



AUDIT • ADVISORY • TAX

Elevating **people**.
Elevating **business**.
Elevating **society**.

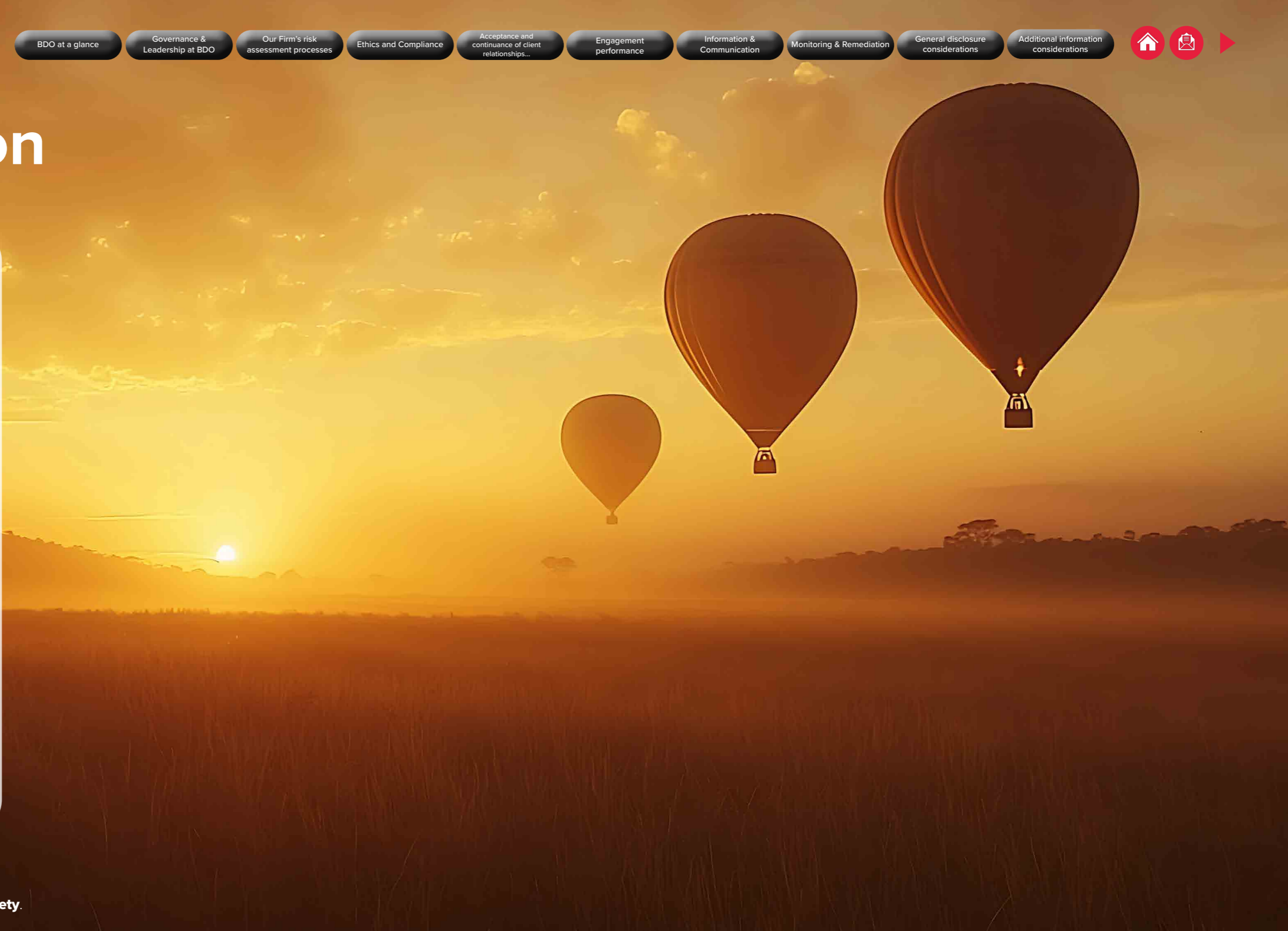
BDO South Africa

Transparency Report **2024**

Introduction

Relevance and reliability

This transparency report has been prepared based on the requirements of ISQM 1 paragraph 33(d)(ii) which states that relevant and reliable information is communicated to external parties, including when required by law, regulation, or professional standards, or to support external parties' understanding of the system of quality management.



Foreword: An introduction to our 2024 Transparency Report

Message from our CEO – Bonga Mokoena

Welcome to **BDO South Africa's 2024 Transparency Report**. This report is a reflection of our Firm's enduring commitment to audit quality, accountability and responsible leadership. It provides a clear view of how we govern ourselves, how we strengthen and monitor our System of Quality Management, and how we continue to uphold the standards of our profession. Transparency is an essential expression of who we are and how we aim to serve the public interest.

Audit quality remains at the heart of our purpose. It demands consistent focus, disciplined execution and an organisational culture that promotes sound judgement, independence and ethical behaviour. During the period under review, we have intensified our investment in quality - enhancing our methodologies, improving our tools and deepening the oversight that guides our work. Our strengthened System of Quality Management now provides a more cohesive and effective framework across the Firm, enabling us to meet the expectations of our regulators, our clients and, critically, the broader society that relies on the credibility of our assurance.

Our commitment to elevating people, business and society sits alongside this focus on quality. Elevation is woven into the way we develop our people, the way we deliver our services and the way we contribute to South Africa's social and economic fabric. Through initiatives such as Project Siyakhula and our wider people and culture programmes, we are investing in the skills, growth and resilience of our teams. Their professionalism is what underpins every high-quality engagement we perform, and it is through their actions that we continue to create meaningful impact.

The environment in which we operate is rapidly evolving. Regulation is increasing, stakeholder expectations are shifting and the demand for transparency has never been greater. These changes reinforce the importance of a strong, future-ready culture of quality - one supported by visible leadership involvement, rigorous oversight and a commitment to continual learning and improvement. We remain focused on anticipating risks, strengthening our capabilities and ensuring that our systems and practices evolve alongside the needs of our profession and society.

As you review this report, you will see the progress we have made in enhancing our controls, deepening our quality processes and reinforcing the foundations on which trust is built. Our role carries significant responsibility, and we approach it with clarity, integrity and purpose. We remain steadfast in our mission to elevate people, business and society through the consistent delivery of high-quality work.

Thank you for your continued trust in BDO.

Bonga

Elevating **people**. Elevating **business**. Elevating **society**.

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Bonga Mokoena



Contents

01 Who are we? BDO at a glance

02 Our Firm's risk assessment processes

03 Governance and Leadership

04 Relevant Ethical Requirements (including independence)

05 Acceptance & continuance of client relationships and specific engagements

06 Engagement performance

07 7.1) Resources - Our employees: People & Culture information
7.2) Intellectual and technological resources

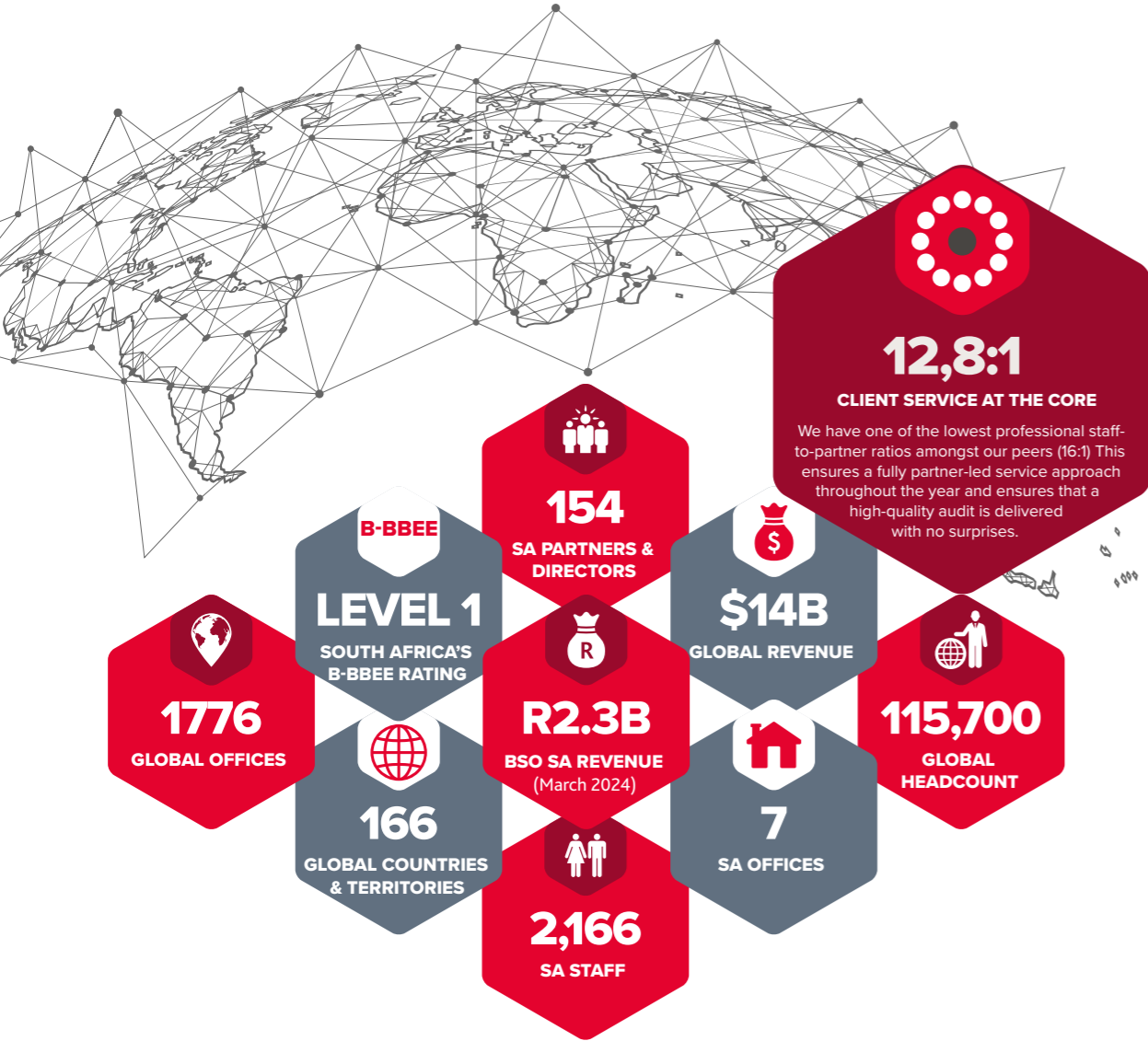
08 Information & Communication

09 Monitoring and Remediation

10 Additional information considerations

1 Who are we? BDO at a glance

BDO South Africa ('BDO' or 'the Firm') is a key member of the BDO global network of public accounting, tax and advisory Firms which provides business advisory services across 166 countries, with approximately 115,700 people working out of 1,770 offices worldwide. Being a member of the BDO global network enables us to advise businesses which are trading and expanding internationally. There are currently 54+ BDO locations in Africa.

