independent Non-Executives


Jane Guyett


David Matthews


Eamonn McGrath


Syreeta Brown

Our oversight enables us to observe, challenge and influence decisions with a focus on promoting audit quality and ensuring the public interest is considered in decision-making.

Who we are

We are four Independent Non-Executives (INEs): Syreeta Brown, Jane Guyett, David Matthews and Eamonn McGrath. Our diverse professional backgrounds enhance our ability to bring different insights to our roles and to BDO LLP (BDO UK).

In April 2026, Ola Fadipe stepped down as an INE following a change in her executive position. Syreeta Brown was appointed as an INE in May 2026, succeeding Ola as the nominated INE for engagement with the organisation's employees. Syreeta brings extensive senior people leadership experience, most recently serving as Group Chief People and Communications Officer at Virgin Money UK. She joined the Public Interest Committee (PIC), the Oversight Board (OB), formerly the Partnership Council, and assumed the role of Chair of the Nomination Committee (NomCo).

What we do

The INEs are appointed in accordance with the Audit Firm Governance Code (Revised 2022) (AFGC).

Our participation across the oversight bodies of BDO UK (see Governance section) enables us to observe, challenge and influence decision-making. In doing so, we seek to promote audit quality, to ensure that the public interest is considered in decision-making, particularly in matters relating to audit, and to safeguard the sustainability and resilience of the Audit stream and the organisation as a whole.

The requirements of the AFGC underpin our work at the PIC. Certain matters, including those relating to audit quality, are reserved to the Audit Board (AB).

At PIC, we examine areas of relevant public interest with members of the Executive Board (EB) present. We primarily focus on areas relating to BDO UK, but we also receive regular updates from the Managing Partner on the activities within the wider BDO network to support our monitoring of the network's impact on the operations and resilience of the UK firm. There were six PIC meetings during the year, and all the INEs were also invited to attend three OB meetings, as well as the meeting held to discuss the partner profit share process.

The AFGC applies to the organisation as a whole, not purely the Audit stream. This is reflected in the PIC agendas. Examples of topics discussed during the year at the PIC are set out in the Governance section.

In addition to formal meetings, we regularly meet with senior leaders across BDO UK, including the Senior Partner, the Managing Partner, the Ethics Partner, the Head of Audit and the Head of Quality and Risk Management, to discuss the issues and opportunities facing the organisation.

During the financial year ended 3 July 2026 (FY26), we attended the Audit Leaders' Conference, the Audit Connect training courses and the Annual Audit Awards, which provided an opportunity to engage directly with audit partners and staff and to gauge their mood as well as seeing first-hand BDO UK's learning and development response to the audit quality challenges in the business. We remain encouraged by the continued focus on audit quality and public interest in the organisation.

We also meet regularly in private sessions to share information and discuss topical matters. To support these discussions, we have access to BDO UK's reporting packs and presentations shared by the EB and the oversight bodies, together with reports sent by the Financial Reporting Council (FRC) to BDO UK. Any requests from us for additional information are dealt with in a reasonable timeframe.

As in previous years, we met with the FRC twice in the last 12 months and participated in a roundtable with the INEs from the other major firms.

Message from our Independent Non-Executives

Strengthening governance through independent review

As recommended by the AFGC, the PIC was the subject of an externally facilitated effectiveness review, undertaken by Lintstock Ltd in the financial year ended 4 July 2025 (FY25). Lintstock reported that the PIC commands a high level of respect within the organisation and plays an important role in the governance structure. They commented that the dynamics of the PIC were positive and there were good contributions from all members and from the executives in attendance. Lintstock also commented that their most important metrics relating to public interest were the most highly rated. A number of recommendations were also made, and the PIC has monitored progress in addressing them.

Our focus on audit quality

The necessary improvements in audit quality remain our primary concern. Our role is both to encourage BDO UK's leadership and partners to continue to make the changes and to provide support along the way. As a result, audit quality is central to every AB agenda and is discussed at each PIC meeting.

The benefit of BDO UK's investment in audit quality in recent years has yet to be reflected in the overall Audit Quality Review results, although within the results there have been some green shoots of improvement. The Shorter-Term Measures Plan put in place last year has delivered some success. However, the organisation cannot be complacent, and the short-term measures cannot remain in place indefinitely. The team is continuing its work on embedding a High Performing Teams culture in the Audit stream, and the continued development of the system of quality management (SoQM) should also support this.

The FRC has acknowledged that, while the actions taken have not yet delivered the intended outcomes, BDO UK is continuing to respond through a series of targeted initiatives aimed at delivering significant change. It has also recognised BDO UK's commitment to delivering sustainable improvements in audit quality, while emphasising the need for decisive actions and initiatives to be implemented swiftly and effectively. We shall continue our oversight of progress and maintain the EB's focus on delivering further improvements swiftly and effectively.

During the year, we monitored progress on closing the remediation actions in the Single Quality Action Plan through our meetings with the Head of Audit. We have also met with the Head of Root Cause Analysis and considered how the findings have been converted into actions. Going forward, we shall continue with this oversight of BDO UK's response and actions with respect to the FRC's Annual Review of Audit Quality Report. It is imperative that the actions are translated into improved behaviours such as coaching, prompt and effective planning and the consistent application of professional judgement, scepticism and challenge through the CLEAR framework such that the short-term measures can be replaced with longer-term, embedded solutions.

During the partner profit share process, we were pleased to note that quality was at the forefront of the partner assessment process, particularly in audit. Quality, including audit quality, was specifically taken into account in setting the profit shares of members of the EB and the Audit Executive.

The INEs recognise that the speed of change in technology, including artificial intelligence (AI), is impacting the organisation in many aspects. During the year, we received updates on AI-related developments through the PIC. In March 2026, as part of its audit quality agenda, the AB undertook a deep dive on the use of AI in audit and the certification process for all digital tools developed both in-house and externally. We had previously received a demonstration on the use of one of these tools, RobotX. The AB considered the robustness of the certification process and comparability with peers and received details of the controls in place to avoid the use of unauthorised tools in audits. The importance of human scepticism and review in audit was stressed and that this must remain a cornerstone, to be used in conjunction with AI tools and not replaced by such tools. At that meeting, we also received details of the AI training being provided to audit colleagues.



During the year, we provided input to the refresh of the Audit Executive's strategic initiatives and its Smart Growth strategy, primarily through the lens of audit quality.

Message from our Independent Non-Executives



Strengthening the system of quality management

FY26 saw further development of the SoQM, with the PIC receiving updates on the progress of the International Standard on Quality Management (UK) 1 programme and discussing this progress with the Head of Quality and Risk Management throughout the year. The organisation has a clear commitment to its SoQM and recognises the positive impact that an effective system has on the delivery of consistent audit quality. Focus and resources have been directed towards the design, remediation and testing of BDO UK's SoQM. Improvements have been made in the areas of risk assessment, the design and implementation of responses and the monitoring processes. We now need to see the organisation embedding the changes made through the development of the SoQM and building upon the more encouraging recent results to deliver sustainable high-quality audit outcomes.

Senior leadership and succession

In May 2026, Iain Henderson was elected as Senior Partner, succeeding Matthew White at the end of his maximum term of office. Prior to the election, we had the opportunity to meet with the candidates, and David chaired the NomCo, which oversaw the process.

Prior to Iain taking up office on 1 October 2026, we met with both Iain and Matthew on a number of occasions, including at PIC meetings. We look forward to continuing the successful working relationship we have had with the Senior Partner. Indeed, we would like to thank Matthew for his support over the past few years.

Strategic matters

In November 2025, Mark and members of his team met with the INEs for a day to provide a strategy update, giving us an opportunity to offer our perspectives and provide challenge, particularly with respect to public interest and improving audit quality. Since then, we have continued to be kept informed as the strategy has developed, including updates on the completion of the UK firm's merger with BDO Ireland.

In January 2026, Daphna Smuckler, the Head of Audit for BDO Global, presented the Global Audit Strategy to the AB and discussed global collaboration across Audit more generally. We stressed the importance of this clear strategic vision and the importance of collaboration within the context of market demand for seamless auditing.

People and culture

During the year, we continued our programme of office visits. We saw a strong commitment to improving audit quality and the continued embedding of High Performing Teams within the audit culture.

In December 2025, BDO UK's People, Culture and Purpose team came under new leadership, with Louise Sayers being appointed to the EB. We welcomed this development. Louise has presented to the PIC on the progress made in advancing the organisation's people and culture initiatives, including many areas relevant to the AFGC, such as the development of BDO UK's people strategy, policies and procedures.

As part of our monitoring of culture, the Ethics Partner provides updates at each PIC meeting on whistleblowing incidents and non-financial conduct matters, including discussion of trends observed. We also discussed the refreshed Code of Conduct and how compliance with it will be monitored.

Message from our Independent Non-Executives

Resilience

The AFGC requires that the firm and INEs can assess and report on the resilience of the Audit stream and the wider organisation.

In October 2025, BDO UK set up the Risk Oversight Committee (ROC), chaired by Jane Guyett. The ROC is already having a positive impact by encouraging the team to think about introducing further granularity to the Principal Risks. It has encouraged a better definition of emerging risks and how these are presented. It has also helped to drive further clarification of what constitutes the first line of the Three Lines Model. Further detail is provided in the Risk management section.

The INEs also attended the annual Principal Risk refresh, which enabled us to confirm that the Principal Risks had been appropriately identified, were clearly articulated and had mitigating actions in place. We specifically discussed the developing thinking on AI as a Principal Risk and the organisation's strategic response.

In line with the requirements of the AFGC, through ROC meetings and also reporting to the PIC, the INEs have been involved in the organisation's review of its Enterprise Risk Management Framework and its internal controls.

We also received a presentation on BDO UK's reputation as a Principal Risk, including the drivers of that risk and the mitigating actions in place. During the discussion on reputation, we noted the clear interconnection with other factors such as audit quality and ethics. The PIC is also charged with providing oversight and challenge on how the organisation maintains an appropriate and sustainable portfolio of work, including INEs attending BDO UK's Acceptance and Continuance Panels and reviewing potentially higher risk engagements and industries.

We receive feedback at PIC meetings on the financial health of the whole organisation, including updates on long-term business financing and insurance claims. We also receive specific feedback at AB meetings on the financial performance of the Audit stream.



Looking ahead

Looking forward, the PIC will continue its focus on audit quality, the public interest and the organisation's resilience. We will continue to challenge and support BDO UK to demonstrate further improvement in audit quality by converting the green shoots into sustained performance at pace. To remain relevant in the audit market, BDO UK has to improve audit quality. We are confident that the Managing Partner and the Head of Audit are focused on this.

We will also focus on the culture of the organisation as it looks to improve quality throughout the whole of BDO UK. The development of AI, and its impact on the attractiveness of the profession and the nature and level of employment, will have public interest implications.

About us

We are an accountancy and business advisory organisation, operating across four core service lines of Audit, Tax, Consulting, Risk and Outsourcing (CR&O) and Deals.

We are focused and deliberate in where we operate. Our market heartland is the UK mid-market: entrepreneurial, ambitious and growing businesses that form the backbone of our economy. These businesses innovate, create jobs and power growth across the UK. It is a privilege to support and advise them. As these businesses navigate change, we are focused on ensuring we continue to evolve alongside them – investing in the capabilities, insight and quality needed to support their ambitions in the years ahead.

For the financial year ended 3 July 2026 (FY26), we generated annual revenue in excess of £1 billion, with 7,417[1] people working for us, including 327 equity partners. We are part of a global network whose member firms, together with alliance firms, generated revenue of $16 billion for the financial year ended 30 September 2025, providing our clients with access to deep expertise and international connectivity where it matters. This combination of scale, focus and connectivity positions us strongly for the future, as the needs of the mid-market and the profession continue to evolve.

1. This figure excludes colleagues employed by BDO Wave, the entity through which we employ our extended delivery team in South Africa.



Strategy in action

The last year has confirmed the power of people coming together to deliver on our growth strategy, while reinforcing that continued change, investment and adaptation will be needed as the profession and wider environment evolve.

The profession continues to face heightened scrutiny. Expectations from regulators, clients and stakeholders are rising. Competition for clients and talent is more intense. Alongside this, growth across the UK economy is subdued, business confidence is fragile and geopolitical uncertainty continues to shape investment decisions and risk appetite. These conditions are being felt across the profession.

Against this backdrop, we are thinking deeply about the future of our profession, our operating model and the role of technology, including artificial intelligence (AI). At the same time, we are taking decisive action now – investing in quality, our people and our international capabilities – to ensure we are ready for the opportunities and challenges ahead.

Our strategy, established by our Executive Board (EB) and overseen by our Oversight Board (OB), is built around our 2028 Vision: to achieve sustainable, profitable growth by putting people and culture at its heart, being committed to quality and doing the right thing for business and society.

This is underpinned by our Values and Core Purpose. They shape how we think, act and deliver for our clients. They are embedded in our culture and guide the decisions we make every day. Ten years on, we are proud to say our Core Purpose – Helping you succeed – continues to reflect who we are and what we stand for. The EB reviewed and reconfirmed this core purpose, along with our Values, in March 2026.

We have a clear vision for the future and we are taking action now to put us in a strong position for the years ahead.

About us

Our strategic priorities

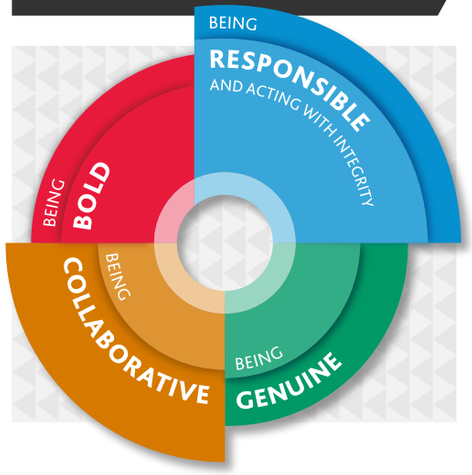
We will deliver on our 2028 Vision through three elements – where we win, how we win and the capabilities we need to succeed. Six imperatives underpin the 'How we win' and 'Winning capabilities' elements of our model, which we have set out in more detail here.



Our Core Purpose



Our Values



Our New Strategy Model



Where we win



Standing with the UK mid-market

The heart of our strategy remains our client heartland: entrepreneurial, growing and ambitious mid-market businesses.

These businesses may represent less than 1% of UK companies, but their impact is far greater. They account for one in three UK private sector jobs and generate revenues equivalent to more than half of UK gross domestic product. They are a critical engine of growth, employment and innovation, and a stabilising force within the wider economy.

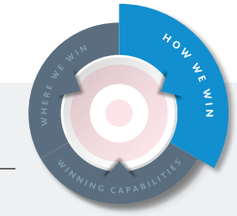
This is our heartland. It is where we are strongest and where our focus remains. We are deliberate about where we compete and where we can make the greatest impact. Our scale, expertise and international reach enable us to support these businesses at every stage of their journey.

We are also a committed advocate for the mid-market. We use our platform to champion their contribution to the UK economy and ensure their voice is heard. This includes engagement with government, policymakers and business groups, where we bring evidence, insight and challenge to pave the way for future mid-market growth.

We believe the mid-market matters. And we are proud to stand alongside it.

About us

How we win



1. Growth culture

Growth gives us choice – who we work for, where we invest and how we can maximise market opportunities to better help our clients succeed.

For many years, we have recognised that our success goes hand-in-glove with the strength of the UK's entrepreneurial, growing and ambitious mid-sized businesses. But the market is tough and competition for business is rife.

Our merger with BDO Ireland represents a new chapter in our growth story, cementing our position as one of the largest accountancy firms in Europe focused on the mid-market. Internally, we continue to use our firmwide methodology – Find It, Win It, Grow It – for building stronger relationships and winning work.

2. Collaboration

Collaboration means working together across teams, streams, geographies and countries to bring the full force of BDO globally for the benefit of our clients.

Clients expect seamless service across disciplines, geographies and specialisms. They expect the subject-matter experts to be in the room with them. They want quality conversations and strong, trusted relationships with their advisers.

Collaboration is also central to how we develop as individuals. We work in a dynamic, ever-evolving profession that requires constant learning and innovation. On a human level, we are wired for connection. We thrive in environments where relationships matter.

To support this, we continue to strengthen our platforms, reduce friction in client onboarding and delivery, and invest in technology, data and AI tools that enable our people to work together more effectively.

Initiatives such as our unified client service charter and our firmwide sales methodology, as well as our ongoing collaboration with BDO Global, help ensure that how we win and retain work is consistent with our Values, our quality expectations and our long-term strategy.

3. Quality

Quality sits at the heart of our responsibilities as advisers and as auditors, and as a credible voice for the mid-market. Quality is what drives our behaviours and processes to ensure we serve the public interest and do the right thing for business and society.

A focus on quality is not new to us at BDO. Audit quality has long been a cornerstone of the profession's reputation and quality underpins everything we do.

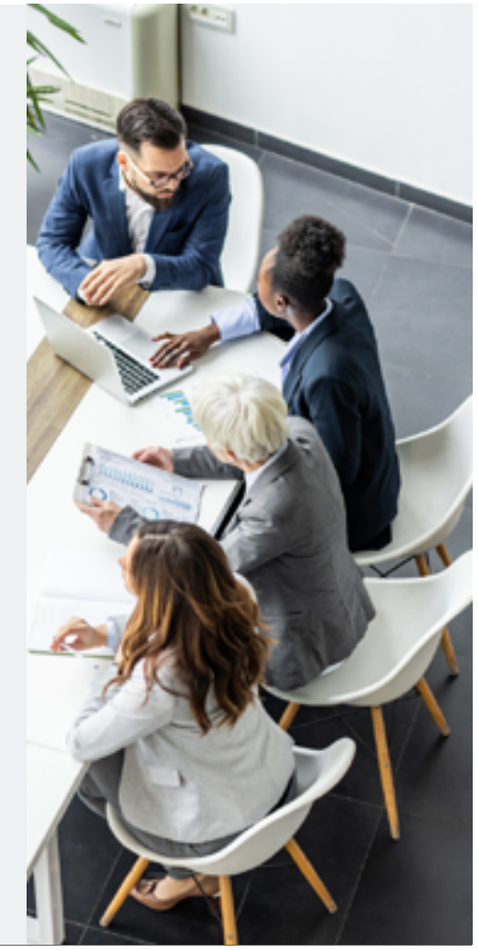
It is the bedrock upon which we build trust with colleagues, clients and the wider market. This trust translates into long-term relationships, recurring work and referrals, all of which are crucial for sustained growth and success.

We have been embedding quality-focused thinking in our people and culture agenda, from our High Performing Teams framework through to training, recruitment, performance reviews and reward and recognition.

We will continue to empower our people to think critically about what they need to deliver their work to the highest quality.

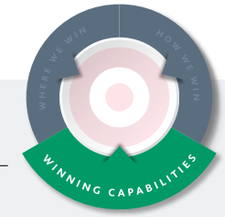
We remain committed to the embedding of our system of quality management (SoQM), strengthening governance, oversight and learning. Appendix D sets out our evaluation of our SoQM this year.

Looking forward, we are implementing the framework to comply with Public Company Accounting Oversight Board Quality Control Standard QC1000 that applies to our US audit engagements and is aligned with the requirements of the International Standard on Quality Management (UK) 1.



About us

Winning capabilities



4. People and culture

As a people-powered business, our ability to deliver for clients depends on the quality, diversity and engagement of our people. Our 2028 Vision places people and culture at its heart, reflecting our belief that when we work together, we thrive together – and win together.

This year, our focus has been on moving from defining our cultural ambition to embedding it consistently across the organisation. This matters not only for how our people experience BDO LLP (BDO UK), but also for the quality of our work, how we serve the public interest and our long-term success. Our People, culture and purpose section that follows provides a snapshot of key focus areas and progress over the year.

5. Platforms

Our platforms – encompassing systems, data, processes and how they are used – are a critical enabler of sustainable growth, quality and a positive client experience.

In recent years, we have invested significantly in strengthening our operational and technology infrastructure. Our focus now is on unlocking the full value of those investments.

High-quality data is central to this. It helps optimise operations, reduce inefficiencies and support better decision-making. This means our people can spend more time on the work that really matters – work that supports our clients, grows our people's careers and drives growth for BDO UK.

More broadly, we are equipping our people with well-designed processes and effective tools, enabling better collaboration across teams and service lines, and supporting high-quality work and professional judgement.

We continue to enhance platforms that support client onboarding, independence and relationship management, alongside targeted use of data and AI where they add value and can be deployed responsibly. These investments support consistency, transparency and control, while improving operational excellence and the overall client experience.

6. International

We are part of a global network operating in a rapidly evolving environment. Expectations of international collaboration, consistency and governance are increasing, driven by client needs, regulatory scrutiny and broader shifts in the global market.

For our clients, borders are becoming less relevant. They expect seamless delivery across jurisdictions, consistent quality and access to the right expertise wherever they operate. Meeting these expectations is critical to their success, and ours.

We are taking an active role within the BDO network to support its continued evolution. Our focus is on strengthening how we work together across countries, improving consistency in delivery and investing in shared capabilities that enable a more connected, effective organisation over the long term.

This reflects a broader shift in the profession. Greater integration, increased investment in technology and changing models of ownership are reshaping how international firms operate. We are engaged in these discussions, contributing insight and perspective while working collaboratively with other BDO member firms to move forward together.

Our merger with BDO Ireland was an important milestone, enhancing our ability to support fast-growing and internationally ambitious mid-market businesses through closer alignment, greater scale and stronger cross-border capability.

Our strategic priority on International is clear: to enable seamless client delivery and to play a leading role in shaping the future of our profession.

Looking ahead

We are looking ahead with clarity, intent and ambition and acting now to ensure we are ready for what comes next. The role of a trusted adviser is more important than ever, and we have a clear vision and strategy to deliver, grounded in our mid-market heartland, supported by a committed and capable workforce and driven by a continued focus on the public interest.

We are making deliberate decisions on quality, investment, capability and culture to support high-quality work, serve the public interest and ensure we are building an organisation that is resilient, relevant and ready for the future.

We will continue to bring insight and perspective to the conversations that matter – supporting our people and our clients, championing the mid-market and playing an active role in shaping the future of our profession.

About us

People, culture and purpose

Within the About us section, we highlighted that we see 'people and culture' as one of our winning capabilities. This section shows how our focus in FY26 has been on moving from defining our cultural ambition to embedding it consistently across our organisation.



The Feel

Our culture centres on the belief that we are at our best when our people work, thrive and win together – known internally as The Feel. We have been working to make The Feel increasingly visible in how teams collaborate and make decisions, in order to demonstrate that we encourage a supportive, high-performing environment where we live our Values and do the right thing.

We have continued to embed our culture through the consistent application of High Performing Teams behaviours across streams, ensuring that our culture is reflected not only in how we describe it, but in how teams operate and leaders make decisions.





Oversight is provided by the People, Culture and Purpose Executive (PCPE), with horizon scanning supported by the Future Culture Advisory Board (FCAB). The FCAB was established this year to provide forward-looking insight to the PCPE to inform cultural priorities and long-term direction.

Alongside this, we have maintained momentum in our key cultural priorities, particularly inclusion and belonging and social mobility and citizenship, with activity increasingly aligned to deliver a more integrated and cohesive approach.

Inclusion and belonging

Creating an inclusive environment where all our people feel they belong remains a strategic priority. Our progress has been recognised externally, including being named Company of the Year at the British Diversity Awards 2026.

This year, we launched our inclusion and belonging strategy – Every One, Every Day – focused on leadership accountability, equitable opportunity and genuine belonging.

Tangible progress includes the expansion of mentoring through our partnership with Moving Ahead, with increased participation in the Mission Include programme. We have also enhanced our Gender Balance plan, including the introduction of a targeted coaching programme supporting women through key life transitions.

Improvements have been made through the introduction of accessibility resources, including the Workplace Adjustment Hub, and strengthened neurodiversity support through dedicated sub-group sessions. Our employee networks have continued to collaborate more closely, with a firmwide 'Finding Your Voice' event bringing networks together for the first time to support confidence, inclusion and visibility across the organisation.

About us

Social mobility and citizenship

Social mobility and citizenship remain central to our purpose and reflect our commitment to widening access to opportunity.

Our partnerships continue to play a critical role. This was demonstrated through our strengthened collaboration with Enactus, culminating in BDO UK being named Enactus Partner of the Year in April 2026. This recognition reflects sustained colleague involvement in programmes such as NextGen Leaders, which support young people in areas of lower social mobility to develop skills, confidence and access to opportunity.

Our social mobility strategy, which was launched in January 2026, provides a structured framework across recruitment, development and progression, supported by improved governance and data. Benchmarking our progress through the Social Mobility Foundation Employer Index, where we are ranked 53rd, supports a transparent and evidence-based approach and helps us to shape future action.



We have also strengthened our understanding of socio-economic diversity through enhanced data collection and engagement with external partners, allowing more targeted action and improved tracking of progress.

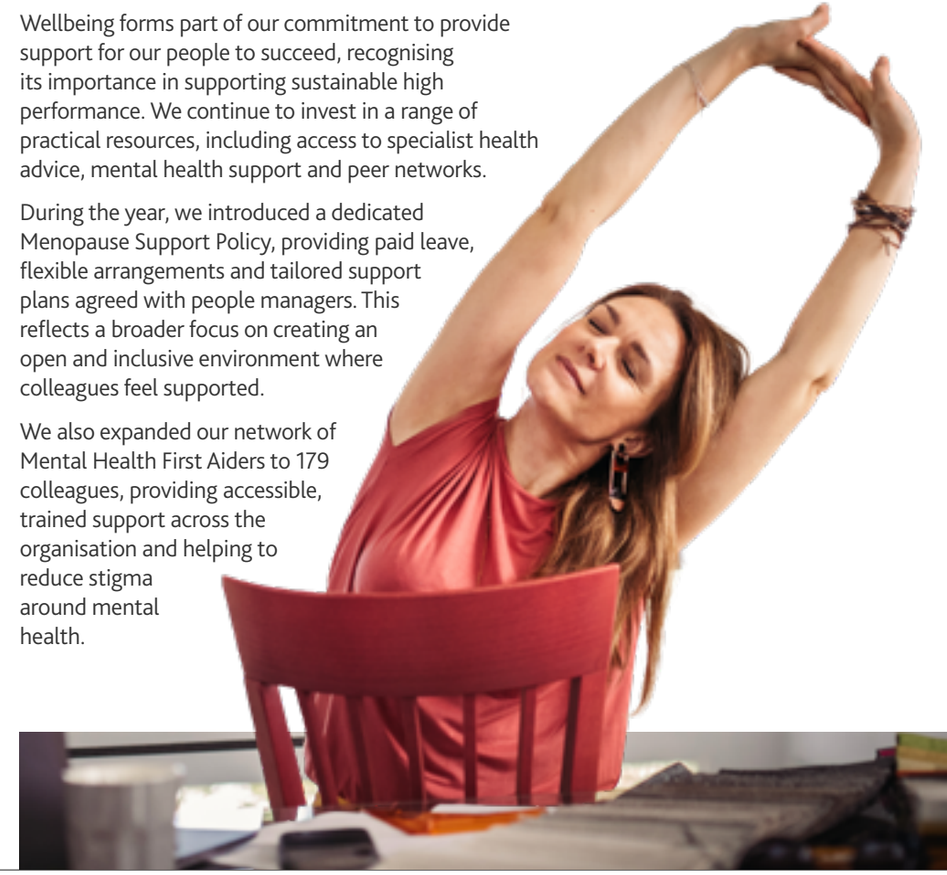
Citizenship is enabled through a flexible and inclusive model supported by a network of Citizenship Champions across the organisation. Citizenship is underpinned by our '5+5' framework, which provides dedicated time (five action days + five strategic days) for both volunteering and skills-based contribution, enabling colleagues to support environmental, community and charitable initiatives in ways that are meaningful to them.

Wellbeing

Wellbeing forms part of our commitment to provide support for our people to succeed, recognising its importance in supporting sustainable high performance. We continue to invest in a range of practical resources, including access to specialist health advice, mental health support and peer networks.

During the year, we introduced a dedicated Menopause Support Policy, providing paid leave, flexible arrangements and tailored support plans agreed with people managers. This reflects a broader focus on creating an open and inclusive environment where colleagues feel supported.

We also expanded our network of Mental Health First Aiders to 179 colleagues, providing accessible, trained support across the organisation and helping to reduce stigma around mental health.



Looking ahead

Over the next year, we will continue to embed our culture into consistent day-to-day behaviours, supported by the launch of the Influencer network and targeted engagement activity. We will maintain momentum in the embedding of the High Performing Teams behaviours through campaigns, storytelling and recognition, while strengthening our use of dashboards, key performance indicators (KPIs) and governance forums to track progress and ensure accountability. We will also review our gender and ethnicity ambitions and further strengthen the link between purpose and measurable impact.

About us

The Deal

The Deal (our People Proposition) defines the two-way relationship between us and our people, setting out both expectations and commitments. It brings together the practical elements of how our culture enables success, including opportunities for learning and career development, access to purposeful work, recognition and the expectations we place on individuals to contribute to our success.

By clearly articulating these mutual commitments, we support engagement, consistency and our ability to attract and retain talent in line with our strategic priorities.

Learning and development

We continue to invest in structured learning across all career stages. Our firmwide offering combines mandatory, grade-specific and stream-specific learning, supported by broader capability development in leadership, business development, innovation and digital skills.

A focus in FY26 has been our Growth Culture and Collaboration programme, aligning learning to our 'Find It, Win It, Grow It' sales methodology.

Investment across career stages includes the introduction of Early Careers academies across Tax, Deals and CR&O, alongside the established Audit curriculum, and the launch of Commercial Management Foundations. For our more experienced colleagues in Tax, CR&O and Deals, we introduced Elevate, our New to Manager programme, and expanded structured development pathways, with learning brochures now available up to director level.

We have also strengthened digital capability through initiatives including LearnAI and the Data Academy, ensuring our people are equipped with the skills needed for future delivery, in readiness for tomorrow.

Performance management

During the year, we streamlined our year end performance process by combining performance reviews with objective setting discussions, enabling more meaningful and timely conversations.

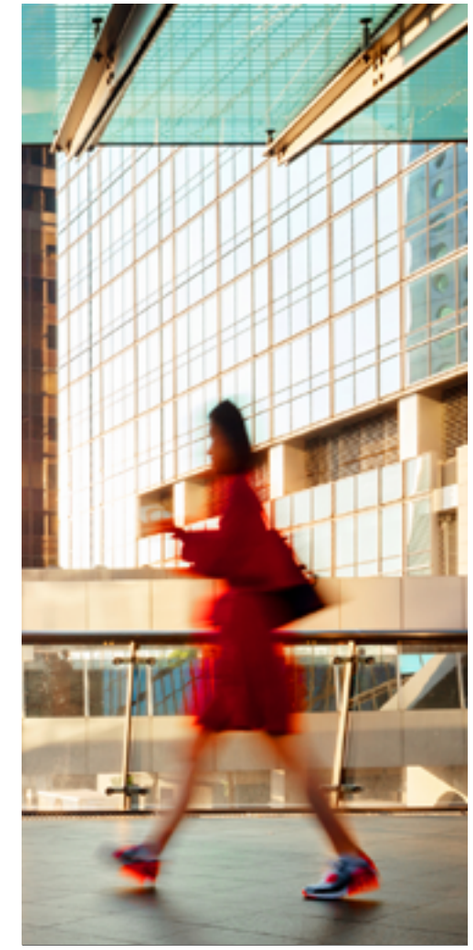
Looking ahead, we are refreshing our competency framework, reviewing the people manager model and evolving our performance ratings approach. Together, these changes aim to deliver a more consistent and effective performance management experience.



Progression of talent

We remain committed to developing future leaders and strengthening the pipeline to partnership. This includes delivery of a Director Talent Development programme and a Welcome to Partnership programme, both using blended learning approaches. In addition, a cohort of partners continues to attend the BDO Global Development programme at Harvard.

Internal secondments have continued, with 48 colleagues undertaking placements across the business, supporting development and knowledge sharing. During the year, 2,638[2] colleagues were promoted and 20 individuals admitted to the partnership, reflecting our commitment to recognising performance and enabling progression.



2. This figure excludes colleagues employed by BDO Wave, the entity through which we employ our extended delivery team in South Africa.

About us



Recognition and reward

We continue to evolve our approach to recognition and reward to reinforce the behaviours that underpin our culture. The award-winning implementation of ReFlex, launched in July 2025, has increased the visibility and frequency of real-time recognition, with 75,560 recognitions recorded in FY26. This has been supported by growth-focused competitions and reward town halls, improving transparency and understanding.

Partner remuneration

Our equity partners, as owners of the firm, are remunerated out of the profits of the partnership. Each year, profit share is reviewed and determined through a holistic assessment of each equity partner's contribution to BDO UK's success, sustainability and long-term value. All equity partners, including those in leadership and oversight roles, are assessed against the same framework and criteria. Each equity partner is evaluated individually on their overall contribution across four areas: business performance, growth, people and culture, and quality and risk, taking into account factors such as financial performance, leadership, collaboration, quality outcomes, ethical behaviour and the long-term sustainability of the organisation. The process is supported by a clear governance framework. The EB determines equity partner remuneration and profit share outcomes, while the OB provides independent oversight of the process and its application.

The remuneration of EB members is determined by the OB. The remuneration of OB members (excluding the non-voting Independent Non-Executives (INEs)) is determined by the Senior Partner in consultation with two INEs. The Senior Partner's remuneration is determined by the other members of the OB, with the Senior Partner taking no part in the decision-making process.

Employee remuneration

Remuneration outcomes are guided by our core principles of fairness, sustainability and competitiveness with the external market. Our approach to setting base pay reflects the skills, responsibilities and performance associated with each role. Our pay structures are regularly reviewed to ensure they remain competitive and support our ambition to attract and retain the talent needed to help us deliver our firmwide strategy.

The annual pay review process is supported by a structured governance framework designed to ensure consistency and transparency in our core remuneration principles while ensuring financial sustainability. Pay review guidelines are developed and agreed through established governance processes, with financial modelling undertaken to assess the impact of proposed outcomes and support decision-making by the EB. The pay review process continues to focus on increasing transparency around reward outcomes, improving understanding of pay positioning and strengthening colleagues' confidence that pay is determined fairly and objectively.

About us



Attracting and developing talent

We were recently recognised as one of the UK's most aspirational employers for Gen Z professionals and continue to attract strong interest in early careers, with 35,204 applications received and 642[3] students onboarded across multiple business areas. We have strengthened engagement through partnerships with organisations including Connectr, Springpod, TG Consulting and Young Professionals, alongside continued use of Arctic Shores as part of our assessment approach. These actions help to widen access to talent and support our future skills pipeline.

We have expanded outreach through work experience and virtual programmes, as well as increased participation in targeted insight programmes supporting underrepresented groups such as Explore BDO, our programme designed to support students in Year 11 to 13 from low socio-economic backgrounds to develop their professional skills, and our Black Heritage programme.

For experienced hires, 520 people joined BDO UK during the year. Our 'More Than Meets the Eye' campaign continued to build brand awareness, appearing across YouTube, Instagram, LinkedIn, Reddit and digital display channels.

Looking ahead

Over the next year, we will continue to strengthen development pathways, embed updated performance frameworks, expand learning opportunities including a firmwide Learning Week, and enhance the use of KPI dashboards and data triangulation, ensuring our people strategy supports our growth and long-term sustainability by building the capabilities, leadership and evidence base needed for the future.

3. The figure includes apprentices, interns and trainees.

About us



Purpose

Our Core Purpose – Helping you succeed – underpins how we deliver for our clients, support our people and contribute to the wider public interest. It is brought to life through The Feel and The Deal.

We continue to embed our purpose into day-to-day decision-making, supporting a culture of professionalism, collaboration and ethical behaviour. This includes delivering high-quality, independent services, supporting our people to succeed in an inclusive environment and contributing to sustainable growth.

Our 2026 Impact Report provides further detail on how our Core Purpose informs our approach to impact, including details of our refreshed Double Materiality Assessment (DMA) and our plans to evolve the DMA process to align more closely with our Enterprise Risk Management Framework and prepare for the forthcoming UK Sustainability Reporting Standards.

Listening to our people

Understanding colleague experience remains central to our focus on attracting, engaging, developing and retaining our people. Our most recent engagement survey saw 79% participation, providing valuable insight across the organisation and helping us identify both current priorities and emerging themes.

We have introduced a structured set of KPIs linked to The Feel and The Deal, supported by dashboards that provide a clear, data-led view of progress. These KPIs will be reviewed bi-annually going forward, starting in FY27, and will enable us to track performance against our strategic priorities to ensure our activities and priorities deliver the people-led outcomes to support our strategy.

To strengthen our insights, we conduct regular data triangulation exercises, combining survey results, operational data and other inputs to identify consistent themes and emerging priorities, helping us understand trends as early as possible.

Insights are reviewed through governance forums, including PCPE, enabling senior leaders to monitor progress, apply challenge and prioritise action. This approach ensures we not only listen to our people but act on what we hear, supporting continuous improvement, stronger decision-making and long-term cultural change.

Looking ahead

We will continue to strengthen our listening approach, creating more opportunities for colleagues to share feedback, ideas and concerns, ensuring we act on what we hear to improve the colleague experience across the firm.

We will deepen our understanding of career progression and development, responding to feedback that colleagues want greater clarity on pathways, expectations and opportunities for growth, supported by more meaningful career conversations.

In October 2026, we celebrated ten years of our Core Purpose. We will continue to strengthen the link between our long-established Core Purpose and its measurable impact, ensuring alignment across governance, environmental matters, our people and sustainable growth to embed purpose as a core driver of decision-making, culture and strategic differentiation across BDO UK.



Finally, we will continue to build an inclusive, high-performing culture by listening closely to colleagues' lived experiences of belonging, psychological safety and alignment with our Values, enabling more targeted and consistent action across BDO UK.

About us

Our digital and artificial intelligence future

Our sector, our skills and our ways of working have always involved technology, but with the rise of AI, generative AI and now agentic AI in prominence, we are focusing on how we embrace the new digital and AI future for the benefit of our people and our clients, with AI acting as an enabler and an important part of our strategy.



Investing in digital, data and artificial intelligence

As part of our overall Enterprise Information Technology function, we provide an Innovation and Digital Office and Data Office capability to champion and lead initiatives, in conjunction with our firmwide and stream strategies. This comprises five Innovation Labs and a Digital Product function.

Four of these Labs (Audit, Tax, CR&O and Deals Labs) are embedded into our businesses to work alongside and with the experts. These 'fusion' Labs teams take challenges from the business and co-develop ideas and products to agreed standards, business cases and regulations. Our fifth Lab, AI Lab, provides the research and development in the AI space to provide new technologies and approaches to our other Labs and teams.

Our dedicated Digital Product function then runs these digital tools to an agreed quality and performance level and, as required, retires, upgrades or replaces them throughout their lifecycle.

Examples of digital products developed or enhanced through this process during FY26 include:

- EVA: Our secure agentic workflow platform
- Personas: Our firmwide general-purpose AI resource to provide access to advanced generative AI models was enhanced to enable users to securely access internal knowledge
- AssureAI: A generative AI-powered controls assurance platform.

Our BDO Labs programme has captured and evaluated hundreds of ideas, with 21 total experiments started or completed in the financial year, and we now have a portfolio of 35 digital products actively in use and supported through our dedicated Digital Product Management function.

In addition, we operate the BDO Store, which sells or licenses a range of digital products such as software and online training direct to clients (where permissible).

We have also enabled the whole organisation with access to Microsoft Copilot Chat, leveraging the latest and most powerful OpenAI GPT models, supported with AI Learning through our LearnIT and LearnAI platforms, and have introduced mandatory AI training. Our dedicated Digital Enablement team provides support, training and practical examples of how our people can leverage AI safely, securely and at scale.

Our Digital Subgroup

Our Digital Subgroup's purpose is to centralise all digital activities. It operates as a sub-working group of the organisation's Operations Executive. It has representation from the central operations functions, Tax, Audit and CR&O and Deals streams. The Digital Subgroup's remit and terms of reference encompass:

- 'How we win': Promoting and accelerating sustainable growth using digital, data and AI platforms and tools as strategic enablers for growth, collaboration and quality
- 'Winning Capabilities': Owning our strategic digital products and AI platforms
- Making better use of existing capabilities through cross-fertilisation of platforms and products between streams and central operations
- Aligning direction of stream initiatives against our strategic platforms and partnerships
- Digital product and automation prioritisation, business cases review and tracking benefits
- Steering strategic innovation and sponsoring our Labs and other innovation initiatives
- Linking into international and global initiatives and new external partnerships.

