

1. Introduction

- 1.1 The Oversight Board ("OB") is the most senior governance body of BDO LLP and has been established in accordance with the Audit Firm Governance Code (Revised) 2022 (AFGC) and the firm's Members' Agreement.
- 1.2 The OB has the power to determine its own procedures under the Members' Agreement and has approved and adopted these Terms of Reference.
- 1.3 In the event that there is any inconsistency between these Terms of Reference and the terms of the Members' Agreement, the terms of the Members' Agreement shall prevail.

2. Purpose and Objectives of the OB

2.1 The purpose of the OB is to:

- provide direct and effective oversight of the Executive Board ("EB")¹; and
- safeguard the equity interests of members of the firm, taking into account the interests of both individual members and the membership as a whole and balance those interests between the individual and the collective.

2.2 In fulfilling its purpose, the OB shall give due consideration to:

- upholding the integrity, brand and reputation of BDO;
- balancing the interests of various stakeholders (employees, partners and clients of the firm, regulators and the public at large);
- the Braganza duty (that is where the firm has a contractual discretion conferred by the Members' Agreement, the exercise of which may adversely affect the interests of an equity partner, then such discretion will be exercised honestly, rationally and for the purpose for which it was conferred and such discretion will not be exercised capriciously or unreasonably in dealing with equity partners);
- the firm's purpose and values; and
- the firm's obligations and commitments as a firm within the BDO Network.

2.3 The OB's objectives are aligned with BDO's purpose, vision and strategic goals and, in particular, the Strategic Imperatives and all associated Priorities² set out in the Strategy Refresh.

¹ Principle B of the Audit Firm Governance Code: "A firm's governance arrangements should provide checks and balances on individual power and support effective challenge of Management".

² As per slide 4 of Strategy Refresh

3. Responsibilities

- 3.1 The OB is responsible for providing direct and effective oversight of the executive management of the firm, overseeing compliance with the AFGC and safeguarding the equity interests of members of the firm, both individually and as a collective.
- 3.2 In fulfilling these over-arching responsibilities, the OB is supported by, and receives regular updates and recommendations from, its sub-committees and the Public Interest Committee. It may delegate its authority for specific matters to those bodies.
- 3.3 The OB collaborates with the EB to:
- nurture, sustain and evolve our culture;
 - facilitate effective oversight of the EB by the OB;
 - fulfil the objectives of the NomCo; and
 - fulfil the objectives of the ROC.
- 3.4 The OB acts as the EB's sounding board in relation to matters referred to it.
- 3.5 As part of its role in safeguarding the resilience of the firm as a whole, The OB shall receive at least annual updates, and provide guidance where requested, in relation to:
- reputational matters affecting the firm; and
 - the firm's insurance policies, including renewal arrangements.
 - whistleblowing matters raised and actions taken.
 - significant Non-Financial Misconduct matters reported to the FRC which could have a significant or adverse impact on the firm's reputation.
- 3.6 Matters reserved to the responsibility of the OB are:
- as set out in the Members' Agreement;
 - the oversight of the EB;
 - the oversight of the firm's finances;
 - the oversight of transactional and investment activity;
 - the oversight of the firm's relationship with BDO network firms and the Global Board;
 - the oversight of Quality and Risk;
 - the oversight of Regulation;
 - the oversight of People and Culture;

- safeguarding Equity;
- administering elections;
- the oversight of the production of the suite of annual reports; and
- the oversight of sustainability.

3.7 These are described in more detail below.

3.8 The OB has delegated its responsibility for overseeing risk to the Risk Oversight Committee (“ROC”) and certain aspects of capabilities for Governance bodies and related succession plans to the Nomination Committee (“NomCo”) as set out further below.

Reserved matters under the Members’ Agreement

3.9 Under the terms of the Members’ Agreement certain decisions are reserved to the OB in that they require either approval by or are powers of the OB³.

3.10 These are set out in an appendix to these terms of reference.

Oversight of the EB

3.11 The OB oversees the strategic and operational management of the firm including holding the EB to account in relation to decisions made at a firm-wide or stream level.

3.12 The OB approves the EB’s long-term, sustainable strategy (including the firm’s purpose, values and culture) of the firm to ensure the ongoing resilience of the firm and the firm’s commitment to the public interest.