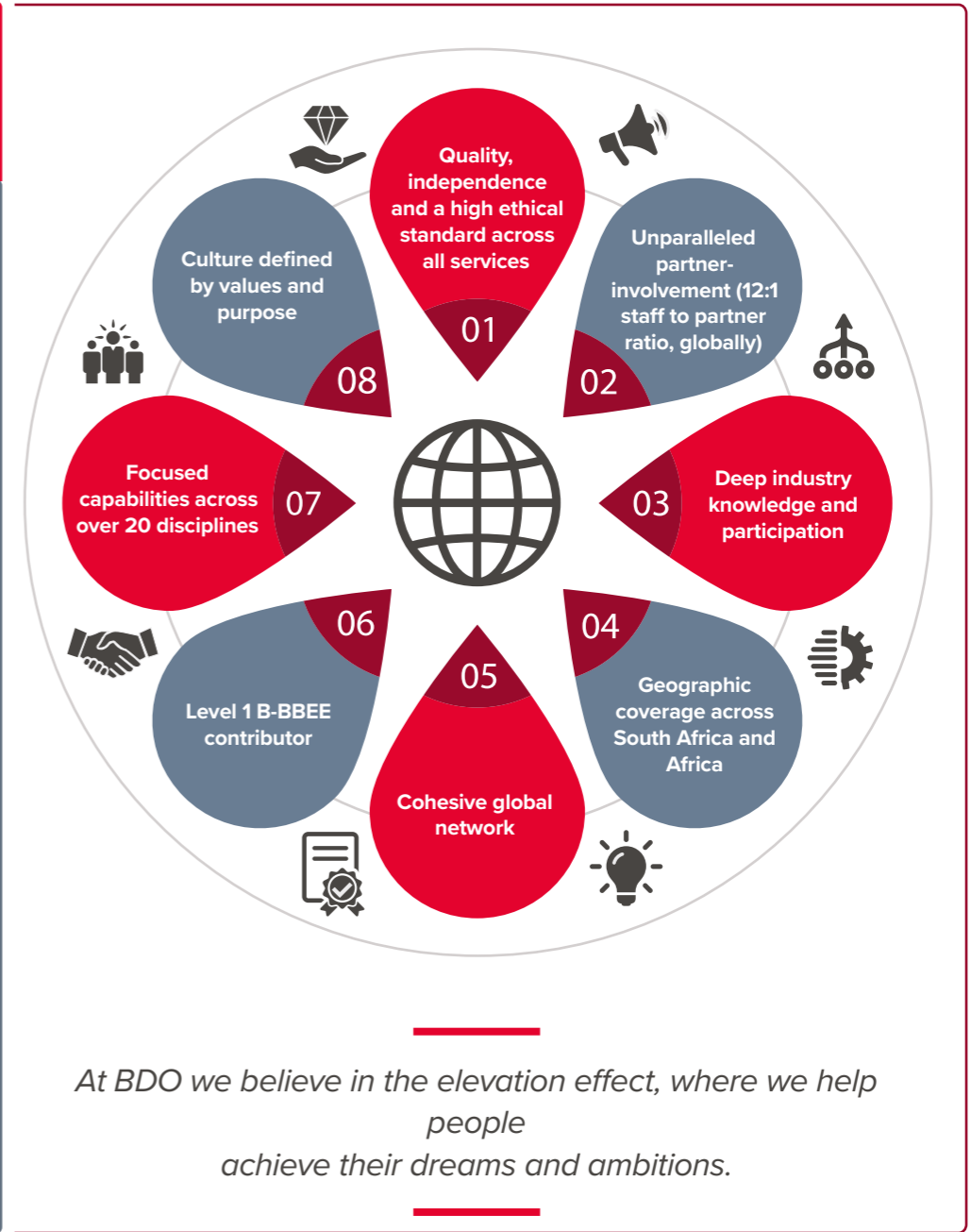


Our Purpose – People helping people achieve their dreams and ambitions

At BDO we believe in the elevation effect, where we help people achieve their dreams and ambitions. This is the very essence of BDO. Our motivation is to help people get to where they want to be – whether that's our colleagues, our clients or in the communities we are part of.

BDO has a clearly stated purpose – **our WHY** – which makes BDO unique. It puts into words why BDO exists and is our global organisation's fundamental reason for being, what defines us. As BDO continues to grow in reach, headcount and revenue, **our WHY** shapes how we work with our clients, support our colleagues and help our communities succeed. It helps us make better decisions for ourselves and for all our stakeholders, individually and as a global organisation.

We offer industry expertise, worldclass resources, and an unparalleled commitment to meeting our clients' needs, with **75%** of our clients recommending us. We serve approximately 25 JSE listed companies and over **158** internationally listed clients, who are clear on why they chose BDO.



1 Who are we? BDO at a glance

Our services across audit, tax and advisory are in high demand – but we need to carefully plot how, and how fast, we grow. For most organisations, there is a growing business imperative to address sustainability. The material risks that companies face are broadening and have led to the emergence of a global sustainability movement, driven by capital markets, governments, communities and various stakeholders. This demand for transparency and accountability in environmental, social and governance matters calls for a better understanding of the impact of business and industry on the environment and our societies – and an effective response.

BDO's approach to sustainability is underpinned by our WHY – People helping people achieve their dreams and ambitions. This guides every action we take to ensure a more sustainable organisation so that the way we live our lives today does not negatively impact future generations. Everything we do at BDO is viewed through a sustainability lens to ensure that we implement and embed the principles of sustainability across all BDO Firms as a global initiative and a business imperative.

We are where you are

The reach of our professional services extends beyond South Africa. Through BDO's International network of Firms we can call on trusted professional colleagues and experts across 166 countries, enabling us to access financial accounting, technology and regulatory expertise, as and when we need it. We have BDO office presence matching your significant African regions' footprint and in your operations across the rest of the world.

Our Clarity Charter

Being ethical and quality-driven is a given for us, and to show how this is a part of our DNA, we have developed the BDO Clarity Charter. This is our commitment as individuals and as a firm. It is our Firm's clear and public pledge to be ethical, independent and quality driven.

[Click here to see the BDO Clarity Charter](#)

Our Brand Value Proposition

BDO is bold and courageous, and challenges established ways of doing and being. Central to our challenger brand positioning is our bold, clear, distinctive, inclusive and determined Value Proposition:

Elevating People. Elevating Business. Elevating Society.

1 Overview of the SoQM

Our consistent approach to audit quality

International Standards on Quality Management 1 ('ISQM 1') became effective on 15 December 2022 and required Firms to establish a System of Quality Management ('SoQM') which takes a proactive and risk-based approach to managing quality. BDO South Africa (the Firm) is responsible for designing, implementing and operating a SoQM or audits and reviews of financial statements, including other assurance or related services engagements performed by the Firm, to provide the Firm with reasonable assurance that the objectives of the SoQM are being achieved.

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

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

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

1. The Firm's risk assessment process
2. Governance and leadership
3. Relevant ethical requirements
4. Acceptance and continuance of client relationships and specific engagements
5. Engagement performance
6. Resources
7. Information and communication
8. The Firm's monitoring and remediation process

These components operate in the Firm's SoQM in an iterative and integrated manner. Other requirements of ISQM 1 comprise the roles and responsibilities for the SoQM, leadership's overall evaluation of the system, network requirements or network services and documentation.

2 Overview of the SoQM

To support the achievement of the Firm's overall quality objectives, in establishing and continuously improving the Firm's SoQM, the Firm has carried out the following for each of the components of its SoQM:



2 Our Firm's risk assessment processes^{cont.}

Risk Assessment process: BDO's ongoing investment in our System of Quality Management

The Firm identifies emerging developments and changes in the circumstances of the Firm or its engagements and adapts its SoQM to respond to such changes.

At least once a year, the Head of Quality Management performs a review and update of the Firm's SoQM. The process includes the following:

1. Gathering relevant information on changes in the nature and circumstances of the Firm, e.g. changes due to mergers or acquisitions or disinvestments; changes in the operational structure of the Firm, specifically with respect to the business units performing engagements within the scope of ISQM 1; changes arising from quality events such as complaints and allegations.
2. Gathering relevant information on changes in the nature and circumstances of engagements performed by the Firm, e.g. new or changes in industry opportunities taken on.
3. Gathering other information that may impact the identification and assessment of quality risks, e.g. risks identified through regulatory, internal or global inspections; risks identified through social media discussions about the Firm, and so on.

Information is discussed with leadership to evaluate:

- ▶ If new quality risks are identified or if previous risk assessments need updating.
- ▶ If risks are appropriately identified and assessed based on complaints and allegations.
- ▶ If quality risks are properly identified and assessed through analysis of findings from other monitoring activities.

The Firm's risk assessment process, including designing, implementing and operating appropriate responses are reviewed on a continuous basis and updated as circumstances change.

2 Our Firm's risk assessment processes^{cont.}

Risk Management

BDO has an established National Risk Committee (NRC) that is responsible for ensuring that the Firm adheres to good corporate governance principles (including enterprise-wide risk management), achieves regulatory compliance and protects the assets and the reputation of BDO through risk management and quality management processes.

This committee also addresses the succession planning of key risk positions within BDO and consults with BDO International on relevant risk matters.

National risk management committee (NRC)		
2024 members	Regional office risk partners	Other members
<ul style="list-style-type: none"> National Head of Risk Management: Keith Bowman (Chair) National Head of Quality Management: Christel Pretorius 	<ul style="list-style-type: none"> Cape Town: Keith Bowman Durban: Stuart Mcilroy* Gqeberha: Craig Kilian Johannesburg: Garron Chaitowitz Pretoria: Tinus Jansen van Vuuren 	<ul style="list-style-type: none"> Johannesburg: Japie Schoeman

* Stuart Mcilroy has been replaced by Catherine Tillard

“In addition to the National Risk Committee, National Risk Management, including the legal function, is entrusted with the responsibility of ensuring adherence to good corporate governance principles with BDO South Africa and its network firms.”