About us

AI and agentic AI

During FY26, AI has been evolving at a rapid pace globally and in our sector. Our EB meets regularly to review our progress in this area and ensure that our overall organisational strategy, and the resulting initiatives and priorities are leveraging the advances in AI and technology, and remain aligned to our risk appetite, our culture and values.

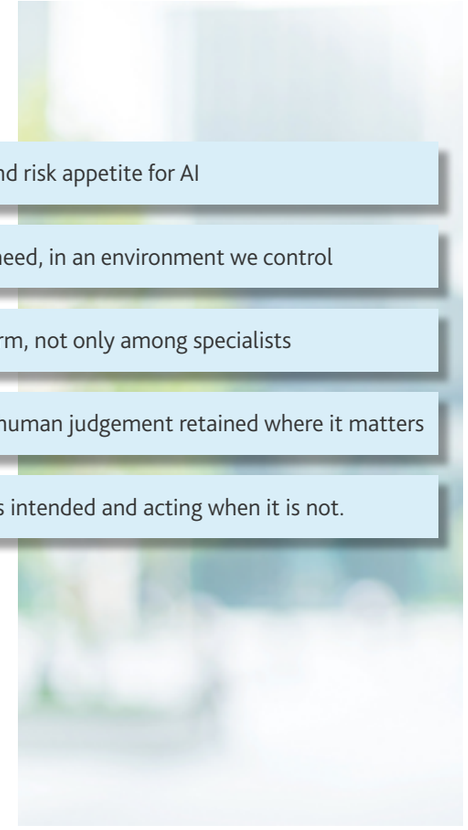
AI is reshaping how professional work is done, and we expect it to change what our clients need from us as much as it changes how we deliver it. Our approach is to move deliberately: to be clear about where AI can improve the quality and value of our work, honest about where it cannot yet be relied on, and disciplined about the difference.

In last year's Transparency Report (2025), we referred to our AI Policy, which provided a set of principles to promote trustworthy AI and aligned with the internationally agreed-upon Principles for AI from the Organisation for Economic Co-operation and Development.

During FY26, we took a further step and agreed an AI Strategy for the whole organisation, built on five pillars:

- Govern: Clear accountability, decision rights and risk appetite for AI
- Enable: The platforms and tooling our people need, in an environment we control
- Skill: Building understanding of AI across the firm, not only among specialists
- Apply: Putting AI to work in our services, with human judgement retained where it matters
- Assure: Monitoring whether AI is performing as intended and acting when it is not.

Underpinning the strategy is a set of principles. Among these, one shapes everything else: data isolation by architecture. Under this principle, client and firm data may only be used within architecturally isolated environments, and our providers do not train their models on our data. This is a boundary we set through how our systems are built, not only through policy.



Data governance

Data is a critical foundation for delivering on our digital and AI vision as it fuels these systems. Thus, data governance is a critical component of our data strategy which is owned and driven by the Data Office.

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

Our data governance framework is made up of:

- Policies: Provide the guidelines for using, protecting and managing data, ensuring consistency and compliance
- Processes: Refers to the procedures for communication, collaboration and managing data, including data collection, storage, protection and usage
- Roles and responsibilities: Refers to the organisational structure, roles and responsibilities of those involved in data governance, including those who own, collect, store, manage and use data
- Technology: Refers to the tools and systems used to support data governance, such as data management platforms and security solutions.

Our Data Policy is applicable to:

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

Enhancing our management of data is essential to the effective running of the organisation and underpins our commitment to quality, operational excellence and growth.

About us

Looking ahead

To support the responsible adoption and use of AI, we will establish an AI Governance Committee (AIGC), chaired by our Chief Risk Officer, which will replace the Digital Subgroup. The AIGC will provide oversight of the organisation's AI activities and embed accountability for AI within our existing risk governance framework, reflecting our view that AI is a risk and quality matter as much as a technology matter.

The AIGC will bring together the key accountabilities that AI engages across the business, including risk, innovation and digital, information security, data protection, legal, ethics and the business streams. It will be responsible for overseeing the implementation of the AI Governance Framework (AIGF), including BDO's AI risk appetite, use case classification approach and register of approved AI use cases.

We will map the AIGF to ISO/IEC 42001:2023, the EU AI Act and the National Institute of Standards and Technology AI Risk Management Framework. The mapping will not represent certification or compliance; the mapping will tell us where our controls sit against recognised standards and where regulatory obligations will fall due, so that we can build to meet them.

We are at the beginning of this work, not the end of it. Embedding the AIGF across an organisation of our size and breadth will take more than one financial year. We have deliberately designed our governance to record what has been built and what has not, and we would rather report that distinction openly than describe an ambition as an achievement.



Governance

Our governance framework is designed to support effective leadership, independent oversight and consideration of the public interest, while helping to promote the long-term sustainability and resilience of BDO LLP (BDO UK).

We recognise the importance of good governance. Our Senior Partner takes responsibility for our governance framework. Additionally, since Mark Shaw took office as Managing Partner, there has been an Executive Board (EB) member responsible for ensuring good governance at the EB level and below. Earlier this year, we appointed a Governance Partner who leads the internal Governance team and their collective responsibility is to promote and support good governance practices and effective decision-making across the oversight, leadership and management layers of the organisation.

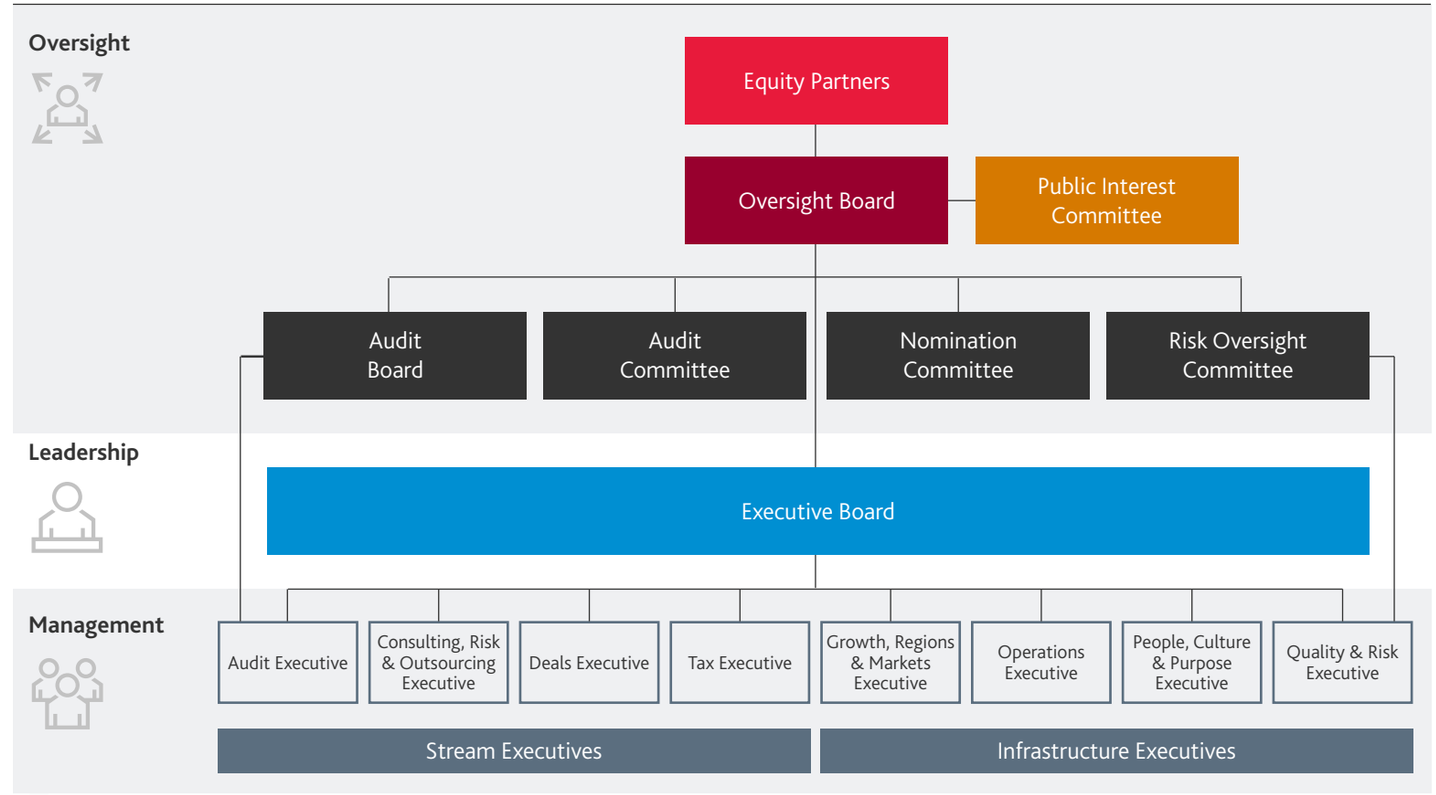
Governance structure review

In last year's Transparency Report, we shared some high-level actions following our first independent external board effectiveness review, carried out by Lintstock Ltd, which included evolving aspects of our governance structure.

As the first stage of this process, the Risk Oversight Committee (ROC) was established and met formally for the first time in October 2025. It brings together members from oversight, leadership and management roles, alongside subject matter experts, and is chaired by one of our Independent Non-Executives (INEs).

As the second stage of this process, the Senior Partner convened a Governance Review Sub-Committee to review the full governance structure. Following socialisation with, and a vote by, the equity partners, the revised structure was implemented from January 2026.

BDO UK governance structure as at 3 July 2026



Governance

Key changes arising from the review are set out below. All of these act together to enable us to meet our legal and regulatory framework for decision-making:

- Renaming of Partnership Council (PC) to Oversight Board (OB) and Leadership Team (LT) to EB, to better reflect the roles and responsibilities of these bodies
- Dissolution of the Business Interest Oversight Board (BIOB) (responsibilities transferred to the OB), Remuneration Committee (responsibilities transferred to the OB) and Quality and Risk Sub-Committee (responsibilities transferred to the ROC), to reduce duplicative debate and promote more efficient decision-making
- Reduction in the number of members of OB from 12 to six plus the Chair to improve the body's ability to debate matters and also constructively challenge management
- Two INEs attend the OB, in a non-voting capacity, to widen the perspective of the OB
- Removal of regional representation from the OB, reinforcing that all members of the OB will represent the interests of all partners
- Two members of the OB are selected by the Senior Partner and approved by the Nomination Committee (NomCo), Managing Partner and a Negative Vote of the partnership, to enable greater control over the diversity of thought across the members of this body
- An enhanced role for the NomCo, including a remit to review all candidates for the OB, Managing Partner and Senior Partner roles, with certain eligibility requirements being imposed including a requirement that each candidate has been an equity partner in our organisation for at least five years
- Creation of the independent Governance team to act as a bridge between oversight and management and enable effective decision-making at the right time, in the right way, with the right people in the room.

The revised structure is intended to enable more focused discussion, clearer accountability and more effective challenge through a smaller OB. While removing regional representation reduces the direct link to individual regions, all members are expected to act in the interests of the partnership as a whole. The appointment of two members by the Senior Partner, subject to independent approvals, is then designed to strengthen the diversity of skills and perspectives without diluting the OB's independence, supported by the INEs' escalation rights in the event of a disagreement. The effectiveness of the new arrangements will continue to be assessed, including through Lintstock's follow-up review in early FY27.

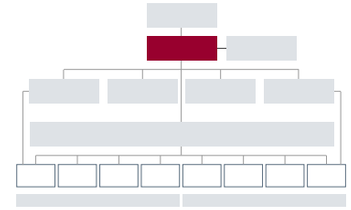
Contributions from our oversight and leadership bodies this year

We set out details of the work of the bodies sitting within our oversight and leadership layers (see BDO UK governance structure) in the financial year ended 3 July 2026 (FY26).

Please note that the topics noted below are taken from a full year's activity. Where a topic was discussed under the previous governance structure, the activity has been allocated to the body now assuming responsibility for that agenda item.



Governance



Oversight Board

The OB is our most senior oversight body. It is chaired by the Senior Partner, itself an elected role with a maximum tenure of eight years (two four-year terms). The purpose of the OB (previously PC) is to provide direct and effective oversight of the EB and safeguard the equity interests of members of the partnership.

To support the OB members in fulfilling their responsibilities, each new member receives an induction when joining the OB which comprises a discussion on key topics from the Senior Partner and a training session with the Governance team. Additionally, at intervals throughout the year, members receive training to support their role. This year, they received training around the legal and regulatory requirements for board members and reviewed technical papers supporting effective decision-making and, particularly, ways of mitigating bias.

Twice a year, all the INEs attend to discuss their perspective on the organisation with OB members and, particularly, how the purpose of the Audit Firm Governance Code (Revised 2022) (AFGC) is being met.

OB meetings are structured so that members receive regular updates on the activity of the sub-committees and the EB, a trading update, an update on partner matters and then the remainder of the meeting is used to discuss relevant topics to support the strategic direction of the organisation.

Topics discussed this year have included:

- Equity and salaried partner promotions
- Discussing and agreeing a revised process for appointing the Senior Partner and the Managing Partner
- Overseeing the annual profit-sharing review undertaken by management
- Setting profit shares for the Managing Partner, the Senior Partner and members of the EB
- Considering the future of the profession and the organisation's position within this context and discussing the strategy in the light of this with a view to safeguarding the sustainability of the organisation for future generations
- Reviewing and discussing with members of the EB their strategic priorities, including the initiatives supporting better data across the business and those designed to support the organisation's people and culture
- Discussing and agreeing changes to internal policies, including the Emergency Cover schedule for key roles, as well as approving the Modern Slavery Act statement and discussing the restrictions to be applied to membership of our governance, leadership and management bodies, particularly relating to quality matters.

Oversight Board at a glance

Chair: Senior Partner

Number of members (excluding the Chair): Six, plus two INEs (non-voting)

Membership: Six equity partners and two INEs

Term: Four years, maximum of eight unless first elected for a stub period of less than two years*

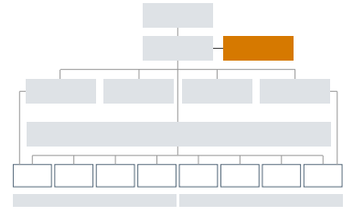
Selection process: Four members are elected by the equity partners, two members are appointed by the Senior Partner, with approval from the Managing Partner and the NomCo, to enable even greater diversity of thought, and the INE members are selected based on their skillset and experience

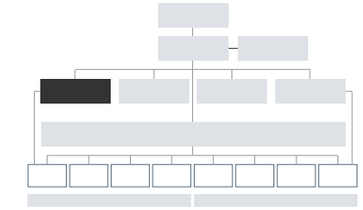
Number of meetings in FY26: 34.

* Two elected members of OB, Lee Causer and Ariel Grosberg, have shorter terms ending on 30 September 2027 following the governance review (this is to regularise rotation cycles going forward).



Governance





Public Interest Committee

The purpose of the Public Interest Committee (PIC) is to enable the INEs to carry out their duties as set out in the AFGC, with a particular focus on audit quality, safeguarding the sustainability and resilience of the Audit stream and the organisation as a whole and ensuring that the public interest is taken into account in the firm's decision-making.

PIC members receive regular updates on the activity of the OB, the ROC and the EB throughout the year. Particular time and attention is then given to the work of the Audit Board (AB), given its focus on audit quality-related matters and the Audit stream.



Topics this year included:

- A review of the firm's financial position at the start of FY26, reviewing past performance and the budget for the year ahead to test for financial resilience
- Detailed consideration of the development of the organisation's strategy (with a focus on horizon scanning), following its launch during FY25 to test the sustainability of the organisation going forward
- Regular updates on ethics and whistleblowing matters and, in particular, a review of our new Code of Conduct
- Briefing on the Senior Partner election and candidates standing for the role
- A deep dive into people and culture, including the embedding of The Feel and the stream-specific behaviours linked to this and the monitoring dashboards in place to support The Feel and The Deal
- Briefing on reputation management, including the risks associated with it and the horizon scanning carried out in this area, to review resilience of the organisation in this area.

Public Interest Committee at a glance

Chair: INE

Number of members (excluding the Chair): Three

Membership: INEs

Term: Length of time in role (maximum of two terms of three years, with any one-year extensions not to exceed a total term of nine years)

Selection process: Appointed by the NomCo

Number of meetings in FY26: Six.

Audit Board

The role of AB is to promote audit quality, in line with the AFGC, through oversight of audit quality, people and culture and, as part of the governance review, its remit was narrowed to enable more detailed discussion and challenge of these matters.

Topics this year included:

- Audit strategy and operating model
- Regulatory engagement and external reporting
- Audit stream's standardisation programme
- Audit stream's adoption of artificial intelligence (AI) and digital tools
- Culture, leadership and partner accountability
- Technology and, consequent to this, future audit delivery.

Audit Board at a glance

Chair: INE

Number of members (excluding the Chair): Five

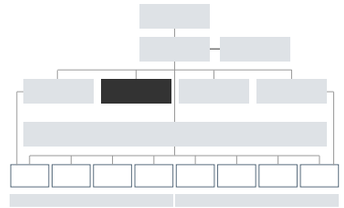
Membership: Senior Partner, OB member, frontline Audit Partner, Head of Audit and an INE

Term: Ex officio members serve for the duration of their role and the frontline Audit Partner shall serve for an initial term of three years renewable once for a further three years

Selection process: All recommended appointments and extensions to the terms of such appointments are considered by the NomCo

Number of meetings in FY26: Eight.

Governance



Audit Committee

The Audit Committee (AC) oversees the preparation, review (including a review of the external audit and third-party assurance over our environmental, social and governance (ESG) data) and publication of our Annual Financial Report and financial statements. Following the governance review, the work of our Internal Audit team is overseen by the ROC, allowing the AC to focus its time on the external position.

Topics this year included:

- Discussing the findings from the work of our external auditor, PricewaterhouseCoopers LLP, to test with them their conclusions
- Reviewing and commenting on the group financial statements of BDO UK for the financial year ended 4 July 2025 (FY25)
- Discussing the ESG third-party assurance work performed in FY25 with internal specialists and agreeing the approach for FY26
- Considering with the Finance Partner proposed equitable adjustments prior to their approval
- Receiving updates on internal audit reports.

Audit Committee at a glance

Chair: OB member

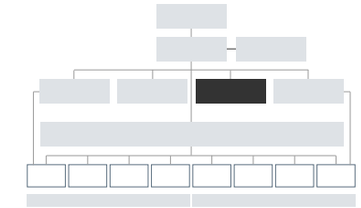
Number of members (excluding the Chair): Four

Membership: Senior Partner, INE and two frontline Audit Partners

Term: Ex officio members serve for the duration of their role and the two frontline Audit Partners shall serve for an initial term of four years renewable once for a further four years

Selection process: The Senior Partner recommends the two frontline Audit Partners and proposes the OB member for consideration and approval by the NomCo, and the INE member is recommended jointly by the Senior Partner and the OB for approval by the NomCo

Number of meetings in FY26: Seven.



Nomination Committee

The purpose of the NomCo is to develop, implement and keep under review the succession plans for key roles and also to consider all appointments and re-appointments for those key roles. In doing so, NomCo also assesses the skills and experience required for, and demonstrated by, candidates for appointment to key roles. Key roles include the Senior Partner, the Managing Partner, the Ethics Partner, the INEs, members of the OB, appointments to the EB, the ROC, the AC, the AB and any other senior leadership appointments referred to the NomCo for its consideration.

Following Syreeta Brown's appointment as Chair of NomCo at the end of May 2026, we are looking forward to her overseeing the discussions around succession plans for the key roles across the organisation.

Topics this year included:

- Considering and approving the memberships of the OB, the ROC, the AC and the AB following the governance review
- Overseeing the process for the election of two new members to the OB, including reviewing and discussing candidates' papers before circulation to the equity partners for the vote
- Overseeing the process for the election of the new Senior Partner, including interviewing each of the candidates at an early stage.

Nomination Committee at a glance

Chair: INE

Number of members (excluding the Chair): Four

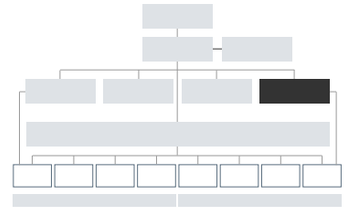
Membership: Senior Partner, EB member responsible for Legal, Governance, Quality and Risk and two OB members (one of the selected members and one of the elected members)

Term: Length of term in office

Selection process: The OB members shall be proposed by the Senior Partner and approved by the OB, and all other members are appointed on account of their wider role or, in the case of the INE, based on their knowledge and experience

Number of meetings in FY26: Six.

Governance



Risk Oversight Committee

The ROC supports the OB in overseeing the Quality and Risk Executive's approach to risk monitoring and management, providing independent challenge to help ensure that effective risk management underpins sustainable and profitable growth.

Topics this year included:

- A discussion on the Principal Risks and their mitigations
- Models for identifying emerging risks
- Consideration of the organisation's Enterprise Risk Management and Internal Controls Framework
- A review of the Internal Audit plan and then oversight over the delivery of that plan
- Updates on the progress of the International Standard on Quality Management (UK) 1 (ISQM (UK) 1) programme
- Discussion around the preliminary work to prepare for Public Company Accounting Oversight Board Quality Control Standard QC1000 (QC1000)
- Obtaining an understanding of the business continuity management across the organisation
- A discussion regarding the Quality and Risk Strategy.

Risk Oversight Committee at a glance

Chair: INE

Number of members (excluding the Chair): Six

Membership: Senior Partner, EB member for Legal, Governance, Quality and Risk, Chair of Audit Committee, Head of Quality and Risk Management, a subject matter expert and an OB member with subject matter expertise

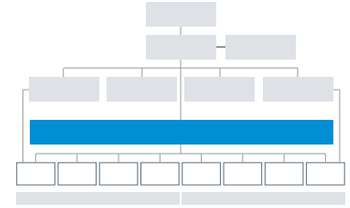
Term: Members of the ROC (excluding ex officio members) shall serve up to three years, renewable once for a further three years on the NomCo's recommendation, and ex officio members serve for the duration of their role

Selection process: Ex officio members are appointed by virtue of the role held in the organisation, as approved by the NomCo, and the remaining members are proposed by the Chair, in consultation with the Senior Partner and Managing Partner, for approval by the NomCo

Number of meetings in FY26: Six.



Governance



Executive Board

The primary purpose of the EB, formerly the LT, is to lead the executive management of the organisation in the formation and delivery of its strategic plan.

The Chair of the Executive Board is the Managing Partner, itself an elected role with a maximum tenure of eight years (two four-year terms).

EB meetings typically take place twice a month, either as a 'Business as Usual' meeting, a 'Portfolio Review' meeting or a combined session covering both.

During a 'Business as Usual' meeting, EB members will consider and discuss BDO UK's financial performance, commercial management and long-term financing, together with the growth agenda and any barriers to growth across the business.

The 'Portfolio Review' meetings enable EB members to present to the EB on matters specific to their area of responsibility. These updates generally consider external and internal matters impacting that portfolio.

Approximately three times a year, the EB separately holds organisation-level strategy reviews. Additionally, each summer there are several scheduled meetings to consider equity partner profit share. In FY26, the EB also had two single-issue meetings to discuss digital, technology and AI-related matters, enabling members to devote focused time to these fast-moving areas and consider their current and potential impact on the direction of the business. These dedicated meetings will be scheduled quarterly from the financial year ending 2 July 2027 (FY27).



Other specific topics covered at these meetings include:

- Embedding our overall strategy, following our strategic refresh in early 2025
- Implications for our strategy as a result of professional services market activity and the economic environment
- Our system of quality management under ISQM (UK) 1 and QC1000 frameworks and programmes for delivery
- Our audit quality improvement programmes
- Our risk appetite for significant business drivers such as AI
- Horizon scanning and the best way to carry this out to optimise business thinking going forward, both for the Executives and the EB
- Celebrating and refreshing our Core Purpose ahead of the 10-year anniversary of Helping you succeed
- Partner matters.

Executive Board at a glance

Chair: Managing Partner

Number of members (excluding the Chair): Nine

Membership: Head of Audit, Head of Consulting, Risk and Outsourcing, Head of Deals, Head of Tax, Chief Operating Officer, EB member – Growth, Regions and Markets, EB member – Strategy and International, EB member – Legal, Governance, Quality and Risk and EB member – People, Culture and Purpose

Term: For the Managing Partner, four years with a maximum of two terms, and the remainder of the members hold their position for the period of the Managing Partner's term of office, unless otherwise changed by agreement of the OB (after consultation with the NomCo) at the recommendation of the Managing Partner in the meantime

Selection process: The Managing Partner is elected by the equity partners; the remainder of the members are appointed by the Managing Partner and approved by the NomCo

Number of meetings in FY26: 39.



Governance

Global Board

The Managing Partner sits on the BDO Global Board and attended seven in-person and/or hybrid meetings during the year, with some additional virtual meetings scheduled from time-to-time.

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

- Global strategy
- Implications for the network as a result of professional services market activity
- Quality
- The implementation of International Standard on Quality Management 1
- Regulatory matters
- Global independence matters
- Technology.

Improving governance practices

The newly formed Governance team has been working to improve our governance practices during FY26. During the year, Terms of Reference across all boards, executives and sub-committees have been standardised. Annual self-effectiveness reviews for all the Executives have been initiated and the EB have undertaken an external board evaluation with support from Lintstock Ltd. Additionally, a governance community has been established to enable better collaboration and also the communication of governance-related matters across all levels of the organisation, with a view to standardising agenda setting, minute taking (including with the use of AI) and the production of reports and board packs for meetings.

The Governance team carries out governance reviews from time-to-time. During the course of FY26, the Governance team delivered a review of our governance around ESG matters which will drive better accountability within the EB and the OB framework for this important area.

Confirmation of compliance with the AFGC

At BDO UK we remain committed to complying with the principles and provisions of the AFGC. During FY26 we have complied with all the principles and provisions to the extent they apply to us. We have mapped our compliance against the principles and provisions of the AFGC at Appendix H.



Looking ahead

In October 2026, Senior Partner, Matthew White, stepped down after the maximum two terms in role. The election for the new Senior Partner took place in May 2026 with Iain Henderson appointed by the equity partners as the new Senior Partner. Following a handover period, Iain formally assumed the role on 1 October 2026. We will report on Iain's first year in next year's report.

With Syreeta appointed as our new INE with responsibility for people, and Chair of the Nomination Committee, we will also report on how she has settled and the changes she is overseeing in this area.

Governance

Governance key performance indicators

We have continued to monitor progress against our own governance key performance indicators (KPIs) which were first introduced in the financial year ended 30 June 2023 (FY23). Following the governance review, we added KPIs regarding the OB's responsibility for ensuring the independence of our INEs and that the Transparency Report complies with the AFGC.

KPI	Performance
Board composition The following KPIs apply to each oversight body individually:	
▶ Each oversight body should be constituted in accordance with its Terms of Reference.	Each oversight body's composition is compliant with its Terms of Reference.
▶ Members of each oversight body should attend at least 75% of the meetings held during the year.	See Appendix G. This requirement applies only to members who have served for at least six months of the year. Ola Fadipe was not able to attend 75% of the BIOB meetings during the year (attending 50%). Sarah Hillary was not able to attend 75% of the Risk Oversight Committee meetings during the year (attending 67%). Sarah Hillary was not able to attend 75% of the Quality and Risk Sub-Committee meetings during the year (attending 50%). Sandra Thompson was not able to attend 75% of the Audit Board meetings during the year (attending 63%). However, all other bodies are compliant.
▶ Relative to the responsibilities required for each oversight body, members should collectively bring the appropriate skillset, knowledge and expertise.	An ongoing training and onboarding programme is in place. The NomCo reviews the suitability of all proposed members ahead of any election or appointment.
▶ When considering membership of the OB, due regard will be given to the requirements of the Audit Regulations.	This was considered at the time of the governance review which led to the formation of the Oversight Board, and was confirmed by the NomCo.

Governance

KPI	Performance
Board effectiveness	
▶ The oversight bodies' responsibilities will be separate from the responsibilities of the executive and management bodies.	The responsibilities for each body are set out in the Terms of Reference for each body and, where relevant, their oversight over the EB or relevant Executives is noted.
▶ Each oversight body considers the matters delegated to it in its own Terms of Reference.	The Chair and secretariat for each body are responsible for ensuring that all areas are considered each year. Each body considers its Terms of Reference each year.
▶ Collectively, the oversight bodies fulfil the requirements of the AFGC, in particular with regard to taking account of the public interest in their decision-making, promoting audit quality and safeguarding the sustainability and resilience of the Audit stream and the firm as a whole.	This is considered annually by the OB. Matters regarding public interest are reserved for the PIC or are considered by INEs as they fulfil their individual roles on other oversight bodies, with financial and operational resilience considered by the OB and the PIC.
▶ Each oversight body prepares comprehensive minutes of matters discussed and agreed at each meeting.	Each oversight body's secretariat produces minutes that are put to the oversight body for review and approval. These minutes are held centrally, maintaining a complete record of agenda items and decisions taken.
▶ Actions agreed at each oversight body meeting are logged and followed up appropriately.	A central log is maintained for all actions.
▶ Each oversight body will have an annual effectiveness review (unless an external review is undertaken), the results of which will be discussed and actions implemented where necessary.	Lintstock carried out reviews of the AB and the ROC in summer 2026. The PIC considered as a body the actions arising from the external review last year and how these had been taken forward. The AC and the NomCo will have reviews in FY27 given the changes made to composition in January 2026. The OB will have an external follow up review conducted by Lintstock in FY27 following the governance review in FY26.
▶ The OB and its committees as well as the PIC will have an externally facilitated evaluation every three years.	The first external review of the OB and its committees and the PIC took place in spring 2025.

Governance

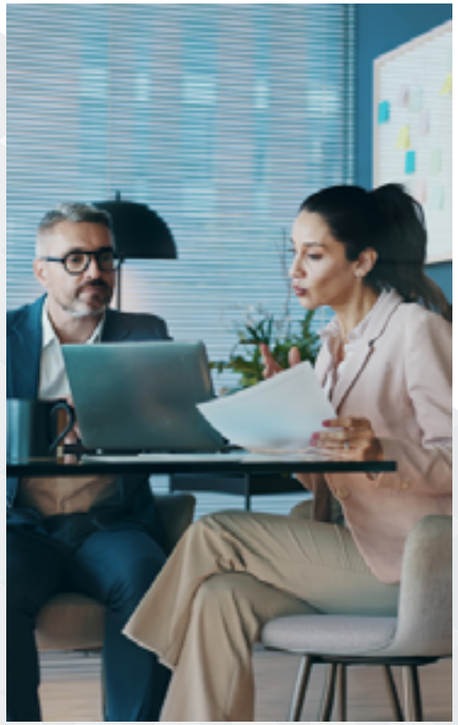
KPI	Performance
Quality and risk Collectively, the oversight bodies review and, where appropriate, challenge:	
▶ The firm's monitoring of ISQM (UK) 1.	This is considered at the ROC, with updates provided at the OB.
▶ The firm's monitoring of its internal controls (including financial, operational and compliance controls) and, particularly, any notable failings in this area, helping to ensure that there are no material failings or weaknesses in the internal controls of the firm.	This is considered by the ROC.
▶ The firm's approach to identifying and mitigating its Principal Risks.	This is considered annually by the ROC with the INEs in attendance.
▶ On an annual basis, the OB must satisfy itself that the INEs remain independent.	This is considered at the INEs' biannual visits to the OB.
Our Values and culture Collectively, the oversight bodies review:	
▶ The results of people surveys conducted throughout the year and make recommendations based on these results to leadership and management.	This is considered by the PIC, the AB and the OB.
▶ The work of the People, Culture and Purpose Executive and the Audit Culture Committee and make appropriate recommendations.	Reviews take place at the AB, the OB and the PIC. During the year, the work of the Audit Culture Committee was drawn into the work of the new Audit People, Culture and Purpose Executive and, accordingly, these oversight bodies received updates in relation to this new body.

Governance

KPI	Performance
Our stakeholders	
▶ The Senior Partner (who is ultimately responsible for the firm's governance) meets with the Financial Reporting Council (FRC) twice a year.	Regular interaction between the Senior Partner and the FRC is enhanced by regular meetings between the FRC, the Senior Partner and the Managing Partner.
▶ The governance bodies between them provide input into, review and comment upon the Transparency Report which is then shared with the public at large on the firm's website annually.	The Transparency Report is reviewed by the EB and the OB and key stakeholders across governance.
▶ The OB should review the annual Transparency Report to satisfy itself that it is fair, balanced and understandable, and complies with the AFGC or explains otherwise.	This is considered ahead of publication and took place in September 2026.
▶ The firm appropriately leverages the skills and expertise of the INEs by positioning them effectively within the governance structure so that they can provide external perspective to the firm's reports, consultations and decision-making.	Each INE's role within the firm is considered by NomCo alongside their experience with their board responsibilities assigned in line with this.
▶ The INEs meet with the FRC throughout the course of the year and participate in round tables organised by the FRC.	This has continued to take place in FY26.

Audit Quality

Delivering sustainable, consistent, high-quality audits across our portfolio remains the core objective of our Audit stream.



During the year, we continued to execute our multi-year transformation programme, with a sustained focus on strengthening audit quality across the stream. We recognise that our system of quality management (SoQM) is critical to achieving consistently high-quality audits and we are committed to the continued strengthening and embedding of our SoQM as set out in our About us section.

Audit leadership focus

Sustainable improvement of audit quality is the foundation to our continued success as a business and therefore a strategic priority for the Executive Board (EB). We remain fully committed to delivering consistent high-quality audits through our integrated suite of strategic initiatives (SIs) which we set out in last year's Transparency Report.

When designing our SIs in our financial year ended 4 July 2025 (FY25), we recognised the need for a multi-year transformation programme. We are encouraged by the continued progress which has been made in executing the SIs at pace – with progress reported to the EB and our oversight bodies.

While we continue to see positive progress implementing the SIs and maturing our SoQM, the EB's evaluation of the SoQM under International Standard on Quality Management (UK) 1 (ISQM (UK) 1) as at 30 June 2026 concluded that, under paragraph 54(b) of the standard, except for matters related to identified deficiencies that have a severe but not pervasive effect on the design, implementation and operation of the SoQM, the SoQM provides the organisation with reasonable assurance that the objectives of the SoQM are being achieved. The evaluation concluded that there were two severe deficiencies: (a) inconsistency in engagement execution resulting from the need to strengthen practical understanding of how to demonstrate and evidence scepticism, professional judgement and challenge within audit teams together with associated coaching and effective review; and (b) the global conflict-checking process. Our full ISQM (UK) 1 evaluation conclusion is set out in Appendix D with details of key SIs that will strengthen consistency in engagement execution detailed in this chapter and measures required to address the global conflicts deficiency set out on page 76.

A relevant factor considered in the ISQM (UK) 1 evaluation was our external Financial Reporting Council (FRC) inspection results, with 50% of the 14 files inspected assessed as requiring more than limited improvements. While the actions we have taken and which we are continuing to build upon are starting to translate into improved audit outcomes, as detailed below in the discussion of our Shorter-Term Measures Plan (STMP) and Internal inspection results section, the FRC inspection results recently published in July 2026 relating to audit files with year ends from 30 June 2024 to 31 March 2025 are not where we want them to be, and we are focused on improving the consistency of execution. Details of the external inspection results are included at Appendix C.

We remain confident that the SIs will deliver sustainable improvements in audit quality and ensure the required consistency in engagement execution by strengthening our processes and SoQM, addressing barriers to behavioural change and embedding a culture of curiosity, scepticism and challenge.

An important element of our SIs has been our standardisation programme, supported by automation, to increase consistency in execution, support precise application of methodology and enhance how our audits are evidenced. This is being implemented alongside initiatives to shift behaviours to strengthen professional scepticism and challenge through our recently launched CLEAR framework detailed on page 61, which builds upon the principles of our Professional Judgement Framework (PJF6) and addresses potential barriers to consistent and effective delivery. Together, these measures support remediation of the SoQM severe deficiency identified in respect of inconsistent engagement execution.

We recognise that this is a significant programme and that it will take time for the longer-term SIs to become fully embedded. As such, we implemented a STMP, providing enhanced central support on in-flight audits through targeted interventions and real-time reviews in FY25. The STMP commenced in January 2025 and supported audits with December 2024 year ends onwards. None of the audits reviewed by the FRC that were subject to our enhanced real-time reviews, initially comprising 31 December 2024 and 31 March 2025 year ends, required significant improvement, and our internal inspection

Audit Quality

results indicate a strengthening quality profile. While this provides early evidence that these actions are beginning to take effect, we recognise that sustained improvement requires further embedding of actions within the transformation programme across the Audit stream. A further key element of the STMP in our financial year ended 3 July 2026 (FY26) has been a detailed review of our in-scope client portfolio, which reaffirmed our continued commitment to the public interest entity (PIE) market and confirmed the core sectors in which we have deep capability and on which we will focus our portfolio.

In late FY26, the Audit Executive (AE) undertook a review of the SIs to evaluate their continued relevance and identify enhancements. While the overall programme remains aligned to our objectives set in FY25, this review enabled the AE to prioritise initiatives and refine their design to improve effectiveness while informing the development of the CLEAR framework to strengthen critical thinking within the Audit stream.

Through our Single Quality Action Plan (SQAP), which is used to identify, prioritise and ensure accountability for the actions being executed, we also continue to embed and refine our actions in response to Root Cause Analysis (RCA) and effectiveness assessments. This provides a framework for managing the Audit stream based on the SoQM, while increasing both the AE's understanding and use of the SoQM to improve quality.



Looking ahead

Areas of focus for the financial year ending 2 July 2027 (FY27) and beyond include:

- Effectiveness of coaching and review processes: Delivering structured coaching development programmes to enhance curiosity and critical thinking and support continuous learning – equipping our teams for the artificial intelligence (AI)-enabled audit of today and tomorrow (this will support the remediation of the deficiency noted above relating to inconsistency in engagement execution)
- Challenge and professional scepticism: Strengthening consistent application of effective scepticism and challenge, particularly supporting identification and evaluation of alternative outcomes and clear evidencing of the basis for key audit judgements (this will support the remediation of the deficiency noted above)
- Digital and data-enabled auditing: Expanding the use of advanced analytics and emerging AI capabilities to support data-led, more risk-focused auditing
- Sector specialism: Focusing on and building out sectors where we have established strength and expertise
- Redesigning our RCA approach: Strengthening the linkage between identified causes and remedial actions, enabling more timely practice-wide learning where common themes emerge.

During the year, we initiated our effectiveness monitoring programme, providing valuable insights to refine, enhance and embed our SIs (see our Effectiveness monitoring section for further detail).

We are committed to executing our transformation programme. Delivery of Responsible Individual (RI)-led, sustainable, high-quality audits across each and every audit in our portfolio remains the central priority for our business. As an organisation, we remain committed to supporting the growth agenda for UK plc, with a sustained focus on supporting our core client base: entrepreneurial and ambitious businesses.

BDO Ireland merger

We were delighted to complete the merger of BDO UK and BDO Ireland in July 2026. This provides an opportunity for the Irish practice to leverage the central audit quality infrastructure we have established in the UK to support its planned growth. During the year, the AE established a structured phased integration plan to align relevant quality management systems, processes and controls. The execution of the integration plan is a priority for the year ahead.

Audit Quality

Audit Executive

The AE is responsible for executing the Audit strategy, including the delivery and monitoring of audit quality. The AE continues to execute the SIs to achieve the critical objective of delivering consistent high-quality audits. Each SI and its underlying suite of actions is led by a member of the AE, ensuring clear ownership and accountability, with progress closely monitored throughout the year by the AE.

The AE has embedded the SoQM into its management of the Audit stream, recognising the essential role the SoQM plays in achieving sustainable audit quality and the importance of leadership tone in prioritising quality management. The AE does so by linking its agenda and materials to the relevant ISQM (UK) 1 objective, quality risks and remediation of deficiencies to ensure quality remains central to all decision-making.

Audit Quality Executive

Our Audit Quality Executive (AQE), established in May 2025, provides leadership oversight of the audit quality improvement activities. Its membership comprises three AE members, together with leaders from the Audit Quality Department (AQD) and Quality Leaders Council (QLC). The AQE is responsible for delivering the Audit stream's quality programme by setting the strategic direction for audit quality in alignment with the AE and the wider SIs. It strengthens oversight and decision-making across key areas of audit quality, while streamlining and rationalising existing supporting structures.

Safeguards

The AQE supports the Audit Compliance Principal (ACP) in monitoring RIs to ensure compliance with Institute of Chartered Accountants in England and Wales (ICAEW) and FRC regulatory standards. The ACP and ACP delegate agree safeguards throughout the annual cycle of audits including:

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

Audit Quality Department

Our AQD provides centralised audit quality support to the Audit stream, operating through dedicated sub-teams aligned to our Three Lines Model.