Financial oversight

3.13 The OB approves the annual budget.

3.14 The OB oversees the financial performance of the firm against budget on a periodic basis throughout the year, reviewing re-forecasts, the firm’s commercial management and other financial matters.

3.15 On an annual basis, or more frequently if appropriate, the OB reviews the firm’s investment strategy, the liquidity and capital position of the firm and any significant litigation or other contingent liabilities or any other significant matter which could affect the firm’s financial performance or reputation.

3.16 On an annual basis the OB will receive a report in relation to partnership taxation matters from the COO/Finance Partner and raise any questions in relation to the same to satisfy itself that the equity interests of partners have been safeguarded.

³ Members’ Agreement Appendix 2 section 2.

Transactional and investment activity

- 3.17 In addition to those matters in respect of transactional and investment activity reserved to the OB as set out in the Members' Agreement, the OB will review any proposed corporate transactions by reference to cultural fit, strategic direction of the firm and impact on the equity partners.
- 3.18 The OB shall review any proposed major capital expenditure and oversee such expenditure following approval.
- 3.19 The OB shall review and approve the tax treatment and allocation between equity partners of transactional and investment activity.

Relationship with BDO's network of member firms and Global Board

- 3.20 The OB shall oversee the firm's relationship with the BDO network of member firms and the Global Board.

Quality and risk

- 3.21 The OB has delegated responsibility for risk to the ROC.
- 3.22 Through the ROC, the OB shall ensure that so far as the firm is concerned:
- an adequate and effective internal control framework exists;
 - an adequate and effective system of quality management exists;
 - there is an appropriate risk strategy including the processes for determining risk appetite and identifying emerging risks;
 - there is effective management of risk across the Three Lines of Defence;
 - the Principal Risks exercise is appropriately challenged;
 - there is an appropriate approach to resilience and consideration of the impact of risk events on the firm and its risk profile;
 - the firm's business contingency and business continuity plans are appropriate;
 - the Quality & Risk Executive performs its duties effectively; and
 - the firm's Internal Audit function is adequate.
- 3.23 The OB will oversee the EB's focus on quality, including (but not limited to) audit quality.

Regulation

3.24 The OB shall oversee the firm's relationships with its regulators and its compliance with professional standards, conduct and independence.

People and Culture

3.25 The OB will oversee the development of procedures for promoting and embedding an appropriate firm-wide culture, including oversight of monitoring activities in this area.

3.26 Save as noted in respect of the NomCo the OB will oversee the development and implementation of people management policies and procedures for both equity partners and employees, including remuneration and incentive structures, recruitment and promotion processes, training and development activities and diversity and inclusion ambitions.

3.27 The OB will review and approve any redundancy programmes over 2% of the total staff numbers.

3.28 The OB has delegated responsibility for the following people matters to NomCo:

- five to ten year succession plans for the Senior Partner, Managing Partner and members of the OB and EB
- the development of criteria for membership of the OB, EB and the Senior Partner and Managing Partner; and
- the development of training and coaching programmes for members and possible future members the OB and EB and the Senior Partner and Managing Partner.

3.29 The OB has delegated responsibility for the approval of the following appointments to NomCo:

- Managing Partner's Leadership Team Slate
- Heads of Stream
- Chief Operating Officer
- Finance Partner
- Ethics Partner; and
- changes to the Leadership Team.

Safeguarding equity

3.30 Reviewing, challenging and approving any matters which affect the composition of the body of equity partners, including salaried and equity partner admissions and retirements, future changes to the firm's governance framework, operating model and any other major issues which impact equity.

- 3.31 Overseeing and approving the annual profit-sharing process for equity partners.
- 3.32 Overseeing and approving capital account matters.
- 3.33 Setting the annual profit-share for the Managing Partner, Senior Partner and members of the EB.

Elections

- 3.34 Administering the election of the Senior Partner and of the Managing Partner.

Production of the suite of annual reports

- 3.35 The OB shall review and approve the methodology for producing the following annual reports published by the firm:

- Transparency Report
- Annual Report
- Carbon Footprint Methodology
- Pay Gap Report
- Combined Pay Gap Report
- Culture and Impact Report
- GRI Content Index
- Modern Slavery Statement

Sustainability

- 3.36 The OB shall oversee the firm's decisions on climate related threats and opportunities.