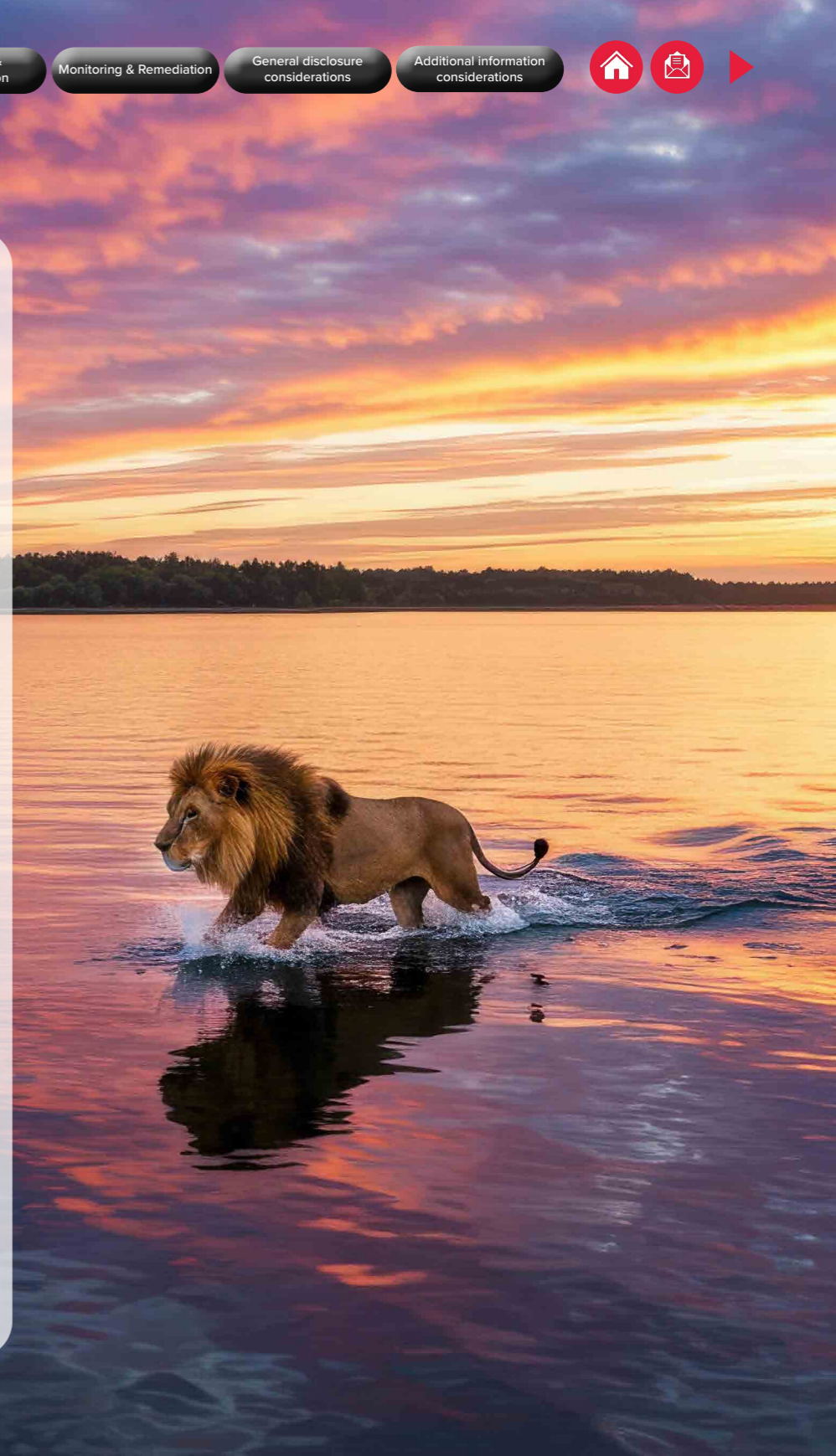
Responsibilities and duties

The National Risk Committee is responsible for ensuring that BDO adheres to good corporate governance principles (including enterprise-wide risk management), achieves regulatory compliance and protects the assets and the reputation of BDO through risk management and quality management processes.

The primary responsibility of the NRC is to oversee and approve the company-wide risk management practices to assist the EXCO in:

- ▶ Overseeing that the executive team identified and assessed all the risks that the organisation faces and has established a risk management infrastructure capable of addressing those risks.
- ▶ Overseeing, in conjunction with other oversight committees, risks such as strategic, financial, IT, legal, regulatory, quality, reputational and other risks.
- ▶ Overseeing the division of risk-related responsibilities to each committee as clearly as possible and performing a gap analysis to determine that the oversight of any risks is not missed.
- ▶ Approving the company's enterprise-wide risk management framework.
- ▶ Approving the company's policies, terms of references, director and partner admissions, as well as any other processes and procedures.
- ▶ In performing its duties and responsibilities, the National Risk Committee has the authority to meet with and seek any information it requires from employees, officers, directors or external parties.
- ▶ During the period under review, the Committee reviewed and refreshed its assessment of the risks facing the Firm, including those which could result in loss, damage to reputation and failure to deliver an exceptional client service.

*Refer to Annexure A for a description of the Firm's principal risks and uncertainties.



3 Governance and Leadership^{cont.}

BDO Global

- ▶ BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member Firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.
- ▶ Management Committees of the BDO network are the Council, the Global Board and the Global Leadership Team of BDO International Limited.
- ▶ The Council comprises one representative from each voting member and represents the member Firms of BDO International Limited in the annual general meeting.
- ▶ The Global Board represents the management of BDO International Limited and comprises one representative from each of the seven largest member Firms of the BDO network, whose respective nomination is for a term of three years and who are approved by the Council. The Global Board sets the priorities for the BDO network and oversees the work of the Global Leadership Team. The Global Board is convened at least four times a year.
- ▶ The Global Leadership Team coordinates the activities of the BDO network. It is led by the CEO and comprises the Global Heads of Audit & Accounting, Tax, HR & Development, Business Development & Marketing, IT, the CEO Europe, Middle East and Africa (EMEA) (who is currently also the Global Head of Advisory), the CEO Americas, the CEO Asia Pacific and the International Secretary.

The South African Firm plays a key role in the following BDO International structures:

- ▶ BDO International EMEA Board
- ▶ International Business Development & Marketing Committee
- ▶ Global industry sector groups – Financial Services, Natural Resources and Cyber.

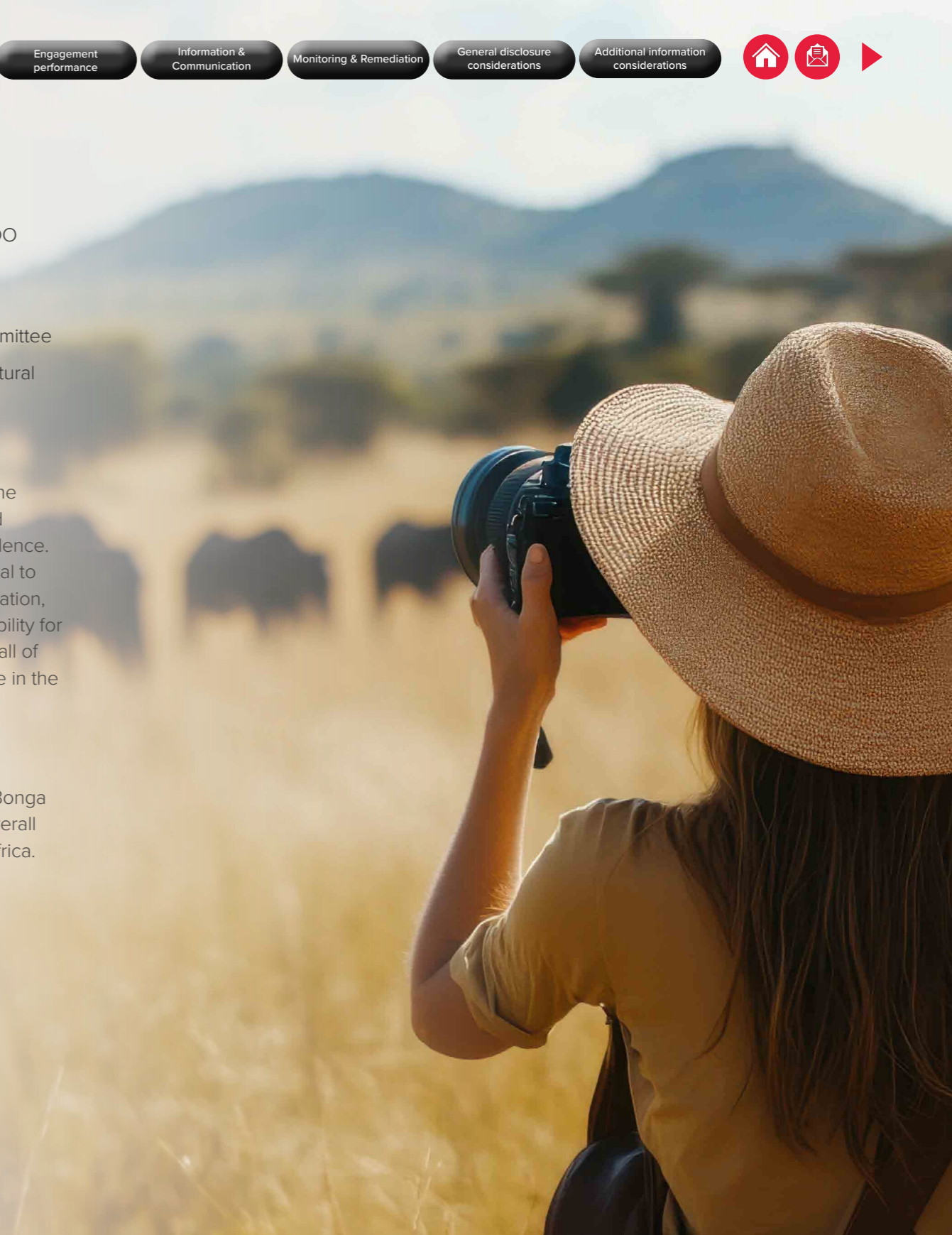
Quality at our core

Quality is not only a focus area for our Leadership, but at the core of our Firm's overall strategy, ensuring that we uphold public trust, regulatory compliance, and professional excellence. A strong System of Quality Management (SoQM) is essential to delivering high-quality engagements, reinforcing our reputation, and sustaining long-term success. While ultimate responsibility for the functioning of the SoQM remains with our Firm's CEO, all of our Firm's personnel play a significant and contributing role in the operation of the system.

Chief Executive Officer (CEO)

Bonga Mokoena is the CEO and was appointed in 2022. Bonga is responsible for the strategic direction, reputation and overall performance, efficiency and sustainability of BDO South Africa.

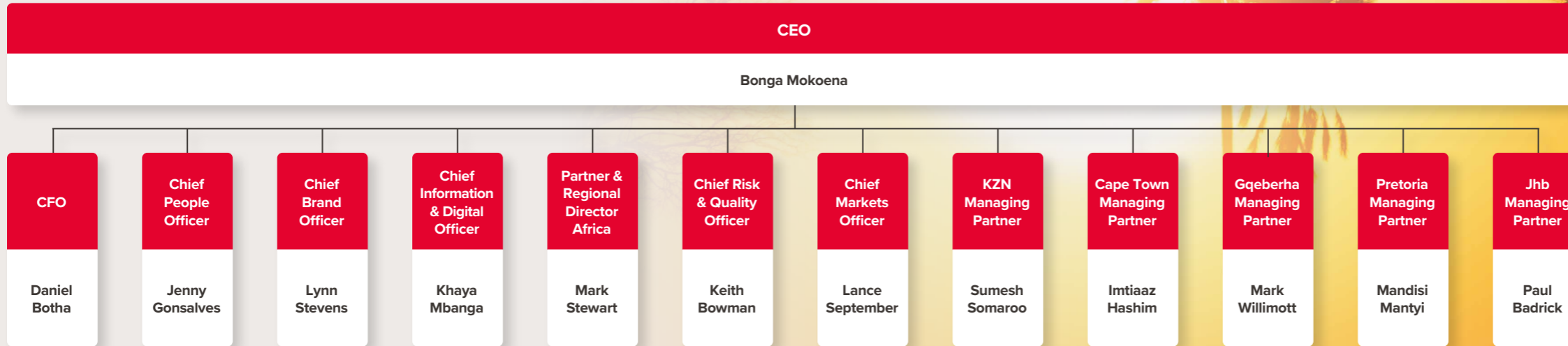
“BDO South Africa is committed to the implementation and application of the highest standards of corporate governance.”