AQD Evolve, launched in July 2025, focuses on optimising how our AQD team operates to deliver excellence, foster a culture of consultation and strengthen communication with the Audit stream. The initial phase centred on implementing the key principles of the AQD Excellence in Delivery charter. AQD Evolve positions the AQD as providing constructive challenge for the Audit stream that prioritises in-person and face-to-face connections to underpin our partner-led approach to audits, supported by:

- The Quality Liaison Programme which has created a mini AQD in each office and sector with regular visits and touch points to strengthen engagement
- Streamlined project and communications plans so audit teams know what to expect and when – to support timely and effective practical implementation of methodologies.

To further drive high performance in the AQD's service to the Audit stream, we have:

- Conducted a comprehensive Learning Needs Analysis (LNA) for the AQD which shaped a targeted continuing professional development (CPD) programme covering both technical and soft skills through ongoing technical updates, critical thinking training and knowledge sharing
- Implemented a focused performance management programme to ensure effective role alignment across the team.

Audit Quality

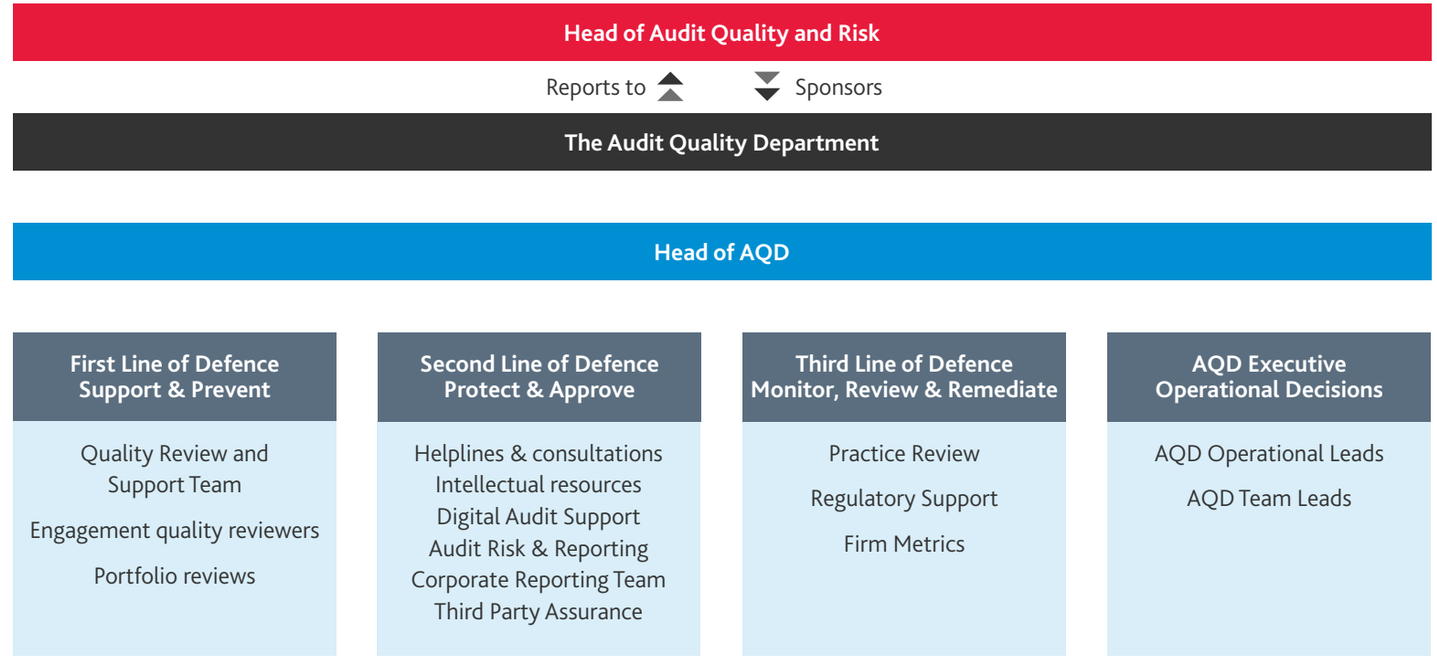
The second phase of AQD Evolve, launched in January 2026 and subsequently implemented throughout FY26, focused on strengthening our Three Lines Model through:

- Simplifying the AQD sub-teams by merging certain functions, creating a more streamlined engagement process for the Audit stream and making it easier for audit teams to seek help and support on their audit engagements
- Enhancing oversight and governance of the AQD to enable more flexible, agile decision-making and deployment of support and expertise through a new AQD Executive
- Streamlining the consultation process to ensure timely and targeted consultation and support where needed, to facilitate a culture of active consultation by making consultation simpler to access and more effective.

Priorities in FY27 include embedding recent changes, with a greater emphasis on reflection and monitoring, supported by an effectiveness review programme assessing the impact of AQD support on audit quality. Initial feedback from surveys of RIs in May 2026 indicates a positive impact from AQD Evolve, while recognising that further progress is required. Further details of effectiveness monitoring are included on page 43.

Focus will continue on professional development, setting clear role expectations and feedback. Targeted investment in capability will also continue, enhancing the experience and expertise within the AQD to meet the evolving needs of the Audit stream. A key priority will remain supporting the Audit stream's partner-led approach, in which the AQD provides support on complex areas of the audit while ensuring the engagement team maintains ownership and responsibility for the conclusions reached as part of each audit.

AQD model



Audit Quality

Quality Leaders Council

Our Quality Leaders Council (QLC) plays an important role in setting the right tone, promoting a culture of quality and providing clear local leadership to embed quality objectives and policies throughout the Audit stream. The QLC, comprised of practising audit partners, has an important role in overseeing and embedding quality initiatives within sectors and regions while providing the 'voice' of the Audit stream through feedback and constructive challenge to the AQE. The Chair of the QLC is a member of the AQE.

The QLC members are positioned to promote collaboration and to provide diverse perspectives, while also providing Audit stream practitioner feedback on initiatives and methodology changes. Looking ahead, our focus will be on driving the right mindset and behaviours to improve audit quality, promoting local initiatives and enhancing regional knowledge sharing.

Internal and external inspection results

External inspection results

As noted in the Audit leadership focus section above, our external inspection results are not where we want them to be. However, we are encouraged by the progress made in executing against our multi-year programme of SIs to achieve our objective to improve the consistency of our delivery of high-quality audits and external inspection results. We are also encouraged by the initial improvements which we have observed through the STMP and wider SIs – notably that there are no external inspections requiring significant improvement for audits which took place after the STMP actions were implemented and a reduction in both the volume and severity of findings. Additionally, we have seen improvement in internal inspection results over the wider portfolio with 89% receiving positive gradings. This provides early evidence that these actions are beginning to take effect although sustained improvement requires further embedding within the transformation programme across the practice.

Details of the external inspection results are included at Appendix C. We are clear as to the need to execute on our holistic programme of SIs to deliver sustainable improvement in audit quality results and details of the measures implemented to support audit teams are set out in this report. We also note that it will take time for our improvements to be seen in our public reports, due to the time lag on inspections – which relate to audits conducted around 18 months before. Notwithstanding these time lags, we are rigorously evaluating the effectiveness of actions to accelerate audit quality improvement. We note the FRC's recognition in their last annual report of our commitment to our SoQM and to delivering sustainable improvements in audit quality.

Internal inspection results

A critical element of our SoQM is the monitoring provided by our Practice Review (PR) programme which involves inspection of completed audit engagements to evaluate the quality of audit work performed, identifying areas for improvement and best practice. It also provides a key input to our RCA programme and subsequent action plan development within the Audit stream. PR inspection has been completed for 119 audits in the FY26 cycle and we are encouraged by both the notable improvement in the grade profile, which is a positive indicator of the effectiveness of audit quality improvement initiatives and maturing of our SoQM, together with the timelier completion of the programme.



Audit Quality

Practice Review results

Grade	FY26 (#)	FY26 (%)	FY25 (#)	FY25 (%)	FY24 (#)	FY24 (%)	FY23 (#)	FY23 (%)
1. Good	52	44%	16	20%	16	16%	14	14%
2. Acceptable, limited improvements	54	45%	39	47%	39	40%	51	53%
3. Improvements required	7	6%	19	23%	26	27%	15	16%
4. Significant improvements required	6	5%	8	10%	17	17%	16	17%
Total	119	100%	82	100%	98	100%	96	100%

The grading categories used in this table are:

Good: This grade covers audits which are of a good standard i.e. the engagement complied with professional standards and BDO UK policies (as at the date of the audit report) in all material respects. No major findings and no severe findings were identified.

Acceptable, limited improvements: This grade covers audits which are of an acceptable standard i.e. the engagement had acceptable compliance with professional standards and BDO UK policies (as at the date of the audit report). No severe findings were identified.

Improvements required: An audit is graded 'improvements required' where the engagement inspection revealed poorly implemented or executed professional standards and/or BDO UK policies (as at the date of the audit report), but no severe findings were identified.

Significant improvements required: An audit is graded 'significant improvements required' where the engagement inspection revealed severe non-compliance with professional standards and/or BDO UK policies, as at the date of the audit report. At least one severe finding will result in an engagement being graded a 4.

Refer to Appendix C for further detail.



Audit Quality

63.6% of RIs (based on number of RIs as at end of FY26) were subject to PR during the 2025 cycle (PY: 42.0%).

The PR grading is specifically considered as part of each individual's quality and risk evaluation, which forms part of their overall performance evaluation. Each individual's Quality and Risk evaluation is then separately shared with our leadership bodies and forms part of the discussion around their reward and progression as well as the oversight of that process.

Enhancements to the PR programme in the year have included:

- Concentrating greater effort on the higher risk areas of the engagement file to provide deeper and more targeted challenge, including a focused assessment of major areas of new methodology being applied to inform effectiveness assessment
- Significantly reducing the time to complete reviews from 62 days to 36 days through stronger project management and prioritisation by participants, although this remained above the target of 28 days
- Introducing separate audit quality and compliance ratings, each feeding into the performance review assessment of the RI
- A pilot using a group of Audit stream reviewers who are ring-fenced to perform only PRs for a period of three months under the leadership of a Super Review Team Lead (RTL), an experienced partner, with learnings from the pilot incorporated into the planned resourcing model for the next cycle.

Other changes in FY26 include:

- Performing a review for certain RIs leaving the organisation to ensure quality is maintained and monitored in their notice period
- Performing additional reviews where underperformance is identified.



Looking ahead, as part of a strategic focus to further strengthen PRs and foster a culture centred on learning and quality assurance, the PR team will:

- Enhance engagement and opportunities for coaching and learning through the PR with all reviews being conducted in-person, elevating the importance of the RTL role and an emphasis on explaining the reasoning behind potential findings to support quality improvement
- Improve reviewer soft skills by establishing clear behavioural models and integrating them into the PR programme and standardised templates
- Enhance feedback to the Audit stream.

The PR programme uses a similar approach to that of the FRC's inspections and the results for the FY26 programme are included in Appendix C.

The PR sample is risk weighted but based on a broader sample across our portfolio of audit engagements relative to external inspections.

The improved PR results highlight the advantages of implementing enhanced guidance, standardised working paper templates and training over the past 18 months. Although findings in reviewed areas have decreased, the focus on embedding training and guidance will persist through FY27 and beyond and continue with our expanding standardisation programme.

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

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

RCA has been performed on a proportion of PRs, as well as thematics by topic in accordance with the RCA framework, which has in turn been used to drive enhancements to our SoQM and the SQAP during the year.

Most frequent findings FY26	Number	Most frequent findings FY25*	Number
Audit of revenue	30	Audit of revenue	37
Journals testing	27	Journals testing	34
IT general controls testing	22	Sufficiency of evidence	23
Audit reports	22	Audit of estimates	22
Financial statement non-compliance	10	Risk assessment	13

* FY25 number of findings per category have been restated to be more comparable to FY26 regarding severity grading.

Audit Quality

Root Cause Analysis

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

As part of the monitoring and remediation process, RCA allows us to identify causal factors which are then, in turn, considered by leadership alongside other monitoring outputs and information when designing and implementing remedial actions to address identified deficiencies, enabling actions to be targeted and responsive.

In FY26, updates to the existing process included an enhanced causal taxonomy and pre-interview survey to strengthen data triangulation.

21 engagement-level RCAs have been performed in FY26, a reduction of eight from the prior year, reflecting no Quality Assurance Department (QAD) inspections in this cycle, increased thematic RCA activity (including non-financial conduct and independence breaches) and a different approach to RCA on prior period adjustments. RCA was also undertaken for findings from the FY25 Audit Quality Review (AQR) follow-up reviews of remediation actions on previously inspected audits.

The annual effectiveness review performed over the RCA programme has driven enhancements to strengthen its impact within the SoQM, including streamlined reporting, enhanced monitoring of key performance indicators (KPIs) and exploration of enabling tools and technologies, with further improvements still planned.

In respect of FRC inspected audits, RCA was performed on engagements with positive quality results and causal factors consistently identified included positive engagement team dynamics (collaboration, clear leadership and integrated delivery including specialists and experts), clear and strategic deployment of resources with strong coaching, alongside effective project management.

RCA performed on all key findings and certain other findings that contributed to the annual themes identified by the FRC. Key causal factors identified in engagements with adverse ratings related to:

1. Insufficient challenge and professional scepticism
2. Effectiveness of coaching and review processes.

In FY26, additional RCA activity included developing a streamlined, proportionate approach to prior period adjustments and undertaking thematic analysis of Technology Risk Assurance (TRA), identifying capability and integration gaps which informed targeted initiatives to strengthen governance, methodologies and collaboration.

The RCA programme was subject to a strategic review towards the end of FY26 following a change in its leadership. This strategic review has resulted in a refined, more agile and outcome-focused approach, strengthening the linkage between findings and actions and positioning RCA as a continuous feedback mechanism to support timely, practice-wide improvement. Implementation of the revised model is underway for FY27 and includes expansion of the RCA team to enhance the depth of challenge, increase engagement with audit leadership, earlier initiation of RCA and more focused reporting supported by complementary technology.



Audit Quality

Effectiveness monitoring

Last year, we identified a severe deficiency in our SoQM in respect of our ability to measure the effectiveness of key processes within the SoQM, looking at the effectiveness of processes as a whole rather than individual controls in our SoQM framework. We identified several processes which were considered key to supporting the SoQM and designed and implemented an effectiveness monitoring approach in FY26. We undertook effectiveness assessments for ten focus areas providing valuable insights and areas for refinement within our processes. For FY26 and to date, our effectiveness monitoring has concentrated on areas such as our standardisation programme, acceptance and continuance, AQD and elements of recruitment and learning.

We view effectiveness monitoring as a crucial tool that enables us to make necessary interventions to refine, enhance and embed our SIs and SoQM more broadly. This approach is designed to accelerate the achievement of our audit quality objectives and drive continuous improvement.

Looking ahead

Our focus areas are set to include continued effectiveness assessments for standardisation, BDO Lens, our new AI-powered financial risk analytics platform built in partnership with MindBridge, and our recently launched CLEAR framework to enhance scepticism and challenge. Effectiveness monitoring will continue to cover key processes within the SoQM including people matters.

As we continue to implement our SIs, it is vital that we maintain close oversight and scrutiny to adapt or refine them as necessary. Continuous reflection is critical, supported by rigorous and timely RCA alongside the current programme to enhance and formalise effectiveness monitoring within the Audit stream. This is a key priority to ensure our actions target root causes, achieve the desired impact in a timely way, or can be adjusted to facilitate embedding when needed.



Audit Quality

FRC and ICAEW matters closed in the year

In May 2026, the FRC announced sanctions against BDO UK and a former partner of the firm relating to the audit of the financial statements of NMCN plc for the financial year ended 31 December 2019. We have implemented significant enhancements to our methodology and approach to the audit of long-term contracts since the performance of the audit and significantly strengthened processes and controls through our SoQM. Further information can be found in Appendix C.

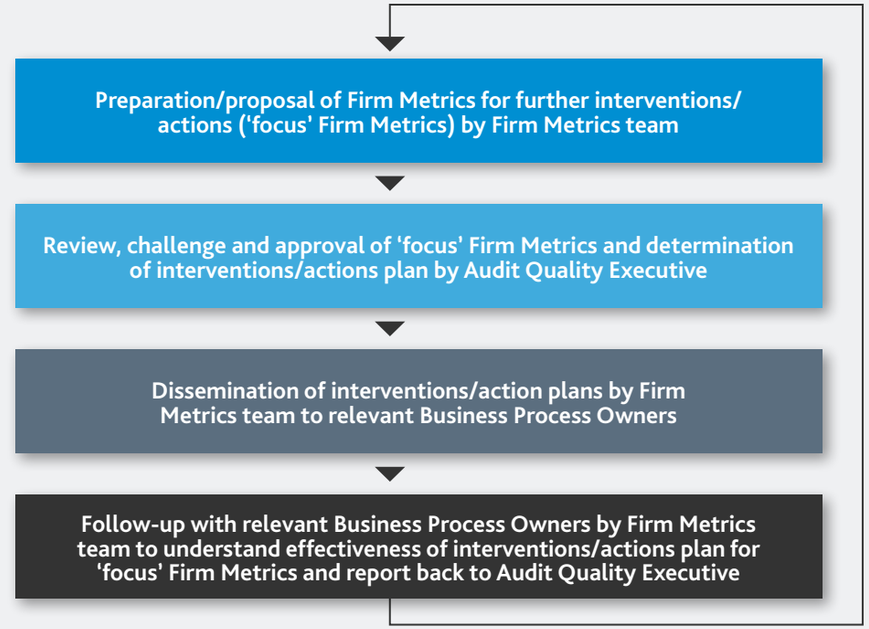
In November 2025, the FRC announced sanctions under the Accountancy Scheme against BDO UK and two former partners following an investigation into circumstances where a senior manager was able to pursue, undetected, a dishonest course of conduct on numerous audits between 2015 and 2019. This matter was identified by the firm and reported to the FRC in 2019. We undertook an extensive investigation and implemented a suite of processes and controls which have subsequently been incorporated into an extensive SoQM which was not in place during the period 2015 to 2019. Details can be found in Appendix C.

There were two cases in the last year in which the equivalent of a Conduct or Disciplinary Committee of a Regulatory Body other than the FRC has found against BDO UK or one of our partners. One case resulted in an ICAEW finding against BDO UK in relation to the 2019 and 2021 audits of an entity, details of which are published by the ICAEW here. The other case resulted in an ICAEW finding against BDO UK in relation to the 2020 and 2021 audits of an entity, details of which are published by the ICAEW here.

Firm Metrics

Firm Metrics (FMs)[4] are quantitative and qualitative data-driven measures of audit quality which can indicate our historic, present or future ability to perform high-quality audits, as well as providing valuable insights into audit quality when read with other relevant contextual information.

Our current suite of FMs (related to the sufficiency of resources allocated to audits, the inherent risks associated with our audit portfolio, our internal and external review results, the effectiveness of our learning and development initiatives and the project management of our audits) are produced on a monthly basis and reported to the AQE on a quarterly basis as follows:



4. Firm Metrics were referred to as Audit Firm Metrics in our 2025 Transparency Report and Audit Quality Indicators in our 2024 Transparency Report and prior. The change in terminology is to align to the naming convention now used by the FRC.

Audit Quality

Project management FMs remained an area of continued focus during the year, as measured by early planning through the achievement of audit planning milestones. While we have implemented actions to strengthen monitoring and interventions, further improvement in these metrics is being targeted and we continue to review the effectiveness of the actions taken – developing further remedial actions where required.

We have continued to collaborate with centralised specialists to improve real-time analyses and timely interventions at stream, sector, office and engagement levels. As part of this, planning milestone data is provided to Audit Quality Leaders (AQLs) on a monthly basis to enable identification of project management risks and facilitate targeted interventions.

We have also continued to provide information on FMs for the year to 30 June 2025 to the FRC as part of its Firm Metrics reporting across the 12 large audit firms within the scope of the FRC's Firm Metrics programme (link: Firm Metrics 2026).

The metrics demonstrate our partner-led approach, with higher levels of RI involvement based on the percentage of RI hours per audit as a proportion of total hours, while the survey data affirms the commitment to audit quality of our people and their focus on training and development. The metrics also showed a higher level of attrition among qualified personnel below manager, although this has since reduced.

Further information on Firm Metrics can be found in Appendix C.

Looking forward, our focus for FY27 for internal FMs is on streamlining reporting, automation where possible and further increasing the use of data points to anticipate and respond to emerging quality risks at an engagement level.

Development and approval of actions

Governance over the development of actions to improve audit quality is essential to ensuring that actions are appropriately designed, responsive to underlying causal factors and SMART so that they have a higher likelihood of being effective.

The governance process is overseen by the AQE and ensures that actions proposed for inclusion in the SQAP are:

- Developed on a timely basis
- Responsive to the relevant finding with clear deadlines
- Acknowledged and accepted by the action owner.

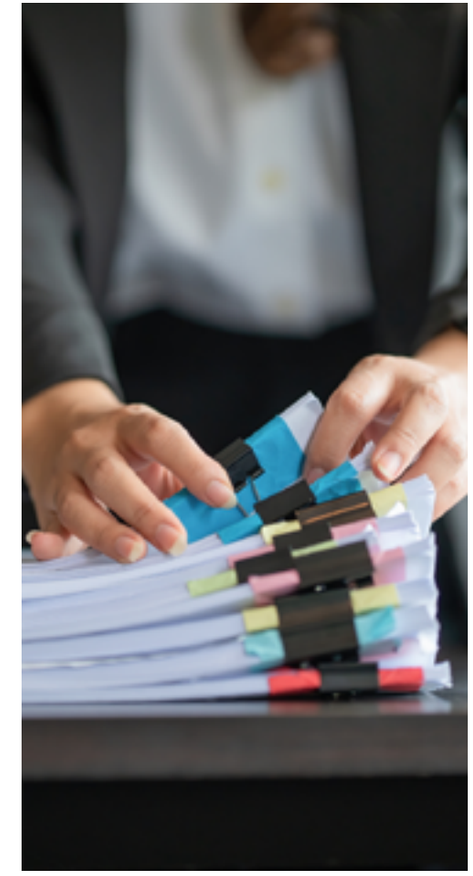
The AQD provides detailed reporting throughout the year to the AQE and the AB on the design, implementation and effectiveness of priority actions.

As set out in the Effectiveness monitoring section, we have enhanced our approach to assessing the impact of actions implemented and this remains a key focus for FY27. Outputs from these assessments are reviewed by the SoQM Objective Owners and the AQE to consider additional actions or adjustments to existing actions.

Audit monitoring and supervision programme for public interest entities and higher risk audits

The audit monitoring and supervision programme has continued to operate throughout the period with formal monthly reporting from AQLs. Enhancements were made in the period to include the close monitored engagements, as detailed further on page 51. AQLs will continue to assess the engagements which are included on the Close Monitored List and report on any proposed changes for AQE approval.

The programme continues to support oversight of higher risk audits and in-flight audit engagements, enabling real-time interventions where necessary.



Audit Quality

Our strategic Audit Quality Plan

We use our Audit Quality Plan (AQP), in conjunction with the detailed SQAP, which is used to monitor underlying actions, to:

- Define our collective commitment in the Audit stream to audit quality
- Highlight the positive impact our audit professionals can have, through our Audit Specific Behaviours and a mindset of continuous improvement
- Communicate clearly the connection between the Audit stream strategy, our priorities and the initiatives to deliver improvement in audit quality.

Following the AE's strategic refresh in FY25, we updated our AQP to ensure its alignment to the key SIs. The revised AQP was released to the Audit stream in FY26 and provides a framework to:

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

Key areas of progress against the priorities reported in FY25 include:

- Standardisation and automation (see page 47)
- The launch of the Learning Library, our platform of 'bite-sized' real-time, accessible and practical learning as our teams execute their audits (see page 70)
- Successful implementation of our AQD Evolve programme
- Continued support for audit teams through the STMP and its expanded in-flight review via Quality Review and Support Team (QRST) (see page 55)
- Continued embedding of High Performing Teams with specific focus on coaching and effective review, supported by learning and tools.

Looking ahead

We will complete a refresh of the AQP, to align with evolutions to the SIs outlined through this report.

Our SQAP continued to operate effectively during FY26, with detailed reporting throughout the year to the AQE and the AB. The SQAP remains structured around defined priority areas, with actions mapped accordingly.

The SQAP priority areas have remained similar to those reported in the 2025 Transparency Report, with updates to align to the Audit stream's SIs.

The SQAP priority areas approved in October 2025 were:

- Audit optimisation and standardisation to embed consistent practical application of BDO UK methodology
- Enhance audit learning and development, focused on practical application and curated to grades
- Embed a coaching culture, where the delivery of on-the-job coaching is a behavioural norm and is underpinned by effective review, effective project management, accountability and effective feedback
- Enhance and embed a challenge mindset, through PJF6
- Strengthening in-flight review support, engagement quality review and consultation
- Curating growth and portfolio to ensure complexity and capability remain aligned
- Linkage of reward and recognition with quality
- International collaboration and pooled investment.

Following the AE's recent refresh of the SIs, we will shortly be revising the SQAP priority areas to align to the updated SIs.

Effectiveness assessments of SQAP actions in respect of priority areas continued to be performed in FY26 as part of the plan set out in our FY25 Transparency Report to undertake assessments across each SQAP priority. The effectiveness assessments covered controlling growth and portfolio, strengthening project management and the linkage of reward and recognition to quality.

In March 2026, these assessments were paused following the introduction of the broader SoQM effectiveness monitoring programme (see page 43), which provides a more granular and targeted evaluation of action effectiveness. Once the first cycle of SoQM assessments is complete, we will evaluate whether to resume SQAP assessments or integrate their scope into the SoQM framework.

Audit Quality

Standardisation and optimisation

Audit optimisation is a strategic audit priority designed to enhance both the effectiveness and efficiency of our audits. This multi-year programme supports audit teams in achieving high-quality outcomes through a coordinated approach to standardisation, automation and the targeted use of technology, leveraging our digital audit tools and capabilities.

Standardisation remains a core focus of the audit optimisation workstream. At the date of publication, standardised risks, audit procedures and documentation templates cover 32 areas, with the majority of financial statement areas expected to be covered by the end of the calendar year. This programme is a central part of our remediation activity to address one of the severe deficiencies in our FY25 SoQM evaluation related to challenges in consistent practical application of our methodologies following a period of intense methodology development.

The standardised work programmes are designed to support clear coaching, prompt both curiosity and clear thinking and adapt to the facts and circumstances of each audit client. Standardisation provides audit teams with a structured framework to support consistent yet bespoke execution, including clear guidance and defined expectations for documentation. Development of standard work programmes is supported by both methodology and technical accounting specialists to ensure they reflect current best practice. A formal feedback mechanism enables audit teams to propose enhancements. In June 2026, we undertook an initial assessment of the effectiveness of the initial phase of standardisation, which demonstrated that the programme has been positively received overall and is enhancing consistency in methodology application, while identifying areas for further enhancement.

As part of the optimisation programme, we continue to expand and standardise the use of our digital audit tools across the Audit stream. To support audit teams embedding our digital tools we have refreshed our Digital Confidence Champions network within the Audit stream.

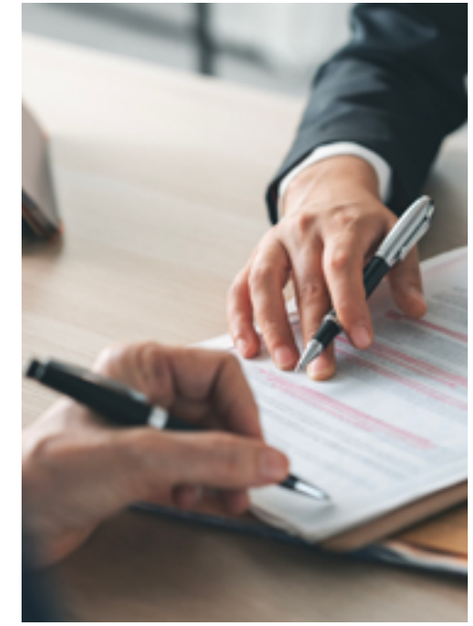
During 2026, we deployed a human-directed, machine-assisted testing platform that integrates with standard work programmes and supports the execution of non-judgemental elements of substantive testing. This AI-enabled tooling enables greater consistency and efficiency while maintaining appropriate auditor oversight.

We have also piloted BDO Lens, an AI-powered financial risk analytics platform. BDO Lens is built in partnership with MindBridge, bringing advanced AI-enabled audit analytics to all our clients. This tool enables audit teams to analyse full populations of journal entries using a combination of rules-based testing, statistical outlier detection and machine learning techniques to identify potentially higher-risk transactions. This enhances audit quality by enabling audit teams to focus on high-risk transactions while also providing efficiency. The pilot concluded in May 2026 with positive feedback and strong testing outcomes, and broader implementation is now underway, supported by methodology and learning. While the initial use case for BDO Lens has focused on journals testing, we are evaluating use cases for its wider application to other areas of the audit.

In addition, three further initiatives executed in the period support consistent, high-quality audit execution of our methodologies:

- SHIFT programme: Engagement across the Audit stream and central functions to identify opportunities to streamline audit delivery, with rapid implementation of agreed actions, supporting our FY27 focus on streamlining how we execute our audits
- ASK platform: A centralised knowledge resource providing audit teams with on-demand access to guidance and technical content, enhanced by AI-enabled search functionality
- Learning Library: An interactive suite of bite-sized, on-demand learning resources, launched in late 2025, to support continuous development at the point of need.

Looking ahead, our focus is on streamlining how we execute our audits, embedding and evolving standardisation, leveraging automation and building in innovative technologies to support our auditors in delivering effective and efficient audits. We are working collaboratively with the BDO member firms to evolve and enhance our audit platform and digital audit tooling.



Audit Quality

Our bespoke analytics

A digital audit at BDO UK is bespoke yet consistent. Our auditors choose the right analytics for their clients, allowing them to build a consistent yet customised audit approach that is right for each business. Our digital audit offering includes bespoke analytics built on DataBricks and Alteryx; these form a pivotal part of the suite of tools available to our audit teams. Our bespoke analytics use client-specific data models and automated testing routines to analyse entire transaction populations, identify anomalies and risk indicators, perform tests of details and provide targeted assurance over key financial statement areas. Our TRA analytics specialists have developed a suite of bespoke analytics to support the audit across a number of key clients and sectors to drive both efficiency and effectiveness through our audits and bring valuable insights. Examples of bespoke analytics we have developed and implemented on our audits, to support our data-led approach, include:

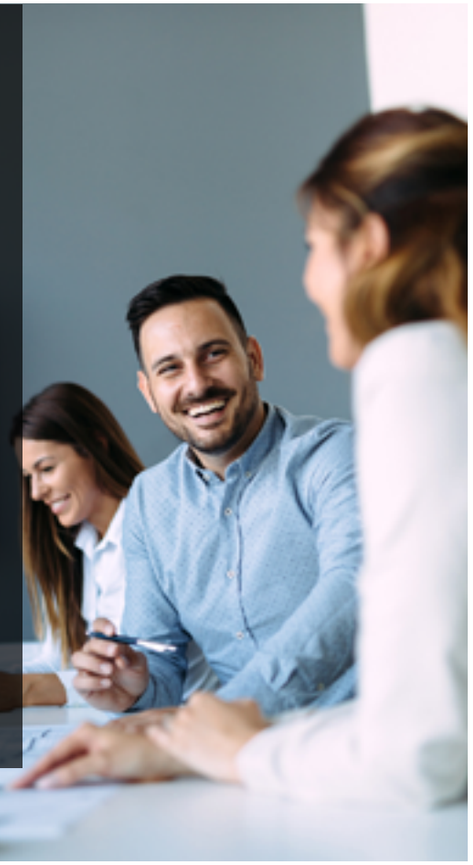
- Financial services: Crypto and digital asset on-chain analytics, interest income/expenses, fee and commission analysis, insurance claim and premium analytics, expected credit loss and effective interest rate model review validation and reperformance, assets under management and trading profit and loss recalculations
- Universities: Tuition fee income testing
- Charities: Donations and legacies whole data set analysis and recalculation
- Professional services: Timecard analysis and correlation
- Online gaming: Player balance reconciliations and revenue recalculations.

Building artificial intelligence into our technology

The use of AI within our audits is carefully governed. We integrate AI where it enhances effectiveness, efficiency and audit quality rather than as an end in itself. During FY26, we updated our Audit stream Generative AI policy to ensure clear guidance on appropriate use in light of the rapid advancement of this technology and have rolled out both firmwide and Audit stream-specific AI training. All AI-enabled tools are subject to rigorous testing, validation and certification processes prior to deployment to ensure security, quality and effectiveness.

We continue to develop targeted AI-enabled capabilities. These developments are designed to enhance audit quality while remaining human-led. In the near term this includes:

- AI enabled tools to support financial statement review including the technical review of disclosures
- Expansion of the capabilities and utilisation of the human-directed, machine-assisted audit testing platform that uses machine learning and AI to automate non-judgemental elements of substantive testing
- Agentic workflows to augment the planning phase of the audit
- Agentic workflows to assist with the end-to-end execution of lower-complexity audit procedures
- AI-supported anomaly detection to drive targeted, risk-based substantive testing.



Audit Quality

The BDO Advantage: a technology-enabled audit

BDO Collaborate

Collaboration and project management

Benefit to our audit clients – a well-managed audit with clear, easy-to-track milestones and real-time updates on deliverables in a tailored portal.

BDO's Global Portal facilitates collaboration, securely managing document exchanges and information requests, and providing real-time, targeted reminders for deliverables, tailored to each audit.

BDO's Global Audit platform is used across our international network to drive consistent documentation and quality, dealing with unique complexities and the largest audits.

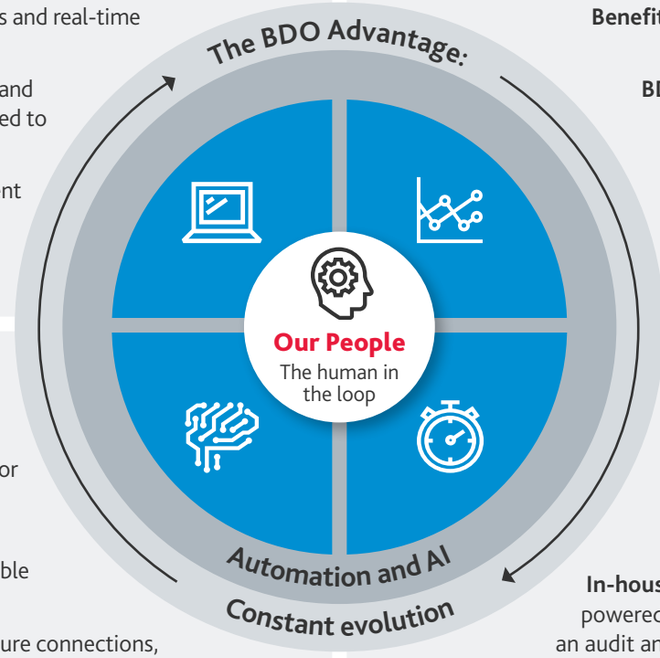
BDO Extract

Data extraction

Benefit to our audit clients – hassle-free data extraction direct from their systems, reducing the demands on their team. Works with the large majority of data platforms or data environments, regardless of complexity.

Advanced secure data extraction capabilities using BDO developed and third-party tools, with BDO's experts working with audit clients to find the most effective repeatable extractions, eliminating inconvenience.

Direct access connections to third-party data sources, such as banking data via secure connections, enrich analytics that streamline the audit.



BDO Analytics

Powerful and advanced data analytics

Benefit to our audit clients – targeted testing and insights on the largest datasets in the most complex environments.

BDO analytics are supercharged by MindBridge, delivering an AI-powered financial risk discovery platform.

BDO's in-house analytics tool used on over 3,000 audits annually enables intelligent risk assessment procedures, testing 100% of populations to identify trends and anomalies, leading to higher quality and efficient assurance.

Additional outstanding industry-specific analytics and substantial capabilities in bespoke analytics.

BDO Command

A suite of technology to enhance audit processes

Benefit to audit clients – a high-quality audit with greater precision delivered on time.

AI-native automation to streamline understanding, classification and matching of documents to identify potential issues effectively and target areas of focus.

In-house-developed AI solutions support our auditors with efficiency and effectiveness: our AI powered knowledge base instantly provides auditors with the information they need to execute an audit and AI solutions guide auditors through complex topics such as environmental, social and governance (ESG) reporting requirements.

Technology augments what we do, rather than replaces it. We use tech to do the heavy lifting. But decisions are made by experienced people

Audit Quality

Governing artificial intelligence in the audit

AI supports the work of our auditors; it does not replace their judgement. Where AI contributes to an audit, a suitably qualified member of the engagement team reviews and takes responsibility for the output, and that review is documented and subject to our engagement review processes, including RI responsibility and accountability for engagement quality. Our auditors know that no digital tool and no AI assistant or robot can replace their judgement and experience when auditing complex financial statement areas. Separately, all audit automated tools and techniques (ATTs) are certified by our ATT certification process (ATTs include Personas, CoPilot and BDO Lens). The ATT certification framework is part of our quality management arrangements under ISQM (UK) 1. All relevant ATTs that were due for certification and recertification were completed in June 2026 with no findings identified.

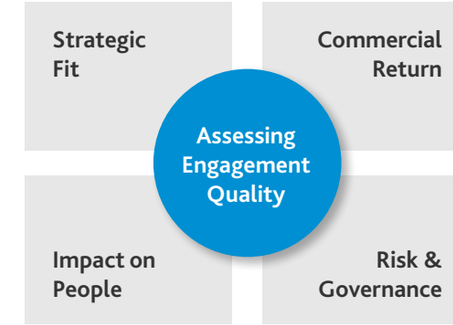
Looking ahead

Our Future of Audit proposition is anchored in a simple principle: 'Partner led. Tech enabled. People delivered.' Our audits will remain human-led and grounded in professional judgement, challenge and scepticism, while being increasingly enabled by data, automation and AI to enhance audit quality, insight, value, transparency and experience. We are building towards a more connected audit ecosystem, underpinned by the development of the One Audit Data Platform, which will bring engagement data, digital workflows, analytics and audit evidence into an integrated environment. Over time, this will support the creation of a dynamic digital model of an audit client's financial and operational processes, informed by real data and capable of supporting earlier risk identification, more continuous risk assessment and more targeted audit responses. This evolution will help audit teams develop a richer, data-led understanding of the entities they audit, execute work more consistently and focus more time on the areas where human expertise adds most value: judgement, challenge, insight and the evaluation of complex or contradictory evidence. Our ambition is to move progressively from discrete digital tools and task-based automation towards a more intelligent, connected and continuous audit model, while ensuring that technology augments, rather than replaces, professional judgement and remains subject to appropriate governance, validation and human oversight. As the role of advanced technologies and artificial intelligence increases within audits, it is important that we continue to train the next generation of auditors and accountants to use these technologies confidently and expertly as a key part of our role in serving the public interest.

Acceptance and continuance

As part of our refreshed Smart Growth strategy and our continued focus on audit quality and the effectiveness of our SoQM, we continue to apply a rigorous and consistently governed acceptance and continuance process across both new audit opportunities and our existing portfolio. This supports disciplined growth decisions that are aligned to our risk appetite, strategic priorities and ability to deliver consistently high-quality audits.

Acceptance and continuance decisions are informed by assessment across key criteria as illustrated in the adjacent graphic, previously referred to as our 'four lens' framework, ensuring that only those engagements aligned with our Smart Growth principles, and for which we have the appropriate expertise, infrastructure and resourcing to deliver high-quality audit outcomes, are pursued or retained.





Audit Quality

Continuance platform

We have continued to operate our 'audit continuance' process and platform during the year to support consistent and robust evaluation of our ongoing audit engagements, enabling the early identification of emerging risks that may impact audit quality or our risk profile.

The platform provides a structured and centralised framework for audit continuance decisions, underpinned by defined approval hierarchies and clear evidencing of outcomes. This supports a consistent and disciplined approach to decision-making, ensuring that, where engagements are retained, risks are appropriately assessed and mitigated through the application of suitable safeguards and AQE oversight.

Targeted enhancements have been introduced to strengthen governance, discipline and oversight. These included improved integration of commercial data to support more informed and consistent continuance decisions, alongside refinements to approval workflows and monitoring to reinforce escalation arrangements and accountability. In line with priorities set out in our previous report, aggregated insights from the platform were used to inform portfolio reviews, identify emerging risk concentrations and support decisions relating to managed audit exits and the application of additional safeguards where appropriate.