4. Authority

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

5. OB composition

- 5.1 The OB shall comprise:

- the Chair, the Senior Partner (ex officio);

- two equity partners selected by the Senior Partner, the appointment of whom is supported by the Managing Partner and ultimately discussed and approved by NomCo (“the Selected Members”)⁴.
 - four equity partners elected by the equity partners of the firm following confirmation by NomCo of each candidate’s eligibility to stand for that election based on specific criteria set for each role by NomCo in advance of the Senior Partner calling for candidates (“the Elected Members”).
- 5.1 The OB will be attended by two of the firm’s INEs, selected by NomCo by reference to the required skills, expertise and knowledge required by OB.
- 5.2 Members and attendees of the OB shall have appropriate knowledge, skills and expertise to fulfil their role as determined by NomCo and all members and attendees will be appropriately independent of the EB.
- 5.3 Selected Members of the OB shall serve for at least the full first term of the Senior Partner. In the event that the Senior Partner is re-elected for a second term, they may be asked to serve for the full second term.
- 5.4 Elected Members of the OB, other than the Senior Partner, shall serve for a first term period of up to four years (plus any stub period in the event of an election outside the normal election cycle). A second term period of a further four years may be completed following successful confirmation by NomCo of the member’s eligibility to stand for re-election and a successful re-election by the equity partners.
- 5.5 The process for replacing Selected Members or Elected Members of the OB will follow the same process as set out above.
- 5.6 The Senior Partner will have the right to remove any of the Selected Members or Elected Members, following discussion with the Managing Partner and agreement from NomCo.
- 5.7 The Senior Partner shall chair the OB⁵.
- 5.8 The Senior Partner’s responsibilities as Chair include:
- effective chairing of meetings of the OB;
 - determining the agenda for OB meetings;
 - ensuring agenda items are consistent with the OB’s responsibilities as set out in the Terms of Reference;

⁴ In the event the Senior Partner is not an audit partner, at least one of the two Selected Members must be an audit partner.

⁵ The Senior Partner’s duties in this regard are set out in the Senior Partner Definition of Role document.

- ensuring that the agenda clearly sets out the purpose of each agenda item and that the supporting papers provide sufficient detail and clarity for OB members to carry out their responsibilities appropriately;
- ensuring the OB's responsibilities are appropriately dealt with in scheduled meetings⁶ of the OB;
- reviewing the papers for each meeting, assuming they are received sufficiently in advance of the meeting;
- ensuring that the OB receives accurate, timely and clear information;
- ensuring that all OB members are involved in discussions and decision-making; and
- ensuring that OB members are held to account for their actions in the OB action log.

5.9 In the anticipated absence of the Senior Partner, the Senior Partner shall nominate another OB member to be Chair.

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

6. OB Secretary ("OBSec")

6.1 The OBSD shall be Kirsty Want or appropriate substitute if required.

6.2 In the absence of the appointed OBSD a suitable alternative will be supplied from the Governance team.

6.3 The role of the OBSD shall be to:

- organise meetings of the OB;
- collate papers for meetings of the OB;
- ensure that such papers adhere to the minimum standards for Oversight meetings set by the OB;
- take minutes of meetings of the OB;
- timeously produce a draft of such minutes and circulate to members of the OB for comment/approval prior to the next meeting of the OB; and
- maintain a log of actions arising from OB meetings and, with support of the Chair, hold OB members to account for their completion.

⁶ It is not expected that every scheduled meeting deals with all responsibilities listed above but each responsibility must be covered at least once every year.