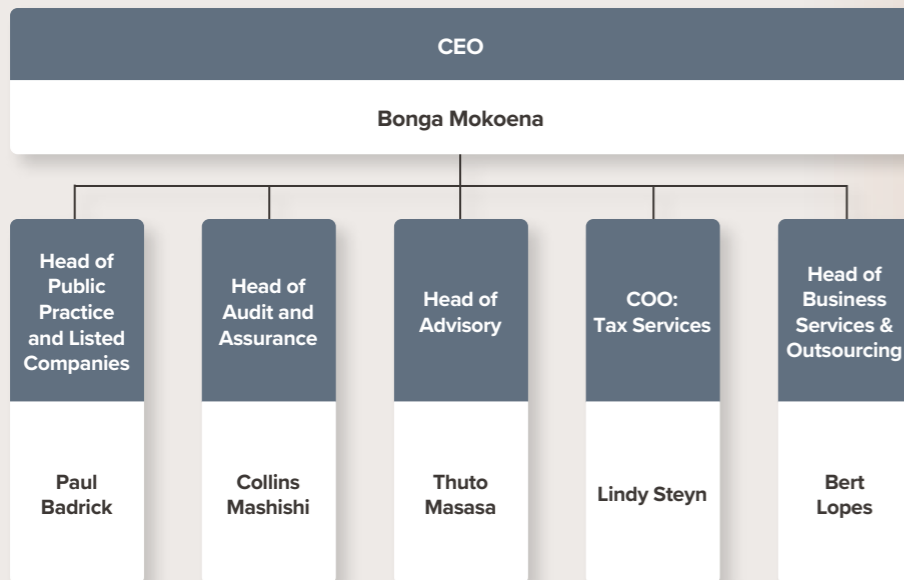
3 Governance and Leadership^{cont.}

Organisation structure

Corporate Structure

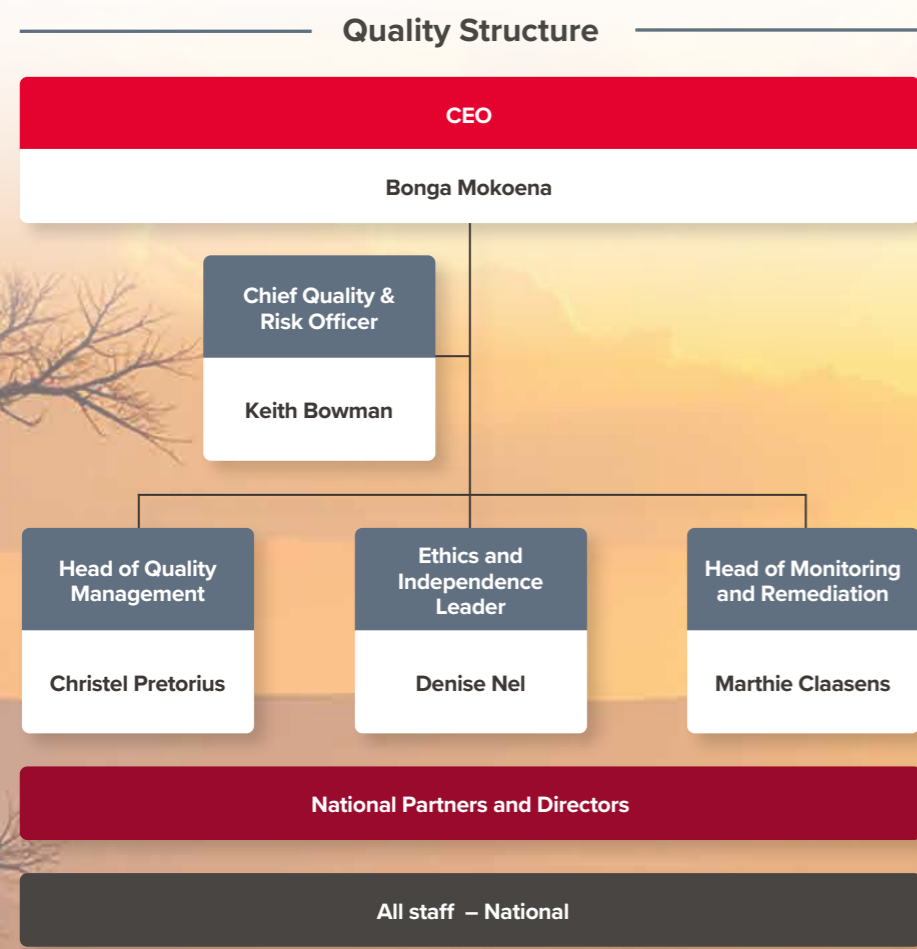


Firm Structure



3 Governance and Leadership^{cont.}

Quality Structure



Quality Leadership

Governance and leadership is intentionally positioned at the core of the firm's System of Quality Management (SoQM), ensuring an organisational structure with clearly defined roles, responsibilities, and authorities to facilitate the effective design, implementation, and operation of our SoQM. The Chief Executive Officer holds ultimate accountability for the SoQM, supported by the Chief Quality and Risk Officer, Head of Quality Management, Head of Compliance (Ethics and Independence Leader), and Head of Monitoring and Remediation. These quality management leaders work in collaboration with process owners, who oversee specific responses within the SoQM.

A Culture of Quality

At BDO, we recognise the significance of fostering a culture of quality within our daily operations and behaviours.

Accordingly, we undertook our second annual firm-wide Quality Survey in 2024 to assess our current performance and pinpoint both our strengths and areas for development. The survey results have offered valuable insights that will enable us to further enhance the experience of our people and refine our processes for optimal outcomes.

We remain committed to leveraging all feedback received to uphold and advance a culture of continuous improvement across every aspect of our work.

Licensing arrangements with regulatory bodies

BDO South Africa is accredited by the Independent Regulatory Board for Auditors. In addition, BDO has a registration with the following institutes:

- ▶ South African Council for Medical Schemes
- ▶ Canadian Public Accountability Board (CPAB)
- ▶ Public Company Accounting Oversight Board (PCAOB)
- ▶ Jersey Financial Services Commission

* As at 31 March 2024

4 Relevant Ethical Requirements (including independence)

We are dedicated to upholding the highest standards of ethics and compliance, in accordance with internal policies and external laws and regulations. All our partners, directors and employees are expected to uphold the highest degree of ethical, legal and professional conduct.

Leading from the top

Our leadership fosters a culture that embraces high standards in independence and professional ethics. We embed this culture through detailed policies on matters such as ethical behaviour and engagement performance.

Our leaders also frequently and consistently communicate BDO's purpose and values.

Ethics

Ethics is fundamental to the operation of our audit Firm and forms the foundation of the trust our clients and stakeholders place in us. We highlight our unwavering commitment to upholding the highest ethical standards in all aspects of our work. BDO South Africa has adopted the IRBA Code and the SAICA Code (together referred to as 'the Codes' or 'BDO's Code of Conduct') as the authoritative reference point for all matters dealing with ethics in carrying out assurance services, as well as non-assurance services. The IRBA Code and SAICA Code are consistent in matters which align with the International Ethics Standards Board for Accountants (IESBA) Code.

These Codes ensure that our staff act with integrity, objectivity, professional competence, and due care, while maintaining confidentiality and transparency in all engagements.

We foster a culture of ethical behaviour through regular training and clear policies, encouraging our professionals to raise concerns about any potential ethical violations.

In addition, every BDO employee is responsible for consistently following BDO's Code of Conduct and policies and procedures, as well as for choosing the right course of action if faced with an ethical workplace dilemma. All staff members must complete an annual ethics and independence declaration to confirm their compliance with the BDO Code of Conduct, policies and procedures, and BDO values.

Our policies and procedures govern the actions and working relationships of our partners, directors and employees with current and potential clients, fellow employees, competitors, government and regulatory agencies, the public, the media and anyone else we have contact with. Compliance with these policies and procedures are conditions of employment and partnership with BDO in South Africa, and failure to adhere to their provisions may result in disciplinary action, including termination of service or employment.

By prioritising ethics, we not only safeguard the quality of our audits but also reinforce the credibility of the financial reporting process, ensuring that our work serves the public interest and meets the highest standards of professionalism and accountability.

The SEC committee took cognisance that its roles and responsibilities overlapped with those of the Risk Committee and Transformation Committee, with some aspects mentioned above. In these instances, the committee considered the inputs they received through the Firm's Risk Committee interaction as well as Transformation Committee attendance.

The committee members during the period under review were:

- ▶ Donve Forbes (CPT)
- ▶ Ebrahim Lakhi (KZN)
- ▶ Cobie van Antwerpen (JHB) - Interim Chairperson.

The Social and Ethics Committee (SEC)

The Committee is constituted as a committee of the Board of BDO in terms of section 72(4) of the Companies Act 71 of 2008, read with Regulation 43 of the Companies Regulations, 2011. The mandate of the SEC is to act as the social conscience for BDO by ensuring that it acts as a responsible corporate citizen. The SEC has also conformed to the ten principles of the UN Global Compact.

The committee promotes and monitors the ethical behaviour of employees, board members, customers and suppliers paying attention to the following aspects in line with the SEC's mandate:

- ▶ conflicts of interest
- ▶ confidential information
- ▶ compliance with relevant laws
- ▶ workplace conduct
- ▶ business courtesies and gifts
- ▶ non-compliance with prescripts
- ▶ internal and external fraud collusion.

4 Relevant Ethical Requirements (including independence)^{cont.}

The BDO Tip Offs App and the Whistle-blowing and Speak Up policy

The Firm is dedicated to conducting business in an ethical manner, with integrity and fairness and in compliance with applicable laws and regulations. Our commitment to protect our people, the Firm and the public is apparent in our efforts to meet the highest standards of transparency and accountability.

A key component to workplace ethics and behaviours is integrity or being honest and doing the right thing at all times which highlights the importance and purpose of Whistleblowing and speaking up.

The BDO Tip-offs app is the Firm's mechanism for individuals both internally and externally to anonymously report any concern around unethical behaviour. Reports are evaluated and investigated by appropriate individuals in the Firm.

The purpose of the "Whistleblowing Policy" is to foster a culture where employees can safely report unlawful, criminal, or irregular conduct without fear of retaliation. It outlines procedures for using the Firm's Tipoffs system to report issues such as corruption, fraud, discrimination, and violations of law or policies. The policy aims to improve stakeholder confidence, prevent risks, eliminate unethical behaviour, and protect whistleblowers, ultimately supporting the Firm in identifying and addressing potential issues early to mitigate risks and take corrective actions.