Looking ahead, we plan to further enhance the platform's effectiveness and alignment with our SoQM. Planned developments include:

- Refining risk thresholds and escalation triggers to support earlier identification of heightened risk
- Embedding specific portfolio risk indicators to strengthen monitoring of risk concentrations across our audit population
- Introducing early-warning assessment thresholds to support proactive decision-making.

Invitation to Tender platform

The audit tender approval platform introduced in FY25 continued to operate throughout FY26, supporting consistent, well-governed decision-making in relation to new audit opportunities. The process ensures that tenders are assessed upfront against risk, capability, commercial and strategic alignment criteria, reinforcing our selective approach to growth and our focus on delivering high-quality audits aligned to our Smart Growth strategy.

During FY26, enhancements in this area further strengthened early-stage assessment of higher-risk opportunities, introducing earlier senior-level review before significant time and resource commitment. In addition, greater emphasis was placed on resourcing considerations, including capacity and capability to deliver the engagement, improving discipline and visibility at the point of tender approval.

Looking ahead to FY27, planned developments include targeted upgrades to better reflect Smart Growth priorities, including clearer alignment to core in-scope sector considerations (see page 36) and improved visibility of approval dependencies and escalation points. Further, we are introducing a requirement for an additional AQE assessment of each tender opportunity – supported by one-to-one discussion with the proposed RI – to enhance the depth of challenge and ensure opportunities align to our risk appetite.



Close Monitored List

We have established a Close Monitored List to enable proactive monitoring of audit engagements which present the highest risk to the organisation. Enhanced support measures, overseen by the AQE, typically include:

- The appointment of an Engagement Quality Reviewer (if not already required)
- Support from an in-flight review team
- Technical or stand back panels to consider identified risk areas or complex technical areas.

The Close Monitored List is formally reviewed on a quarterly basis, with changes approved by the AQE. AQLs meet monthly with the relevant RIs and report on engagement status to the AQD as part of the Audit monitoring and supervision programme (see Audit monitoring and supervision programme for public interest entities and higher risk audits section).

Audit Quality

Portfolio reviews

Following enhancements to the RI Portfolio Review exercise in FY25, we have continued to monitor the resultant portfolio management actions agreed with local leaders, with quarterly meetings being held between the AQD and the local leaders (AQLs and Local Heads of Audit). The status of actions is reported on a monthly basis to the AQE.

The 2026 RI Portfolio Review exercise took place during the summer, with capacity, competency and capability criteria and thresholds set out in the policy approved by the AQE, and a comprehensive suite of portfolio and RI data being provided to local leaders to enable them to critically assess the portfolio of each RI and engagement quality reviewer (EQR) and develop actions where required.

In the current cycle, forward-looking data has again been included in the process, utilising the Dayshape resource management system. We have undertaken an additional review focused on key audits due to risk, net production, strategic importance and regulatory factors. These entities have been specifically discussed during the portfolio review to determine continuance decisions and additional safeguards.

The formal approval controls continue to operate in relation to RI allocations, with additional approval from the Head of Audit Quality and Risk required for transfers of AQR scope audits and audits included on the Close Monitored List. Approvals are required for portfolio allocations for new joiners (including internal promotions or transfers) and reallocations for leavers (and internal transfers) as part of safeguarding and for PIE and large listed audit allocations. We have also introduced further central approval requirements for any high risk or listed audits being allocated to director RIs or to RIs that have not had their RI licence with BDO UK for more than 12 months.

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

Methodology and our audit tool

We employ a global audit methodology, enhanced with UK-specific guidance and policies to provide additional practical implementation guidance and to comply with local legal and regulatory standards. Our audit teams utilise the globally developed Audit Process Tool (APT) for conducting and evidencing our audits. We contribute to global methodology development by providing specialist input to projects and by participating in global audit leadership and governance bodies.

During FY26, BDO Global continued to advance the multi-year global project aimed at enhancing the global audit methodology and developing new audit software. BDO UK has played a significant role in this project, including partner-level involvement. The project is phased in nature with a dynamic release cycle and several interim improvements have been identified and implemented to enhance audit quality more rapidly, including the production and release of standardised workbooks and digital tools (see Standardisation and optimisation section).

The methodology team works across functions in our organisation to identify and prioritise improvements, drawing on various insights, including internal and external inspection findings, in-flight reviews and consultations. Our methodology continues to evolve in response to these inputs, ensuring it remains accessible, scalable and effective in supporting high-quality audits.

To strengthen delivery, the methodology function has been structured across three areas: Projects, Helplines and Consultations, and Effectiveness. This has enabled the team to streamline and simplify the consultation process, revisit a number of areas of methodology and transform the helpline and consultation process into a more coaching and challenge-led approach – thereby encouraging discussion and consultation even when not mandated by policy. The emphasis is on supporting audit teams in efficiently reaching the right conclusions and evidencing them effectively. A quarterly release cycle has also been introduced to provide greater clarity to audit teams on timing of updates so that audit teams can plan more effectively – while ensuring that communications are more succinct and impactful.

In FY27, the methodology team will continue to focus on providing the Audit stream with the best possible methodology that is easy to access and apply in a scalable way to deliver high-quality audits. Following the enhancements to consultation processes we will be closely monitoring the effectiveness of these changes and consultation volumes and nature, building on initial effectiveness assessments completed in late FY26.

Additionally, a focus for FY27 will be providing methodology support to the Standardisation and Optimisation team to deliver the standardisation programme and develop digital audit methodologies to support new technologies, including AI-enabled tools such as BDO Lens, powered by MindBridge.

Audit Quality

Engagement Quality Reviewers

The EQR role is pivotal to ensuring audit quality expectations are met and integrated into audits at the engagement level. This applies to audits mandated by the International Standard on Quality Management (UK) 2 (ISQM (UK) 2), as well as those deemed to have higher risk or public interest.

As part of our annual quality and risk assessment process, the pool of available EQRs is reviewed by a panel based on each individual's quality and risk rating. The EQR pool is also updated on an ad-hoc basis throughout the year, in response to quality findings from internal or external file inspections or other quality matters, with roles reassigned or additional safeguards and support implemented as necessary. Any RI with an 'Areas requiring improvements' quality rating due to the performance of their EQR role is required to develop an action plan addressing EQR responsibilities.

These measures are part of our strategy to ensure the right individuals with appropriate capacity are undertaking this crucial quality control role.

EQRs are allocated by the EQR Appointments Director, who considers experience, both generally and regarding engagement specifics, and engages directly with appointees to ensure they are appropriate in terms of capacity and knowledge.

We have further extended the use of EQR Assistants in FY26 to support EQRs and provide development opportunities for prospective EQRs. This can include providing specialist support, such as IT audit expertise or sector-specific knowledge. The selection of EQR Assistants is subject to the same rigorous process as the selection of EQRs.

To enhance oversight and governance of EQR allocations and audit quality risks, there is monthly reporting to the AQE.

In response to our FY25 ISQM (UK) 1 evaluation, we committed to embed and assess the effectiveness of enhanced monitoring controls introduced in late FY25 to remediate a SoQM deficiency in this area. These enhanced EQR-related quality control processes have now been in operation for a full year and have been assessed as effective as part of the SoQM evaluation and the FY25 deficiency has been remediated (please see Appendix D). We have additionally undertaken a thematic review in the period to assess the effectiveness of the use of the EQR Documentation Tool launched in FY25, further to a similar thematic last year, which demonstrated the positive impact of the actions taken.

The annual learning for EQRs this year focused on ensuring consistency and understanding expectations, including the requirements of ISQM (UK) 2 and our policies and procedures. This included emphasis on the EQR Documentation Tool, which is continually developed to support consistent and appropriate audit evidence expectations. Learning points and good practices identified from the FRC Thematic Inspection on EQR evidence and the internal thematic inspection were incorporated into the curriculum for the mandatory in-person event in January 2026. Additionally, all new EQRs and EQR Assistants are required to complete a web-based learning session prior to appointment.

Looking ahead to FY27, we will be focused on strengthening longer-term rotation planning for EQRs in respect of our largest audits.



Audit Quality

Specialists and experts

Specialists and experts play an increasing and pivotal role in supporting the delivery of high-quality audits in areas requiring specialist knowledge and judgement.

In the financial year ended 5 July 2024 (FY24), a specialist and expert Project Delivery Group was established to design and implement a quality improvement plan.

During FY26, progress has continued in embedding the enhanced SoQM controls introduced in the prior year. While a number of controls are now operational, further time is required for full embedding and certain elements continue to be refined to improve their effectiveness. A monthly escalation process has also been introduced, providing enhanced oversight by the Specialist and Experts Steering Committee. The progress made in FY26 has remediated the FY25 ISQM (UK) 1 deficiency; however, monitoring of progress to further embed controls will continue in FY27.

To support effective collaboration, a working group comprising representatives from each specialist and expert team meets regularly. At the start of FY25, this led to the implementation of a cultural alignment plan and we have successfully delivered many of these actions. We now plan to use the outputs from the Audit Quality Survey, which included specialists and experts, to understand the impact on engagement with audit teams. Alongside this work, we held audit debrief sessions to act as a forum to obtain feedback and lessons learned for future consideration.

Looking ahead, priorities include the development of a common system to initiate and manage the use of specialists and experts, greater standardisation of working papers and reporting outputs for both audit teams and our specialist and expert teams, the delivery of group learning sessions and embedding our High Performing Teams framework across relevant specialist and expert teams.

Technology Risk Assurance

TRA specialists and experts work as part of an integrated team with core audit professionals to enable the delivery of audit procedures over complex technology risk areas and develop and utilise technology to support the execution of audit procedures by audit teams. The TRA team's capabilities include technology controls risk assessments and testing, data analytics, cyber triage, audit tools certification and IT development for the Audit stream.

TRA quality plan refresh including TRA Transform and TRA Lite

The AE undertook a strategic review of the TRA in FY26. The review culminated in the establishment of a new strategic TRA Transform programme in October 2025 to drive greater integration of the TRA team's working methods within core audit engagements and to strengthen collaboration.

Our TRA Transform programme has been developed to focus on four key areas to achieve consistent high-quality outcomes:

- Excellence in TRA delivery: To drive consistent, high-quality outcomes on each audit through its Excellence and Delivery Framework
- Positive behaviours: To drive TRA's integration, accountability and collaboration within the Audit stream
- High-performing TRA specialists and experts: To ensure IT controls and data work are performed to a consistently high level of quality
- Inspiring digital confidence: To upskill and increase understanding of IT audit risks, controls audits and the 'Future of Audit'.

A further key element of TRA Transform has been TRA Lite, a significant initiative to help drive further integration, consistency and improved quality across the wider Audit stream on audits with lower complexity IT systems. TRA Lite provides a clear focus on supporting and upskilling audit teams to build confidence in IT risk assessment and response.

For TRA-specific learning, a comprehensive review was conducted to align the TRA curriculum with the audit curriculum and enhance the coordination of the curricula. The review resulted in updates to programmes across the TRA and Core curricula. Implementation of these updates is underway and will be fully embedded for the 2026/27 learning cycle.

To improve standardisation across the global network, a specialist TRA Global group has been created to review current templates utilised by TRA teams internationally including guidance on risks on engagements when an entity is using AI in its system of internal control.

Looking ahead, the priority is to further embed TRA Transform by focusing on consistent, high-quality execution by TRA specialists and experts and further TRA standardisation across the audit lifecycle, including the delivery of the TRA Lite programme and an IT audit methodology update project to strengthen practical application.

Audit Quality

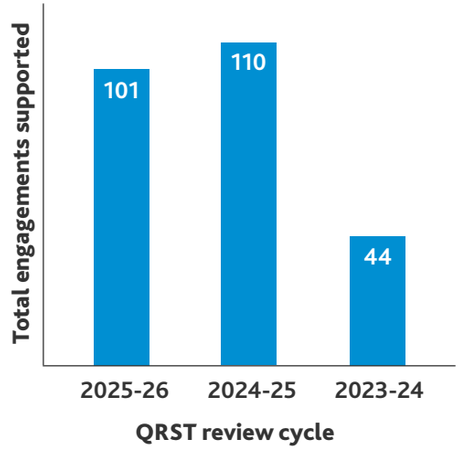
Quality Review and Support Team

QRST is a core element of our Three Lines Model, providing real-time, in-flight support to engagement teams throughout the audit engagement lifecycle, from planning through to completion.

QRST improves audit quality through coaching and challenge of engagement teams, in-flight review of audit approaches and documentation, identification and sharing of emerging themes and good practice and direct input into effectiveness monitoring and RCA.

Effective from 1 January 2026, the QRST and the Revenue Centre of Excellence (CoE) were integrated into a single team as part of AQD Evolve, embedding specialist revenue expertise directly into QRST's in-flight support and streamlining the support processes for audit teams. Prior to integration, the CoE continued to provide support to audit teams, strengthened 'four-eyes' review and piloted a revenue correlation tool in line with planned activity set out in our previous report. Following the pilot, the tool has not been taken forward given proposed development of wider revenue analytics and standardisation in this area.

Engagement selection, scope and coverage are approved in advance of each cycle by the AQE, with any changes to engagements receiving QRST support during the cycle also subject to AQE approval. The AQE has maintained the expanded population of audits subject to QRST review, as part of the STMP established in FY25, focusing on PIEs and large listed entities (excluding lower risk insurance and investment trust entities) together with certain Close Monitored List engagements.



Assessment of the effectiveness of this key SI is a key focus for the AE, evaluated through inspection findings on QRST-supported audits, live review feedback, debriefs and independent effectiveness assessments.

Inspection outcomes and the effectiveness assessment during FY26 highlighted the importance of early planning involvement, robust professional challenge and timely escalation. In response, enhancements have been implemented to reviewer training focused on critical thinking skills, scoping guidance, oversight arrangements and reporting.

Priorities for FY27 are focused on continuing to increase the effectiveness of in-flight reviews while utilising the insights from QRST to inform RCA and effectiveness monitoring over relevant areas of the SoQM.

Over time, the AE intends to transition towards a targeted risk-based deployment model as our longer-term SIs embed and inspection results improve. In line with this, the AQE approved withdrawal of QRST support for certain audits that have demonstrated positive internal or external inspection results in 2025/26; consequently, the number of engagements supported in future cycles is expected to decrease.



Audit Quality

Centres of excellence

Our CoEs support audit teams through specialist coaching and review in certain areas of complexity or perform audit procedures in these areas. The CoEs support audit quality by providing targeted specialist support where risks are higher and enable greater consistency through deep knowledge and experience of the audit area.

Our current CoEs	Overview
Pensions CoE	Provides end-to-end support in relation to audit of pension balances on PIE, listed and other high-risk engagements. Expanded in FY26 to include the deployment of a specialist team responsible for auditing pension assets on these engagements.
Valuations CoE	A hybrid team of valuation experts and auditors focused on supporting teams in the audit of impairments established following a pilot in FY25. Valuations CoE (VCoE) has launched the Impairment Coach Pilot programme in March 2026 where VCoE impairment coaches work as part of QRST to provide end-to-end in-flight support to engagement teams. VCoE has further delivered training, knowledge sharing and guidance while establishing a network of local representatives across the Audit stream to drive collaboration. Looking ahead, priorities include evaluating the effectiveness of the Impairment Coach Pilot with a view to future rollout, embedding the network of local representatives and other collaboration initiatives to strengthen engagement.
Credit CoE	The Credit CoE works with the banking and alternative finance audit sector, supporting audit teams and wider quality initiatives in the audit of credit losses. During FY26, the Credit CoE transitioned to a risk-based approach to define the population of audits to be supported through risk assessment, execution review and approval. In FY27, the Credit CoE will focus on enhancing standardised working papers and collaboration with relevant auditor experts.
Share-Based Payments – extended delivery team	A pilot in FY26 whereby audit procedures relating to share-based payment arrangements are performed by an offshore extended delivery team (EDT), supported by the AQD. The approach promotes greater consistency in audit execution, enhances the application of technical expertise and optimises resource utilisation across engagements. In FY27 we will assess the results of the pilot to determine whether a wider rollout is appropriate.

Audit Quality

Sustainability and ESG in audit and non-financial assurance work

The sustainability reporting landscape continued to evolve significantly during FY26. There has been increasing focus on the implementation of the final UK Sustainability Reporting Standards (UK SRS), developments in Financial Conduct Authority proposals to transition listed entities from Task Force on Climate-Related Financial Disclosures aligned reporting towards UK SRS reporting requirements, and continued market preparation for broader sustainability assurance expectations following adoption of the International Standard on Sustainability Assurance (UK) 5000 (ISSA (UK) 5000). There have also been plans to establish a voluntary register for sustainability assurance providers.

During FY26, we actively monitored and engaged with these developments, including participation in government consultations on sustainability reporting, assurance and transition plans. We also progressed key priorities identified in FY25, including enhancing audit team support and contributing to the development of BDO Global sustainability assurance methodology.

We also continued to evolve our response to growing demand for sustainability assurance by strengthening engagement and technical support for our sustainability assurance teams. This included the adoption of the global methodology framework designed to provide a consistent approach to sustainability information across all assurance engagements, supported by targeted training and guidance.

The Climate and Sustainability team continued to support audit teams through targeted engagement, Audit Connect training and the development of sector-specific learning and standardised templates, enabling more effective challenge and evaluation of climate-related impacts on financial reporting.

Looking ahead

Our areas of focus will include supporting audit teams through the continued implementation of UK SRS-related developments, monitoring the outcomes of market reforms and further enhancing our sustainability assurance capabilities in line with regulatory and market developments. This includes evolving our methodology in preparation for ISSA (UK) 5000 and further integrating sustainability assurance technical support within our SoQM, including operating centralised ISQM (UK) 1 controls in FY27.

We will also continue horizon scanning activities across international reporting and assurance developments, including International Sustainability Standards Board implementation, interoperability considerations, transition plan requirements, developments in sustainability assurance standards and the evolving expectations of regulators, investors and other stakeholders.



Audit Quality

Audit people and culture

Our One Firm Culture (The Feel) and our People Proposition (The Deal) reflect our position as a people-powered organisation and underpin our approach to delivering sustainable, high-quality audit outcomes.

Within Audit, these principles are embedded through a strong culture of quality, supported by our High Performing Teams framework and our Audit Specific Behaviours. These set clear expectations for how we operate, guide delivery on audit engagements and shape the day-to-day experience of our people. Their impact is to reinforce accountability, collaboration, professional scepticism and continuous improvement, ensuring our people and teams remain aligned to our strategic priorities of quality, talent and growth.

Our Audit people and culture approach focuses on ensuring that the day-to-day experience of our people supports the delivery of high-quality audits that serve the public interest, recognising that culture, capability and inclusion directly influence how audit teams exercise judgement, challenge and collaboration. Progress is being driven through targeted initiatives, governance and feedback mechanisms, leading to a more inclusive, high-performing and quality-led Audit stream.

Looking ahead, acting now means investing in the people, culture and behaviours that will define the future of our Audit stream today. As expectations of the profession continue to evolve, we are embedding the leadership, capability and inclusive culture needed to respond with confidence. A key part of this is CLEAR, a practical framework for supporting high-quality thinking, which was developed during FY26 and launched in September 2026. CLEAR encourages our people to clarify objectives, look beyond the obvious, anchor conclusions in evidence, ask effective questions and reflect on and record their thought process. It is a capability that embeds curiosity, challenge, professional scepticism and thoughtful decision-making into everyday audit activity, ensuring our people are equipped to deliver high-quality audits in an increasingly complex and changing environment.

Our continued focus on High Performing Teams

The Audit stream is now in its third year of the High Performing Teams framework which continues to underpin our culture of quality. During FY26, we have focused on embedding the framework through targeted strategic initiatives, communications and learning. This ongoing work matters because it translates cultural expectations into practical behaviours on audit engagements, supporting more consistent delivery, stronger team effectiveness and better audit outcomes.

As reported last year, work with a third-party performance analytics organisation identified exemplar leadership behaviours that support engagement with continuous improvement alongside the importance of cognitive capacity in enabling clear thinking, sound judgement and high-quality audit outcomes. During FY26, we have continued to embed these insights into our approach through the development of CLEAR. Our investments in research in this area highlight the importance of how people think, challenge and make judgements in practice. As a result, CLEAR promotes curiosity, counters bias and misplaced confidence and encourages individuals to challenge their own assumptions to support more robust professional scepticism. By design, CLEAR helps translate these behavioural insights from past quality reviews into practical actions that can be applied throughout the audit lifecycle – consistently across our portfolio of work.

We have evolved our governance structures by combining the Audit People Executive and Audit Culture Committee to form the Audit People, Culture and Purpose Executive. This strengthens accountability for embedding the High Performing Teams framework and recognises the interdependency between people, culture and audit quality. The Audit People and Culture Panel continues to provide practitioner insight and challenge so initiatives remain grounded in audit delivery.

In addition, our Influencer network remains a key component of our engagement model. Influencers support the translation of strategic priorities into local action and provide ongoing feedback on the embedding of the framework across sectors and offices. This helps ensure that central priorities are applied in ways that are meaningful locally and that feedback from teams continues to shape our approach.

Together, these developments help ensure that our High Performing Teams framework remains responsive to the evolving needs of the Audit stream, equipping our people and leaders to support high-quality delivery in a changing professional and operating environment.

Audit Quality

Developments in our areas of focus

Building a coaching culture

A culture of on-the-job coaching remains an enabler of High Performing Teams, supporting effective review, robust project management and timely, constructive feedback. During FY26, we continued to prioritise coaching as part of day-to-day audit delivery, recognising its role in helping our people deliver high-quality audits and do the right thing in the moments that matter.

As this focus becomes further embedded as a cultural norm, our aim is to strengthen the consistency of coaching behaviours across teams so that experiential learning, effective review and timely feedback take place seamlessly – as part of work delivery – and have a clearer impact on audit quality.

In January 2026, we hosted a stream-wide High Performing Teams week dedicated to on-the-job coaching, providing targeted resources and learning intended to help our people understand the attributes that make on-the-job coaching effective and engage with the importance of this on audits. This included insights from elite sports coaching through the Blaze women's cricket team alliance, examples of audit best practice and guidance on project management and bias in judgement (both of which are critical enablers of effective on-the-job coaching in Audit).

We also partnered with an external behavioural scientist to deliver coaching-focused learning to 99% of our RIs. Feedback on this programme was positive, with 94% recommending the sessions and 92% agreeing that the learning was an effective use of their time. The programme is now being extended to managers and senior managers in FY27, increasing the reach of consistent coaching behaviours.

Recognition has also reinforced coaching behaviours. In March 2026, over 550 recognition moments were shared through our ReFlex recognition platform to celebrate colleagues demonstrating on-the-job coaching and wider embodiment of our Audit Specific Behaviour 'We Prioritise our Teams'.

RI coaching programme

99%
of RIs received coaching-focused learning.

94%
would recommend the sessions.

92%
agreed the learning was an effective use of their time.

ReFlex recognition

550+
recognition moments shared through ReFlex in March 2026.

These celebrated colleagues demonstrating on-the-job coaching and the Audit Specific Behaviour 'We Prioritise our Teams'.

Cultural intelligence and its link to inclusion and belonging

Cultural intelligence (CQ) is a critical enabler of psychological safety and remains a focus in how we support, recognise and celebrate our diverse, high-performing teams. Our focus on CQ and the linkages we have established between this and our Inclusion and Belonging strategy supports both high-quality audit delivery and a positive, inclusive working environment.

Our CQ Advocate network, launched in FY25, has transitioned into an Inclusion and Belonging Champions network to align more closely with our firmwide inclusion and belonging strategy. This transition has been supported by targeted development and upskilling, including a dedicated leader-led workshop in July 2026 to reinforce clear and consistent tone from the top. The outcome is a more connected network of champions who can help translate inclusion priorities into practical action across the Audit stream.

We have also expanded the range of supporting resources available through our Learning Library and further embedded inclusion-focused messaging within our broader learning programmes. Particular emphasis has been placed on Early in Careers (EiC) learning, ensuring expectations around inclusive behaviours are clearly established from the outset. This helps build inclusion into everyday team behaviours and supports a stronger sense of belonging as people progress through the Audit stream.



Audit Quality

Engagement with extended delivery teams

We operate two EDTs based in South Africa and India. Each office and sector within the Audit stream has allocated individuals within our EDTs so that they operate as part of those offices and sectors and effectively complement the onshore audit team. Our EDTs are incorporated into our SoQM to ensure that the delivery of consistent high-quality work is paramount in the activities of our EDTs and in how they are used within our audits.

We have continued to strengthen our engagement with our EDTs in South Africa and India, recognising their role in supporting the delivery of high-quality audit work. This included the Head of Audit People and Culture visiting South Africa for the opening of a new office, alongside regular stakeholder engagement to promote consistency in messaging, learning and culture between onshore and offshore teams.

EDTs are increasingly integrated into people and culture initiatives, including the Inclusion and Belonging Champions network, High Performing Teams Influencer network, Trainee Passport, career journeys guidance, the Audit Feedback Hub and our annual Audit Awards. This connects EDT colleagues to the same expectations, culture and recognition mechanisms as onshore teams.

Learning provision for EDTs remains aligned to the BDO UK curriculum, tailored for local requirements and delivered through local facilitators and subject matter experts. Regular in person visits, aligned to the Audit Connect cycle, support technical engagement, knowledge sharing and consistent application of onshore audit expectations.

Audit Connect workshops were delivered in South Africa in July and October covering the summer and autumn 2025 content respectively, with spring 2026 workshops taking place in May. These sessions ensured EDT colleagues received the same core technical and behavioural messages as onshore teams, supporting consistency in application across the wider audit delivery model.

These sessions also included AQD-led drop-in sessions, providing opportunities for questions and answers and technical clinics on key technical topics. This helped teams explore practical questions, apply live audit scenarios and strengthen confidence in consistent technical execution.

Similar Audit Connect workshops were run in India in autumn 2025, covering the content delivered since the previous visit. Our FTP and selected Core Competency programmes were delivered in November, strengthening local facilitation capability and helping embed consistent learning standards.

In January 2026, the first intake of trainees commenced in South Africa, with the Year One EiC programme delivered in line with our onshore approach. This supports a consistent trainee experience and helps establish shared expectations from the start of the career journey.

All new EDT joiners are required to complete foundational learning modules covering professional conduct, culture and behaviours, including High Performing Teams, psychological safety and CQ. This supports a consistent understanding and application of our culture and expectations across the Audit stream, strengthening alignment and quality across all delivery locations.

Accountability

Accountability enables effective project management by ensuring the right people are engaged to deliver the right work at the right time. It is a core element of our High Performing Teams framework and is reinforced through our Audit Specific Behaviour: 'We are Proud and Accountable'. Over the last year, we have continued to strengthen our culture of accountability, so individuals are empowered and motivated to work together as audit teams to deliver high-quality audits.

As part of this focus, we introduced a 5C framework of accountability: Clarity (of expectations), Commitment (towards a common goal), Communication (that is open and honest), Collaboration (as teams) and Consequences (for example, through recognition or feedback). The framework was launched across the Audit stream through Audit Connect learning sessions and has been reinforced through Action Learning Groups (ALGs) and ongoing formal learning. It is also incorporated into the EiC curriculum, reinforcing individual accountability from the point people join and reinforcing expectations throughout their career journey.

We continue to use this framework to drive the right behaviours in day-to-day audit delivery and to support priorities such as on-the-job coaching. Its impact is to provide teams with a common language for accountability, helping improve planning, ownership, communication and delivery discipline across engagements.

Audit Quality

Professional Judgement Framework and CLEAR

Driving the consistent and effective adoption of our PJF6 has been critical to ensuring audit teams exercise effective challenge and scepticism in delivering high-quality audits that serve the public interest. Building on this foundation, FY26 saw the development of the CLEAR framework, which was launched in September 2026. We see the CLEAR framework as a key enabler of robust professional judgements which are supported by clearer conclusions, stronger evidence and better-quality outcomes in complex audit areas.

In FY25, we completed a full retrospective review of PJF6 and implemented an action plan to raise awareness, explain its importance and provide practical guidance for significant judgements. In FY26, we moved to a more holistic review, identifying bolder actions to support consistent application across engagements. This includes bias learning developed by an external behavioural expert and revising key APT templates to help teams document complex areas of judgement more effectively.

While PJF6 has provided an important foundation for encouraging robust challenge and decision-making in complex audit areas, our focus is increasingly on embedding a common approach to thinking that can be applied across all aspects of audit delivery. The principles underpinning CLEAR are closely aligned to those that have long sat at the heart of PJF6 but packaged in a more accessible framework that supports consistent behaviours, professional scepticism and sound professional judgement in the variety of scenarios our people will encounter through everyday audit practice, as well as in areas involving significant risk and complex judgement.

To that end, while our learning offering continues to support consistent application of the underlying principles of PJF6, the content and training materials remain a continuing area of focus for the next year as we evolve the stream's focus to prioritising CLEAR as our way of thinking on audit engagements. Audit Connect sessions continue to focus on standardisation, challenging assumptions and identifying 'what is not there' when auditing estimates and judgements. The intended impact is stronger professional scepticism, clearer documentation and more consistent judgement across engagements. This year's Audit Connect sessions are structured to encourage individuals to go further than the first and most obvious answer, to challenge assumptions, explore possibilities and learn through on-the-job coaching.

In addition, our Standardisation team are supporting us to carry out an update of key templates within our APT library to ensure teams are practically equipped to document the five aspects of CLEAR so they can more effectively substantiate the conclusions drawn from their work and findings on such complex areas.

See page 69 for further details on our continued investment in learning and development and the Audit Connect 2026 programme.

Mindset and behaviours

Our High Performing Teams culture, supported by our Audit Specific Behaviours, sets clear expectations that all individuals contribute both individually and collectively to deliver consistent high-quality audits that serve the public interest. Since its introduction in July 2023, our focus has been on embedding these principles so they are reflected in the day-to-day behaviours and aligned to our strategic priorities of quality, talent and growth.

While a consistent culture of quality is essential, understanding individual mindset and behavioural differences is equally important in creating sustainable High Performing Teams. Individuals bring different perspectives and working styles, which influence how they interact within audit teams and with clients. Where this diversity is not understood, it can lead to suboptimal communication, increased conflict and diminished performance. Conversely, recognising and managing personality diversity can enhance team dynamics and effectiveness.

To support this, we conducted research into the tools available to help leaders and teams better understand individual and collective strengths. From this we identified Spotlight, a psychometric assessment tool created by Mindflick, which is designed to help individuals and teams better understand working preferences, individual and team strengths and collective blind spots. The tool provides a shared language that makes conversations about communication, challenge, feedback and collaboration easier and more constructive. By shifting focus towards individual and collective preferences and behaviours, Spotlight helps teams build stronger relationships, demonstrate greater self-awareness and create environments where healthy challenge and clear thinking can take place more naturally.

In early FY26, we ran a two-month pilot of this tool with 90 audit professionals across all grades, from partner to trainee, across three teams in their respective sectors and offices. The pilot demonstrated that when combined with practical guidance and insights, the tool can enhance day-to-day team interactions and support improved performance. We are now scoping the next phase of rollout across a wider population and geography, with plans to begin in early FY27.

Audit Quality



Culture assessment

Our approach to evaluating progress in embedding the High Performing Teams framework draws on the six different sources of assessment capturing both qualitative and quantitative data throughout the financial year and following year end. This enables us to assess, periodically and holistically, how the Audit stream is embracing the framework as our culture of quality and ensuring that our Audit Specific Behaviours are being embedded into day-to-day interactions on audit engagements.

This year, we have refined our assessment methods and expanded the range of internal and external data sets, triangulated bi-annually. This broader scope covers areas beyond the traditional people and culture measures, including markets, digital and audit optimisation helping reaffirm priorities, identify emerging FY27 focus areas and track progress in embedding High Performing Teams and Audit Specific Behaviours.

In addition, we continue to publish our Audit Culture Dashboard, which brings together a range of KPIs to measure the effectiveness and embeddedness of the High Performing Teams framework. Following our most recent bi-annual KPI review, we are updating the dashboard and refreshing KPIs to ensure they remain aligned to current priority areas and Audit Specific Behaviours. This helps ensure we continue to measure and evaluate the right areas as we continue this dynamic culture embedding journey.

New this year, we introduced focus groups led by the Audit People and Culture team across a range of sectors and offices within the Audit stream. These were designed to gather 'on the ground' feedback and insights into the day-to-day experience of our people, helping us assess whether central initiatives are delivering the intended impact. Focus groups included participants across all grades, from partner through to first-year trainee, providing rich insights and perspectives that will help us to shape ongoing initiatives to ensure they continue to be effective in driving the desired culture and behaviours.

Our internal survey data, Audit Culture Dashboards and Annual Culture Assessment Report (the last of which is a holistic evaluation across all six sources of assessment) continue to be reported to our governance bodies. This provides a formal, structured view of headline insights and progress made throughout the year, supporting accountability and informed decision-making.

These assessment mechanisms help us monitor cultural indicators and evaluate whether initiatives, systems and leadership actions are embedding the desired culture. Insights inform targeted action including local initiatives, leadership engagement, refreshed learning and strengthened feedback mechanisms. Progress is monitored through dashboard reporting, survey data and governance oversight.

Audit Quality

Audit Quality Survey

As we continue to embed and evolve our purpose and Values-led culture within the Audit stream (through continued adoption of the strategic framework, and specifically, through the embodiment of our High Performing Teams framework and the supporting Audit Specific Behaviours), understanding where we are on this journey is important as it will inform the decisions we make as an Audit stream.

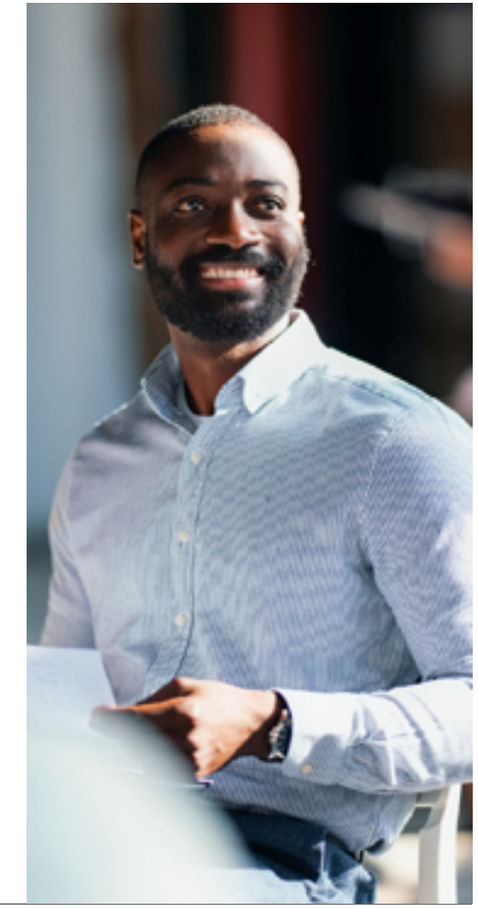
We undertake an annual Audit Quality Survey which received a 70% response rate in 2026 (2025: 71%). We consider the 'favourable' responses provided to a representative sample of questions from our annual Audit Quality Survey as an indicator of our progress on audit culture initiatives and staff engagement.

These results, along with the results of other surveys, are reviewed by the Audit People, Culture and Purpose Executive and the AE to help identify ways to improve audit quality and to highlight areas where further improvement is required.

All results (both 2026 and 2025) represent the combination of 'strongly agree' and 'agree' responses.

Firm Metric Definition (Question from the Audit Quality Survey)	Question Domain	2026	2025
I take pride, am accountable, and have personal responsibility for the quality of the work that I complete	Quality	98%	97%
I believe that the engagement leaders I work with demonstrate a commitment to consistent high-quality through their actions and behaviours	Quality	93%	90%
I believe the engagement teams I work with collectively take pride and are accountable for the completion of their work to a consistent high-quality standard	Quality	85%	82%
I personally have sufficient time and appropriate resources to deliver consistent high-quality audit work	Resourcing	58%	52%
The learning, coaching and development I receive from BDO enables me to deliver consistent high-quality audits	Training	84%	78%

This year's Audit Quality Survey results, in line with the 2025 Audit Quality Survey, emphasise the need for continued action in key areas. We must continue to enhance project management practices and strengthen resource management through our Audit Resourcing Directorate to optimise resource allocation. Additionally, continued focus on reward and recognition, embedding on-the-job coaching and ensuring a culture of team accountability remain crucial priority areas which will help us continue to move towards an embedded culture of quality.



Audit Quality

Leadership

We remain focused on establishing a clear tone at the top, with senior leaders expected to actively engage with the High Performing Teams framework as advocates and role models within their teams. This is supported through regular leadership engagement, including update calls for partners, directors and managers and AE office visits to share insights across sectors and offices. These activities help translate central priorities into visible leadership behaviours and reinforce consistent expectations across the stream.

Leadership has also been central to our collaboration with a third-party performance analytics organisation. Insights drawn from interviews and deep dives with exemplar leaders have informed our approach to strengthening engagement with continuous improvement initiatives. This has helped identify practical leadership behaviours that support stronger team engagement, clearer thinking and improved delivery.

We continue to strengthen our focus on leadership accountability through initiatives such as the Audit upward feedback programme for managers, senior managers and directors, recognising that leadership extends beyond partners. Managers, senior managers and directors play a critical role in shaping both the quality of work delivered and the day-to-day experience of our people. As part of our High Performing Teams commitment, we are placing increased emphasis on how leadership is demonstrated by each team member at every level.

Now in its fourth year, the upward feedback programme helps managers and above strengthen their leadership capability through confidential self-assessment combined with upward feedback from more junior colleagues, providing a balanced view of leadership behaviours. This year, it has been extended to managers and above within the AQD, reinforcing consistent expectations across the practice. The framework aligns to High Performing Teams priorities and focuses on behaviours critical to audit quality, excellence in delivery, on-the-job coaching, psychological safety and timely, constructive feedback.

Individual reports are shared with managers and above in early July, providing meaningful, actionable insights to support objective setting and performance discussions for the year ahead. This helps leaders translate feedback into specific development actions and strengthens accountability for leadership behaviours.

We have also sought to embed more day-to-day upward feedback through the introduction of the Audit Feedback Hub, making regular, accessible feedback part of our ways of working. This encourages leaders at all levels to seek input, reflect and continuously improve how they lead and develop others. In doing so, it supports the consistent delivery of high-quality outcomes while creating an environment in which our people feel supported, developed and able to perform at their best.

Refer to the next section for further details on the Audit Feedback Hub.

Performance management

Performance management continues to play a pivotal role within our Audit stream, ensuring our people are clear on expectations, aligned to the organisation's priorities and supported to develop, grow and perform at the required level. As the Audit stream evolves, we are also using performance management to build a more data-led, transparent and future-focused approach to assessing performance, development and accountability.

For FY26, we focused on improving the efficiency and effectiveness of our performance management. Enhancements included streamlined documentation, improved system usability and automation of key data points, such as learning compliance reporting. We also embedded the chargeable hours objective, introduced at the start of FY26, giving fee-earning staff clearer targets supported by transparent performance tracking.

A significant development this year has been the introduction of the Audit Feedback Hub in January 2026, representing a step change in how we enable timely, constructive and continuous feedback across the Audit stream. The platform provides a single, user-friendly space with a simplified 360° feedback tool and an integrated dashboard, making it easier for our people to give, receive and act on feedback in real time. This directly supports our ambition to ensure that how we work is as strong as what we deliver.

The Audit Feedback Hub provides a more streamlined, accessible framework with improved visibility for people managers and a stronger focus on feedback throughout the year. We are also exploring an Audit Performance Scorecard using financial, quality and behavioural metrics, clearer KPIs and weighted indicators. This is intended to support a more balanced, objective and data-led assessment of performance, development and accountability.

We will continue to develop and refine this approach into FY27, ensuring our performance management framework remains relevant, data-led and aligned to evolving firmwide and Audit stream priorities. The intended outcome is a clearer, more consistent and more evidence-based approach to performance, development and accountability.

Audit Quality

Expansion of career journeys

Career journeys are an important part of our people's development because they provide clear expectations, structured progression and a shared understanding of success at each stage of their career from trainee to director[5]. They enable more meaningful development conversations, strengthen personal accountability and help individuals build the skills required to deliver high-quality outcomes.

During FY26, we enhanced the tool to support its extension to director level, ahead of its launch to directors in July 2026. We also enhanced the platform to improve accessibility and engagement, particularly at career development moments such as performance reviews. These changes help make career expectations clearer and more accessible, supporting better development planning and stronger consistency across grades.

Expansion of our Audit Trainee Passport

Our trainees are central to our future success and we remain committed to investing in their development and overall experience. Clear structure helps individuals understand expectations, build confidence and take ownership of their progression. The Audit Trainee Passport supports this by giving trainees a practical framework for success in their current roles and as they move through their careers.

Following the successful introduction of the Year One Trainee Passport, we are expanding this approach with the development of a Year Two Passport. This provides continued guidance and support as trainees advance, helping them understand changing expectations, build capability and maintain momentum in their development. Together, these tools create a clearer and more consistent career journey.