7. Meetings

Scheduled meetings

- 7.1 The OB shall have scheduled meetings at least 10 times a year.
- 7.2 The OBSec will ensure that so far as is practicable scheduled meetings take place during the week after scheduled EB meetings.
- 7.3 A scheduled meeting of the OB shall be quorate when 50% of its members (excluding the Chair) are in attendance, either in person or remotely.
- 7.4 So far as scheduled meetings are concerned, the Chair will prepare the agenda which together with supporting papers will be circulated to members of OB 5 days in advance of the meeting by way of Diligent provided papers are received on a timely basis.
- 7.5 In preparing the agenda the Chair shall be assisted as necessary by the members of OB and the OBSec.
- 7.6 The agenda will clearly set out the purpose of each point including whether an OB decision is required.
- 7.7 The supporting papers should ensure that members of the OB have a full understanding of the issues to be discussed at the meeting.
- 7.8 Where a matter is to be decided by the OB at a scheduled meeting, a vote shall be taken of members present and matters decided on a simple majority. Where there is a deadlock the Chair shall have the casting vote (so long as the Chair is audit qualified) and, if the Chair is not audit qualified, the holder(s) of the golden vote shall have the casting vote.

Ad hoc meetings

- 7.9 The Chair can call an ad hoc meeting of the OB at any time.
- 7.10 The Chair and OBSec shall ensure that an agenda and supporting papers are provided as soon as practicable prior to the meeting to ensure that members of the OB understand the matters to be discussed including whether an OB decision is required.
- 7.11 An ad hoc meeting of the OB shall be quorate when a majority of members are in attendance, either in person or remotely.
- 7.12 Where a matter is to be decided by the OB at an ad hoc meeting, a vote shall be taken of members present and matters decided by a vote of 70% of members in attendance as well as the votes cast by non-attending members who have given the Senior Partner his/her mandate by email to vote in a particular way.

Email meetings

- 7.13 The Chair can call a meeting to decide an issue by email.
- 7.14 The Chair and OBSec shall ensure that an agenda and supporting papers are provided as soon as practicable prior to the email meeting to ensure that members of the OB understand the matters to be discussed including whether an OB decision is required.
- 7.15 Where a matter is to be decided by the OB at an email meeting, a vote shall be taken of members and matters decided by a vote of 70% of members responding by the date notified by the Chair in the email calling the meeting.

Meetings generally

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

8. OB sub-committees

- 8.1 The OB may establish Oversight Sub-Committees ("OSCs") to support the fulfilment of the OB's responsibilities as set out in this Terms of Reference.
- 8.2 The OB shall establish terms of reference for each OSC and approve the membership thereof.
- 8.3 The OB may delegate to OSCs the making of decisions within the scope of the OB's Terms of Reference.
- 8.4 All duties and powers of such OSCs are subject to the limitations of authority stated in their terms of reference.
- 8.5 The OB shall ensure an annual assessment of the effectiveness of each OSC is undertaken.

9. OB effectiveness and evaluation

- 9.1 OB members, as partners, are subject to their normal yearly performance evaluation. This evaluation shall include their effectiveness on the OB.
- 9.2 Feedback for the yearly performance evaluation on the effectiveness of each member of the OB will be provided by the Chair, following consultation with the INEs in attendance at OB meetings throughout the year, in advance of the OB member's performance review.
- 9.3 Feedback for the yearly performance evaluation on the effectiveness of the Chair will be provided by at least two OB members, following consultation with the INEs in attendance at OB throughout the year, during the performance review for the Chair.
- 9.4 The OB shall conduct an annual assessment of its effectiveness under these Terms of Reference and will agree and implement a plan to take forward any actions arising from the assessment.
- 9.5 An independent review will be facilitated by an external adviser in respect of the performance of the OB at least once every three years.
- 9.6 The OB shall review these Terms of Reference annually and consider any amendments that may be required.

10. General matters

- 10.1 The OB shall have access to all relevant BDO partners, staff and information to allow it to discharge its duties.
- 10.2 The OB shall have access to sufficient resources to carry out its duties
- 10.3 The OB shall engage independent professional advice where it judges this necessary in order to allow it to discharge its duties.
- 10.4 When considering a matter or making a decision, the OB shall give due regard to any relevant legal or regulatory requirements, as well as any guidance or best practice issued by relevant regulatory bodies.
- 10.5 In the event of a fundamental disagreement on a point of principle requiring a higher threshold of voting as determined by the SP between OB members, the Chair shall notify the INEs as a body of the matter in dispute and inform the Managing Partner of the outcome and potential steps to resolve the matter as agreed between the SP and the INEs.

Approved by Oversight Board in February 2026