A "Speak Up Policy" has been formulated for adoption which cover a broader range of conditions than those covered by whistle-blowing legislation. The "Speak Up Policy" forms part of the procedures implemented by the Firm to ensure it adheres to the culture and standards of behaviour adopted.

The values of the Firm in relation to quality of services provided to clients, mutual respect and adherence to our professional, legal and statutory requirements are integral to support our fundamental values and critical for all individuals engaged in the Firm to communicate concerns that are of importance to the success and reputation of the Firm.

The Firm's continued success depends on its reputation as a provider of high-quality professional services which can only be maintained and enhanced if the BDO network, its partners and staff conduct themselves in accordance with the basic principles of professional ethics by delivering high quality professional services, as well as effective operational management.

BDO Tip Off whistleblowing statistics

Number of incidents reported	Number of allegations made	Incident status
5	15	Closed



4 Relevant Ethical Requirements (including independence)^{cont.}

Independence

Independence is the cornerstone of the audit profession, ensuring the objectivity and impartiality of our work. We reaffirm our commitment to maintaining strict independence in all engagements. We adhere to relevant regulatory frameworks and professional standards that govern auditor independence, both locally and internationally. Our policies are designed to prevent any conflicts of interest and ensure that our auditors are free from any influences that could impair their professional judgment. We continuously monitor and assess our independence, and in cases where potential threats arise, we implement safeguards to address them. By maintaining independence, we safeguard the credibility of our audits and uphold the trust placed in us by clients, stakeholders, and the public.

We have a dedicated team of experienced professionals who guide our leadership, partners and engagement teams to understand, implement and comply with independence requirements.

The team is responsible for designing and implementing policies and processes to ensure compliance to regulatory requirements and to mitigate relevant risks, some of which have been highlighted below.

Restricted Entities

The global restricted entities database contains information (including group structures) of at least all public interest entity audit clients for which independence is required in the relevant jurisdiction. These entities would be restricted to relevant individuals from financial interests or other relationships and is critical for identifying and assessing entities where specific independence considerations would be applicable in the performance of non-assurance services.

The criteria for identification of Public Interest Entities (PIEs) within the Firm is as follows:

- ▶ Public Interest entities are categorised in terms of the definitions set out in the IRBA Code. These definitions are contained in the Firm's policy manuals, Client and Engagement Acceptance and Re-acceptance and Relevant Ethical Requirements (including independence) and triggered in the acceptance process for new clients.

Delivering non-audit services to audit clients

We comply with all relevant Codes of Professional Conduct and the requirements of the Companies Act of South Africa, as well as our own independence policies.

All non-audit work goes through our client acceptance process, from where the proposed services are assessed for independence and conflict of interest by National Compliance, in conjunction with the engagement partner.

A policy and process is in force, aligning to the revised IRBA changes, outlining the circumstances in which the Firm is permitted to provide Non-Audit Services (NAS) to PIE clients. A NAS threat assessment form is tabled for approval by the Independence and Client Acceptance and Reacceptance Committee ('ICARC'), whereafter communication is submitted for concurrence and approval by Those Charged With Governance ('TCWG').

ICARC reviews the independence assessment documented in the NAS threat assessment form, taking into consideration relevant legislation, ethical guidance, and the level of NAS fees relative to audit fees. The approval process is rigorously applied to prevent our auditors from functioning as management, auditing their own work, or serving in an advocacy role.

Non-Audit services can only commence following receipt of the signed concurrence letter from TCWG.

4 Relevant Ethical Requirements (including independence)^{cont.}

Confirmations

Our employees are all required to confirm their compliance with BDO's independence policies and procedures when they join the Firm and annually thereafter.

The confirmation is used to evidence the individual's understanding of our policies and procedures in relation to ethics, independence and conflict of interest matters, as well as to show that they have complied with these policies and procedures.

Our National Compliance team reviews the responses to the annual ethics and independence declaration process as well new joiner confirmations to identify, assess and resolve possible, conflicts of interest or independence issues.

In addition, independence declarations are received from all audit engagement team members who are involved in the performance of the audit engagement.

Rotation of key individuals assigned to audit clients

The Firm monitors the involvement of key audit personnel on PIE audit clients to ensure compliance with relevant independence rules, including the Companies Act and or the Code of Professional Conduct. Rotation information includes all relevant details relating to time-on and required cooling off periods for all key audit personnel on these audit clients which re-enforces pro-active tracking not only ensuring compliance but also preventing a self-interest and or familiarity threat created by long association.

Our view on gifts, hospitality, and inducements

The Firm and individuals in the Firm are prohibited from accepting gifts and hospitality from an audit/assurance client unless the value is trivial and

inconsequential. Similarly, the prohibition extends to the receipt and/or offer of cash gifts from or to any client.

The prohibition from accepting or receiving, or encouraging others to accept or receive, any inducement that the Firm or a reasonable and informed third party would conclude is made with the intent to improperly influence the behaviour of the recipient, or of another individual, extends to all individuals in BDO.

We also have a disciplinary process in place to determine the appropriate sanction for any professional who violates the independence rules and Firm policies and procedures.

Committees

We have two committees to assess independence and client acceptance matters:

- ▶ Independence, Client Acceptance and Re-Acceptance Committee (ICARC)
- ▶ Public Sector Client Acceptance and Re-Acceptance Committee.

These committees receive escalations relating to independence matters, conflicts of interest and reputational client acceptance/client reacceptance issues and advise the engaging partner/directors on whether to continue with the engagement or terminate the process/ relationship.

5 Acceptance & continuance of client relationships and specific engagements

Our approach

BDO's success relies on its reputation for providing high-quality professional services to top-tier clients. Understanding and mitigating client and engagement risks is crucial. We have formal processes for client acceptance and re-acceptance to address risks before starting any services. At the client level, we perform checks to identify reputational risks. For engagements, we assess risks related to independence, conflicts of interest, necessary accreditations, and the adequacy of resources, skills, and experience to ensure quality.

Our risk assessment process to accept/reaccept a client/engagement

An automated process facilitates the acceptance and re-acceptance process which includes reputational checks, local and international conflict of interest checks and risk assessment questionnaires. Risk indicators have been created based on responses from the risk assessment questionnaires and all high-risk engagements require approval by the relevant office risk management partner, who, in turn can escalate matters to the said committees.

Key client acceptance/re-acceptance matters relating to independence, conflicts of interest and reputational concerns are escalated to the committees who assess the risks and possible mitigations and advise

the engaging partner/directors on continuity or to terminate/decline the relationship and or specific engagement.

A Global Mandatory Consultation process requires consultation with BDO Global for acceptance and re-acceptance of assurance engagements with increased risk factors. These include:

- ▶ Annual assurance fee exceeding 10% of BDO SA's total annual revenue.
- ▶ Total annual assurance fee from the client relationship exceeds USD \$1 million.
- ▶ Assurance service is to be provided by 10 or more other BDO Member Firms.
- ▶ Assurance engagements for digital asset business and digital asset service providers.

Conflicts of interest

Conflicts of interest may prevent us from accepting a client or an engagement. It is the responsibility of our partners with the guidance from the Compliance team, to identify possible conflicts and ensure that any such conflicts can be properly managed before an engagement is accepted.

Before accepting any new client or assurance engagement, our engagement teams must perform specific procedures to identify potential

conflicts of interest and threats to our independence. This process includes submitting using global tools to facilitate international conflict of interest and independence checks throughout the BDO network.

The use of third parties | service providers

The Firm is in the final stages of implementing enhanced risk management and independence processes and procedures relating to the use of third parties or service providers which will strengthen the processes already applied by the Firm, in the onboarding of these individuals. A newly created Service Provider Request form, setting out information on the assessment outcome, experience and reason for employment will be tabled to the relevant Business Line Head for evaluation and approval.

Upon employment with the Firm, before commencement of services to a client, the service provider is subject to the Firm's relevant ethical requirements including independence which is assessed based on responses from the service provider declaration and the mandatory attendance of independence training followed by the completion of a quiz in relation thereto.

Prior to sharing confidential client information with a third-party service provider, the Firm will inform the client, preferably in writing, and obtain the client's approval for use of a third-party service provider on the assignment.

For the duration of the third party or service provider tenure with the Firm, the individual shall abide by the Firm's policies and procedures as if they were permanently employed at the Firm.

6 Engagement Performance

Considerations for assignment of all staff to engagements

At BDO we have a dedicated staff planning team for the assignment of audit professionals to specific engagements. Our audit engagements are staffed based on various factors which includes:

- ▶ Experience
- ▶ Expertise
- ▶ Qualifications
- ▶ Industry knowledge
- ▶ Accreditation (if required)
- ▶ Capacity
- ▶ Continuity
- ▶ Specialisation (if required)

- ▶ Team composition – diversity and inclusion of non-audit skills (where required)

Engagement partners in conjunction with the audit engagement manager determines the extent, direction, supervision, and review of junior staff.

The Audit Chief Operating Officer takes responsibility for oversight of audit partner portfolios in addition to assigning engagement partners to audits, based on factors which include industry experience and capacity, nature, size, complexity, and risk profile of the client.

6 Engagement performance^{cont.}

BDO's formation of audit engagement teams (including specialists)

BDO's engagement acceptance and reacceptance process considers whether the engagement team is appropriately staffed and resourced.

In order to provide partners and staff with sufficient time to fulfil their responsibilities during an audit engagement, individual budgets are established for each assignment. Staff are allocated to engagements according to the estimated time required to deliver a quality outcome, rather than solely in consideration of the fee. Specialists or experts are allocated to engagements when the audit involves complex financial instruments, IT systems, or regulatory requirements beyond the core team's expertise.

How engagement partners direct, supervise and review work performed by engagement teams

Engagement partners play a key role in delivering high-quality audits by guiding, supervising, and reviewing the work of their teams. The nature, timing, and extent of their involvement are critical to ensuring audit quality.

BDO uses advanced audit software that aligns with the principles and requirements of ISA 220 (Quality Management for an Audit of Financial Statements). The software provides built-in guidance, checkpoints, and prompts that support engagement partners and reviewers throughout the audit process. It helps ensure that key checklists are completed, approvals are documented, and partner sign-offs are properly recorded. It also allows BDO's Monitoring & Remediation department – and other oversight functions – to track the engagement partner's level of involvement.

For audits of listed entities, BDO runs the Quality Landmark Programme, which sets out clear milestones for each stage of the audit. These include areas like audit scoping, planning, risk assessment, and interim procedures. The programme ensures that critical tasks are completed at the right time, helping to maintain strong direction, supervision, and review throughout the engagement. To evaluate the quality of supervision and guidance provided, engagement teams complete 360-degree questionnaires. These assessments help us continuously improve leadership and oversight on audit engagements.