We have also refreshed the Year One content to ensure it remains relevant and reflective of current expectations. This helps trainees receive up-to-date guidance from the outset, supporting stronger engagement, clearer accountability and better preparation for high-quality audit delivery.

Building on its success within the Audit stream, the passport model is now being extended across other streams, reflecting its value in supporting consistency, engagement and performance. We are also exploring enhancements to the platform to improve accessibility, increase engagement and provide better insights for people managers. These developments are intended to strengthen the trainee experience, support more meaningful development conversations and help our people realise their full potential.



5. In our 2025 Transparency Report, references to career journeys being available to 'all grades' reflected the intended direction of travel at the time. In practice, career journeys were available to a number of grades during FY25 and have since been expanded, with coverage extended to director level in FY26.

Audit Quality

Recruitment

Beyond the Ordinary

We continue to invest in our EiC, attracting school leavers, graduates and placement students through a wide range of entry pathways including transitioning to a new EiC assessment and recruitment supplier. This supports a sustainable, high-quality and diverse talent pipeline for the Audit stream. During the year, we welcomed 438 early careers joiners, alongside continued expansion of our EDTs, reflecting our ongoing commitment to developing talent across multiple locations.

We have further enhanced early talent attraction and the candidate experience by introducing large-scale, in-person interviews as part of our wider EiC assessment process. These provide candidates with a more immersive experience of our culture and opportunities, while supporting more robust and consistent hiring decisions.

At a firmwide level, we have also expanded outreach through a strategic partnership with Connectr Early Engagement, including the “Bridge to BDO” initiative for students in Years 9, 11, 12 and 13. This builds earlier awareness of accountancy careers and creates a broader pathway into Audit.

The programme supports social mobility as it broadens awareness of accountancy, challenges perceptions of the profession and improves access to work experience and career insights.

Our firmwide attraction strategy continues to evolve through our ‘Beyond the Ordinary’ campaign, which highlights the breadth of opportunities available across the organisation and reinforces our positioning as a dynamic, people-focused organisation. Together, these initiatives strengthen our ability to attract, identify and develop high-quality talent, while providing individuals with early insight, meaningful experiences and a clear pathway to a successful career within Audit.

These actions are intended not only to strengthen current recruitment outcomes, but also to build a broader, more resilient and future-ready talent pipeline for the Audit stream, supporting the long-term sustainability of our business model.

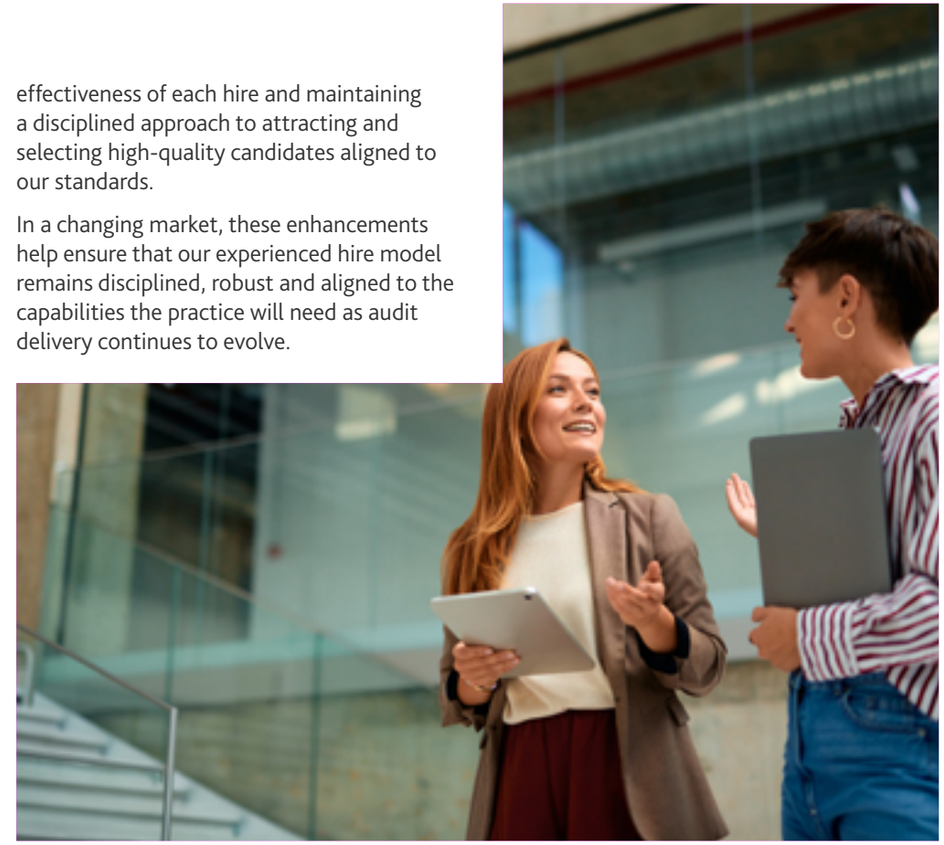
Experienced hire

We have strengthened experienced hire recruitment by extending mandatory interview skills training to experienced hire interviewers. This supports consistent competency-based interviewing, effective questioning and structured evaluation, improving rigour, fairness and confidence in selection decisions.

We also refreshed technical interview materials for assistant manager and above roles, introducing sector-specific content aligned to a consistent competency framework. This ensures candidates are assessed against the skills, behaviours and technical capabilities most critical to audit and supports ISQM (UK) 1-aligned review of our assessment approach.

These enhancements have been implemented against a backdrop of changing market conditions. Recruitment volumes have moderated compared to prior years, reflecting broader economic factors, lower attrition and increased constraints on international hiring. In this context, our focus has been on improving conversion rates, maximising the effectiveness of each hire and maintaining a disciplined approach to attracting and selecting high-quality candidates aligned to our standards.

In a changing market, these enhancements help ensure that our experienced hire model remains disciplined, robust and aligned to the capabilities the practice will need as audit delivery continues to evolve.



Audit Quality

Onboarding process

A high-quality onboarding experience is critical to supporting the success of our new joiners. By setting clear expectations, showcasing our culture and signposting key information and support, we begin to shape the BDO UK Audit experience from the outset, even before day one. This helps new colleagues feel prepared, connected and able to contribute more quickly.

New trainees and experienced hires now both have access to our "Audit Welcome" onboarding platform, launched for trainees in June 2025 and experienced hires in October 2025, with over 980 users since launch. Enhancements include trainee-led "day in the life of" videos, an avatar-led video introduction to guide users and improved pre-joining communications, helping build connections before day one.

When our latest cohort of over 385 trainees joined us in September 2025, they were once again welcomed through a two day induction hosted at Wembley Stadium. The programme combined firmwide strategy, insights and cultural perspectives on day one, followed by an Audit-focused experience on day two. This helped trainees understand the wider organisation, their role within Audit and the expectations that will support their development.

This year, day two of the induction was refreshed to spotlight the trainee experience and reinforce what 'Beyond the Ordinary' represents for Generation Z trainees in 2026 and beyond. This theme is reflected across the trainee offering, including required learning and the career journey tool, helping trainees to understand how their whole experience works together to support ongoing development in BDO UK Audit.

Financial and non-financial recognition

As part of our commitment to embedding our Audit Specific Behaviour "We Recognise and Celebrate Each Other", we continue to develop financial and non-financial recognition initiatives. These initiatives matter because they reinforce the behaviours underpinning our High Performing Teams culture and our priorities of quality, talent and growth.

In November 2025, the AE hosted our fourth annual Audit Awards, recognising exceptional contributions across Audit in FY25. Following the strategic refresh, the FY26 award categories have been updated to better reflect current priorities, including growth, winning work and on-the-job coaching, with the award ceremony scheduled to take place in November 2026. This keeps recognition aligned to behaviours and outcomes that support audit quality and team performance.

We are continuing our collaboration with The Blaze women's cricket team for a third year. In June 2026, The Blaze hosted high-performing Audit colleagues for a two-day development and celebratory programme.

We have also piloted a two-way mentoring scheme with last year's cohort, supporting development while celebrating high performance.

We continue to celebrate key promotion milestones to manager, senior manager and director. Newly appointed directors attend a central London event with access to the AE, personal brand coaching and community-focused activities. Manager and senior manager promotions are recognised locally and supported by an interactive tool setting out role expectations. We are also exploring extending this recognition to trainee qualification from 2027, helping reinforce achievement, progression and belonging at key career moments.

Our ReFlex platform enables colleagues to recognise contributions in a visible and meaningful way, whether through monetary awards or non-financial appreciation. This supports timelier recognition of positive behaviours and helps embed appreciation as part of everyday team culture.



Audit Quality



Listening Programme

Our latest Listening Programme results show continued strong engagement across the Audit stream, with participation increasing to 80%, up from 75% in 2024. This demonstrates that our people feel they have a voice and are willing to share their experiences. While overall engagement saw a slight decline since 2024, this movement is broadly in line with firmwide trends and reflects a relatively stable position against a backdrop of internal change and wider socio-economic pressures.

Encouragingly, many of our core strengths have remained consistent with last year, including positive sentiment around career development and goal clarity, alongside strong scores in quality, ethics and psychological safety. These results reflect the continued impact of our High Performing Teams framework and our focus on people manager capability, development opportunities and an open, supportive culture.

The results also highlighted key areas for further focus, particularly around reward, recognition and aspects of wellbeing. We introduced ReFlex, a new recognition platform, in July 2025 (and will continue to embed this), launched Audit Feedback Hub and continued work on the firmwide Strategic Reward Review. We have also reinforced our Listening Up strategy, through local engagement, visible leadership and clearer communication of change initiatives.

At a more local level, we utilised team-level insights to identify and replicate best practices from high-performing areas, such as strong team cohesion, visible leadership and effective communication. Targeted support is also being provided to areas where engagement has declined. This helps ensure actions are responsive to local needs and focused on improving the lived experiences of our people.

Overall, while the headline engagement score has slightly reduced compared to last year, the consistency in key strengths and the increase in participation provide a solid foundation. The actions we have taken since the last survey, combined with a more targeted, data-led approach to engagement, position us well to stabilise and improve engagement levels as we move through FY27.



Audit Quality

Learning and development

We remain committed to delivering effective learning that supports our people in the practical application of knowledge and skills, and that our people value.

As audit methodology, technology and client environments continue to evolve, our learning strategy is increasingly focused on equipping our people with the judgement, curiosity, digital capability and adaptability needed to support the audit of the future.

Our current learning and development offering continues to be focused on tailored, relevant and, where appropriate, localised learning, delivered by subject matter experts and accredited facilitators. It is designed to support confidence in the consistent delivery of high-quality audit work by providing opportunities to practice the real-life application of methodology in a safe environment, sharing insights and experience, using standardised templates and the latest tools and technology and sharing best practice examples.

In addition, our learning programmes are continually enhanced through the incorporation of lessons learned from both internal and external file reviews, ensuring that key findings, emerging themes, regulatory expectations and quality improvement opportunities are embedded into training and translated into practical actions that support audit quality and continuous improvement across our teams.

We continued to expand our learning offering during the year. Our LNA, completed in late 2024, was refreshed in late summer 2025 to confirm that the remainder of the 2025 programme remained fit for purpose and to inform planning for 2026. It was again revisited in early 2026 for any changes. This ongoing review helps ensure our learning offering remains relevant and responsive to the needs of our people.

In FY26, we completed our planned redesign of our EiC curriculum, introducing new Year Two and Three programmes following the launch of Year One in the prior year.

Our trainee offering continues to evolve with a 'skills first' focus, helping our people understand not only how to perform audit tasks, but also why they matter, through a deeper understanding of clients' businesses and operations. Challenge, critical thinking and collaboration skills are an integral part of the curriculum, with opportunities to apply these skills through real-life case studies in a 'safe space'. Looking ahead, the curriculum will be increasingly localised, to ensure content is relevant and brings technical theory to life through examples our teams can relate to.

We have progressed our sector-focused strategy, which was set out as a priority in our previous report, working initially to ensure strategic alignment of the pre-and post-qualification curricula across TRA and Audit, refresh US licencing processes and support Financial Services learning events. Looking forward we will continue to expand the sector focus to support other sectors within Audit.

Building on our 2025 Audit Connect theme, 'Connecting the Dots', which emphasised understanding end-to-end processes and linkages across the financial statements, our 2026 theme, "Thinking Beyond", focuses on curiosity and collaboration to enhance audit quality. It encourages teams to move beyond initial conclusions, challenge assumptions and explore alternative perspectives through coaching. Other key highlights from our curriculum this year include:

- Use of the ICAEW's 'Crossing the Line' video to prompt discussion on ethics, challenge and integrity within the profession
- The introduction of controls workshops, to strengthen end-to-end understanding of controls-based auditing, including testing and evaluation of deficiencies
- Dedicated 'Learning from Others' sessions sharing insights from inspections and best practice
- Bespoke workshops for RIs focused on on-the-job coaching.



Audit Quality



Work has continued on key elements of our learning culture proposal, including the launch of the Learning Library focused on providing on-demand bite-sized learning which complements required learning and encourages our people to engage with learning in the flow of work to support high-quality audit work, and the establishment of ALGs focused on sharing local experiences and on-the-job coaching to support practical application of formal learning and enhance learning transfer.

In line with our committed priorities for FY26, ALGs were piloted with a selection of audit teams in the second half of 2025, with a full review taking place in January 2026. Following positive feedback, the programme has been rolled out to the stream. ALGs will continue after each Audit Connect workshop, with RIs expected to lead sessions with their audit teams to support timely sharing of ideas and practical application of formal learning.

We have continued to implement our Faculty strategy approved in spring 2025, expanding our pool of accredited facilitators. Our FTP was redesigned during the year to strengthen key delivery skills, including presentation, impact and influence, and storytelling. A condensed version has also been developed for senior leaders, recognising their experience and time commitments. This targeted approach continues to support strong delivery, reflected in facilitator feedback scores consistently above 9.5 out of 10.

Looking ahead

Learning Week will take place in early November themed around spark your curiosity. The week will include firmwide and stream-specific activities focused on sharing, collaboration and learning, with the aim of showcasing existing learning initiatives, removing barriers to everyday learning and building momentum for further learning.

We will continue to develop our Faculty reward and recognition strategy to enhance its attractiveness and ensure these contributions are appropriately recognised in performance ratings.

In line with priorities set out in our FY25 report to explore learner profiling tools available to strengthen our learning offering, we have undertaken assessments in the period and scoping activities. We will now prioritise the development and pilot of the learner profiling tool in FY27 to enable more targeted, data-driven learning ahead of the next learning cycle. Further priorities include aligning more closely with the firmwide curriculum, progressing the rollout of our enhanced sector strategy, continuing the centralisation of the US curriculum and advancing our digital learning capabilities to support the audit of the future.

Audit Quality

How our Audit stream curriculum is built

Our Audit stream curriculum is delivered through a mandatory firmwide and stream-wide learning programme. It is designed to support compliance with the professional standards and regulatory requirements, including the continuing education requirements for statutory auditors set out in paragraph 11 of Schedule 10 to the Companies Act 2006.

All required learning for Audit staff and partners is managed and monitored through the Audit stream's Learning and Development team, governed by the Learning Strategy Council, with further oversight fromthe AE.

Required learning comprises core learning, applicable to all those working on audit engagements, supplemented by engagement and role-specific learning as relevant to an individual's portfolio. It covers both skills and technical elements. Within each layer, learning is split into foundation-level learning, to support development of baseline knowledge and skills, along with annual updates to maintain competence. By tailoring our stream curriculum so that learning is targeted based on role and experience, we support the development of the knowledge and skills required to deliver consistently high-quality audit work, while also promoting engagement, motivation and continued professional development.

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

We maintain policies and procedures designed to ensure all our people, including all our engagement leads, working on local public sector assignments, maintain the competence necessary to undertake those assignments. All staff involved in local audit work receive specialist training appropriate to their role on an annual basis, ensuring they remain competent to work in this specialist area. Similar engagement-specific training requirements apply to those working in financial services and on US engagements.

We adopt a blended approach to formal learning events, using a mixture of in-person and virtual sessions, with virtual sessions generally focused on the transfer of theoretical learning and in-person learning providing the opportunity for enhanced practical application of that knowledge.



Ethics and independence

Ethics and independence underpin the delivery of high-quality services, guiding our decision-making, supporting trust and transparency and helping us act in the public interest.

As a fundamental component of International Standard on Quality Management (UK) 1 (ISQM (UK) 1), ethics and ethical behaviour underpin how we deliver services across Audit, Tax, Deals and Consulting, Risk and Outsourcing. They are foundational to the way we 'do things' at BDO LLP (BDO UK), reflected in The Feel and The Deal, and are expected by our clients and wider stakeholders.

We are committed to consistently providing high-quality services that act in the public interest, support confidence in markets and build trust both in BDO UK and in the wider profession. Ethics and independence support this commitment as they are embedded in our systems, processes and Values, guiding decision-making across our engagements to help ensure that all our people consistently apply them in practice.

For these reasons, our ethical principles form a thread throughout our Strategic Framework and are prominently reflected in the major components of our system of quality management (SoQM) and governance structure. During the financial year ended 3 July 2026 (FY26), we have reviewed the design and implementation of the controls in the ISQM (UK) 1 framework and continued to mature the risk and control responses as a result of this. We recognise that further maturity in the operation of some areas of the ISQM (UK) 1 framework is required, particularly in relation to a first and second line of defence structure. We are committed to ensuring that control enhancements and operation continue to mature and support the SoQM in the financial year ending 2 July 2027 (FY27).



We recognise that, as our business grows and evolves, new ethical risks will emerge that need a senior-level response. Consistent with our focus on looking ahead and acting now, we remain alert and agile to responding to these emerging risks. An example of this over the past year has been the evolution of artificial intelligence (AI), where the Ethics Partner continues to be involved in developing our policy and guidance in this area.

We have continued to invest in strengthening our Ethics team, reflecting both the growth of our business, including through the BDO Ireland merger, and the growing need for monitoring activities resulting from ISQM (UK) 1. This also reflects the important role ethics has in delivering high-quality services, the success of our business and our people, and serving the public interest and hence society more widely.

Our policies and procedures are in line with, or exceed, regulatory requirements including those relating to local public sector audits. In FY26, we launched a new modernised Independence Policy and Guidance Platform, reshaping how our guidance is accessed and used. This marked a key step forward in improving user experience and advancing our digitalisation journey.



In terms of regulatory obligations, we have a responsibility at the organisation-wide level to follow the Financial Reporting Council (FRC) Revised Ethical Standard 2024 (Revised Ethical Standard) and the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, as well as a BDO network requirement to comply with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants.

Taken together, these arrangements are designed to promote quality, support decision-making that takes proper account of the public interest and help safeguard the sustainability and resilience of the organisation.

Ethics and independence

In line with the requirements of both the EU Regulation 537/2014 (as amended by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019) and the Local Auditors (Transparency) Regulations 2020, we confirm that, in the past year, we have conducted an internal review of our relevant independence practices.

Our compliance with these standards includes:



Acceptance and continuance objectives

Our acceptance and continuance procedures are designed to ensure that we undertake only those engagements which we can perform with integrity, objectivity and independence, and to a consistently high standard of quality.

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

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

Conflicts of interest

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

The engagement partner is responsible for identifying potential conflicts of interest, supported by conflict checks carried out through our Client Take On Platform, which searches our client and engagement database to identify circumstances and relationships that could give rise to a potential conflict. The stream Quality and Risk teams and the Ethics team are available to provide direction, oversight and a point of escalation, so that conflict checking is performed consistently and robustly. Ultimately the conflict-checking process is owned by the Executive Board (EB) member responsible for Legal, Governance, Quality and Risk with the Oversight Board (OB) providing oversight over any EB activities in this area.

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

Where potential conflicts of interest are identified, we either decline to accept an engagement as set out in more detail below or, if appropriate, we put in place robust arrangements to make sure that the conflicts of interest are managed. Where appropriate, we seek informed consent from all parties and, if required, ensure that teams are separate and appropriate information barriers are in place.

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



Ethics and independence

Code of Conduct

Our Code of Conduct sets out the behaviours expected of our people and supports a culture of integrity, professionalism, accountability and quality.

It provides a framework for ethical decision-making, enabling our people to act consistently in line with our Values. These expectations are reinforced through tone from the top, with leaders expected to model behaviours set out in the Code.



In FY26, following approval from the EB and having shared a draft with our Independent Non-Executives (INEs), we published a refreshed Code of Conduct, ensuring alignment with:

- Our Strategic Framework
- Evolving regulatory expectations
- Leading practice across the profession.

The refreshed Code places ethical principles at its core, with greater clarity on expected behaviours, decision-making and accountability.

Alongside this, we have continued to reinforce the importance of:

- Acting in the public interest
- Applying professional judgement
- Demonstrating integrity in all interactions.

The refreshed Code will be embedded during FY27, supported by communication, training and other embedding activities.

Compliance with the Code is overseen by the OB (through its role overseeing management activities) and, as part of the OB's role safeguarding the equity interests of partners, specific breaches may be discussed at the OB during the discussions on 'partner matters'. The INEs receive regular updates on breaches of the code as part of the Ethics Partner's updates to the Public Interest Committee (PIC).

Speaking up and ethical culture

A culture of openness, challenge and accountability is critical to maintaining high ethical standards and supporting consistently high-quality work.

We promote an environment where people are encouraged, and expected, to speak up where something does not feel right, and where concerns are handled fairly, consistently and without fear of retaliation.

During FY26, we have further strengthened our speak-up environment through:

- Enhanced speaking-up and listening guidance and communications
- Improved tools and processes, including a streamlined internal reporting mechanism
- Continued investment in allyship and active bystander training
- Reinforcement of a zero-tolerance approach to retaliation.

We continue to see strong engagement with speak-up mechanisms, with options to report in confidence and anonymously, with the primary notification route being via Human Resources, indicating continued reliance on formal people process channels for raising concerns.

Dedicated whistleblowing and speak-up channels are actively used, demonstrating awareness and trust in formal reporting mechanisms, although they are not the primary reporting route. Our quarterly Speaking-Up and Misconduct Ethical Health Dashboards are shared with the Quality and Risk Executive and then the EB. The Ethics Partner also reports this through the PIC. We have also enhanced our ability to capture, monitor and respond to concerns through improved reporting tools and processes, supporting more effective oversight and continuous improvement.

Ethics and independence

Financial interests and relationships

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

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

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

- Involve the purchase of goods and services from the audit 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
- Would be clearly inconsequential to either party in the view of an objective, reasonable and informed third party.



In respect of employment-type relationships with an audit client, in order to protect objectivity, approval procedures are in place before any such situation can be established.

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

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

Rotation policy

Our rotation policies are in accordance with the Revised Ethical Standard, notably that:

- The audit partner on a listed or public interest entity (PIE) audit client rotates after five years, except in exceptional circumstances, where rotation can be extended to occur beyond this and then only up to seven years. Where an extension of the rotation period occurs, additional safeguards will be put in place and approval for the extension will be obtained from the Ethics Partner's nominated team members
- Once an audit partner has completed five years on a listed or PIE audited entity, they are required to observe a cooling-off period for five years before they can return to the same entity
- Audit teams are required to plan the rotation of other partners and senior staff involved in the audit of PIEs to achieve a gradual rotation to preserve audit quality
- Our rotation policy for other partners and senior staff requires any continuous involvement longer than seven years to be discussed with the Ethics Partner or the Ethics team
- For non-listed audit clients, the audit partner will normally rotate off the audit after ten years. Where rotation is extended beyond ten years, a rotation plan will be agreed with our Ethics Partner and additional safeguards put in place
- Principal local government auditors are appointed by the Public Sector Audit Appointments Limited on a five-year basis.

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

Ethics and independence

Bribes, gifts and hospitality policy

In accordance with the Bribery Act 2010, partners, staff or anyone who performs services for or on behalf of BDO UK are not permitted to agree to anything that an objective, reasonable and informed third party might perceive to be a bribe (including similar corrupt inducements). We have specific policies regarding situations where a bribe might occur, including gifts, hospitality and expenses, facilitation payments, political contributions, charitable contributions, sponsorship, and commissions.

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

Non-Audit Services

The provision of NAS to audit clients that meet the definition of a PIE or other entity of public interest (OEPI) is prohibited, except where the service is included on the permitted list set out in paragraph 5.40 of the Revised Ethical Standard. Given the significance of the judgements concerning the provision of NAS to PIEs and OEPIs, all such services are subject to central approval by the Ethics team, in addition to approval by the relevant audit partner.



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

NAS approval on UK audit clients is required not just for NAS carried out in the UK but also by BDO member firms. As an example, BDO Global requires all BDO member firms to carry out global conflict checking when considering accepting NAS on the subsidiary of an international group, to identify any conflict with an audit client of BDO UK. While this process is in place, we remain unable to design and implement sufficient compensating controls to prevent network firms carrying out NAS for audit clients without pre-approval. Until BDO Global designs a monitoring process to provide all BDO member firms with assurance over the completeness and accuracy of the global conflicts platform being implemented, and centrally monitors all BDO member firms' compliance with policy requirements, a gap will remain in all member firms' control environments. Our evaluation of the SoQM, has concluded that this indicates a severe deficiency since we are unable to design and implement sufficient compensating controls to prevent BDO member firms carrying out NAS for audit clients without pre-approval. A summary of the deficiency is included in Appendix D.

Given the perceived self-interest threats from providing NAS to audit clients, we also require central approval of all NAS to audit clients once the ratio of audit to non-audit fees exceeds certain pre-set thresholds.

The objective, reasonable and informed third party test is a critical part of assessing the acceptability of any NAS and, as such, we require all NAS to be assessed against this test.

In relation to Local Public Sector Audit, we are guided by the requirements in the Auditor Guidance Notes. Furthermore, as per the guidance from the National Audit Office, we limit our NAS work to 70% of the total fees for services to any Local Government audit client and its controlled entities in any one year.

Ethics and independence

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 forms the basis of the Global Ethics and Independence Management Programme, which is designed to support BDO member firms in complying 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.

As detailed above, comprehensive due diligence is performed prior to accepting any new audit engagement or new engagement for an existing BDO audit client and these policies, procedures and tools enable BDO member firms to collaborate on scoping of services prior to the acceptance of the engagement.

Ongoing monitoring is also undertaken at a global level to ensure that BDO member firms remain compliant with the programme and to ensure that the BDO network continues to respond effectively to the evolving environments in which our firms operate.

Non-financial conduct

Non-financial conduct (NFC) remains a key area of focus, reflecting its importance to culture, quality and public trust.

Our approach addresses matters including:

- Discrimination and harassment
- Bullying and victimisation
- Professional behaviour and integrity.

During FY26, we have:

- Strengthened processes for reporting, investigating and resolving misconduct
- Enhanced monitoring to align with FRC reporting requirements
- Continued investment in leadership training focused on behaviours and accountability.

We continue to see an increase in reported cases year-on-year, which we view as a positive indicator of improved speak-up culture and stronger controls.

Training on ethics

Our commitment to quality and ethical conduct is supported by comprehensive training programmes. All partners and staff are required to complete annual mandatory training covering ethics, anti-money laundering, data protection, use of AI, cyber security and other topical matters. People managers and partners are also required to complete training on the Employee Rights Act. Additionally, in line with the Continuing Professional Development (CPD) guidelines set by the ICAEW, and therefore in line with our CPD Policy, we require our people to complete at least one hour of verifiable CPD training on ethics. This helps to ensure that our people have the knowledge and capability to apply ethical principles in practice.

All new joiners, regardless of grade, are required to complete our 'Ethics and Independence for New Joiners' module on Workday as part of their induction. The module sets out the key ethical principles and behaviours expected of our people and establishes a consistent baseline of ethical understanding and professional judgement across the organisation.

Looking ahead

We remain committed to continuously strengthening our ethical framework. We recognise that ethical risks will continue to evolve alongside the profession. Through a combination of foresight and decisive action, we are committed to ensuring that our ethical framework remains robust, responsive and aligned to the public interest while supporting high-quality services.

In FY27, we will focus on embedding the refreshed Code of Conduct and reinforcing consistent ethical behaviours across the organisation. We will continue to enhance our ethical governance, reporting and insight, while strengthening our global independence controls and assurance activities and developing our first and second line model to support the effective management of independence risk. We will also further evolve our speak-up culture and response mechanisms, including enhancing our capability to manage complex cases and strengthening our monitoring and reporting of NFC. As the regulatory landscape continues to evolve, we will prepare for new sustainability-related ethical standards and support the organisation's sustainable growth, including the integration of BDO Ireland, while maintaining the high ethical standards expected of BDO UK.

Risk management

Robust risk management and internal controls are fundamental to good governance, enabling us to identify emerging risks, respond effectively to change and support the sustainable delivery of our strategic objectives.

Our risk management framework is underpinned by a strong quality and risk culture that promotes accountability, risk-based decision-making and effective challenge. Responsibility for risk management is shared across the organisation, with leadership setting the tone from the top to reinforce the importance of effective risk management and internal controls. All partners and employees are expected to identify and manage risks relevant to their roles, with defined risk owners responsible for assessing, monitoring and escalating risks through the appropriate governance channels.

The framework provides a structured and consistent approach to risk management, supporting the timely identification, assessment, monitoring and mitigation of risks across the organisation. This enables effective governance and informed decision-making while supporting the achievement of strategic objectives, the delivery of high-quality services and the long-term resilience of BDO LLP (BDO UK).

How risks are identified, assessed and monitored

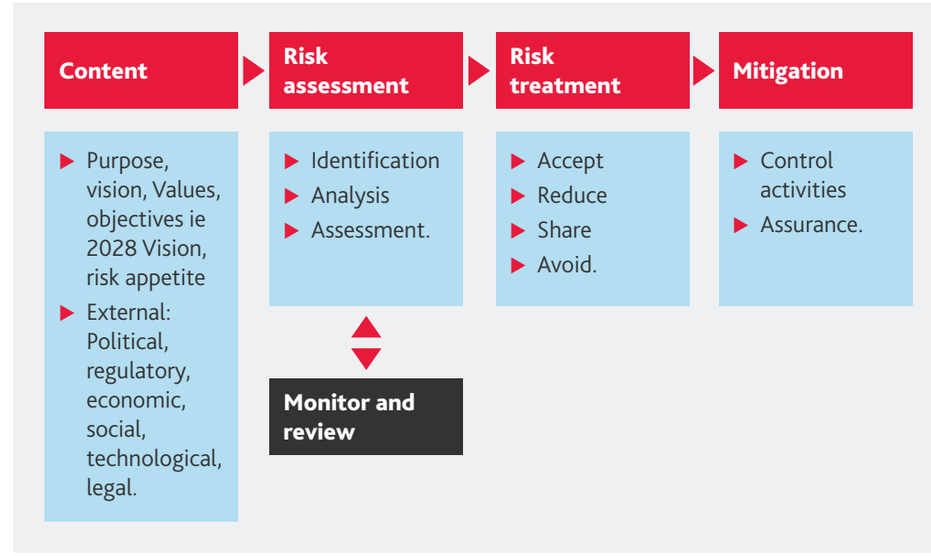
The Quality and Risk Executive (QRE) leads our quality and risk strategy and, under delegated authority from the Executive Board (EB), oversees the design, implementation and operational effectiveness of the organisation's system of internal control, system of quality management and supporting quality and risk management frameworks. The EB retains accountability for the assessment and management of Principal Risks, including those that would threaten the firm's business model, future performance, solvency or liquidity. Principal Risks are owned by members of the EB, who acts as our first line of defence.

During the financial year ended 3 July 2026 (FY26), our expanded Enterprise Risk Management team led a comprehensive refresh of our Principal Risks, ensuring the assessment reflected changes in the external and internal environment, as well as looking ahead at emerging risks. This included a series of facilitated workshops with members of the EB to support robust challenge and validation of identified risks, alignment of ratings and exposures, and enhanced ownership and accountability. As part of this exercise, we confirmed that appropriate and effective risk mitigation activities are in place. The Risk Oversight Committee (ROC) together with the Independent Non-Executives reviewed and challenged the refreshed Principal Risks, including, for each, the risk appetite, risk treatment and residual risk trend, following which they were reviewed and approved by the EB.

We have enhanced our Enterprise Risk Management Framework to support a structured, top-down and enterprise-wide approach to identifying, assessing, managing and monitoring risks that could impact the achievement of BDO UK's strategic objectives and long-term sustainability. It supports informed decision-making, strengthens organisational resilience, protects value and ensures compliance with regulatory requirements in the public interest. In doing so, it helps the organisation remain well positioned to respond to future challenges and opportunities.

Our risk assessment approach includes horizon scanning to identify and assess emerging risks and opportunities, helping to ensure developments in the internal and external environment are reflected in the organisation's overall risk profile.

Appendix B sets out BDO UK's Principal Risks along with their associated mitigations, as well as the most significant emerging and ongoing factors that influenced our risk assessment. Our overall cycle of identifying, assessing and responding to risks is illustrated below:



Risk management

The QRE receives regular and ad hoc reporting from streams and central operations, alongside updates on key risk and control matters. These include compliance and internal audit reviews, information security risks, economic crime, ethics and independence matters, regulatory inspections, claims and other risk events. The QRE also receives updates on developments across the wider BDO network where these may impact the organisation's risk profile and draws upon external sources to support our risk assessments where applicable.

BDO UK operates a structured risk reporting framework designed to ensure that risk events are identified, escalated and addressed appropriately. The central Quality and Risk Management team acts as the primary point of contact for risk reporting and supports the coordination and escalation of matters as required.

In responding to risk events, the organisation ensures that appropriate expertise and resources are applied. The newly created Office of the General Counsel (OGC) plays a key role in assessing and managing incidents, including determining whether notification to professional indemnity insurers is required. The OGC takes an active role in managing regulatory investigations, claims and complaints, ensuring that matters are handled consistently and in line with BDO UK's legal and regulatory obligations.

Strengthening our Internal Controls Framework

We continue to evolve our Internal Controls Framework (ICF), reflecting our continued commitment to quality and operational excellence. The framework is designed to mitigate risks, ensure compliance with regulatory requirements and uphold expected standards of professional conduct.

Overall responsibility for the design, implementation and operational effectiveness of our ICF sits with the EB, with oversight provided by the Oversight Board (OB) and, where delegated, the ROC. Further detail on the EB's annual review of the effectiveness of BDO UK's system of internal control is set out in Appendix D.

Our framework comprises a comprehensive suite of policies, procedures and controls covering compliance, operational, financial, IT and information security matters. Together, these controls establish the basis against which the effectiveness of our system of internal control is assessed, supporting compliance with legal and professional requirements, promoting effective operations, maintaining the integrity of financial information and safeguarding data and systems. Embedded across all service lines and central functions, the ICF enables a consistent, organisation-wide approach to monitoring and evaluation.

During the financial year ended 4 July 2025 (FY25), we commenced a targeted transformation programme to further strengthen and mature these arrangements, building on our established foundations. This programme is underpinned by a clear set of objectives focused on improving consistency, clarity and practical application across the organisation. In FY26, we have:

- Enhanced integration and alignment by establishing a more consistent and cohesive approach across risk management and internal control activities, further embedding our Three Lines Model and reducing fragmentation and improving efficiency
- Strengthened accountability and ownership by clarifying roles and responsibilities to reinforce ownership of risks and controls across all levels of BDO
- Developed assurance mapping capabilities, providing a more comprehensive view of the assurance landscape, enabling the identification of gaps and overlaps in assurance coverage and optimising control activities
- Implemented more systematic testing, introducing a more unified approach to assessing both the design and operating effectiveness of controls and risk responses, building on established practices in more mature areas.



Risk management

Clear accountability for risk and assurance

We continue to apply the Three Lines Model to support structured oversight and assurance across our risk management and internal controls frameworks. This model establishes a clear delineation of roles and responsibilities across the organisation, strengthening governance and the effective operation of our control environment and ensuring BDO UK maintains the capability and discipline needed to respond effectively to risks and opportunities.

The first line, comprising operational management, is responsible for the ownership and management of risks, including the design, implementation and operation of controls within day-to-day business activities.

The second line, including the risk, quality and compliance functions, provides independent oversight, guidance and constructive challenge to support the effective application of risk management and control practices. The third line, Internal Audit team, provides independent and objective assurance on the overall effectiveness of the framework.

We have continued to enhance the effectiveness of the Three Lines Model by clarifying roles and accountabilities, improving coordination between the lines and reinforcing expectations relating to risk ownership and control effectiveness.

Independent assurance

Our Internal Audit team provides independent, risk-based assurance and advisory services aligned to our Internal Audit strategy, Principal Risks and governance framework. The FY26 audit plan was developed through a structured assessment of the audit universe, combined with stakeholder engagement and regulatory considerations. It delivered coverage across key risks, with particular emphasis on quality, risk management, technology, data and organisational culture, which are areas central to BDO UK's current effectiveness and ongoing development.

During the year, the Internal Audit team continued its transformation as part of the organisation's approach to embed a Three Lines Model that will meet its future needs for effective risk management. Progress was also made against the Internal Audit Enhancement Programme, with improvements to methodology, planning, reporting and stakeholder engagement, thereby strengthening assurance capabilities for the future. A hybrid delivery model, combining in-house expertise with additional specialist support, enabled the delivery of high-quality and proportionate assurance while maintaining independence and alignment with professional standards.

Our Internal Audit team focused its approach on assessing the maturity of first and second line quality assurance and control testing, seeking to evaluate effectiveness and reduce duplication where appropriate.

Throughout FY26, the ROC provided oversight of the Internal Audit team through review and challenge of the strategy, plan and charter. It also received regular updates from the Head of Internal Audit on internal audit outcomes, resource adequacy and the status of management actions, supporting oversight of the assurance agenda and BDO UK's control environment.

Looking ahead

We will continue to mature our risk management and internal controls activities, further integrating risk considerations into strategic decision-making, and developing a combined assurance map to enhance coordination across the three lines and help to ensure efficient, comprehensive assurance coverage of priority risks. This will support our ability to respond to an evolving risk landscape and to maintain high standards of governance, internal control and operational excellence.

Risk management

Protecting information and maintaining trust

We are committed to safeguarding client and personal information from internal and external threats to the confidentiality, integrity and availability of data.

Our Chief Operating Officer is accountable for information security, and the Information Security Office, led by the Chief Information Security Officer, is responsible for operating and continually improving our certified ISO27001:2022 Information Security Management System (ISMS), which is assessed by the British Standards Institution twice annually. In addition to maintaining our certified ISMS, we also hold a Cyber Essentials Plus certificate, providing further assurance over the effectiveness of our cyber security controls. This ongoing investment in governance, oversight and controls helps ensure we are prepared for current and future risks while safeguarding the resilience and sustainability of the organisation.

All partners and employees play a crucial role in maintaining a secure environment and are bound by the Institute of Chartered Accountants in England and Wales' Code of Ethics, which includes a duty of confidentiality that precludes them from disclosing confidential information acquired through professional and business relationships to third parties unless legally or professionally obligated to do so. We undertake regular activities, such as communications and phishing simulations, to raise and maintain awareness of information security topics in addition to e-learning on data protection and cyber security at induction and at least annually. As the profession is reshaped by technological change, including artificial intelligence (AI), we continue to evolve our guidance training and controls so our people can use new technologies responsibly and securely while protecting quality, confidentiality and public trust.

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

The BDO Global Privacy Programme supports BDO member firms in meeting their obligations under privacy laws and promotes the safe handling of personal data across the network. It provides tools, guidance and information to help BDO member firms, partners, employees, and others, to respect and appropriately protect personal data, as well as to create a culture of privacy within the BDO network. The BDO Global Information Security Policy and BDO Global Privacy Policy require all BDO member firms to maintain policies, procedures and training on confidentiality, information security and data protection, with compliance monitored by BDO Global through the BDO Global Compliance Reporting System.

As information security and data privacy risks continue to evolve, including through technological change, we will continue to strengthen our governance, training, technology and culture to support the resilience and sustainability of the organisation.



Appendices

Context

Messages from our leaders

Message from our Independent Non-Executives

About us

Governance

Audit quality

Ethics and independence

Risk management



Appendices

A Network and legal structure

B Principal Risks

C Firm Metrics

D Compliance statements

E Biographies

F Information about our Independent Non-Executives

G Meeting attendance and tenure

H Audit Firm Governance Code mapping

I Local Auditors (Transparency) Regulations mapping

J EU Regulation mapping

K Financial information

L List of EU/EEA audit firms

M List of Public Interest Entities and EEA regulated entities

N List of major local audits

O Glossary



A: Network and legal structure

BDO LLP

- BDO LLP is a UK limited liability partnership owned by 327 members (referred to as equity partners) as at 3 July 2026
- BDO Northern Ireland is an independent partnership from BDO LLP
- A service company, BDO Services Limited, provides professional and business services to BDO LLP
- BDO is an international network of public accounting, tax and advisory firms, each of which performs professional services under the name of BDO
- BDO is the brand name for the BDO network and all BDO member firms.

BDO Global

- Each BDO member firm is a member of BDO International Limited, a UK company limited by guarantee, as either a voting member or a non-voting member
- BDO International Limited is the governing entity of the BDO network and sets the membership obligations of the BDO member firms through the Articles and Regulations of BDO International Limited
- The BDO network is governed by the BDO Council, the BDO Global Board and the BDO Global Leadership Team of BDO International Limited
- The BDO Council comprises one representative from each voting BDO member firm and represents the members of BDO International Limited in general meetings
- The BDO Council, which meets at least once a year, approves the network's central budget, appoints the BDO Global Board and approves any changes in the Articles and Regulations of BDO International Limited
- The BDO Global Board, which is the Board of Directors of BDO International Limited, 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 BDO Global Board member is appointed for a three-year term, which is approved by the BDO Council
- The BDO Global Board sets policies and priorities for the global organisation and oversees the work of the BDO Global Leadership Team
- The BDO Global Leadership Team, led by the Global Chief Executive Officer, coordinates the activities of the BDO network and comprises the Chief Strategy and Operations Officer, Global Head of Risk and Compliance, Global General Counsel, Global Head of Tax, Global Head of People and Culture, Global Head of Advisory, Global Head of Audit and Assurance and Global Head of IT
- Brussels Worldwide Services BV, a Belgian limited liability company, coordinates service provision with the BDO network
- Each of BDO International Limited, Brussels Worldwide Services BV and the BDO member firms is a separate legal entity and has no liability for another entity's acts or omissions
- Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BV and/or the BDO member firms
- Neither BDO International Limited nor any other central entities of the BDO network provide services to clients
- For the financial year ended 30 September 2025, the global revenue for BDO member firms (including alliance firms) across 169 countries and territories totalled $16 billion, with 94,900 partners and staff operating from 870 offices worldwide
- Appendix L provides a detailed list of BDO member firms within the European Union/European Economic Area eligible for appointment as a statutory auditor, including their legal entity names and operating territories, together with the combined turnover achieved by those firms.

Benefits and obligations of network membership

- Our membership of the BDO network provides significant benefits, enabling us to draw on the strength, scale and expertise of a global organisation
- Membership benefits include the right to use the BDO brand, name and logo; access to a wide range of resources, methodologies and technical support; and the ability to collaborate with and refer work to and from other BDO member firms, helping us serve our clients with both local insight and international reach
- Membership of the BDO network also carries certain obligations, including compliance with the BDO network's quality standards and technical manuals in the delivery of professional services, subject to applicable legal requirements.

For the risks associated with BDO network membership, please see Appendix B.

B: Principal Risks

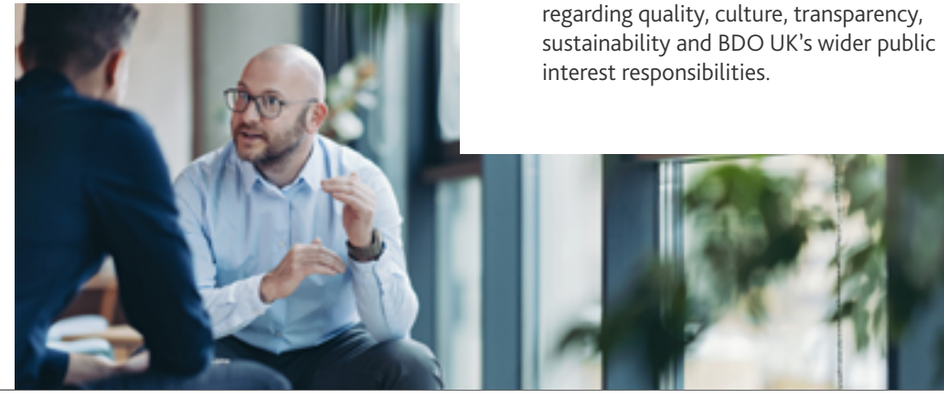
Effective risk management is fundamental to maintaining the organisation's resilience and supporting the delivery of its strategic objectives. We have identified and assessed our Principal Risks, being those risks that could have a material adverse impact on the achievement of our strategic objectives, financial position, operations, or reputation should they crystallise.

Our Enterprise Risk Management Framework provides a structured approach to the identification, assessment, monitoring and management of these risks. The framework supports the consistent application of risk management practices across the organisation and includes key controls and mitigation activities designed to manage risk within our risk appetite.

In accordance with the Audit Firm Governance Code (Revised 2022), the Executive Board (EB) undertook a robust assessment of the Principal Risks facing BDO LLP (BDO UK) for the financial year ended 3 July 2026 (FY26). This assessment considered risks that could threaten our business model, future performance, solvency or liquidity, and encompassed the full range of services and operational activities undertaken by us.

In performing this assessment, the EB considered a range of external and internal developments that may influence our risk profile, business performance and ability to deliver sustainable, high-quality outcomes, including:

- Heightened regulatory scrutiny and evolving expectations relating to audit quality, governance, professional standards and the maintenance of public trust
- Workforce demographics and changing employee expectations, including the attraction, development and retention of talent



- Technological change, digital transformation and information security, with particular consideration given to the pace and breadth of artificial intelligence (AI) adoption across BDO UK, both within our own operations and in the delivery of client engagements, together with a fast-moving regulatory environment
- Economic, market and geopolitical uncertainty and its potential implications for clients, financial performance, business resilience and execution of strategic objectives
- Changes in government policy, legislation and regulation affecting our business and our operating environment
- Increasing stakeholder expectations regarding quality, culture, transparency, sustainability and BDO UK's wider public interest responsibilities.

Reflecting the increasingly dynamic technology and economic landscape in which we operate, two additional risks have been incorporated within the Principal Risk profile during FY26: Artificial Intelligence and Financial Performance. Their inclusion recognises the growing strategic significance of emerging technologies and our ability to invest in technology as well as other resources to continue to serve the public interest.

We continue to develop our AI capabilities to enhance both client service delivery and the efficiency of our internal operations. In recognition of the opportunities and risks associated with the increased use of AI, we are implementing our AI Governance Framework (AIGF) to support the safe, secure and responsible adoption of AI technologies. During the year, the EB approved the firmwide AI Strategy, establishing the governance, risk management and operating principles that will guide the organisation's use of AI and support the delivery of its strategic objectives.

The AIGF remains an area of ongoing development as we seek to further embed associated policies, processes and controls and mature our approach in line with evolving technology, regulatory requirements and market expectations. Given the interdependencies between AI, Technology, and Confidentiality and Information Security Principal Risks, work is underway to further integrate these frameworks and strengthen the overall control environment. This will support the effective management of AI-related risks while enabling us to realise the benefits of AI in a controlled and well-governed manner. The continued embedding of the framework and the delivery of AI-enabled benefits will remain a key area of focus over the coming period.

While data was recognised as a standalone Principal Risk in the prior year, its removal was approved by the EB. While data remains fundamental to our operations, strategy and decision-making, assurance activities concluded that data-related risks are more appropriately addressed through existing Principal Risks, including Confidentiality and Information Security, Technology and Artificial Intelligence, together with supporting governance frameworks. This change reflects a refinement of BDO UK's risk categorisation and not a reduction in oversight.

B: Principal Risks

Audit Quality Principal Risk exposure has reduced during the year, reflected in the downward trend assessment. This is primarily attributable to the continued embedding of BDO UK's audit quality improvement and standardisation programmes, which have strengthened consistency in audit execution, enhanced methodology compliance and reinforced quality-related controls across the practice. Internal monitoring and assurance activities have provided increasing evidence that these initiatives are delivering the intended outcomes and contributing to improvements in the overall control environment.

External regulatory inspections, together with internal quality reviews and monitoring activities, continue to identify areas requiring further focus and enhancement. However, the nature and extent of findings indicate that the organisation's exposure has reduced compared to the prior year. Audit quality remains a significant area of focus.

Our ongoing assessment of the Client Portfolio Principal Risk considered evolving strategic priorities, the international nature of client engagements and our role within a global network, and the broader economic environment in which our clients operate. As a result, the residual risk assessment was recalibrated to reflect the evolving nature of our operating environment. We continue to maintain a strong focus on managing risk throughout the client acceptance and continuance process. Continued scrutiny of the audit profession, together with regulatory inspection outcomes and regulatory fines imposed during the year, were key considerations in our assessment of Reputation Principal Risk. These developments informed a reassessment of the risk, resulting in an updated rating that reflects our current risk profile and external context.

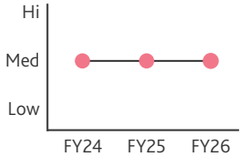
The management of our Principal Risks is underpinned by a strong firmwide culture and a comprehensive mandatory training curriculum. These foundational elements promote ethical behaviour, reinforce our Values and professional standards, and ensure that colleagues are equipped to identify, assess and manage risks effectively. Together they support a risk-aware culture, strengthen accountability and enhance the effectiveness of our overall control environment. Given their pervasive application across the organisation and relevance to all Principal Risks, these mitigants are considered inherent components of our risk management framework and are therefore not separately identified within each Principal Risk disclosure.

The Principal Risks remain under regular review. The table on the next pages summarises the Principal Risks as determined by the Quality and Risk Executive and the EB that were effective on 3 July 2026.



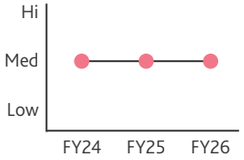
B: Principal Risks

Principal Risk
Geopolitical and Macroeconomic BDO UK fails to adequately navigate and respond to the complex and volatile geopolitical and macroeconomic landscape, including political shifts, international conflicts and market instability, which may disrupt our strategic decision-making and operational processes, impacting our ability to maintain competitive advantage, seize growth opportunities and meet client needs.

Residual risk trend	Risk drivers	Key mitigants
 **Risk trend: no change**	▶ **Political uncertainty:** Political uncertainty in key jurisdictions, such as the UK and US, increases volatility and the chance of sudden government policy changes, such as trade tariffs, potentially leading to trade wars. This may reshape global cooperation, and create strategic, commercial and operational challenges for the organisation ▶ **Increased volatility:** Increased global volatility, evidenced by ongoing conflicts in Ukraine and the Middle East, heightens the risk of unplanned disruptive events. Resulting market instability in international markets, may impact supply chains, capital markets, client engagements and the organisation's ability to operate consistently across affected regions ▶ **Global markets:** Global economic uncertainty and subdued UK growth, driven by high labour costs, weak consumer confidence, energy crises and inflationary pressures, may constrain client spending. These factors collectively threaten the organisation's revenue stability and ability to maintain strategic growth, as clients and markets become increasingly cautious and conservative in their financial commitments.	▶ Multi-year forecasting, scenario analysis and going concern assessments support resilience and are reviewed by oversight bodies ▶ Annual budgets, monthly performance monitoring and quarterly reporting to the EB and the Oversight Board (OB) ensure timely oversight and action on variances ▶ The 2028 Vision and growth strategy is communicated firmwide, with progress regularly reviewed by the EB and the OB ▶ Regular portfolio reviews by the EB consider market activity and delivery against strategy ▶ Forward-looking programme of strategic initiatives to ensure a curated and balanced portfolio which is aligned to the organisation's growth objectives and long-term competitiveness ▶ Firmwide horizon scanning ▶ Working capital management processes and controls ▶ The BDO UK Managing Partner sits on the BDO Global Board, supporting alignment of global and UK priorities ▶ BDO UK representation on key global committees, including risk, people, ethics and independence ▶ BDO Global provides regular updates on emerging external risks ▶ Established crisis management and business continuity arrangements, supported by regular scenario testing and response planning ▶ External engagement within the profession, business community and wider political environment.

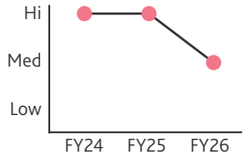
B: Principal Risks

Principal Risk
Strategic Change and Delivery The 2028 Vision, the underpinning strategy model and the execution operating model, may lack alignment and the agility necessary to effectively navigate the rapidly changing and competitive environment in which we operate. This could result in a failure to meet evolving client needs and missed opportunities, ultimately hindering BDO UK's ability to maintain its competitive edge and achieve its 2028 ambitions.

Residual risk trend	Risk drivers	Key mitigants
 **Risk trend: no change**	▶ **Strategic alignment and agility:** The organisation operates in a rapidly changing business landscape and market conditions. Misalignment, or lack of agility, with our strategy may impact our ability to quickly and effectively respond to external challenges, such as disruptive business models, pricing pressures and increased competition ▶ **Evolving stakeholder expectations:** There is increased scrutiny and attention on societal and cultural agendas, evolution of client needs and expectations and greater scrutiny on the profession. Failure to align our strategic direction may impact our ability to grow and negatively impact our reputation within the market ▶ **Technological change and innovation:** Technological advancements are rapid and increase the need for continuous innovation and development. Failure to adapt, may result in operational inefficiencies, missed opportunities and erosion of market share ▶ **Strategic projects execution:** Strategic decisions in pursuit of BDO UK's growth strategy may result in specific projects, including merger and acquisition activity. Failure to perform robust planning, monitoring and oversight may have an adverse impact on achieving strategic outcomes.	▶ The 2028 Vision and growth strategy is communicated firmwide, with progress regularly reviewed by the EB and the OB ▶ Regular portfolio reviews by the EB consider market activity and delivery against strategy ▶ Firmwide horizon scanning ▶ High-value initiatives and commercial decisions are subject to risk-based approval, considering alignment, spend and risk ▶ Investment and change initiatives are prioritised and approved through formal governance to ensure alignment with strategy, risk and available resources ▶ The EB oversight of digital transformation, supported by external benchmarking ▶ Dedicated project management functions and resources for governance over change programmes ▶ Monitoring of people utilisation ▶ Robust long-term financial resilience is supported through annual going concern assessments, strategic multi-year forecasting with scenario analysis and external regulatory reporting, all reviewed and approved by oversight bodies.

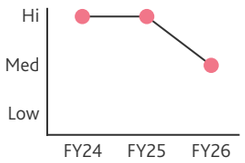
B: Principal Risks

Principal Risk
BDO Network/BDO Global The organisation may fail to leverage opportunities presented by the BDO network operating model or adequately manage risks associated with other BDO member firms, potentially compromising BDO UK's reputation and market position.

Residual risk trend	Risk drivers	Key mitigants
 **Risk trend: decreasing**	▶ **Reputational risk due to network conduct:** Being a member of one of the world's largest accountancy networks creates the opportunity for extensive collaboration and shared expertise. However, the conduct of a BDO member firm, whether through substandard services or inappropriate behaviour, may fail to comply with legal or regulatory requirements or our ethical standards leading to potential contagion effect to BDO UK ▶ **Business Model and Network Alliances risk:** The increasingly complex and global landscape may result in strategic and structural misalignment within the BDO network. This could arise from changes in ownership or leadership, as well as firms pursuing divergent goals and strategies, including the possibility of member firms exiting the network. Such misalignment may hinder our ability to deliver services cohesively and negatively impact cross-border collaboration ▶ **Geopolitical risk:** Tensions within the geopolitical landscape can lead to conflicts between key member firms, especially in a global organisation like BDO. These tensions might arise from differing national policies, economic sanctions, trade restrictions or political instability, which can affect how firms operate and collaborate across borders ▶ **Market and competitive risk:** BDO UK may not fully leverage the opportunities within our global network or effectively harness the collective knowledge and capabilities available leading to missed opportunities to strengthen our competitive advantage and market position.	▶ BDO Global Board approves vision and strategy which is communicated across the network ▶ The BDO UK Managing Partner sits on the BDO Global Board, contributing to strategic decisions and overseeing global leadership and performance ▶ BDO Global maintains mandatory global policies, supporting consistent practices across the network ▶ International quality inspection programme reviews member firms' compliance with professional and quality standards ▶ BDO UK representation on key global committees, including risk, people, ethics and independence ▶ BDO Global provides regular updates on network developments and emerging external risks ▶ The BDO UK International Liaison Partner supports cross-border service delivery ▶ The EB maintains strong bilateral relationships with key member firms including alignment of strategy.

B: Principal Risks

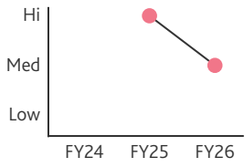
Principal Risk
Legal and Regulatory BDO UK does not comply with laws and regulations which could lead to regulatory action, legal claims, significant financial/non-financial sanctions and/or reputational damage.

Residual risk trend	Risk drivers	Key mitigants
 **Risk trend: decreasing**	▶ **Regulatory and legal compliance:** Increasing complexity and evolving legal and regulatory requirements, if not effectively managed may result in non-compliance and reduced operational efficiency ▶ **Operating and delivery model:** Evolving operating and delivery models, including mergers and acquisitions activity and expanded use of offshore or extended delivery teams, may introduce heightened risk of legal and regulatory non-compliance if not effectively managed ▶ **Third-party reliance:** Dependencies on third parties and cross-border delivery models, without effective oversight, may result in non-compliance with applicable laws and regulations and increased exposure to litigation ▶ **Technology and digital transformation:** In the context of rapid technological change, introducing technology, including AI, without robust oversight and due diligence may result in non-compliant or unreliable outputs and inadequately managed legal and regulatory risks ▶ **Quality of service:** In response to evolving client expectations, introducing new service lines without robust assessment of skills, resources and delivery capability may result in outputs that do not meet required standards ▶ **Business model and integration:** Strategic growth initiatives, including mergers and acquisitions, could heighten legal and regulatory risks if due diligence and post-acquisition integration are not effectively executed.	▶ The EB and the Office of General Counsel (OGC) oversight of legal and regulatory risk, ensuring identification, assessment and escalation ▶ The OGC operates under clear terms of reference, with roles and responsibilities periodically reviewed to ensure effectiveness ▶ Comprehensive risk reporting, triage and allocation ▶ Comprehensive policies covering key risk areas (including client acceptance, non-standard terms and new services) are maintained, regularly updated and accessible to all employees ▶ Frameworks to support compliance with legislation, for example, Professional Conduct in Relation to Taxation, Economic Crime and Corporate Transparency Act 2023 and General Data Protection Regulation ▶ All engagements are subject to formal acceptance and continuance procedures. Mandatory annual training and firmwide declaration processes reinforce compliance and individual accountability ▶ Horizon scanning supports early identification and escalation of emerging risks to senior governance forums ▶ Third-party due diligence and onboarding frameworks ▶ Structured governance, due diligence and monitoring of suppliers ▶ New service lines are subject to formal approval and oversight through established governance structures ▶ Dedicated Steering Committee overseeing all strategic investment and initiatives.

B: Principal Risks

Principal Risk
Audit Quality BDO UK may not consistently deliver high-quality audits that meet professional requirements and stakeholder expectations, as a result of weaknesses occurring in the design or operation of its system of quality management (SoQM). This could lead to regulatory breaches, sanctions or reputational damage.

Residual risk trend



Risk trend: decreasing

Risk drivers

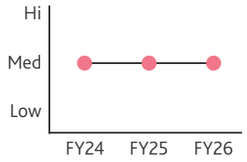
- **Competitive market:** The increasingly competitive and evolving audit market necessitates continued investment in our people, SoQM, tools and technology. A lack of investment may hinder our ability to meet evolving expectations and requirements and adversely impact audit quality
- **Inspection outcomes:** Adverse inspection outcomes may lead to regulatory scrutiny, sanctions and reputational damage, weakening the organisation's market position
- **Culture and behaviours:** Failure to cultivate an appropriate culture and expected behaviours that prioritise quality, independence, ethical principles and continuous improvement may adversely affect the efficacy of our SoQM and weaken professional judgement and scepticism that are required for consistently high-quality audits
- **Talent and capability:** The audit profession faces intense competition for talent. This could impact our ability to attract, develop and retain talent, impacting audit delivery and quality
- **Highly regulated:** The organisation operates within a highly regulated market and is subject to oversight from multiple regulators, including the Financial Reporting Council, Institute of Chartered Accountants in England and Wales and Public Company Accounting Oversight Board. BDO UK's focus on continuous improvement and strengthening systems and processes to support our growth involves a number of change programmes. Failure to effectively manage this change may result in inconsistency in audit quality
- **Competition:** Competition is intensifying within the mid-market sector and as we deliver our growth strategy, failure to set an appropriate portfolio risk appetite and ensure alignment throughout the organisation regarding the interdependence of imperatives regarding profitable growth and quality improvement may cause BDO UK to accept or retain audit engagements that are misaligned to our capacity and capabilities which exposes the firm to failures in audit quality
- **Cross-border engagements:** As an audit firm responsible for auditing some of the UK's largest companies, delivery of our audits increasingly involves cross-border engagements which introduce greater complexity in ensuring independence and ensuring consistent high audit quality. A lack of continued investment in effective global platforms, insufficient collaboration or inconsistency in quality standards may adversely affect audit quality
- **Evolution of the technology environment:** The audit market is rapidly evolving in terms of the use of technology within audits and the audit of technologies within audit clients. Failure to design and implement a clear strategy to evolve our audit approach, supported by appropriate investment in technology and skills, may result in reduced competitiveness and quality of audits as market expectations and regulatory requirements develop.

Key mitigants

- Clear tone at the top, supported by defined professional judgement principles and risk reporting
- The organisation has implemented a SoQM, designed to ensure the delivery of high-quality engagements and comply with professional and legal requirements
- Governance framework and regular reporting on audit quality to leadership (the EB, the Audit Executive and the Audit Quality Executive) and oversight bodies including the Audit Board
- Quality monitoring and assurance reporting by BDO Global
- A Single Quality Action Plan to drive audit quality improvement with ongoing monitoring and remediation
- Continued investment in our lines of defence to provide support to audit teams
- Rigorous and consistent partner and staff performance systems linked to audit quality
- Reward and recognition consistently linked to audit quality outcomes
- Proactive support for engagements through our Audit Quality Leads network, in-flight reviews, consultations, engagement with specialists and experts and Centres of Excellence
- A defined Professional Judgement Framework to ensure consistent, high-quality professional judgements, fundamental to the delivery of high-quality audits
- Use of technology-enabled tools, including the global audit platform and audit analytics
- A programme of standardisation of the application of our audit methodologies
- Robust client acceptance and continuance procedures and controls
- Defined portfolio risk appetite for listed and public interest entity audits
- Oversight of third-party arrangements and delivery models including extended delivery teams.

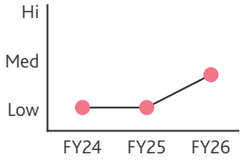
B: Principal Risks

Principal Risk
Quality of Service Delivery BDO UK fails to deliver to expected quality standards, which could result in the loss of key clients, inability to win future work, adverse reputational impacts, commercial disputes, legal claims or regulatory sanctions.

Residual risk trend	Risk drivers	Key mitigants
 **Risk trend: no change**	▶ **Strategic and governance misalignment impacting quality:** Limited integration of quality objectives into strategy, decision-making and oversight may weaken consistency, control and accountability in service delivery ▶ **Client acceptance and continuance:** Inadequate due diligence and governance may result in onboarding clients that pose elevated regulatory, reputational or quality risks ▶ **People skills and capability:** The inability to attract, retain and develop appropriately skilled resources, combined with insufficient capacity and an ineffective learning and development curriculum, may result in capability gaps, reduced innovation and an inability to meet evolving client and regulatory demands ▶ **Investment in technology:** The rapid pace of change in the technology landscape, including AI, requires investment to ensure a fit-for-future environment. Failure to invest in evolving technologies may reduce our ability to deliver high-quality services and maintain competitiveness ▶ **Knowledge and intellectual resources:** Ineffective knowledge management and limited sharing of expertise may undermine consistency, quality and informed decision-making across engagements ▶ **Execution and delivery gaps:** Inconsistent planning, oversight and quality control may undermine the reliability, timeliness and quality of service delivery ▶ **Regulatory and external pressures impacting quality:** Evolving requirements and heightened scrutiny may strain the organisation's ability to consistently deliver compliant, high-quality services.	▶ Defined governance structure for quality and risk ensuring alignment with the organisation's strategy and consistent oversight across all business areas ▶ Rigorous and consistent partner and staff performance systems linked to quality ▶ Robust client acceptance and continuance processes, supported by formal policies, procedures and training ▶ Escalation protocols for higher-risk engagements ▶ Tender approval and portfolio review process ▶ Independent quality review processes ('cold reviews') provide assurance and supports continuous improvement ▶ Four eyes principle ensures independent partner review of client acceptance, engagement scope and risk considerations ▶ Embedded quality and risk functions within each business area provide specialist oversight and support consistent management of quality and risk ▶ Firmwide policies and training, including BDO UK Code of Conduct, Professional Conduct and Ethics ▶ Independent whistleblowing channel and formal escalation processes ▶ Early careers training programmes support the development of talent in-house to build capability and sustain service ▶ Defined oversight and approval structures ensure technology investments and change initiatives are aligned to strategic priorities.

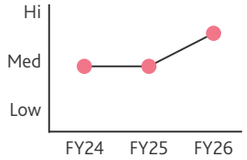
B: Principal Risks

Principal Risk
Client Portfolio Our client portfolio may not be fully aligned with the 2028 Vision and its core values, which could hinder our ability to effectively implement our growth strategy and potentially impact our reputation in the market. This misalignment might lead to challenges in achieving strategic objectives and maintaining the trust and credibility we have established with our stakeholders.

Residual risk trend	Risk drivers	Key mitigants
 **Risk trend: increasing**	▶ **Client acceptance and continuance:** Inadequate information or misalignment with strategy during client take-on or continuance could increase our exposure to financial, operational or reputational risk ▶ **Client integrity and reputation risk:** Economic volatility increases the risk that client distress or misconduct could harm the organisation's reputation, even where onboarding standards are met ▶ **People and capability:** Challenges in building and sustaining the required talent pool may impact service quality, particularly in complex and evolving areas ▶ **Competitive and commercial pressure:** Increased competition in the market could result in higher-risk clients or engagements being accepted ▶ **Service proposition and client demand:** Evolving client needs and requirements may outpace our ability to consistently deliver high-quality engagements that meet client and market expectations ▶ **Strategic alignment and portfolio risk:** Misalignment between our client portfolio with the organisation's overall strategy could lead to over-concentration in key areas and constrain growth opportunities.	▶ Client engagement acceptance and continuance policies, procedures and training ▶ Tender approvals and portfolio reviews ▶ Escalation of approval of potential bids, clients or engagements with higher risk characteristics or reputational concerns ▶ Service-specific approvals prior to firmwide acceptance processes ▶ UK and international conflict-checking processes ▶ Designated Money Laundering Report Officer (MLRO) and Money Laundering Compliance Principal roles ▶ All new service lines across the firm are approved by the MLRO and the Operations Executive (OE) ▶ Mandatory independence checks ▶ Clear vision, Values and expected behaviours reinforcing a culture of integrity and doing the right thing ▶ Firmwide mandatory training, supported by annual attestation, covers economic crime, fraud prevention and financial crime compliance ▶ Independent whistleblowing channel and formal escalation processes.

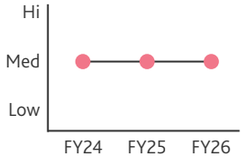
B: Principal Risks

Principal Risk
Reputation BDO UK's reputation and brand may be adversely affected by internal or external events that undermine stakeholder confidence, impairing the organisation's ability to operate effectively and build our market position.

Residual risk trend	Risk drivers	Key mitigants
 **Risk trend: increasing**	▶ **Regulatory and litigation scrutiny:** Adverse findings, enforcement actions or litigation could attract negative media coverage and reduce stakeholder trust ▶ **Professional scrutiny:** Increased public and media scrutiny of the profession could amplify the impact of speculation, information leaks or perceived failures to act in the public interest ▶ **Evolving societal expectations:** Failure to respond appropriately to changing societal and cultural expectations could weaken stakeholder confidence and trust ▶ **Complex global environment:** The volatile global landscape, including political change, economic pressures and rapid technological development, increases uncertainty for the organisation and its stakeholders ▶ **Reputation and brand positioning:** Insufficient proactive communication of the organisation's purpose, Values and impact could limit opportunities to strengthen reputation and market presence ▶ **External messaging alignment:** Misalignment between public statements and the organisation's Values or evidence base could lead to accusations of greenwashing or virtue signalling.	▶ Clear vision, Values and expected behaviours reinforce a culture of integrity and doing the right thing ▶ Confidential whistleblowing channel ▶ Integrated approach to managing our external stakeholder network ▶ Client approval processes, annual declarations and take-on processes factoring in reputational aspects ▶ Firmwide policies and training, including BDO UK Code of Conduct, Professional Conduct and Ethics ▶ Established crisis management and business continuity arrangements, supported by regular scenario testing and response planning ▶ A dedicated Corporate Affairs team, including a 24/7 press office, to manage media engagement and external communications ▶ A proactive reputation management programme, led by the Chief Communications Officer, supports consistent oversight through senior governance forums ▶ Ongoing monitoring of media coverage and social media discourse regarding BDO UK ▶ Structured risk reporting, triage and allocation processes.

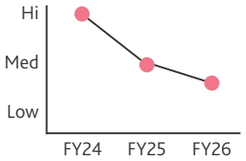
B: Principal Risks

Principal Risk
Ethics and Values In the highly regulated and competitive market in which we operate, failure to uphold and reinforce our ethics and values framework could lead to significant regulatory and reputational damage and loss of stakeholder trust, compromising the organisation's commitment to professional and regulatory standards and our ability to achieve our growth strategy.

Residual risk trend	Risk drivers	Key mitigants
 **Risk trend: no change**	▶ **Macroeconomic and commercial pressures:** Economic and geopolitical volatility could increase commercial pressures and elevate the risk of unethical behaviours ▶ **Complex delivery model:** A multi-dimensional delivery model, including third parties and cross-border arrangements, may challenge the consistent application of the organisation's Values and standards ▶ **Regulatory and public expectations:** Heightened regulatory scrutiny and evolving expectations may increase the risk of non-compliance with ethical and professional standards ▶ **Competing pressures:** Capacity constraints and competing internal and external demands could create conflicting priorities, increasing the risk of policy or regulatory breaches ▶ **Culture and tone from the top:** Failure to maintain a strong ethical culture, supported by effective leadership, may adversely affect behaviour, stakeholder confidence and reputation.	▶ A strong emphasis on integrity and ethical behaviour, reinforced through leadership and performance management ▶ A dedicated Ethics Partner and formal governance structures providing robust oversight of ethics and independence ▶ Confidential reporting channels with monitoring, escalation and anti-retaliation safeguards ▶ Defined processes for identifying, investigating and reporting breaches, including regulatory engagement ▶ Dashboards and non-financial conduct reporting support ongoing oversight of behaviours and trends ▶ Firmwide policies and training, including BDO UK Code of Conduct, Professional Conduct and Ethics ▶ Mandatory training and onboarding programmes, reinforcing ethical and regulatory expectations ▶ Annual declarations and compliance monitoring driving individual accountability and responsibility ▶ Internal audit reviews, regulatory reviews and independent oversight provide challenge and assurance ▶ Ethics integrated into hiring, client acceptance, supplier onboarding and new service approvals ▶ Procurement and contracting frameworks ensure due diligence and appropriate risk management ▶ Regular confirmations and monitoring support compliance with independence requirements.

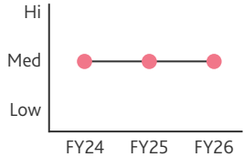
B: Principal Risks

Principal Risk
People and Culture The Feel and The Deal do not enable the organisation to attract, develop, engage and retain high-quality talent, which may hinder our ability to deliver high-quality work, excellent client service to uphold our commitment to do the right thing for business and society and to achieve our sustainable profitable growth objectives.

Residual risk trend	Risk drivers	Key mitigants
 **Risk trend: decreasing**	▶ **One Firm Culture:** Our One Firm Culture aims to foster a supportive workplace where high-performing teams thrive by living our Values and doing the right thing, together. This culture may not be effective or resonate with our people if it is not consistently role modelled, embedded in daily behaviours and viewed as inclusive for all ▶ **Current people proposition:** In an increasingly competitive professional services market, a strong people proposition is critical to attract, engage and retain talent. Insufficient investment in our people, especially in light of evolving expectations, could hinder sustainable growth, quality and doing the right thing for business and society ▶ **Future people proposition:** As our profession and client needs shift, failing to develop and evolve our people proposition or meet our publicly stated ambitions could limit our ability to attract and retain the right talent, hindering our ability to deliver the organisation's strategic ambitions ▶ **Recruitment:** Regulatory scrutiny, geopolitical uncertainty, immigration changes and skills shortages may constrain hiring and retention, increasing turnover and resourcing pressures, with potential impact on quality, engagement, wellbeing and growth ▶ **Workforce planning:** Rapid changes to the market challenge effective workforce planning, risking capability gaps and misalignment between current resource and future needs, which may affect client delivery and growth ▶ **Culture:** Strategic decisions to support BDO UK's growth ambitions, including mergers and acquisitions activity, may disrupt the One Firm Culture, particularly where organisations have differing cultures that require alignment.	▶ Development, implementation and active monitoring of our One Firm Culture (The Feel) and our People Proposition (The Deal) ▶ The People, Culture and Purpose Executive (PCPE) monitors progress embedding the One Firm Culture and People Proposition through regular review of dashboards and key performance indicators ▶ Governance structures, including terms of reference as appropriate, in place for the PCPE and sub-executives ▶ Future Culture Advisory Board conducts horizon scanning to inform the organisation's culture and workforce beyond the 2028 Vision and growth strategy ▶ Defined stream-specific behaviours and accountable leaders ensure consistent embedding of the One Firm Culture and People Proposition ▶ All elements of our People Proposition embedded within all areas of our employee lifecycle processes ▶ Robust recruitment and onboarding processes reviewed and updated on an annual basis ▶ Proactive development, implementation, embedding and monitoring of our inclusion and belonging, social mobility and environment, social and governance (ESG) strategies ▶ Regular benchmarking of pay and reward ▶ Formal succession planning process identifies critical roles, with leadership review to ensure continuity and resilience ▶ Human resources policies and procedures for all areas including health and wellbeing and inclusion and belonging are regularly reviewed to ensure alignment with best practice ▶ Speak-up mechanisms which are actively monitored to identify trends and inform areas of focus ▶ Our talent attraction approach is aligned to our People Proposition and our processes identify and test the appropriate skills and competencies ▶ PCP representation on Central Resourcing Subgroup and working groups ▶ People and culture considerations are embedded in integration activity for mergers.

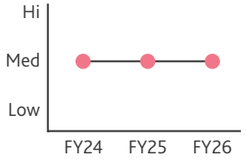
B: Principal Risks

Principal Risk
Climate and Sustainability Failure to develop and integrate robust climate and sustainability strategies into our business operations and client service offerings or meet our commitments and targets, may compromise business resilience, expose the organisation to regulatory scrutiny and reputational harm and reduce the organisation's ability to attract and retain clients and talent. In a market that increasingly prioritises climate and sustainability, this could also result in missed opportunities for growth and innovation.

Residual risk trend	Risk drivers	Key mitigants
 **Risk trend: no change**	▶ **Sustainability priorities and stakeholder expectations:** Increasing stakeholder expectations may challenge the organisation's ability to identify material issues, deliver meaningful progress and communicate performance credibly and transparently ▶ **Commitments and targets:** Competitive pressures and cost constraints may limit the organisation's desire and capacity to invest and deliver against sustainability and climate commitments ▶ **Sustainability regulation and compliance:** Evolving sustainability reporting standards and heightened scrutiny may strain resources, skills, data, systems and budgets, increasing the risk of non-compliance, inaccurate reporting or unsubstantiated claims ▶ **Sustainability and ESG products and services (including climate):** Demand for sustainability and climate offerings is increasing, as is the need to respond to the needs of regulators and other stakeholders. At the same time there is a growing market expectation for sustainability and climate to be considered as an integral element of our broader products and services portfolio ▶ **Operational and supply chain resilience:** Limited understanding or response to physical and transitional climate risks may, over time, impact the organisation's operational and value chain resilience.	▶ Publication of our Impact Report with externally assured environmental and social metrics aligned to a recognised standard ▶ Regular horizon scanning covering upcoming regulatory requirements, evolving stakeholder expectations, changes to existing reporting frameworks and standards ▶ Publicly stated targets for our priority ESG topics ▶ Purpose to Impact framework defines our approach to sustainability priorities. This is informed by a Double Materiality Assessment which identifies material issues ▶ A People, Culture and Purpose EB member provides leadership oversight to ensure focus and investment in key sustainability priorities, including inclusion, social mobility, while the Chief Operating Officer is responsible for our decarbonisation programme ▶ Structured decarbonisation programme covering how we work, buy and advise ▶ Under our Climate-related Financial Disclosures requirement, we conduct analysis and report on any material physical and transitional risks, alongside mitigation measures.

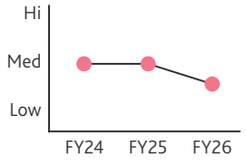
B: Principal Risks

Principal Risk
Confidentiality and Information Security Failure to adequately safeguard client or personal data from threats to integrity, confidentiality and availability could lead to unauthorised disclosure, loss or corruption of information, with potentially significant regulatory, legal, operational and reputational consequences.

Residual risk trend	Risk drivers	Key mitigants
 **Risk trend: no change**	▶ **External cyber threat landscape:** Increasingly sophisticated external factors, including those leveraging automation and AI, may target the organisation to compromise data or disrupt operations ▶ **Malicious insider activity:** Individuals with authorised access may misuse systems, privileges or data, leading to unauthorised disclosure, manipulation or disruption of critical services ▶ **Unintentional insider risk:** Human error, including misdirected communications, misconfiguration and phishing, may result in data loss or security incidents ▶ **Third-party exposure:** Dependence on third-party service providers whose security environment or controls may be vulnerable to potential data breaches or disruption to services, including those involving sensitive client information ▶ **Regulatory environment:** Evolving data protection and technology regulations increase compliance obligations and scrutiny ▶ **Technology governance:** Inadequate oversight and governance of technology, including 'shadow IT' and informal development, leading to security vulnerabilities and gaps in established controls.	▶ Globally recognised standards such as ISO27001:2022 (Information Security Management System) certification and Cyber Essentials Plus certification ▶ An Information Security Committee, with EB representation, providing strategic direction and overseeing effectiveness of, and compliance with, the organisation's information security governance frameworks ▶ A structured Three Lines Model, including dedicated IT Governance, IT Security, Chief Information Security Office, Data Protection and Internal Audit teams ▶ Business continuity and disaster recovery planning overseen by the Business Continuity Management Committee ▶ Suite of policies and procedures aligned to legal, regulatory and best practice outcomes ▶ Controls and assessments consider reliance on third-party providers, supporting resilience and security across critical services ▶ Threat intelligence.

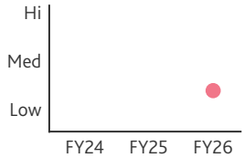
B: Principal Risks

Principal Risk
Technology The organisation may fail to effectively govern, implement and leverage technology, leading to operational disruptions, reduced service quality or a loss of market relevance.

Residual risk trend	Risk drivers	Key mitigants
 **Risk trend: decreasing**	▶ **Technology evolution and innovation:** Rapid technological advancements, including AI, require investment to respond to client and regulatory requirements ▶ **Third-party and cloud reliance:** Increased dependency and accessibility of third party and cloud providers heighten risks and requires effective controls to ensure governance, assurance and strategic alignment ▶ **Technology resilience and continuity:** Disruption from cyber threats, third-party dependence or infrastructure outages may impact the organisation's ability to sustain critical operations during disruptions and deliver client services ▶ **Technology governance:** Limitations in the effectiveness of technology governance frameworks could reduce the organisation's ability to maintain operational stability and deliver critical services ▶ **Operating model complexity:** Complexity arising from changes to the operating model (including mergers, acquisitions and organisational restructuring) may strain the organisation's ability to integrate or change systems, processes and platforms in a controlled, efficient and compliant manner.	▶ Defined IT Strategy with monitoring and oversight by the IT Board and the OE ▶ Suite of IT policies and procedures, including a technology governance framework ▶ Established IT governance bodies providing clear accountability and oversight throughout the technology lifecycle ▶ Independent assurance and certifications (including ISO 27001 and Cyber Essentials Plus) ▶ The Three Lines Model supports the protection of systems and data ▶ Threat intelligence and tooling ▶ Structured change delivery frameworks and governance ▶ A dedicated innovation function supports the responsible adoption of emerging technologies, including AI ▶ Procurement Policy defining technology sourcing and vendor management processes ▶ Disaster recovery and business continuity plans to support continuity of critical technology services ▶ Established processes support the identification, escalation and resolution of technology incidents, including root cause analysis and remediation.