Applying professional judgement and scepticism

Exercising sound professional judgement – and, where relevant, professional scepticism – is essential to delivering high-quality audits. At BDO, we encourage our teams to assess each situation logically and systematically, so their conclusions are objective and free from bias, emotional influence, or common thinking traps.

This approach relies on experience, training, and technical knowledge – but also on ongoing awareness, practice, and consistency. To support this, we use the BDO Global Professional Judgement Framework as a foundation.

All engagement teams must complete mandatory training on the framework. It is easily accessible via BDO's SharePoint site, integrated into our audit software, and reinforced through regular reminders to our teams.

If internal or external monitoring activities highlight cases where professional judgement or scepticism could be strengthened, we conduct a root cause analysis and take appropriate follow-up action to address the findings.

6 Engagement performance^{cont.}

How the Firm allocates Engagement Quality Reviewers to engagements

BDO has a dedicated EQR department that ensures that objective evaluation of significant matters made by the engagement team meet our quality standards. There are three review types within the department that respond to quality risks:

- ▶ Engagement Quality Reviews (EQRs)
- ▶ Safeguard Reviews (SGRs)
- ▶ Inflight reviews (IFRs)

EQRs are performed on behalf of the Firm and are designed to support the Firm's system of quality management (SoQM) at the engagement level. The EQ Reviewer plays a critical role in ensuring quality is consistently maintained. Engagement quality reviews are allocated to engagements that are listed, other public interest entities or high-risk engagements as determined by the Firm.

The Head of Engagement Quality Review, with input from the Head of Quality Management and the National Head of Audit meet quarterly to allocate and reallocate EQRs for the upcoming audits, based on the reviewer's experience, industry knowledge and the capacity required to perform the EQR considering the audit timelines.

SGRs are less extensive than EQRs as they only focus on the risks identified by the engagement teams and the reasons that gave rise to the engagement needing an SGR.

IFRs perform focused reviews during the engagement and provide the engagement teams with the necessary audit quality support, thereby serving as an additional layer of safeguard on the focus areas as determined by the Firm.

The Firm is formally notified of these approved allocations.

Consultation process and technical support

BDO maintains a comprehensive consultation process to ensure complex or sensitive matters are appropriately addressed. Mandatory consultation areas are reviewed regularly and updated when needed, so engagement teams know when consultation is required and how to implement it effectively.

Beyond the mandatory areas, BDO also promotes a culture of open communication and voluntary consultation. Teams are encouraged to seek guidance and collaborate, especially when dealing with difficult issues.

All consultations are tracked through dedicated electronic helpdesks for each area, including Accounting, Audit, Risk, and Compliance. These helpdesks are supported by highly

experienced Departmental Heads and technical teams with deep expertise in their respective fields.

Engagement teams receive regular training and updates, and mandatory consultation areas are clearly flagged in BDO's audit software, supported by checklists to improve visibility and reinforce compliance.

BDO monitors consultation activities closely. Where non-compliance occurs, appropriate actions are taken under the Firm's Financial Management Consequence Policy.

Resolving internal differences of opinion

When differences of opinion arise – whether between engagement partners and team members, engagement partners and engagement quality reviewers, or others within BDO's quality management system – they are escalated to the Head of Audit and Assurance, Head of Quality Management, or Head of Engagement Quality Review.

BDO follows a formal Disagreement Process, which outlines the steps to resolve such issues, including the required escalation process. If the disagreement affects an assurance report, the report will not be issued until the matter is fully resolved.

7.1 Resources | Our employees: People & Culture information

Elevating our people – the heart of our business

At BDO, we believe that a fresh perspective on employee connection and satisfaction leads to a higher level of performance. By introducing 'THRIVE,' we aim to elevate our employees' day-to-day experiences, ensuring they feel valued, understood, and empowered to achieve their personal and professional best.

Our commitment to 'THRIVE' stems from our purpose, values and business growth pillars. We understand that the well-being of our people directly influences our ability to deliver exceptional service to our clients. Elevating our workforce through comprehensive support and development programmes is not only right but essential for maintaining the highest standards of professionalism and ethics.

'THRIVE' is about leveraging our expertise in creating environments that foster growth and innovation. By focusing on comprehensive career development, continuous learning opportunities, and robust health and well-being programmes, we enhance our employees' ability to contribute effectively to our clients' success and to complex challenges on a global scale.

'THRIVE' is implemented through our commitment to a culture of inclusion and diversity. By operating as One BDO, we harness the power of our diverse, multigenerational workforce, enabling them with the tools and resources necessary to succeed. Collaborative platforms, mentorship programmes, and innovative technologies are just a few ways we ensure every employee has the opportunity to thrive.

B-BBEE Level 1

This year BDO South Africa was recognised as being a Level 1 B-BBEE contributor. As part of the scoring process for this certification, BDO scored well in the areas of ownership, skills development, enterprise and supplier development, as well as socio-economic development. For the 2024 year-end ownership was at 57.27% Black Owned.

Developing talent

A key focus for the year has been on further developing our strategic partnerships with the top learning institutions across South Africa. We have also expanded our reach to a number of historically disadvantaged universities. We continue to run learning-based competitions at selected universities in an effort to help students develop academically.

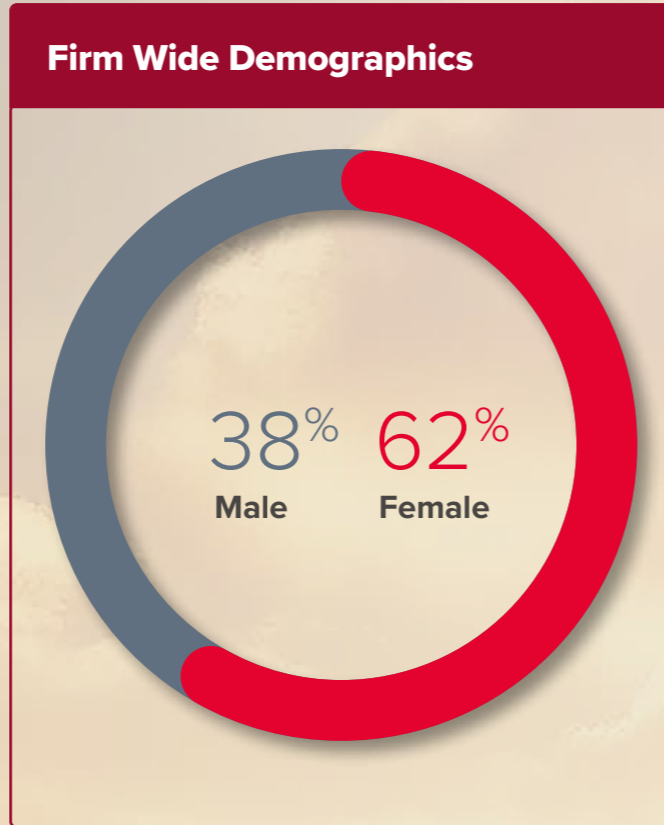
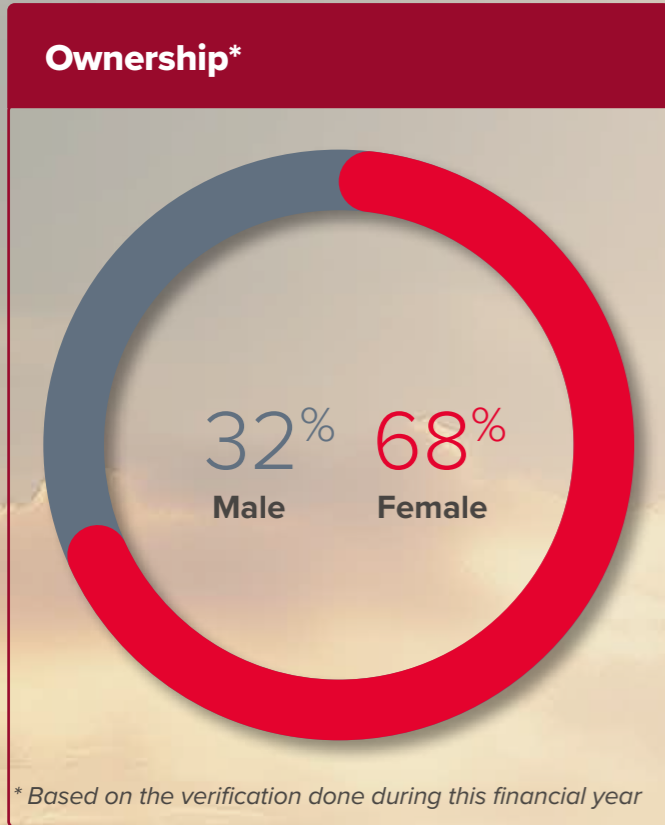
These competitions also provide students with the opportunity to interact with some of our people and gain a better understanding of our Firm and the industry at large.

Our Annual BDO Financial Services Advisory hackathon challenged students to formulate innovative solutions to crypto currencies and emerging market technologies such as web 3.0 for Financial Services Advisory.

We have also hosted vacation programmes and job shadow experiences for students who want a firsthand experience of our workplace culture and environment. This empowers them with the knowledge and experience to make the right career decisions for themselves.



7.1 Resources | Our employees: People & Culture information^{cont.}



Firm Wide Demographics**

Promotions per race and gender		Promotions per race and gender		
Service Line	Number of Promotions	Race	Male	Female
Advisory	16	African	14	21
BSO	7	Coloured	3	4
Inc	47	Indian	9	15
Shared Services	14	White	17	17
Tax	17	Non-South African	1	0
Total	101	Total	44	57

Associate Director promotions			Partner/Director appointments/promotions		
Race	Male	Female	Race	Male	Female
African	2	2	African	0	0
Coloured	0	1	Coloured	0	0
Indian	1	1	Indian	2	1
White	4	2	White	2	2
			Non-South African	1	0
Total	7	6	Total	5	3

** Period an April 2023 to March 2024

Appointments

Total Appointments	Graduates
354	200

7.1 Resources | Our employees: People & Culture information^{cont.}

BDO Offshore Solutions (IOC) – Unmatched in the International Resourcing Market

Unlike outsourcing to a low-cost, high-volume centre, BDO Offshore Solutions is a team of dedicated internal staff, in a permanent partnership with the global BDO network Firms. Working together with BDO US LLP, BDO UK LLP and BDO Belgium, the team completes complex, location-specific assignments from our Gqeberha, Stellenbosch, Durban, Johannesburg and Pretoria offices.

Since its inception on 20 May 2022, due to ever-increasing demand for quality resources, the team has grown in leaps and bounds. As a centre of excellence delivering high quality private and listed company audits in Belgium, the UK and US respectively, they are a one-team-to-market of specialised resources and BDO brand ambassadors.

The level of expertise required to join the IOC team is based on BDO's world-class standards and critical success factors. Demonstrating BDO's culture of excellence is a requirement, with training and quality as non-negotiable factors.