B: Principal Risks

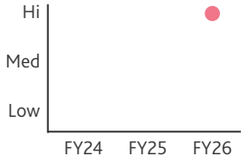
Principal Risk
Financial Performance BDO UK's financial performance may be adversely affected if the organisation does not effectively anticipate and adapt to changing market conditions, while also managing increasing financial pressures which threaten the organisation's growth and stability.

Residual risk trend	Risk drivers	Key mitigants
 **Risk trend: new Principal Risk in FY26**	▶ **Macroeconomic environment and revenue:** Adverse global macroeconomic conditions, combined with subdued UK growth projections, present a significant risk to the organisation's operations and its ability to manage costs, sustain and grow revenue streams ▶ **Market competition:** The organisation operates in a highly competitive market and intense competition may drive pricing pressure, requiring strategic pricing strategies and robust financial management ▶ **Cost environment:** The UK Government's ongoing employment and fiscal reforms may increase the cost base, reducing margins if not effectively managed ▶ **Strategic investment:** Increasing competition and economic volatility may lead to suboptimal investment decisions, potentially constraining strategic growth ▶ **Partner remuneration:** Operating in a competitive market, combined with economic pressures, may impact financial growth and performance, reducing the distributable profit pool ▶ **Working capital management:** Volatile conditions may impact cash flow and financial flexibility, affecting the organisation's ability to fund operations and growth.	▶ Annual budgeting, performance monitoring and senior oversight support effective financial control ▶ Five-year strategic financial planning and scenario analysis inform strategic decision-making ▶ Regular reforecasting and monthly financial reporting enable early identification of variances and support timely management action ▶ Comprehensive management reporting, supported by internal controls over financial reporting ▶ Centralised monitoring and oversight of revenue and pipeline management over business development activity across the organisation ▶ Ongoing liquidity monitoring, stress testing and annual going concern assessments support financial resilience and stability ▶ A balanced client portfolio and organisational structure reduce reliance on specific clients or sectors and support sustainable growth ▶ Dedicated governance, including the Tax Strategy Board supports compliance with evolving requirements ▶ Working capital management processes and controls ▶ Established governance structure for the delivery and oversight of strategic initiatives.

B: Principal Risks

Principal Risk
Artificial Intelligence There is a risk that BDO UK's use of, or failure to use, AI gives rise to harm, regulatory breach, reputational damage, loss of competitive position or failure to realise commercial value from AI-enabled services.

Residual risk trend



Risk trend: new Principal Risk in FY26

Risk drivers

- **Quality and defensibility of AI-assisted work:** Ensuring AI-assisted outputs are accurate, reliable and subject to appropriate professional judgement and human oversight. We must be able to demonstrate that the use of AI is reasonable, proportionate and professionally justifiable
- **Regulatory and professional standards environment:** The rapidly evolving regulatory landscape presents ongoing compliance obligations and requires us to monitor and respond to legislative, regulatory and professional standards developments relating to AI
- **Pace of adoption and competitive position:** Our competitive position depends on adopting and deploying AI capabilities at an appropriate pace to meet evolving client expectations and market developments
- **Workforce, capability and cultural change:** AI is reshaping ways of working, creating the need to adapt skills, training, resourcing models and workforce structures while supporting effective cultural change across the organisation
- **Third-party and vendor dependency:** Our AI capabilities rely on a limited number of technology providers, creating dependencies that require effective oversight of vendor performance, resilience and contractual arrangements
- **Commercial execution risk:** Delivering complex engagements requires effective scoping, pricing, governance and resource management to achieve desired client outcomes while maintaining quality and profitability
- **Failure to scale AI:** Realising the benefits of AI depends on the successful integration and adoption of AI capabilities across services and internal operations at an enterprise-wide level
- **Data readiness risk:** Effective use of AI depends on the availability of high-quality, well-governed and accessible data to support decision-making, service delivery and innovation
- **Client pricing pressure:** Increased market competition and changing client expectations may place pressure on pricing, profitability and the organisation's ability to sustain investment in future capabilities
- **Ethical and societal impact:** Maintaining stakeholder trust requires us to manage ethical, regulatory and public interest considerations associated with AI, client activities and broader business operations.

Key mitigants

- The EB approved AI Strategy and pathway
- EB member ownership and accountability for AI Strategy and implementation
- Firmwide policies governing the acceptable use of approved AI systems, aligned to legal requirements and professional standards
- Partner and employee AI mandatory learning programme
- Oversight and approval processes for new AI use cases
- Monitoring the appropriate use of AI tools, including use of non-approved systems and the consistency and quality of client outputs
- External party benchmarking review.

C: Firm Metrics

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

We note that our external stakeholders, such as audit committees and regulators, will use Firm Metrics when assessing the quality of our external audits as well as to monitor the overall trend of audit quality within the profession. We continue to collaborate with the Financial Reporting Council (FRC) in our continued understanding of what 'good practice' represents in the use of Firm Metrics. Internally, we are continuing to re-assess our selection of Firm Metrics in parallel to the results of our International Standard on Quality Management (UK) 1 (ISQM (UK) 1) assessment, guidance issued by the BDO Global function and the outcomes of the annual reporting to the FRC (the latest of which was performed in June 2026 and the report for which can be found at: Firm Metrics).

Audit quality measures

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

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

Metrics on external investigations related to our audits

Firm Metrics Definition	Metric FY26 (FY25)	Commentary
Number of cases in the last year (5 July 2025 – 3 July 2026) in which the FRC's Conduct Committee has found against the firm or one of its partners.	2 (0)	Two such cases occurred during the year to 3 July 2026: 1. One case resulted in a sanction in respect of BDO UK and a former audit partner in relation to a 2019 audit (details of which are published by the FRC here). 2. The other case resulted in a sanction for BDO UK and two former audit partners in relation to various matters prior to 2020 (details of which are also published by the FRC here).
Number of cases in the last year (5 July 2025 – 3 July 2026) in which the equivalent of a Conduct or Disciplinary Committee of any other Regulatory Body has found against the firm or one of its partners.	2 (2)	Two such cases occurred during the year to 3 July 2026: 1. One case resulted in an ICAEW finding against BDO UK in relation to the 2019 and 2021 audits of an entity (details of which are published by the ICAEW here). 2. The other case resulted in an ICAEW finding against BDO UK in relation to the 2020 and 2021 audits of an entity (details of which are published by the ICAEW here). Please note that a further case was included in the FY25 metric, as consent orders for the firm and a former partner had been received from the ICAEW, but not yet accepted by the firm's year end. Consent orders in respect of this matter were accepted within this financial year, but due to the prior year disclosure, this case is not re-included in the FY26 metric. Where we have enquiries from the ICAEW, FRC or other regulatory bodies, we are committed to working constructively with them to resolve these. Further details of the FRC's and the ICAEW's disciplinary processes can be found at www.frc.org.uk and www.icaew.com respectively.

C: Firm Metrics

Metrics on audit quality reviews (external)

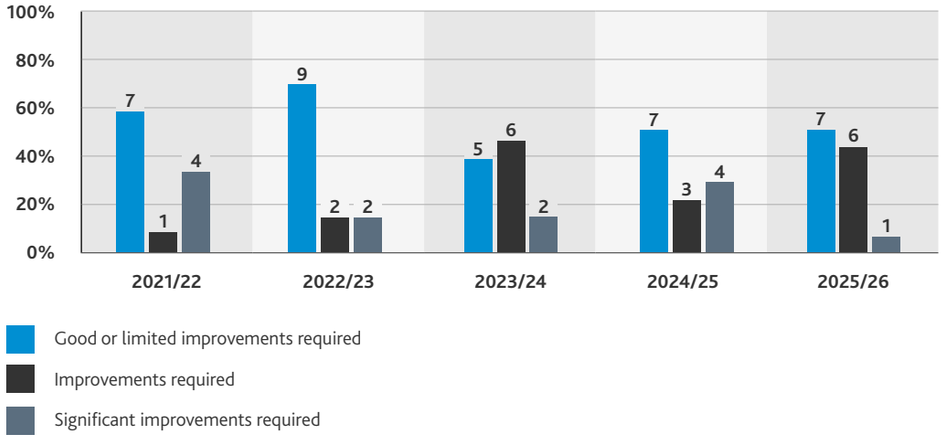
Results of inspection by the FRC's Audit Quality Review of corporate audits

The FRC's Audit Quality Review (AQR) report focuses primarily on the audits of public interest entities (PIEs). The AQR team reviews a sample of individual audits and assesses elements of our system of quality management. Separately, they provide thematic reviews on a periodic basis, which help facilitate our efforts in continuous improvement.

The most recently completed AQR report for the 2025/26 cycle was published in July 2026 and was in respect of engagements with year ends ranging from June 2024 to March 2025. The full 2025/26 AQR report on audit quality can be found at: Annual Review of Audit Quality 2026.

Due to the year ends of files selected for review, the full benefit of our multi-year transformation programme will be seen in later inspection cycles. In the shorter term, a key action is providing central support on in-flight audits through enhanced real-time reviews and targeted interventions.

None of the audits reviewed by the FRC that were subject to our enhanced real-time reviews required significant improvement, and our internal inspection results indicate a strengthening quality profile. This provides early evidence that the multi-year programme of actions is having an effect. While these early indicators are encouraging, we recognise that sustained improvement requires continual development and embedding of actions within our transformation programme.



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

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

The FRC inspected one BDO LLP (BDO UK) audit, only reviewing the financial statement audit, and this was rated limited improvement required.



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

The Quality Assurance Department (QAD) undertakes inspections of UK statutory audits which are outside the scope of the AQR's inspections.

The Institute of Chartered Accountants in England and Wales (ICAEW) did not inspect a sample of BDO UK's corporate audits this year, in accordance with its planned rotational inspection programme, and therefore there are no results included in this report.

The most recently completed review by the ICAEW's QAD was included in the FRC's July 2025 report and was in respect of engagements with year ends ranging from March 2023 to March 2024. The summary of the inspections can be found in our 2025 Transparency Report.

The next review by the ICAEW's QAD commenced in autumn 2026.

C: Firm Metrics

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

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

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

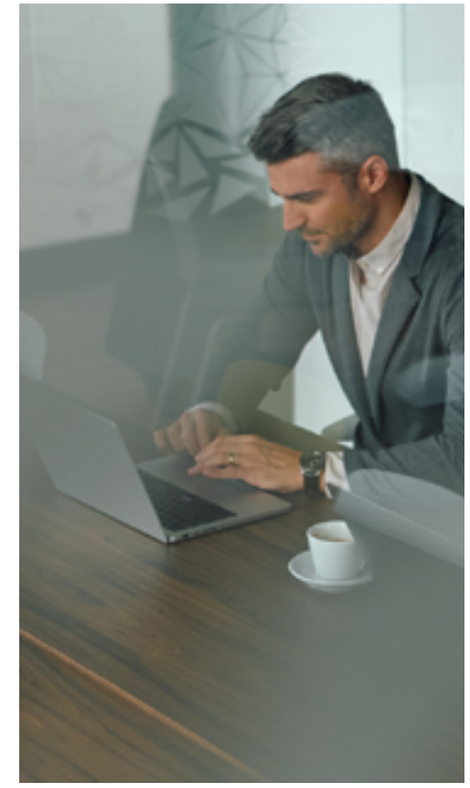
The most recently completed review by the ICAEW's QAD was for an engagement with a March 2022 year end and reference to the review was included in our 2023 Transparency Report.

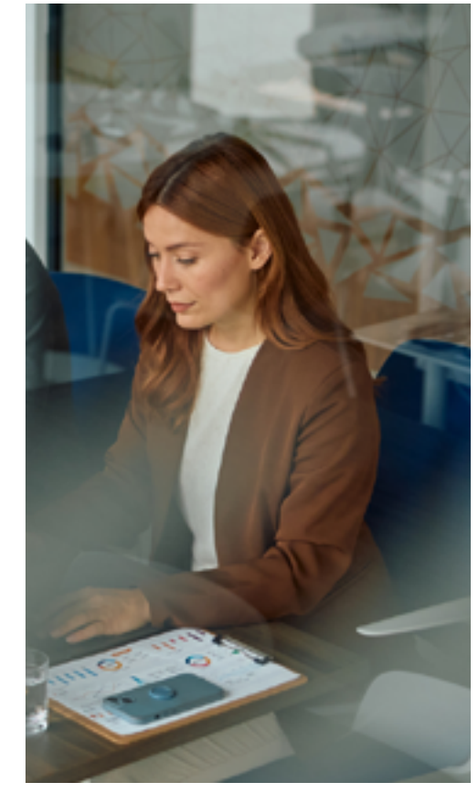
Results of inspection by the PCAOB

The United States Public Company Accounting Oversight Board (PCAOB) is the regulator for audit engagements where an entity has listed debt or equity securities in the United States overseen by the United States Securities and Exchange Commission (SEC). Reviews by the PCAOB of audit work performed on SEC Issuer and related engagements and our firm's system of quality control occur on a triennial basis, with the results historically published up to two years subsequent to the PCAOB inspection, so this may not be considered a current indication of audit quality.

In September 2024, the PCAOB conducted their most recent triennial inspection of our 2023 fiscal year end audits, including engagements related to one where the firm was the principal auditor and two where the firm was not the principal auditor. The PCAOB report issued on 11 June 2026 identified one audit where the firm played a role but was not the principal auditor with Part IA deficiencies (Audit with Unsupported Opinions) and also disclosed Part IC deficiencies related to Independence that were firm-identified. We have evaluated each of the matters described in Part IA of the report and have taken actions to respond to these matters raised by the PCAOB, as well as the Part IC matters that were firm-identified, under the standards and rules of the SEC and the PCAOB, where applicable. We remain committed to making audit quality our top priority and recognise the importance of the PCAOB's inspection findings as we identify actions to continuously improve our audit quality.

The full report can be found at: 2024 Inspection BDO LLP Release No. 104-2026-057.





C: Firm Metrics

Metrics on audit quality reviews (internal)

Results of our Practice Reviews

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

Analysis of the Practice Review (PR) results is set out at page 40.

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

In the latest review cycle (2025), 13 engagements were rated as either 'Improvements Required' or 'Significant Improvements Required'. The reduction in the proportion of engagements not reaching our expected level of audit quality, relative to the prior year, has been addressed in the Audit quality section. RCA is performed over some of these engagements at an engagement level and on a thematic basis.

Our approach to PRs is such that each Responsible Individual (RI) will normally be subject to review every two years, with additional reviews required associated with safeguard measures for promotions, lateral hires, leavers and responses to adverse quality issues.

Where engagements are graded as 'Improvements required' or 'significant improvements required', the RI will complete a quality improvement plan, which will be submitted to both the Quality Enablement Partner and Safeguard and RI Support Director for approval, with oversight from the AQE. These are monitored on a quarterly basis by the RI's Audit Quality Lead, where evidence against planned actions taken is assessed to determine completion of the action plan.

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

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



C: Firm Metrics

Operational metrics

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

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

In addition, the Audit stream utilised extended delivery teams (EDTs) in South Africa and India to provide additional resources during the year. The total number of staff members in the EDTs at 3 July 2026 was 241 (4 July 2025: 196[6]).

Firm Metric Definition	Metric FY26 (FY25)	Commentary
Opening number of permanent partners and staff members within the Audit stream (as at 5 July 2025).	2,926 (3,117)	Where we have had a small decrease in overall headcount this is reflective of both a growth in our offshore teams, ensuring we have the right talent, and a reflection of the current UK market.
Number of newly recruited and internally seconded/transferred permanent partners and staff members to the Audit stream within the period 5 July 2025 – 3 July 2026.	548 (659)	The minor variance identified in the Headcount Reconciliations for both FY25 and FY26 is reflective of individuals either moving from Professional to Support Roles or Casual Workers to Regular Employees during the period, which are not regarded as either New Joiners or Leavers from the Audit stream per the definitions provided above.
Number of leavers and internally seconded/transferred permanent partners and staff members from the Audit stream within the period 5 July 2025 – 3 July 2026.	713 (848)	The difference between the FY25 closing position and the FY26 opening position relates to those staff movements that took place on 5 July 2025 itself and the remapping of worker types. The Audit stream has experienced growth in the EDTs over the period, with overall numbers remaining closely aligned to those budgeted. Of the 713 leavers, 53 were transfers who remained within BDO UK.
Closing number of permanent partners and staff members within the Audit stream (as at 3 July 2026).	2,764 (2,930)	

Metrics on RIs

Firm Metric Definition	Metric FY26 (FY25)	Commentary
Number of Audit RIs (as at 3 July 2026)	187 (193)	Following a number of years of significant increase in RI numbers, there has been a reduction this year of 6 (3%). We continue to invest in senior expertise and are confident in the strength of our leadership pipeline to support audit quality and the continued growth of the business, and the reduction is reflective of a number of retirements towards the end of this financial year.
Ratio of RIs to non-RI audit client-facing permanent staff members within the Audit stream (as at 3 July 2026)	7.6% (7.4%)	



6. Prior-year EDT headcount has been restated to exclude non-chargeable staff and contractors.

C: Firm Metrics

Investment metrics

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

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

The total structured learning for our Audit partners and staff members equates to a little under two weeks on average per person. A number of one-off modules were included as part of our curriculum in the financial year ended 4 July 2025 (FY25), including ISA (UK) 600 content, bespoke learning on cultural intelligence and supplementary engagement quality reviewer learning for our senior leaders. These are not standalone elements within the curriculum in the financial year ended 3 July 2026 (FY26); rather, they have been incorporated as appropriate into our main curriculum as part of our ongoing streamlining and optimisation efforts. Further, FY26 saw a full running of all three years of our revised EiC curriculum, which has been phased in over the last two years. We continue to tailor our curriculum so that individual elements are targeted only at those in relevant audience groups as opposed to the full stream, resulting in a more focused offering. Hours year-on-year fluctuate based on specific topics covered and phasing of learning to align with application in role.

100% completion is expected on all structured learning. Minor fluctuations occur year-on-year, the result of numerous factors including the timing of learning release versus reporting date, employee sickness and other absences.

To support timely completion of learning, the standard completion window for audit required learning was reduced to 25 days (from 30 days) from July 2025. This has had no detrimental effect on completion levels and has, as hoped, driven an improvement in the overall timeliness of completion. This supports our people by ensuring they complete learning nearer to the point of need.

Overall non-completion levels are minimal, and each case is followed up as appropriate. Non-completion forms part of our assessment of overall performance for employees and partners, with appropriate follow up action taken, in line with our policies.



C: Firm Metrics

Overall metrics on investment in training

Firm Metric Definition	Metric FY26 (FY25)
Average hours of structured learning per person in the Audit stream	62 (70)
Total hours of structured learning completed by all staff members and partners within the Audit stream	189,613 (225,001)
Percentage of completions of structured learning in the period 1 July – 30 June	99.33% (99.60%)

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

We believe the learning undertaken by our partners and staff members supports them to meet the ICAEW's continuing professional development requirements.

Culture and behaviour metrics

Refer to page 63 for details of key culture and behaviour metrics.

Other reportable Firm Metrics

The final reportable Firmwide Metric detailed adjacent relates to our ongoing investment activities in technology, research and development. While this is not a specific metric/measure, these activities are considered important given our obligations to act in the public interest.



Our ongoing investment activities in technology, research and development

Our Technology Risk Assurance (TRA) team works closely with core audit professionals to address complex technology risks and enhance our audit procedures through technology controls testing approaches and by using our BDO data analytics audit tools, capabilities and techniques.

All audit automated tools and techniques (ATTs) are subject to certification (excluding research tools, which are defined as external information sources following International Standards on Auditing requirements for audit evidence). The certification process includes a review and sign-off by our Information Security Office team on data privacy. All relevant ATTs that were due for certification and recertification were completed in June 2026 with no findings identified.

We are continuing to invest in embedding the TRA excellence in delivery framework and TRA Lite into our business-as-usual operating model, with this work continuing into the next financial year, focusing on consistency to drive a high audit quality culture, digital confidence in the Audit stream and growth in the market.

Furthermore, we are undertaking specific activities to enhance and clarify current IT audit methodology including our artificial intelligence methodology, to ensure it is fit for purpose.

We are also developing a strategy, plan and road map for how TRA will automate and standardise IT controls testing to drive further efficiencies and consistency in quality of TRA control procedures.

D: Compliance statements

The Transparency Report is compliant with the Audit Firm Governance Code (Revised 2022) (AFGC), Article 13 of the EU Regulation 537/2014 (as amended by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019) and the Local Auditors (Transparency) Regulations 2020.



We have included below individual statements of compliance as required by the regulations above. Compliance mapping to the individual requirements and regulations is set out in Appendices H-J.

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

As part of its annual governance processes and in accordance with the requirements of the AFGC, the Executive Board (EB) has undertaken a thorough review of the effectiveness of the organisation's system of internal controls. The EB is satisfied that the system has operated effectively during the period and remains aligned with the risk management and internal control principles set out within the AFGC, subject to the disclosures relating to the system of quality management (SoQM) evaluation set out later in this section.

Summary of the processes that have been applied

In reaching its conclusion, the EB considered a range of governance, risk management and assurance activities undertaken throughout the year, including:

- Reviewing enhancements to our governance framework arising from recommendations made following an independent external review, including changes to governance structures, oversight arrangements and challenge mechanisms
- Reviewing the establishment and operation of the Risk Oversight Committee, which supports the Oversight Board and the EB in monitoring our risk profile and providing independent challenge in relation to risk management and internal control matters
- Receiving and reviewing reports relating to quality and risk management activities, including matters considered by the Quality and Risk Executive
- Reviewing our Principal Risks to ensure that the risk profile remained aligned with our strategy, operating environment and key business objectives
- Overseeing our Enterprise Risk Management and Internal Controls Frameworks, including reviewing reporting on the effectiveness of our internal control environment supporting mitigation of our Principal Risks
- Closely monitoring the operation and effectiveness of our SoQM in accordance with International Standard on Quality Management (UK) 1 (ISQM (UK) 1), including the results of monitoring, testing and evaluation activities performed during the year
- Receiving and reviewing regular reporting on financial performance, financial controls, budgeting and forecasting, enabling ongoing oversight of our financial control environment
- Reviewing the EB sub-committee and working group activities, including consideration of the approach to Artificial Intelligence (AI) and the development of the firmwide AI Strategy
- Considering reporting from the Information Security Committee relating to information security, data protection, confidentiality arrangements and external accreditation activities, including ISO27001
- Reviewing and approving our Annual Report and associated governance disclosures
- Receiving and reviewing regular reporting from the Ethics Partner covering ethics, compliance and professional conduct matters
- Reviewing additional reporting and assurance provided by the Quality and Risk Management function and other second-line oversight teams regarding the effectiveness of our risk management and internal control environment.

D: Compliance statements

The EB's ongoing review of our system of internal control did not identify any significant failings or material weaknesses requiring disclosure. Furthermore, no material matters relating to internal control were identified for inclusion within the financial statements or management commentary of BDO LLP (BDO UK).

As part of its commitment to continuous improvement, the EB also considered opportunities to further strengthen the control environment and enhance the management of Principal Risks. Where improvement opportunities were identified, appropriate actions were agreed and are either being implemented or have been completed. Progress against these actions is monitored through the governance framework.

Effectiveness of internal quality control system as required by Article 13 of the EU Regulation 537/2014 (as amended by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019) and the Local Auditors (Transparency) Regulations 2020

The EB, which has ultimate responsibility and accountability for the SoQM under ISQM (UK) 1, has carried out an evaluation of the SoQM as at 30 June 2026. The EB concluded – in line with paragraph 54(b) of ISQM (UK) 1 – that, except for matters related to identified deficiencies that have a severe but not pervasive effect on the design, implementation and operation of the SoQM, the SoQM provides the firm with reasonable assurance that the objectives of the SoQM are being achieved.

Operational responsibility is assigned to the Operational Responsibility Committee (ORC) which consists of partners and senior leaders who lead on components of the SoQM, or quality and risk leads within service lines that fall within the scope of ISQM (UK) 1. The ORC is chaired by the Head of Audit Quality and Risk. Operational responsibility for compliance with independence requirements is assigned to the Ethics Partner who is also a member of the ORC. In addition, operational responsibility for monitoring and remediation is assigned to the Head of Quality and Risk Management.

ISQM (UK) 1 does not define severe or pervasive deficiencies and therefore we use professional judgement to define severity and pervasiveness and apply these definitions to determine whether an identified deficiency is severe and/or pervasive. We considered various factors to determine whether a deficiency was severe or pervasive, including any inadequacies in the design, implementation or operation of responses; whether the finding was likely to undermine the SoQM, including whether the related quality objective would not be met in most cases; consideration of how remediation of deficiencies identified in the preceding financial year had progressed throughout the year; and both internal and external inspection findings. We also considered whether deficiencies were likely to cause the firm to fail to comply with professional standards or applicable legal and regulatory requirements and whether they significantly impacted the firm's ability to operate its SoQM.

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

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

Inconsistency in engagement execution resulting from the need to strengthen practical understanding of how to demonstrate and evidence scepticism, professional judgement and challenge within audit teams together with associated coaching and effective review.

This severe deficiency was identified through root cause analysis on the findings from both external and internal inspections. We carried out analysis of patterns of external and internal inspection findings across different sections of our audit portfolio, including offices and sectors, as well as considering good practice examples in the same areas as our key findings to reach the conclusion that this deficiency, while severe, is not pervasive. We continue to focus on enhancing audit quality as set out in the Audit quality section of this report.



D: Compliance statements

Global conflict-checking process

As in prior years, we have concluded that there is a severe deficiency with regards to reliance on the BDO network for conflict checking as we do not receive assurance about the operating effectiveness of controls operated by the BDO network. UK audit teams carry out additional procedures at an engagement level to detect any instances of non-compliance with the conflict-checking procedures, but we remain unable to design and implement sufficient compensating controls to prevent BDO member firms carrying out non-audit services for audit clients without pre-approval. A severe deficiency therefore remains in our SoQM for the financial year ended 3 July 2026.

All BDO member firms are in the process of implementing a new conflict-checking process and system which is targeted to be in place by November 2026. This will take us a step forward to mature our SoQM as all BDO member firms will use one system. However, a global monitoring process to provide all BDO member firms with assurance over the completeness and accuracy of the system and central monitoring of all BDO member firms' compliance with policy requirements will be needed in order for us to gain assurance over the operating effectiveness of the system.



Local Auditors (Transparency) Regulations 2020 statements

Appendix I demonstrates how BDO UK complies with the Local Auditors (Transparency) Regulations 2020.



E: Biographies

Biographies of members of our oversight bodies as at 3 July 2026

Lee Causer

Partner, Birmingham, Business Restructuring

Lee has been an equity partner since 2021 and is a member of the Oversight Board (OB).

Arbinder Chatwal

Partner, Southampton, Manufacturing

Arbinder has been an equity partner since 2021. He is the Chair of the Audit Committee (AC) and a member of the OB and the Risk Oversight Committee (ROC).

Ollie Chinneck

Partner, London, External Audit - Technology and Gaming

Ollie has been an equity partner since 2021 and is a member of the AC.

Helen Detre

Head of Quality and Risk Management, London, Quality and Risk Management Team

Helen has been an equity partner since 2022. She is a member of the Quality and Risk Executive (QRE), the ROC and the Global Risk Management Committee.

Andy Goodman

National Head of Global Employer Services, London, Global Employer Services

Andy has been an equity partner since 2012 and is a member of the Nomination Committee (NomCo) and the OB.

Ariel Grosberg

Partner, London, External Audit - Banking

Ariel has been an equity partner since 2021 and is a member of the OB and the Audit Board (AB).

Sarah Hillary

Partner, London, Risk Advisory Services, Corporate Governance Lead

Sarah has been an equity partner since 2019 and is a member of the NomCo, the OB and the ROC.

Andrew Radford

Head of Professional Services, London, Professional services

Andrew has been an equity partner since 2021 and is a member of the AC.

Sandra Thompson

Partner, London, Professional Services

Sandra has been an equity partner since 2022. She is a member of the AB and the Learning Strategy Council. Sandra is also the PRIDE (our LGBT+ network) Partner Sponsor.

Andrew Viner

Global Head of Media, London, Technology, Media and Telecoms

Andrew has been an equity partner since 2004 and is a member of the OB.

Matthew White

Senior Partner

Matthew has been an equity partner since 2002. He became Senior Partner in October 2018. Matthew is the Chair of the OB and a member of the AB, the AC, the NomCo and the ROC. He is also the International Liaison Partner.

E: Biographies

Biographies of members of our Executive Board as at 3 July 2026

Gurpal Ahluwalia

Head of Deals

Gurpal has been an equity partner since 2018. He is the Chair of the Deals Executive and a member of the Executive Board (EB) and the Global Advisory Leadership Committee.

Kyla Bellingall

Head of Growth, Regions and Markets

Kyla has been an equity partner since 2018. She is the Chair of Growth, Regions and Markets Executive and a member of the EB and the Operations Executive (OE).

Andy Butterworth

Chief Operating Officer

Andy has been an equity partner since 1999. He is the Chair of the OE and a member of the EB.

Adam Frais

Head of Tax

Adam has been an equity partner since 2001. He is the Chair of the Tax Executive and a member of the EB and the Global Tax Committee.

Scott Knight

Executive Board member - Strategy and International

Scott has been an equity partner since 2003 and is a member of the EB.



Gervase MacGregor

Chief Risk Officer

Executive Board member - Legal, Governance, Quality and Risk

Gervase has been an equity partner since 1993. He is the Chair of the QRE and a member of the EB, the NomCo and the ROC. Gervase is also the Money Laundering Reporting Officer for BDO LLP.

Louise Sayers

Executive Board member - People, Culture and Purpose

Louise has been an equity partner since 2018. She is the Chair of the People, Culture and Purpose Executive and is a member of the EB, the OE and the Global People Committee.

Mark Shaw

Managing Partner

Mark has been an equity partner since 2006. He became Managing Partner in October 2024. Mark is the Chair of the EB and a member of the BDO Global Board.

Dominic Stammers

Head of Audit

Dominic has been an equity partner since 2017. He is the Chair of the Audit Executive and a member of the AB, the EB and the Global Audit Leadership Committee.

Leigh Treacy

Head of Consulting, Risk and Outsourcing

Leigh has been an equity partner since 2014. She is the Chair of the Consulting, Risk and Outsourcing Executive and a member of the EB, the ROC and the Global Advisory Leadership Committee.

E: Biographies

Biographies of our Independent Non-Executives as at 3 July 2026

Syreeta Brown

Syreeta was appointed as an Independent Non-Executive (INE) on 26 May 2026. She is the Chair of the NomCo and a member of the OB and the Public Interest Committee (PIC).

Most recently, Syreeta was Group Chief People and Communications Officer at Virgin Money UK (now part of the Nationwide Group), where she led people, culture and corporate affairs through a significant period of transformation and acquisition. Her career also includes senior leadership roles at Citi and BT Group, and trustee and advisory roles within the charity sector. Her leadership has been widely recognised through industry awards, including the UK Powerlist.

Jane Guyett

Jane was appointed as an INE on 3 January 2022. She is the Chair of the ROC and a member of the OB and the PIC.

Jane, who was awarded a CBE for her services to the economy in 2020, has extensive experience in highly regulated sectors, notably financial services and investment banking, including as Chief Operating Officer for Bank of America Securities. She has a broad portfolio of non-executive roles including at Royal London Group, TP ICAP plc, and Hiscox Group plc.

David Matthews

David was appointed as an INE on 31 January 2022. He is the Chair of the AB and a member of the AC and the PIC.

David is also a Justice of the Peace; a Trustee of Cumberland Lodge, Inter Mediate, Treloar's and the Chartered Accountants Livery Charity; and a member of the Court of the Worshipful Company of Chartered Accountants in England and Wales.

David was the President and Chair of ICAEW in 2020/21 and now chairs its Governance and Appointments Committee. Previously, he spent 38 years at KPMG, including as an audit partner responsible for some of KPMG's largest global audit clients and latterly as a member of its UK Executive Committee and Board.

Eamonn McGrath

Eamonn was appointed as an INE on 3 January 2022. He is the Chair of the PIC and a member of the AB.

Eamonn spent more than 30 years as a PLC audit partner at EY and was also on the firm's Board in a senior policy and regulatory role. He previously held non-executive positions at Cranmer Court Tenants as well as at property consulting firm Henry Riley LLP and a charity.



F: Information about our Independent Non-Executives

Candidates for our Independent Non-Executive (INE) roles are proposed and approved by the Oversight Board (OB) (acting through the Nomination Committee (NomCo)). Once appointed, the OB reviews the effectiveness and independence of the INEs. In doing this, they receive feedback from the business periodically as to the impact and contribution made by the INEs and this is communicated to them by the Managing Partner and Senior Partner. The OB implicitly reviews the effectiveness of the INEs via their contribution at the meetings of the oversight bodies which they attend and, in particular, their input into the Public Interest Committee (PIC).

Following the governance review, the NomCo formally approved the composition of each of the oversight bodies within the new framework, including each Chair. This has enabled each INE to direct their focus within the areas of responsibility assigned to the bodies which they either chair or attend as a member.

The INEs are invited to attend two meetings of the OB each year without members of the Executive Board (EB) in attendance and have the right to meet with each other on a private basis.

In addition, the INEs have the right to initiate direct access to the OB at any other time in order to report and agree a course of action in relation to any fundamental disagreements with the members of the EB. Where ultimately the disagreement cannot be resolved and results in the resignation of an INE, they also have the right to report this resignation publicly.

At present, the INEs are contracted to BDO LLP (BDO UK) for an initial three-year term, which is then reviewed by the NomCo. An additional three-year term can then be offered. At the end of the full six-year period, further rolling one-year terms may be agreed but nine years remains the maximum tenure for any INE.

The rights and duties of the INEs are set out in their letters of appointment; in particular, they:

- Provide advice on governance and fulfilment of INE obligations relating to the Audit Firm Governance Code (Revised 2022)
- Share knowledge from industry and regulatory experience
- Apply independent judgement to matters of particular concern.

Our criteria for assessing (a) the INEs' independence from BDO UK and its members and (b) their independence from our audit clients can be summarised as follows:

- Rigorous independence checks prior to appointment
- Quarterly monitoring of the INEs' personal and business relationships against the organisation's client base. Where a conflict is identified, this is addressed, for instance, by applying effective safeguards
- A requirement to sign an annual declaration confirming relevant matters relating to independence and conflicts of interest
- A requirement to advise the Senior Partner prior to accepting any additional external roles or appointments.

When a new INE joins us, they are given a full induction programme which includes meetings with key stakeholders internally and appropriate training and knowledge sharing in relation to our business and systems.

Where occasions arise that the INEs consider they need to obtain independent professional advice, they will be fully reimbursed for the cost of obtaining such advice.

We set out below the fees paid to our INEs per annum for their services.



Independent Non-Executive	Total remuneration per annum
Syreeta Brown	£125,000*
Jane Guyett	£125,000**
David Matthews	£125,000**
Eamonn McGrath	£125,000**

* Effective from 26 May 2026.
** Effective from 1 March 2026.

G: Meeting attendance and tenure

The tables below set out the meeting attendance for the financial year ended 3 July 2026 (FY26) and tenure of members of our oversight bodies and the Executive Board as at 3 July 2026.

Meetings a member was eligible to attend in FY26 are shown in brackets after the number of meetings a member attended.



	Audit Board	Audit Committee	Nomination Committee	Oversight Board[7]	Public Interest Committee	Risk Oversight Committee
Suk Aulak				16 (16) Feb 2019 – Dec 2025		
Syreeta Brown			0 (0) May 2026 – present	3 (4) May 2026 – present	0 (1) May 2026 – present	
Lee Causer				34 (34) Apr 2023 – present		
Arbinder Chatwal		7 (7) Oct 2022 – present		32 (34) Oct 2022 – present		6 (6) Oct 2025 – present
Ollie Chinneck		3 (3) Feb 2026 – present				
Fiona Condron				16 (16) Oct 2024 – Dec 2025		
Helen Detre						6 (6) Oct 2025 – present
Ola Fadipe					2 (2) Mar 2025 – Apr 2026	
Hamid Ghafoor				16 (16) Oct 2022 – Dec 2025		2 (2) Oct 2025 – Dec 2025
Andy Goodman			3 (3) Jan 2026 – present	18 (18) Jan 2026 – present		
Ariel Grosberg	5 (5) Jan 2026 – present	4 (4) Oct 2024 – Dec 2025		32 (34) Oct 2024 – present		
Jane Guyett		3 (4) Jan 2022 – Dec 2025	3 (3) Jan 2022 – Jan 2026	15 (17) Jan 2026 – present	6 (6) Jan 2022 – present	

7. The Oversight Board was renamed from the Partnership Council during FY26. Tenure and meeting attendance include service prior to the name change.

G: Meeting attendance and tenure



	Audit Board	Audit Committee	Nomination Committee	Oversight Board[7]	Public Interest Committee	Risk Oversight Committee
Jeff Harris		4 (4) Nov 2019 – Dec 2025		16 (16) Nov 2019 – Dec 2025		
Sarah Hillary			3 (3) Jan 2026 – present	32 (34) Oct 2022 – present		4 (6) Oct 2025 – present
Gervase MacGregor			6 (6) Nov 2025 – present			6 (6) Oct 2025 – present
David Matthews	8 (8) Jan 2022 – present	2 (3) Jan 2026 – present	5 (6) Nov 2025 – May 2026		6 (6) Jan 2022 – present	
Eamonn McGrath	7 (8) Jan 2022 – present				6 (6) Jan 2022 – present	
Sophie Michael				16 (16) Oct 2024 – Dec 2025		
Iain Nettleton	3 (3) Oct 2024 – Dec 2025			16 (16) Oct 2022 – Dec 2025		
Andrew Radford		3 (3) Jan 2026 – present		16 (16) Oct 2024 – Dec 2025		
Dominic Stammers	8 (8) Oct 2024 – present					
Sandra Thompson	5 (8) Dec 2024 – present					
Leigh Treacy						5 (6) Oct 2025 – present
Andrew Viner				18 (18) Jan 2026 – present		
Matthew White[8]	8 (8) Jan 2022 – present	6 (7) Oct 2018 – present	6 (6) Jan 2022 – present	34 (34) Oct 2018 – present		5 (6) Oct 2025 – present

8. Matthew White's tenure is reported from the date of his appointment as Senior Partner (October 2018) and does not reflect his total tenure as an equity partner.

G: Meeting attendance and tenure

	Executive Board[9]
Gurpal Ahluwalia	37 (39) Oct 2024 - present
Kyla Bellingall	38 (39) Oct 2024 - present
Andy Butterworth	35 (38) Oct 2016 - present
Kaley Crossthwaite[10]	0 (19) July 2022 – Jan 2026
Anna Draper[11]	9 (13) July 2022 – Nov 2025
Adam Frais	37 (38) Oct 2024 - present
Scott Knight	37 (39) Apr 2014 - present
Gervase MacGregor	35 (39) Jul 2008 - present
Louise Sayers	22 (23) Dec 2025 - present
Mark Shaw	38 (39) Oct 2024 - present
Dominic Stammers	37 (39) Oct 2024 - present
Leigh Treacy	39 (39) Oct 2024 - present



	Business Interest Oversight Board[13]	Remuneration Committee[13]	Quality and Risk Sub-Committee[13]
Suk Aulak		5 (5) Jul 2024 – Dec 2025	
Lee Causer	4 (4) Feb 2025 – Dec 2025		
Ola Fadipe	2 (4) Mar 2025 – Dec 2025		
Hamid Ghafoor			2 (2) Nov 2023 – Dec 2025
Jane Guyett	4 (4) Jan 2022 – Dec 2025		2 (2) Apr 2025 – Dec 2025
Sarah Hillary		5 (5) Dec 2022 – Dec 2025	1 (2) Nov 2023 – Dec 2025
David Isherwood	4 (4) Jan 2022 – Dec 2025		
Catherine Kewish			2 (2) Nov 2023 – Dec 2025
Eamonn McGrath	4 (4) Mar 2024 – Dec 2025		
Sophie Michael		5 (5) Oct 2024 – Dec 2025	
Andrew Radford		5 (5) Oct 2024 – Dec 2025	
Matthew White[12]	4 (4) Jan 2022 – Dec 2025	4 (4) Oct 2018 – Dec 2025	2 (2) Nov 2023 – Dec 2025

9. The Executive Board was renamed from the Leadership Team during FY26. Tenure and meeting attendance include service prior to the name change.
10. Kaley Crossthwaite was on a leave of absence until January 2026. She stepped down from the Executive Board in January 2026.
11. Anna Draper stepped down from the Executive Board in November 2025.
12. Matthew White's tenure is reported from the date of his appointment as Senior Partner (October 2018) and does not reflect his total tenure as an equity partner.
13. Dissolved in FY26

H: Audit Firm Governance Code mapping

We cross-reference in the table in this Appendix to where and how BDO LLP complies with the principles and provisions of the Audit Firm Governance Code (Revised 2022).

A Leadership		
Principles		**Section**
A	A firm's Management and governance structures should promote the long-term sustainability of the firm. To this end, the Management of a firm should be accountable to the firm's owners.	Governance
B	A firm's governance arrangements should provide checks and balances on individual power and support effective challenge of Management. There should be a clear division of responsibilities between a firm's governance structures and its Management. No one individual or small group of individuals should have unfettered powers of decision.	Messages from our leaders Message from our Independent Non-Executives Governance
C	A firm's Management should demonstrate its commitment to the public interest through their pursuit of the purpose of this Code and regular dialogue with the INEs. Management should embrace the input and challenge from the INEs (and ANEs).	Message from our Independent Non-Executives Governance
D	The members of a firm's Management and governance structures should have appropriate experience, knowledge, influence and authority within the firm, and sufficient time, to fulfil their assigned responsibilities.	Governance E: Biographies
E	The Management of a firm should ensure that members of its governance structures, including owners, INEs and ANEs, are supplied with information in a timely manner and in a form and of a quality appropriate to enable them to discharge their duties.	Message from our Independent Non-Executives Governance
Provisions		**Section**
1	A firm should establish a Board or equivalent governance structure to oversee the activities of Management.	Governance
2	At least half a firm's Board should be selected from among partners who do not have significant management responsibilities within the firm.	E: Biographies
3	The chair of the Board should not also chair parts of the Management structure or be the managing partner.	E: Biographies
4	A firm's Management and Board should have a clear understanding of their authority, accountabilities and responsibilities. The Board should have clearly defined terms of reference, with matters specifically reserved for its decision, detailing in particular its role in relation to firm strategy, risk, culture and other matters relating to the purpose of this Code. Management should have terms of reference that include clear authority over the whole firm and matters relating to the purpose of this Code. Terms of reference should be disclosed on the firm's website. Terms of reference for international management and governance structures taking decisions that apply to the UK should be disclosed on the UK firm's website in the same way as for UK-based structures.	Governance Our website
5	A firm should establish arrangements for determining remuneration and progression matters for members of the Board which support and promote effective challenge of Management.	About us
6	The individual members of a firm's governance structures and Management should be subject to formal, rigorous and ongoing performance evaluation and, at regular intervals, members should be subject to re-election or re-selection.	About us Governance
7	There should be a formal annual evaluation of the performance of the Board and any committees, plus the public interest body. A firm should consider having a regular externally-facilitated board evaluation at least every three years.	Governance
8	Management should ensure that, wherever possible and so far as the law allows, members of governance structures and INEs and ANEs have access to the same information as is available to Management.	Message from our Independent Non-Executives Governance

H: Audit Firm Governance Code mapping

9	A firm should disclose in its annual transparency report:	
	(a) the names and job titles of all members of the firm's governance structures and its Management;	E: Biographies
	(b) a description of how they are elected or appointed and their terms, length of service, meeting attendance in the year, and relevant biographical details;	Governance E: Biographies G: Meeting attendance and tenure
	(c) a description of how its governance structures and Management operate, their duties, the types of decisions they take and how they contribute to achieving the Code's purpose. If elements of the Management and/or governance of the firm rest at an international level and decisions are taken outside the UK, it should specifically set out how management and oversight is undertaken at that level and the Code's purpose achieved in the UK; and	Message from our Independent Non-Executives Governance
	(d) an explanation of the controls it has in place on individual powers of decision and to support effective challenge by Board members, how these are intended to operate and how they work in practice.	About us Governance Our website

B People, Values and Behaviours		
Principles		**Section**
F	A firm is responsible for its purpose and values and for establishing and promoting an appropriate culture that supports the consistent performance of high-quality audit, the firm's role in serving the public interest and the long-term sustainability of the firm.	About us Audit quality
G	A firm should foster and maintain a culture of openness which encourages people to consult, challenge, contribute ideas and share problems, knowledge and experience in order to achieve quality work in a way that takes the public interest into consideration.	About us Audit quality Ethics and independence
H	A firm should apply policies and procedures for managing people across the whole firm that support its commitment to the purpose and Principles of this Code.	About us
Provisions		**Section**
10	A firm's Board and Management should establish the firm's purpose and values and satisfy themselves that its purpose, values and culture are aligned. If a firm's purpose and values are established at an international level, the firm should ensure it has the ability to influence that decision-making process and the ability to tailor the output for the UK.	About us
11	A firm should have a code of conduct which it discloses on its website and requires everyone in the firm to apply. The Board and INEs should oversee compliance with it.	Message from our Independent Non-Executives Ethics and independence Our website

H: Audit Firm Governance Code mapping

12	A firm should promote the desired culture and a commitment to quality work, professional judgement and values, serving the public interest and compliance with professional standards and applicable legal and regulatory requirements, in particular through the right tone at the top and the firm's policies and procedures.	Messages from our leaders About us Audit quality Ethics and independence
13	A firm should establish policies and procedures to promote inclusion and encourage people to speak up and challenge without fear of reprisal, particularly on matters relating to this Code and the firm's values and culture.	About us Audit quality Ethics and independence
14	A firm should introduce meaningful key performance indicators on the performance of its governance system, and report on performance against these in its transparency reports.	Governance
15	A firm should assess and monitor culture. It should conduct a regular review of the effectiveness of the firm's systems for the promotion and embedding of an appropriate culture underpinned by sound values and behaviour across the firm, and in audit in particular. INEs should be involved in this review and where a firm has implemented operational separation the ANEs should be involved in the review as it relates to the audit practice. Where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the purpose of this Code, it should take corrective action.	Message from our Independent Non-Executives About us Audit quality
16	A firm should establish mechanisms for delivering meaningful engagement with its people. This should include arrangements for people to raise concerns in confidence and anonymously and to report, without fear, concerns about the firm's culture, commitment to quality work, the public interest and/or professional judgement and values. The INEs should be satisfied that there is an effective whistleblowing policy and procedure in place and should monitor issues raised under that process.	Message from our Independent Non-Executives About us Audit quality Ethics and independence
17	INEs should be involved in reviewing people management policies and procedures, including remuneration and incentive structures, recruitment and promotion processes, training and development activities, and diversity and inclusion, to ensure that the public interest is protected. They should monitor the firm's success at attracting and managing talent, particularly in the audit practice. Where operational separation is in place the ANEs should be involved in this process.	Message from our Independent Non-Executives Governance
18	INEs and ANEs should use a range of data and engagement mechanisms to understand the views of colleagues throughout the firm and to communicate about their own roles and the purpose of this Code. One INE should be designated as having primary responsibility for engaging with the firm's people.	Message from our Independent Non-Executives
19	A firm should disclose in its annual transparency report a description of how:	
	(a) it engages with its people and how the interests of its people have been taken into account in decision-making; and	About us Audit quality
	(b) opportunities and risks to the future success of the business have been considered and addressed, its approach to attracting and managing talent, the sustainability of the firm's business model and how its culture, in particular in the audit practice, contributes to meeting the purpose of this Code.	About us Audit quality Risk management B: Principal Risks

H: Audit Firm Governance Code mapping

C Operations and Resilience Principles		
Principles		**Section**
I	A firm should promote a commitment to consistent high-quality audits and firm resilience in the way it operates. To these ends, a firm should collect and assess management information to evaluate the effectiveness of its policies and procedures and to enhance its operational decision-making.	Messages from our leaders Message from our Independent Non-Executives Governance Audit quality Risk management D: Compliance statements
J	A firm should establish policies and procedures to identify, assess and manage risk, embed the internal control framework and determine the nature and extent of the principal risks the firm is willing to take while working to meet the purpose of this Code.	Risk management B: Principal Risks D: Compliance statements
K	A firm should communicate with its regulators in an open, co-operative and transparent manner.	Messages from our leaders Message from our Independent Non-Executives Governance Audit quality
L	A firm should establish policies and procedures to ensure the independence and effectiveness of internal and external audit activities and to monitor the quality of external reporting.	Governance Risk management
Provisions		**Section**
20	A firm should assist the FRC and its successor bodies to discharge its duties by sharing information openly.	Messages from our leaders Message from our Independent Non-Executives Governance Audit quality
21	A firm should take action to address areas of concern identified by regulators in relation to the firm's audit work, leadership and governance, culture, management information, risk management and internal control systems.	Audit quality D: Compliance statements

H: Audit Firm Governance Code mapping

22	A firm should develop robust datasets and effective management information to support monitoring of the effectiveness of its activities, including by INEs (and ANEs), and its ability to furnish the regulator with information.	Message from our Independent Non-Executives About us Audit quality C: Firm Metrics
23	A firm should establish an audit committee and disclose on its website its terms of reference and information on its membership. Its terms of reference should set out clearly its authority and duties, including its duties in relation to the appointment and independence of the firm's auditors. Where a firm's audit committee sits at an international level, information about the committee and its work should be disclosed by the UK firm as if it were based in the UK.	Governance Our website
24	A firm should monitor its risk management and internal control systems, and, at least annually, conduct a review of their effectiveness. INEs should be involved in the review which should cover all significant controls, including financial, operational and compliance controls and risk management systems.	Message from our Independent Non-Executives Governance Risk management D: Compliance statements
25	A firm should carry out a robust assessment of the principal risks facing it, including those that would threaten its business model, future performance, solvency or liquidity. This should reference specifically the sustainability of the audit practice in the UK. INEs (and in firms with operational separation, ANEs) should be involved in this assessment.	Message from our Independent Non-Executives Governance Risk management B: Principal Risks
26	A firm should publicly report how it has applied the Principles of this Code, and make a statement on its compliance with its Provisions or give a detailed explanation for any non-compliance, i.e. why the firm has not complied with the Provision, the alternative arrangements in place and how these work to achieve the desired outcome (Principle) and the purpose of this Code.	Governance D: Compliance statements H: Audit Firm Governance Code mapping
27	A firm should explain who is responsible for preparing the financial statements and the firm's auditors should make a statement about their reporting responsibilities in the form of an extended audit report as required by International Auditing Standards (UK) 700/701.	See our 2026 Annual Report when published
28	The transparency report should be fair, balanced and understandable in its entirety. A firm should disclose in its transparency report:	
	(a) a commentary on its performance, position and prospects;	Messages from our leaders K: Financial information
	(b) how it has worked to meet the legal and regulatory framework within which it operates;	Risk management B: Principal Risks H: Audit Firm Governance Code mapping I: Local Auditors (Transparency) Regulations mapping J: EU Regulation mapping

H: Audit Firm Governance Code mapping

	(c) a description of the work of the firm's audit committee and how it has discharged its duties;	Governance
	(d) confirmation that it has performed a review of the effectiveness of the system of internal control, a summary of the process it has applied and the necessary actions that have been or are being taken to remedy any significant failings or weaknesses identified from that review;	D: Compliance statements
	(e) a description of the process it has applied to deal with material internal control aspects of any significant problems disclosed in its financial statements or management commentary;	Not applicable
	(f) an assessment of the principal risks facing the firm and explanation of how they are being managed or mitigated; and	B: Principal Risks
	(g) a description of how it interacts with the firm's global network, and the benefits and risks of these arrangements, with reference to the purpose of the Code. This should include an assessment of any risks to the resilience of the UK firm arising from the network and any action taken to mitigate those risks.	Governance A: Network and legal structure B: Principal Risks E: Biographies

D INEs and ANEs		
Principles		**Section**
M	A firm should appoint INEs to the governance structure who through their involvement collectively enhance the firm's performance in meeting the purpose of this Code. INEs should be positioned so that they can observe, challenge and influence decision-making in the firm.	Governance
N	INEs (and ANEs) should provide constructive challenge and specialist advice with a focus on the public interest. They should assess and promote the public interest in firm operations and activities as they relate to the purpose of this Code, forming their own views on where the public interest lies.	Message from our Independent Non-Executives Governance
O	INEs (and ANEs) should maintain and demonstrate objectivity and an independent mindset throughout their tenure. Collectively they should enhance public confidence by virtue of their independence, number, stature, diverse skillsets, backgrounds, experience and expertise. They should have a combination of relevant skills, knowledge and experience, including of audit and a regulated sector. They owe a duty of care to the firm and should command the respect of the firm's owners.	Message from our Independent Non-Executives E: Biographies F: Information about our Independent Non-Executives
P	INEs (and ANEs) should have sufficient time to meet their responsibilities. INEs (and ANEs) should have rights consistent with discharging their responsibilities effectively, including a right of access to relevant information and people to the extent permitted by law or regulation, and a right, individually or collectively, to report a fundamental disagreement regarding the firm to its owners and, where ultimately this cannot be resolved and the independent non-executive resigns, to report this resignation publicly.	Message from our Independent Non-Executives F: Information about our Independent Non-Executives
Q	INEs (and ANEs) should have an open dialogue with the regulator.	Message from our Independent Non-Executives Governance
Provisions		**Section**
29	INEs should number at least three, be in the majority on a body chaired by an INE that oversees public interest matters and be embedded in other relevant governance structures within the firm as members or formal attendees with participation rights. If a firm considers that having three INEs is unnecessary given its size or the number of public interest entities it audits, it should explain this in its transparency report and ensure a minimum of two at all times. At least one INE should have competence in accounting and/or auditing, gained for example from a role on an audit committee, in a company's finance function or at an audit firm.	Message from our Independent Non-Executives Governance E: Biographies

H: Audit Firm Governance Code mapping

30	INEs should meet regularly as a private group to discuss matters relating to their remit. Where a firm adopts an international approach to its management and/or governance it should have at least three INEs with specific responsibility and relevant experience to focus on the UK business and to take part in governance arrangements for this jurisdiction. The firm should disclose on its website the terms of reference and composition of any governance structures whose membership includes INEs, whether in the UK or another jurisdiction.	Message from our Independent Non-Executives Our website
31	INEs should have full visibility of the entirety of the business. They should assess the impact of firm strategy, culture, senior appointments, financial performance and position, operational policies and procedures including client management processes, and global network initiatives on the firm and the audit practice in particular. They should pay particular attention to and report in the transparency report on how they have worked to address: risks to audit quality; the public interest in a firm's activities and how it is taken into account; and risks to the operational and financial resilience of the firm.	Message from our Independent Non-Executives Governance
32	A firm should establish a nomination committee, with participation from at least one INE, to lead the process for appointments and re-appointments of INEs (and ANEs), to conduct a regular assessment of gaps in the diversity of their skills and experience and to ensure a succession plan is in place. The nomination committee should assess the time commitment for the role and, when making new appointments, should take into account other demands on INEs' (and ANEs') time. Prior to appointment, significant commitments should be disclosed with an indication of the time involved. Additional external appointments should not be undertaken without prior consultation with the nomination committee.	Governance
33	A firm should provide access for INEs to relevant information on the activities of the global network such that they can monitor the impact of the network on the operations and resilience of the UK firm and the public interest in the UK.	Message from our Independent Non-Executives
34	INEs should have regular contact with the Ethics Partner, who should under the ethical standards have direct access to them.	Message from our Independent Non-Executives
35	INEs should have dialogue with audit committees and investors to build their understanding of the user experience of audit and to develop a collective view of the way in which their firm operates in practice.	Message from our Independent Non-Executives
36	Firms should agree with each INE (and ANE) a contract for services setting out their rights and duties. INEs (and ANEs) should be appointed for specific terms and have a maximum tenure of nine years in total.	F: Information about our Independent Non-Executives
37	The firm should provide each INE (and ANE) with the resources necessary to undertake their duties including appropriate induction, training and development, indemnity insurance and access to independent professional advice at the firm's expense where an INE or ANE judges such advice necessary to discharge their duties.	Message from our Independent Non-Executives Governance F: Information about our Independent Non-Executives
38	The firm should establish, and disclose on its website, well defined and clear escalation procedures compatible with Principle P, for dealing with any fundamental disagreement that cannot otherwise be resolved between the INEs (and/or ANEs) and members of the firm's Management and/or governance structures.	F: Information about our Independent Non-Executives
39	An INE (and/or ANE) should alert the regulator as soon as possible to their concerns in the following circumstances: ▶ the INE or ANE believes the firm is acting contrary to the public interest; or ▶ the INE or ANE believes the firm is endangering the objectives of this Code; or ▶ the INE or ANE initiates the procedure for fundamental disagreements	No such instances have arisen during the financial year ended 3 July 2026.
40	A firm should disclose in its annual transparency report:	
	(a) information about the appointment, retirement and resignation of INEs (and ANEs); their remuneration; their duties and the arrangements by which they discharge those duties; and the obligations of the firm to support them. The firm should report on why it has chosen to position its INEs in the way it has; and	Message from our Independent Non-Executives Governance F: Information about our Independent Non-Executives
	(b) its criteria for assessing whether INEs (and ANEs) are: i) independent from the firm and its owners; and ii) independent from its audited entities.	F: Information about our Independent Non-Executives

The Operational Separation principles and provisions set out in the AFGC do not apply to the firm and, accordingly, have not been complied with. That said, in the spirit of these principles and provisions, the firm does have the Audit Board which oversees the activities of the Audit stream.

I: Local Auditors (Transparency) Regulations mapping

In accordance with the Local Auditors (Transparency) Regulations 2020, we make the following statement with regards to the application in practice of each of the requirements as set out in the Schedule to those Regulations on which we are required to report.

Requirement		Report reference
1.a.	A description of the legal structure, governance and ownership of the transparency reporting local auditor;	Governance A: Network and legal structure
1.b.	Where the transparency reporting local auditor belongs to a network, a description of the network and the legal, governance and structural arrangements of the network;	A: Network and legal structure
1.c.	A description of the internal quality control system of the transparency reporting local auditor and a statement by the administrative or management body on the effectiveness of its functioning in relation to local audit work;	Audit quality D: Compliance statements
1.d.	A description of the transparency reporting local auditor's independence procedures and practices including a confirmation that an internal review of independence practices has been conducted;	Ethics and independence
1.e.	Confirmation that all engagement leads are competent to undertake local audit work and staff working on such assignments are suitably trained;	Audit quality
1.f.	A statement of when the last monitoring of the performance by the transparency reporting local auditor of local audit functions, within the meaning of paragraph 23 of Schedule 10 to the 2006 Act, as applied in relation to local audits by Section 18 and paragraphs 1, 2 and 28(7) of Schedule 5 to the 2014 Act, took place;	C: Firm Metrics
1.g.	A list of major local audits in respect of which an audit report has been made by the transparency reporting local auditor in the financial year of the auditor; and any such list may be made available elsewhere on the website specified in regulation 4 provided that a clear link is established between the transparency report and such a list;	N: List of major local audits
1.h.	A statement on the policies and practices of the transparency reporting local auditor designed to ensure that persons eligible for appointment as a local auditor continue to maintain their theoretical knowledge, professional skills and values at a sufficiently high level;	Audit quality C: Firm Metrics
1.i.	Turnover for the financial year of the transparency reporting local auditor to which the report relates, including the showing of the importance of the transparency reporting local auditor's local audit work; and	K: Financial information
1.j.	Information about the basis for the remuneration of partners.	About us



J: EU Regulation mapping

We cross-reference in the table in this Appendix to where and how BDO LLP complies with the requirements of Article 13.2 and Article 13.3 of EU Regulation 537/2014 (as amended by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019).

Requirement		Report reference
13.2(a)	a description of the legal structure and ownership of the statutory auditor, if it is a firm;	A: Network and legal structure
13.2(b)	where the statutory auditor is a member of a network:	
	(i) a description of the network and the legal and structural arrangements in the network;	A: Network and legal structure
	(ii) the name of each member of the network that is eligible for appointment as a statutory auditor, or is eligible for appointment as an auditor in an EEA State or in Gibraltar;	L: List of EU/EEA audit firms
	(iii) for each of the members of the network identified under paragraph (ii), the countries in which they are eligible for appointment as auditors or in which they have a registered office, central administration or a principal place of business;	L: List of EU/EEA audit firms
	(iv) the total turnover of the members of the network identified under paragraph (ii) resulting from statutory audit work or equivalent work in the EEA States or Gibraltar;	L: List of EU/EEA audit firms
13.2(c)	a description of the governance structure of the statutory auditor, if it is a firm;	Governance
13.2(d)	a description of the internal quality control system of the statutory auditor and a statement by the management body on the effectiveness of its functioning;	Audit quality D: Compliance statements
13.2(e)	an indication of when the last quality assurance review referred to in Article 26 was carried out;	Audit quality C: Firm Metrics
13.2(f)	a list of public-interest entities for which the statutory auditor carried out statutory audits during the preceding financial year;	M: List of Public Interest Entities and EEA regulated entities
13.2(g)	a statement concerning the statutory auditor's independence practices which also confirms that an internal review of independence compliance has been conducted;	Ethics and independence
13.2(h)	a statement on the policy followed by the statutory auditor concerning the continuing education of statutory auditors referred to in paragraph 11 of Schedule 10 to the Companies Act 2006;	Audit quality C: Firm Metrics
13.2(i)	information concerning the basis for the remuneration of members of the management body of the statutory auditor, where that statutory auditor is a firm;	About us
13.2(j)	a description of the statutory auditor's policy concerning the rotation of key audit partners and staff in accordance with Article 17(7);	Ethics and independence
13.2(k)	where not disclosed in its accounts, information about the total turnover of the statutory auditor, divided into the following categories:	
	(i) revenues from the statutory audit of accounts of public-interest entities and members of groups of undertakings whose parent undertaking is a public-interest entity;	K: Financial information
	(ii) revenues from the statutory audit of accounts of other entities;	K: Financial information
	(iii) revenues from permitted non-audit services to entities that are audited by the statutory auditor; and	K: Financial information
	(iv) revenues from non-audit services to other entities.	K: Financial information
13.3	The transparency report shall be signed by the statutory auditor.	Message from our Senior Partner

K: Financial information

Disclosure in accordance with Article 13.2(k) (i)–(iv) of the EU Regulation 537/2014 (as amended by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019) and the Schedule to The Local Auditors (Transparency) Regulations 2020

We have provided the following financial information from the audited financial statements and financial records of BDO LLP (BDO UK) for the financial year ended 3 July 2026 (FY26). The figures indicate the relative importance of audit work for UK public interest entities (PIEs) and local audits, and the levels of non-audit services (NAS) provided to entities for which BDO UK is – and is not – the auditor. They relate to work performed by the UK firm only.

BDO UK Revenue Recognition Policy:

- Revenue is recognised for the reportable period on a basis consistent with the firm's audited consolidated financial statements
- Revenue is recognised when services are transferred to an audit client and non-audit client at an amount that reflects the consideration to which the firm expects to be entitled in exchange for those services
- Revenue is recognised through applying the International Financial Reporting Standard 15 input method where contracts give the firm the right to receive payment for work performed to date and where there is no alternative use for the work
- Performance obligations are assessed for each contract and the transaction price is spread over the performance obligations. Progress towards complete satisfaction of the performance obligations is measured using time and costs incurred as a proportion of total estimated time and costs but excluding Value Added Tax.

All balances are provided as at 3 July 2026.

In a world shaped by economic uncertainty, rapid technological advancement, geopolitical instability and changing client expectations, long-term success depends on making deliberate choices and investments that position BDO UK for the future. Economic conditions have remained tough across our profession, but against this challenging backdrop, BDO UK has continued to demonstrate its worth and importance to the market. Full details on our firmwide results and performance are provided in our financial statements.

BDO LLP Revenue	FY26		FY25	
	Amount (£m)	Percentage (%)	Amount (£m)	Percentage (%)
Statutory audits and directly related services for audit clients (UK PIEs and subsidiaries of UK PIEs)	63	6%	69	7%
Statutory audits and directly related services for audit clients (Other Entities)	353	35%	348	35%
Statutory audits and directly related services for audit clients	**416***	**41%**	**417***	**42%**
Non-audit services to audit clients**	58***	6%	60***	6%
Total revenues from audit clients	**474**	**47%**	**477**	**48%**
Non-audit services to non-audit clients	542	53%	528	52%
BDO LLP firm revenue	**1,016**	**100%**	**1,005**	**100%**



Due to rounding differences in the percentage columns, the sum of the line items may not exactly equal the totals.

* Of which £0.9m relates to major local audit work in FY26 (£1.8m in FY25).

** Non-audit services are provided to audit clients only where such services are permitted under the FRC Ethical Standard and comply with the relevant independence requirements of the BDO network and BDO UK policies.

*** Of which £0.1m relates to major local audit work in FY26 (£0.1m in FY25).

L: List of EU/EEA audit firms

Country (territory)	Name of audit firm
Austria	BDO Audit GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
Austria	BDO Austria GmbH
Belgium	BDO Bedrijfsrevisoren BV / Réviseurs d'Entreprises SRL
Bulgaria	BDO AFA
Croatia	BDO Croatia d.o.o.
Croatia (Sarajevo)	BDO BH d.o.o. Sarajevo
Cyprus	BDO Limited
Czech Republic	BDO Audit s.r.o.
Czech Republic	BDO Czech Republic s.r.o.
Czech Republic	BDO EURO-Trend Audit, a.s.
Czech Republic	BDO Group s.r.o.
Denmark	BDO Statsautoriseret Revisionspartnerselskab
Estonia	Aktsiaselts BDO Eesti
Finland	BDO Audiator Oy
Finland	BDO Oy

Country (territory)	Name of audit firm
France	BDO Atlantique
France	BDO IDF
France	BDO Méditerranée
France	BDO Paris Audit & Advisory
France	BDO Rhone - Alpes
France	BDO Strasbourg
Germany	BDO AG Wirtschaftsprüfungsgesellschaft
Germany	BDO Concunia GmbH Wirtschaftsprüfungsgesellschaft
Germany	BDO DPI AG Wirtschaftsprüfungsgesellschaft
Germany	BDO DPI Mentoring GmbH & Co. KG
Germany	BDO Oldenburg GmbH & Co. KG Wirtschaftsprüfungsgesellschaft
Greece	BDO Certified Public Accountants S.A.
Hungary	BDO Magyarország Könyvvizsgáló Kft. (BDO Hungary Audit Ltd)
Ireland	BDO
Italy	BDO Italia S.p.A.

L: List of EU/EEA audit firms

Country (territory)	Name of audit firm
Latvia	BDO Assurance, LLC
Liechtenstein	BDO (Liechtenstein) AG
Lithuania	BDO Auditas ir Apskaita, UAB
Luxembourg	BDO Audit
Malta	BDO Malta CPAs
Malta	BDO Technology Advisory Limited
Netherlands	BDO Audit & Assurance B.V.
Norway	BDO AS
Poland	BDO Spółka z Ograniczoną Odpowiedzialnością Sp.k
Portugal	BDO & Associados, SROC, Lda
Romania	BDO Audit SRL
Romania	BDO Audit & Consulting SRL
Romania	BDO Auditors & Accountants SRL
Romania	BDO Auditors and Business Advisors SRL

Country (territory)	Name of audit firm
Slovak Republic	BDO Audit, spol. s r.o.
Slovenia	BDO Revizija d.o.o.
Spain	BDO Auditores S.L.P.
Spain	BDO Quota Auditores SL.
Sweden	BDO AB
Sweden	BDO Göteborg AB
Sweden	BDO Göteborg KB
Sweden	BDO Mälardalen AB
Sweden	BDO Norr AB
Sweden	BDO Sweden AB
Sweden	BDO Syd AB
Sweden	BDO Syd KB

The tables reflect the position as at 10 December 2025.

The combined turnover from statutory audits of the BDO European Union (EU)/European Economic Area (EEA) audit firms, based on the information received from the relevant member firms was €802.584.334,57[14] (published 10 December 2025).

Please note that BDO member firms have different year ends. Therefore, the total number that we have provided is a combination of the statutory audit turnovers of EU/EEA member firms for their latest financial year, as reported by the respective member firms.

For each firm using another currency than Euro, the average exchange rate for the period they reported has been used.

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

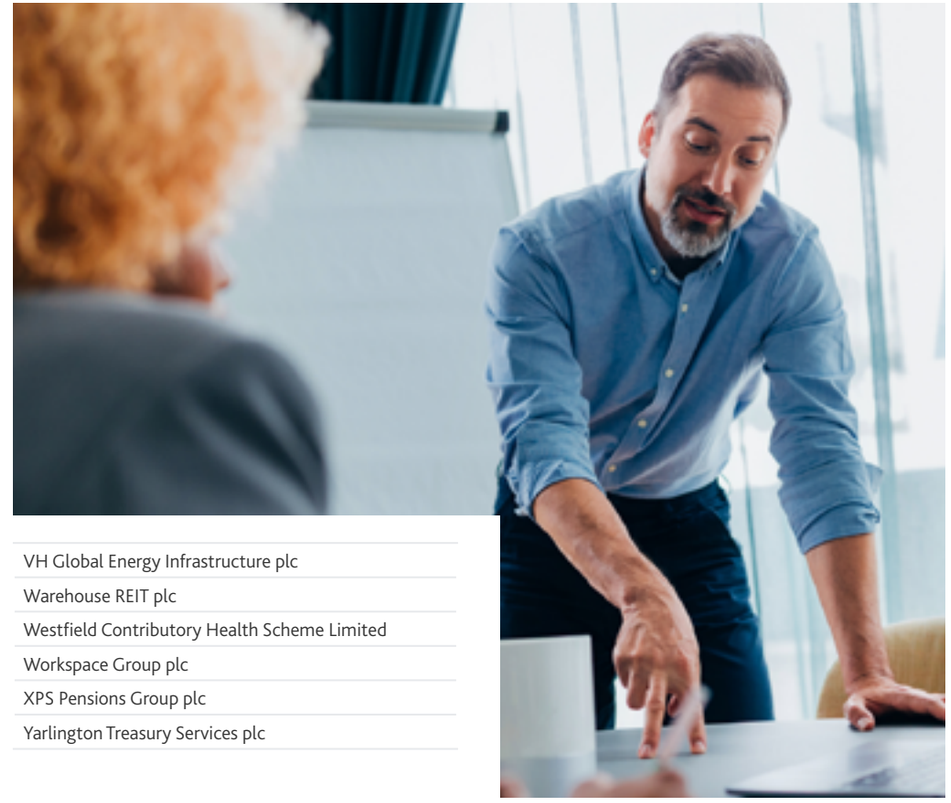
M: List of Public Interest Entities and EEA regulated entities

A list of public interest entities (PIEs) for which a statutory audit was carried out and an audit opinion was issued during the financial year ended 3 July 2026 is provided:

- A2D Funding II plc
- A2Dominion Housing Group Limited
- Accent Capital plc
- AEW UK REIT plc
- Ageas Insurance Limited
- Alliance Witan plc
- Amicorp FS (UK) plc
- Applied Nutrition plc
- Ashtead Technology Holdings plc
- Aurora UK Alpha plc
- AVI Global Trust plc
- AVI Japan Opportunity Trust plc
- Baillie Gifford European Growth Trust plc
- Baring Emerging EMEA Opportunities plc
- Baronsmead Second Venture Trust plc
- Baronsmead Venture Trust plc
- Blackfinch Spring VCT plc
- Braemar plc
- British Friendly Society Limited
- British Smaller Companies VCT plc
- British Smaller Companies VCT 2 plc
- Caledonia Investments plc
- Capital Gearing Trust plc
- Ceres Power Holdings plc
- Chetwood Financial Limited
- Chetwood Funding 2024-1 plc
- ClearBank Limited
- CLS Holdings plc
- CNA Insurance Company Limited
- Cornish Mutual Assurance Company Limited
- CQS Natural Resources Growth and Income plc
- CT Global Managed Portfolio Trust plc
- CT Private Equity Trust plc
- CT UK Capital and Income Investment Trust plc
- De Montfort University Higher Education Corporation
- Ecofin Global Utilities and Infrastructure Trust plc
- Ecofin U.S. Renewables Infrastructure Trust plc
- Ecology Building Society
- Ellenbrook Developments plc
- EMH Treasury plc
- Endeavour Mining plc
- Equine and Livestock Insurance Company Limited (The)
- Fairmead Insurance Limited
- Fidbank UK Limited
- Finsbury Square 2025-1 plc
- Foresight Ventures VCT plc
- Foxtons Group plc
- Futures Treasury plc
- Galliford Try Holdings plc
- Great American International Insurance (UK) Limited
- Greencoat UK Wind plc
- Gresham House Energy Storage Fund plc
- Guinness VCT plc
- Halfords Group plc
- Hargreave Hale AIM VCT plc
- Healthcare Support (Newcastle) Finance plc
- Home REIT plc
- Hyde Housing Association Limited
- ICICI Bank UK plc
- Impax Environmental Markets plc
- Integrated Accommodation Services plc
- J Smart & Co (Contractors) plc
- JPMorgan American Investment Trust plc
- JPMorgan China Growth & Income plc
- JPMorgan Emerging Europe, Middle East & Africa Securities plc
- JPMorgan Emerging Markets Growth & Income plc
- JPMorgan US Smaller Companies Investment Trust plc
- Kroo Bank Ltd
- Lendinvest Secured Income II plc
- Life Settlement Assets plc
- Lindsell Train Investment Trust plc
- Living REIT plc (formerly Social Housing REIT plc)
- M&G Credit Income Investment Trust plc
- Market Harborough Building Society
- Martlet Homes Limited
- Maven Renovar VCT plc
- Melton Mowbray Building Society
- Metropolitan Funding plc
- MITIE Group plc
- Moat Homes Finance plc
- Molten Ventures VCT plc
- Monmouthshire Building Society
- Montanaro UK Smaller Companies Investment Trust plc
- Monument Bank Limited
- Mortimer 2024-Mix plc
- Mortimer BTL 2021-1 plc
- Mortimer BTL 2023-1 plc
- Murray International Trust plc
- NewHospitals (St Helens and Knowsley) Finance plc
- Nippon Active Value Fund plc
- Norcros plc
- NorthStandard Limited
- Octopus AIM VCT plc
- Octopus AIM VCT 2 plc
- Octopus Apollo VCT plc
- Octopus Future Generations VCT plc
- Octopus Titan VCT plc
- Oxbury Bank plc
- Pacific Assets Trust plc
- Pacific Horizon Investment Trust plc
- PAMIA Limited
- Patria Private Equity Trust plc
- Pembroke VCT plc
- Pensana plc

M: List of Public Interest Entities and EEA regulated entities

- ProVen Growth and Income VCT plc
- ProVen VCT plc
- Radian Capital plc
- Record plc
- Redwood Bank Limited
- Residential Secure Income plc
- Revolut NewCo UK Ltd
- Riverside Finance plc
- Robert Walters plc
- Saffron Building Society
- Schroder BSC Social Impact Trust plc
- Schroder UK Mid Cap Fund plc
- Seraphim Space Investment Trust plc
- Shepherds Friendly Society Limited
- Smiths News plc
- Southern Housing
- Southern Housing Finance plc (formerly Optivo Finance plc)
- Sovereign Health Care
- Starr International (Europe) Limited
- Steamship Mutual Underwriting Association Limited
- Stonewater Funding plc
- Suecia Re & Marine Insurance Company Limited
- Suffolk Building Society
- Supermarket Income REIT plc
- TD Bank Europe Limited
- Teachers Building Society
- Temple Bar Investment Trust plc
- The Biotech Growth Trust plc
- The Coventry and Rugby Hospital Company plc
- The Dentists' and General Mutual Benefit Society Limited
- The Diverse Income Trust plc
- The Global Smaller Companies Trust plc
- The Mercantile Investment Trust plc
- The Merchants Trust plc
- The Original Holloway Friendly Society Limited
- The Standard Club UK Ltd
- Together Housing Finance plc
- Town Centre Securities plc
- Transform Schools (North Lanarkshire) Funding plc
- Treatt plc
- Tritax Big Box REIT plc
- UBS Asset Management Life Ltd
- United Kingdom Freight Demurrage & Defence Association Limited
- United Kingdom Mutual War Risks Association Limited
- Utilico Emerging Markets Trust plc
- VH Global Energy Infrastructure plc
- Warehouse REIT plc
- Westfield Contributory Health Scheme Limited
- Workspace Group plc
- XPS Pensions Group plc
- Yarlington Treasury Services plc



A separate list of entities with securities admitted to trading on a European Economic Area (EEA) regulated market and for which a statutory audit was carried out and an audit opinion was issued during the financial year ended 3 July 2026 is provided as required by Article 13.2(f) of the EU Regulation 537/2014 (as amended by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019) in respect of BDO LLP's third country auditor registrations:

- Dowson 2024-1 plc
- Eurocastle Investment Limited
- Excellence Logging Finance 2 plc
- FHW Dalmore (Salford Pendleton Housing) plc
- HX Hold Co Limited
- Juturna (European Loan Conduit No. 16) plc
- MotorK plc
- Pacific Quay Finance plc
- Petra Diamonds US$ Treasury plc
- White City Property Finance plc

N: List of major local audits

The organisations below are the only bodies:

a. which constitute a 'major local audit' for the purposes of Regulation 12 of The Local Audit (Professional Qualifications and Major Local Audit) Regulations 2014 (SI 2014/1627); and

b. for which BDO LLP issued an audit report on its financial statements during the financial year ended 3 July 2026.

London Borough of Barking and Dagenham
London Borough of Barking and Dagenham Pension Fund
London Borough Of Barnet
London Borough of Barnet Pension Fund
NHS Hertfordshire and West Essex Integrated Care Board
NHS Sussex Integrated Care Board



O: Glossary of acronyms

Acronym	Definition
AB	Audit Board
AC	Audit Committee
ACP	Audit Compliance Principal
AE	Audit Executive
AFGC	Audit Firm Governance Code (Revised 2022)
AI	Artificial intelligence
AIGC	AI Governance Committee
AIGF	AI Governance Framework
ALG	Action Learning Group
AMD	Audit Monitoring Database
APT	Audit Process Tool
AQD	Audit Quality Department
AQE	Audit Quality Executive
AQL	Audit Quality Leader
AQP	Audit Quality Plan
AQR	Audit Quality Review

Acronym	Definition
ATT	Automated tool and technique
BDO UK	BDO LLP
BIOB	Business Interest Oversight Board
CoE	Centre of Excellence
COO	Chief Operating Officer
CPD	Continuing professional development
CQ	Cultural intelligence
CR&O	Consulting, Risk and Outsourcing
DMA	Double Materiality Assessment
EB	Executive Board
EDT	Extended delivery team
EEA	European Economic Area
EiC	Early in Careers
EQR	Engagement Quality Reviewer
ESG	Environmental, social and governance
EU	European Union

Acronym	Definition
FCAB	Future Culture Advisory Board
FM	Firm Metric
FRC	Financial Reporting Council
FTP	Faculty Training Programme
FY23	Financial year ended 30 June 2023
FY24	Financial year ended 5 July 2024
FY25	Financial year ended 4 July 2025
FY26	Financial year ended 3 July 2026
FY27	Financial year ending 2 July 2027
ICAEW	Institute of Chartered Accountants in England and Wales
ICF	Internal Controls Framework
INE	Independent Non-Executive
ISMS	Information Security Management System
ISQM (UK) 1	International Standard on Quality Management (UK) 1
ISQM (UK) 2	International Standard on Quality Management (UK) 2
ISSA (UK) 5000	International Standard on Sustainability Assurance (UK) 5000

O: Glossary of acronyms

Acronym	Definition
KAP	Key Audit Partner
KPI	Key performance indicator
LNA	Learning Needs Analysis
LT	Leadership Team
MLRO	Money Laundering Reporting Officer
NAS	Non-audit services
NFC	Non-financial conduct
NomCo	Nomination Committee
OB	Oversight Board
OE	Operations Executive
OEPI	Other entity of public interest
OGC	Office of the General Counsel
ORC	Operational Responsibility Committee
PC	Partnership Council
PCAOB	Public Company Accounting Oversight Board
PCPE	People, Culture and Purpose Executive

Acronym	Definition
PIC	Public Interest Committee
PIE	Public interest entity
PJF6	Professional Judgement Framework
PR	Practice Review
QAD	Quality Assurance Department
QC1000	PCAOB Quality Control Standard QC1000
QLC	Quality Leaders Council
QRE	Quality and Risk Executive
QRST	Quality Review and Support Team
RCA	Root Cause Analysis
RI	Responsible Individual
ROC	Risk Oversight Committee
RTL	Review Team Lead
SEC	Securities and Exchange Commission
SI	Strategic Initiative
SoQM	System of quality management

Acronym	Definition
SQAP	Single Quality Action Plan
STMP	Shorter-Term Measures Plan
TRA	Technology Risk Assurance
UK SRS	UK Sustainability Reporting Standards
VCoE	Valuations Centre of Excellence

FOR MORE INFORMATION:

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