Size of team:

IOC
Belgium

12

IOC
On Demand

72

IOC
Regulated

180

IOC
Unregulated

89

7.1 Resources | Our employees: People & Culture information^{cont.}

Director remuneration and pay gaps 2024		
Remuneration	March 2024	March 2023
Average total compensation per director	R2.7 million	R2.6 million
Director Pay Gap	March 2024	March 2022
Average female director earnings as a percentage of average male director earnings*	78%	82%
Transformation Pay Gap	March 2024	March 2022
Average ACI director earnings as a percentage of average non-ACI director earnings	94%	94%
Representation	March 2024	March 2022
Percentage of all directors who are female	40%	37%
Percentage of all directors who are ACI	38%	36%

* Decrease due to junior female director promotions.

Transformation pay gaps 2024***			
Transformation categories	Number of staff (all races)	Average ACI employee earnings as a percentage of average non-ACI employee earnings	ACI employee representation per category
Unskilled	92	243%	98%
Semi-skilled	115	92%	95%
Junior management	1548	79%	79%
Middle management	285	100%	70%
Senior management	99	99%	47%
Other executive management	55	93%	42%

*** As at March 2024 and excludes associate companies and interns

Gender pay gaps 2024**			
Transformation categories	Number of staff (all genders)	Average female earnings as a percentage of average male earnings	Female representation per category
Unskilled	92	105%	59%
Semi-skilled	115	101%	62%
Junior management	1548	98%	64%
Middle management	285	96%	62%
Senior management	99	102%	54%
Other executive management	55	91%	53%

** As at March 2024 and excludes associate companies and interns

“Despite a challenging year, our resilience and collective effort allowed us to navigate difficult circumstances and maintain stability. While we faced setbacks, our commitment ensured we remained on solid ground, ready for future growth.”

Daniel Botha, CFO, BDO South Africa

7.1 Resources | Our employees: People & Culture information^{cont.}

Financial information		
Revenue growth	March 2024	March 2023
Overall	11%	25%
Audit	11%	32%
Advisory	8%	17%
Tax	9%	-3%
Total revenue (R'm)	March 2024	March 2022
Total Firm Revenue	2 180	1984
Audit	1 432	1284
%Audit to PIE	38%	38%
%Audit to Non-PIE	62%	62%
Advisory	373	345
Non-audit related services as % of audit fees to high risk audit clients (per IRBA declaration for calendar 2021)*	3.9%	4,2%
Tax	174	160
Other service lines	201	195

How we select, recruit and retain our staff

At BDO, the selection and recruitment of high-calibre professionals is a strategic priority, directly linked to our commitment to sustainable audit quality. We apply a rigorous and values-driven approach to identifying individuals with the technical competence, integrity, and professional mindset required for the evolving demands of the profession.

Our Graduate Recruitment Programme enables us to build strong pipelines through structured engagement with universities, including participation in open days, career fairs, and tailored campus initiatives. These efforts allow us to attract future-ready candidates at an early stage and to position the firm as an employer of choice.

While talent retention continues to present challenges across the industry, particularly as the attractiveness of the audit profession is increasingly scrutinised, our focus remains on recruiting, developing, and supporting individuals who are committed to excellence and long-term growth within the profession.

7.1 Resources | Our employees: People & Culture information^{cont.}

Learning & Development at BDO

Learning and development at BDO target staff at all levels, starting from when an individual walks through our doors, and continues throughout their careers at BDO. Continuing professional development is critical to ensuring that audit quality is maintained. We have a Training Curriculum which prescribes specific learning programs for staff at all levels. The Training Curriculum is overseen by the National Training Committee and includes, but is not limited to:

- ▶ Relevant Ethical Requirements (including independence)
- ▶ The BDO Audit approach and methodology
- ▶ Areas of audit focus identified through internal and external engagement inspection processes,
- ▶ Regulatory changes and new and revised standards issued
- ▶ Financial reporting, including sustainability
- ▶ Data analytics

In addition, monthly online training sessions are held for all audit staff whereby current 'hot topics' are presented.

Complementing the technical Training Curriculum is a range of non-technical programs that align to the Firm's values. These include soft skills, leadership and management and various other talent programs.

LinkedIn Learning utilisation for Audit Staff

As part of our commitment to continuous professional development and digital learning, all audit staff have been granted access to LinkedIn Learning.

- ▶ This platform provides a wide range of curated courses aligned with technical competencies, soft skills, and leadership development.
- ▶ Usage is monitored to ensure alignment with individual development plans and departmental goals.
- ▶ Staff are encouraged to engage in self-directed learning, with completion rates and course relevance reviewed quarterly to assess impact and inform future training strategies.
- ▶ This initiative supports our broader learning culture and contributes to compliance with the Skills Development Act.

Incentives & Remuneration for Partners and/or Directors

At BDO, we remunerate our partners and/or directors through a robust and objective process driven by Key Performance Indicators (KPIs). These KPIs are established by the partner and/or director in consultation with their direct line manager and are tailored to each partner and/or director based on their role, portfolio, and contractual obligations with the Firm. However, quality remains a non-negotiable aspect within all partners and/or directors' KPIs and is weighted the highest among all Key Indicators, with a weighting of one-third. These KPIs are reviewed annually and adjusted accordingly, though the emphasis on quality remains unchanged.

Annually, partners and/or directors are assessed on their performance against these KPIs and are required to provide evidence to substantiate their self-assessment, which is then objectively evaluated and rated.

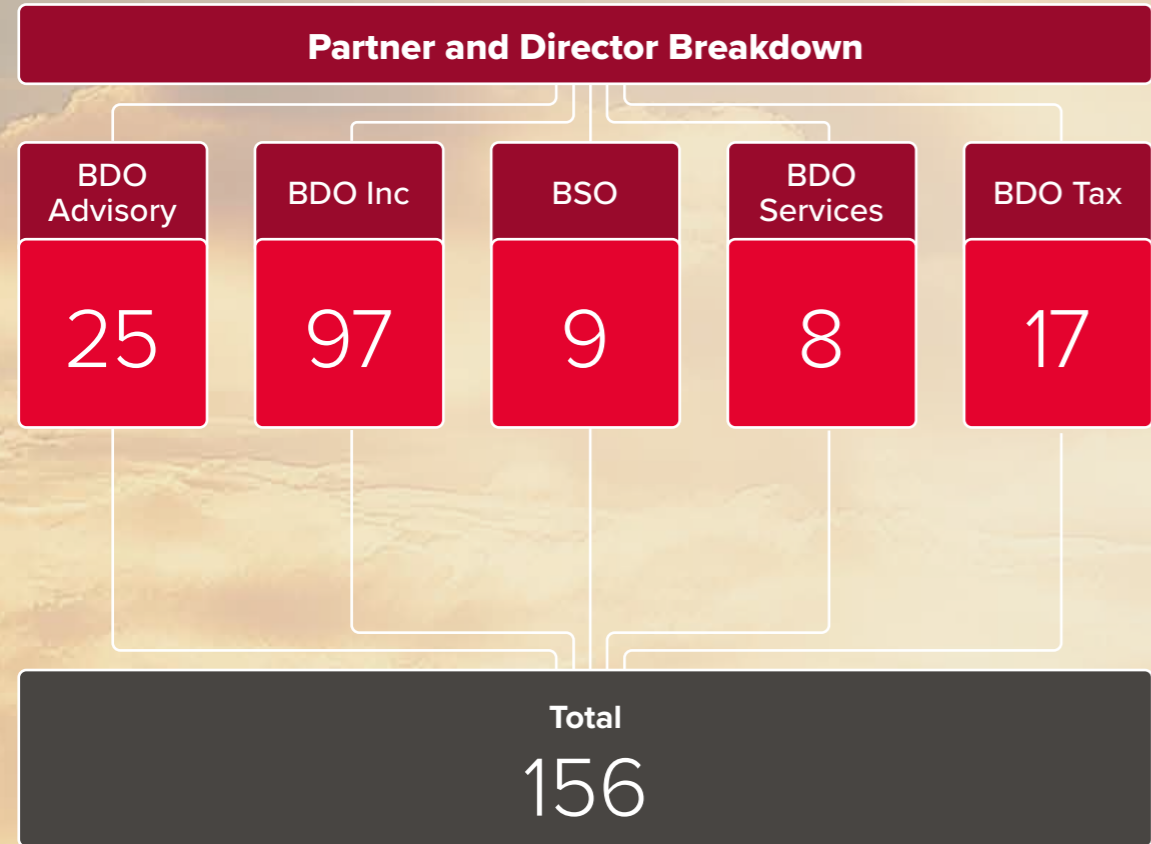
The results of this performance review determine their fixed and variable earnings.

7.1 Resources | Our employees: People & Culture information^{cont.}

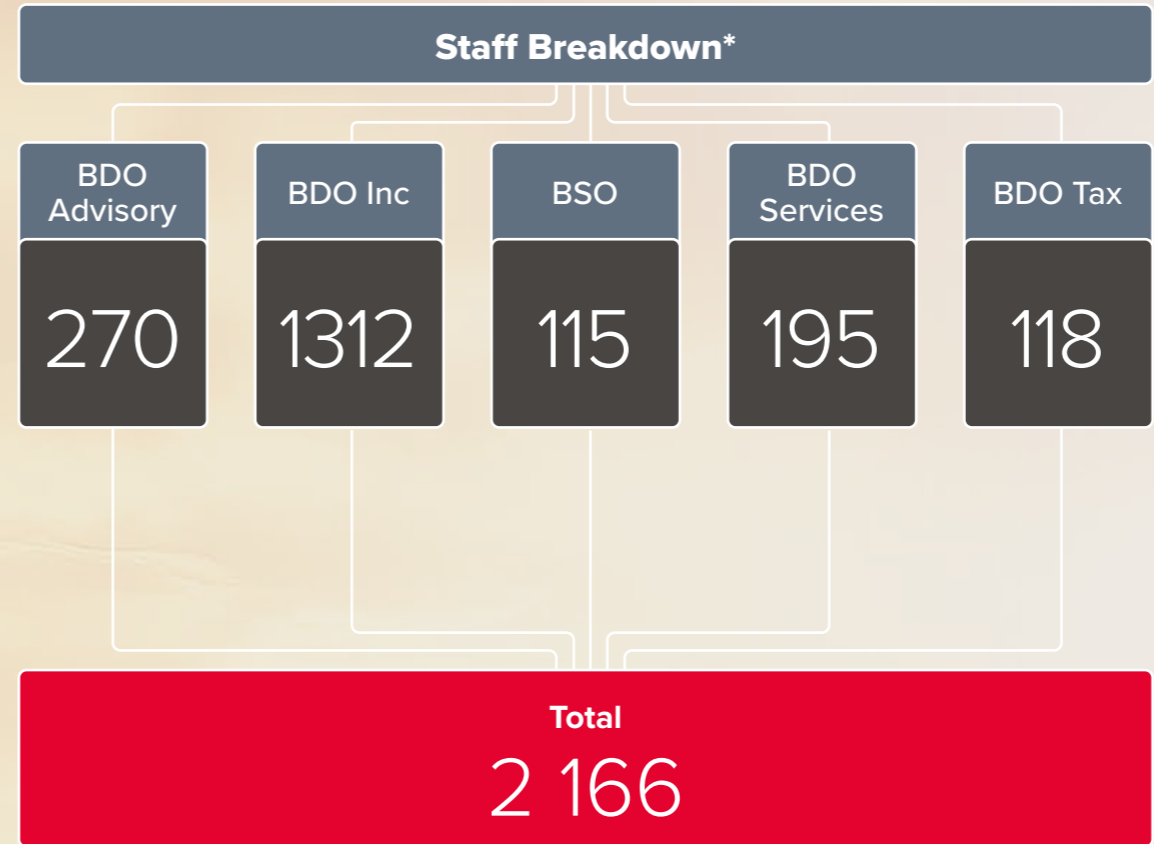
Yes Programme

In South Africa, we are aware of the major skills gap in the country, and we have made a deliberate effort to contribute to filling this gap in recent years.

In the 2024 financial year-end we partnered with Yes4Youth, employing 32 Yes Interns to take on various roles across our South African offices for a period of 12 months. For many graduates of the Yes4Youth programme, the experience, CV and reference letter have been a passport to permanent, entry-level work.



* Period April 2023 - March 2024



* Excludes Partners and Directors

7.2 Intellectual and technological resources

Use of intellectual resources (policies, procedures, methodologies and guides)

Intellectual resources

BDO maintains a wide range of intellectual resources that support the consistent delivery of high-quality engagements and ensure compliance with professional standards, legal requirements, and regulatory expectations.

These resources include written policies and procedures, audit and assurance methodologies, technical and industry-specific guides, standardised documentation, and access to relevant information sources. A master list of these materials is kept up to date and changes are communicated to staff as needed. Resources are made available via BDO's SharePoint platform and are also integrated into the Firm's audit software wherever possible.

BDO draws on intellectual resources from a broad range of functions, including Risk, Quality, Compliance, Ethics, Audit and Accounting Technical, IT, Quality Review, Monitoring & Remediation, and HR. These materials come from both BDO Global and relevant local legal and regulatory bodies.

Resources from BDO Global include training materials, how-to guides, FAQs, handbooks, and, most importantly, the BDO Audit Manual. This manual outlines BDO's audit methodology, which aligns with the professional standards issued by the International Auditing and Assurance Standards Board (IAASB), helping ensure audits are performed to a globally consistent and high-quality standard.

BDO also makes use of externally sourced resources such as practice guides, FAQs, and prescriptive materials from the JSE, IRBA, SAICA, IAASB, IFAC, and other industry regulators. These include general and subject-specific guidance and valuation-related resources widely used in the profession.

In addition, BDO develops its own internal resources based on both global guidance and external requirements. These primarily include standardised documentation and working papers.

Technological Resources

BDO continues to deploy leading technologies to support its business operations and audit methodology with data analytics capabilities while providing clients with world class portal access. BDO mitigates quality risk by ensuring repeatable assurance via technology monitoring and accreditation via the Technology Resource Accreditation Committee chaired by a senior executives and business leaders with a broad range of expertise. Continuously improving the control framework is a priority for BDO to ensure its professional services offered are underpinned by authorised and accredited technology tools & services.

BDO's Technological Resources Accreditation Committee (TRAC) ensures that the technology resources are reviewed and accredited in terms of the development, acquisition, and testing thereof, before they are made available to engagement teams for use. This is done to ensure the technical correctness, reliability, and security thereof is appropriate to support the Firm's quality objectives.

8 Information & Communication

The relevance and reliability of information exchanged throughout the Firm and with engagement teams

Effective communication between all parties with whom the firm engages is required to enable all components of our SoQM to operate effectively.

The firm continues to share meaningful information with our people through timely and concise communication. At least twice a year, the firm will hold an online Townhall event which all staff are invited to. At the end of the Townhall event, staff are encouraged to raise questions, which leadership will respond to.

In addition, the firm issues a Quality Newsletter on a monthly basis. The content of the Newsletter reminds staff of:

- ▶ new/updated policies;
- ▶ topical matters that could trip teams up on engagements;
- ▶ changes in auditing or accounting standards; and so on.

The Firm also supports open dialogue through its Speak Up Policy, which encourages staff to raise concerns. Refer to the Speak Up process under the Relevant Ethical Requirements (including independence) section of this report.



9 Monitoring & Remediation

Quality objectives are integrated into our Firm's strategic goals, influencing partner performance evaluations, resource allocation, and investment in technology, training, and methodology enhancements. To achieve these objectives, a robust monitoring and remediation process is embedded within our SoQM, ensuring that quality is not only a stated priority but a continuously evaluated and improved standard.

The Firm's monitoring and remediation process serves as a continuous feedback loop, ensuring that our quality strategy is effectively implemented and sustained. This process helps:

- ▶ Identify weaknesses in execution – Assessing where engagement teams may not be fully aligning with the Firm's quality objectives, allowing for timely intervention.
- ▶ Enhance risk management – Providing insight into areas of emerging risks in engagements, industries, and regulatory environments.
- ▶ Promote accountability – Ensuring that partners and teams take ownership of engagement quality through structured feedback, coaching, and targeted remediation efforts.
- ▶ Drive continuous improvement – The Firm leverages insights from internal inspections, and external regulatory reviews to continuously enhance its SoQM.

By embedding, proactive quality management, and post-implementation reviews, the Firm ensures that its quality strategy is not static but evolves in response to internal assessments and external regulatory expectations. The ultimate objective is not just compliance but sustained excellence in engagement quality, reinforcing trust in our services and strengthening our commitment to professional integrity.

BDO's Monitoring and Remediation Process

Our Firm has established a structured and proactive approach to monitoring the effectiveness of its System of Quality Management (SoQM) to ensure ongoing compliance with International Standard on Quality Management 1 (ISQM 1) and regulatory requirements. We employ a combination of ongoing monitoring activities and periodic inspections. The monitoring process is designed to identify deficiencies, evaluate their root causes, and drive continuous improvements in engagement quality.

Our SoQM is evaluated using information from our monitoring and remediation process, as well as external reviews and other relevant sources.

Ongoing Monitoring Activities

Ongoing monitoring is integral to the Firm's quality management framework and is embedded into daily operations. It involves proactive quality management in a form of **Theme-based inspections** to identify and address risks promptly, an **Engagement Inspection Programme (EIP)**, as well as a **post-implementation System of Quality Management monitoring programme** to assess the effectiveness of responses to risk and identify deficiencies.

Key components include:

▶ Theme-based inspections

In addition to traditional monitoring activities, the Firm conducts thematic-based inspections throughout the

review cycle. The themes are informed by common findings identified from internal and external reviews and emerging risks. Unlike post-implementation monitoring, these inspections are performed on live engagement files (i.e. files that are still in progress and not yet archived). The goal is to take a preventative rather than reactive approach, allowing teams to address any deficiencies identified before engagement completion and assembly.

This proactive monitoring enhances engagement quality by ensuring that issues are resolved in real time, strengthening compliance with professional standards and allowing the Firm to respond swiftly to emerging risks and continuously refine its SoQM.

The following themes were monitored in the recently completed SoQM cycle:

- ▶ Independence assessment and documentation of non-assurance services (NAS) provided to assurance clients.
- ▶ Engagement team independence declarations at scoping and at completion of the engagement.
- ▶ Management representation letter obtained as close as practical to audit report date.
- ▶ Summary of unadjusted differences attached to management representation letter or signed version with the same date on file.

9 Monitoring & Remediation^{cont.}

Number of engagement files reviewed:

Theme:	Total	PIE	Non-PIE
NAS	64	19	45
Independence declarations at scoping of the engagement.	61	17	44
Independence declarations at completion of the engagement/ Management representation letter/ Summary of unadjusted differences	61	9	52
Total number of engagement files reviewed	186	45	141

► Engagement Inspection Programme (EIP)

The Firm includes the inspection of completed engagements in its monitoring activities and determines which engagements and engagement partners to select.

Our Firm's inspection programme is a key component of the monitoring process within our SoQM. It is designed to assess the effectiveness of audit, review, other assurance, and related engagements and compliance with Firm policies, professional standards, and regulatory requirements.

The inspection process is focused on the quality of engagements and assists the Firm in monitoring, among other things, whether engagement partners have managed and achieved quality on the engagements to which they are assigned by:

- **Fulfilling their overall responsibilities** in accordance with professional standards and applicable legal and regulatory requirements, and conducting engagements in accordance with such standards and requirements, and
- **Issuing engagement reports** that were appropriate in the circumstances.

The inspection of completed engagements, together with the Firm's other monitoring activities, provides us with information about the effectiveness of our SoQM. Issues resulting from the inspection of completed engagements are accumulated with issues resulting from other monitoring activities, external inspections and other sources and are evaluated to determine whether there are findings, which individually or in combination with other findings, give rise to a deficiency in the SoQM.

The selection of engagement files for inspection follows a risk-based approach to ensure comprehensive and meaningful oversight. The population of files considered for inspection includes:

- All types of engagements within the scope of ISQM 1, such as audits of financial statements, review engagements, other assurance and related services.
- All engagement partners and non-partners who have signing authority in accordance with the Firm's policies.

The selection process considers several factors, including but not limited to:

- Risk Profile of the Engagement: Public interest entities (PIEs), including listed entities and higher-risk engagements.
- Previous Inspection Results: Partners or engagements with prior quality findings may be selected more often to assess the effectiveness of remediation actions.
- Engagement partner's experience: new partner, new industry for a partner.
- Engagement partner's workload: Engagements from a particular partner may be selected when there are indications from other monitoring procedures of unbalanced workload.
- The risk level of engagements assigned to the engagement partner.
- Inspection Cycle: Each engagement partner is included in the inspection programme at least once within a three-year cycle to ensure broad and fair coverage. However, a partner may be selected more than once within the cycle based on the risk factors outlined above.

9 Monitoring & Remediation^{cont.}

► Post-implementation monitoring

Monitoring also includes ongoing assessments of our SoQM conducted by the Monitoring and Remediation team within the Firm. This team evaluates whether the quality objectives, policies, and responses established by the Firm are effectively designed and operating as intended. Their assessments focus on identifying areas of strength, potential deficiencies, and emerging risks that may impact engagement quality.

The results of these assessments, combined with the outcome from theme-based inspections, engagement inspections, external regulatory findings and information obtained from other sources such as complaints and allegations, provide a comprehensive view of engagement quality across the Firm. These insights drive targeted improvements to our quality management policies, methodologies, training programmes, and remediation efforts, ensuring that our SoQM remains responsive, effective, and aligned with evolving regulatory and professional standards.

To ensure continuous improvement, our Firm follows a structured process to identify, evaluate, and address deficiencies within the SoQM. This enables us to assess its effectiveness and form an annual conclusion on whether it is operating as intended.

Process for Identifying and Evaluating Deficiencies

We gather issues identified from theme-based inspections, engagement inspections, external regulatory findings, information obtained from other sources and, root cause analysis. Our evaluation process includes:

1. Gathering information from all monitoring activities and other sources.
2. Identifying findings from information about the design, implementation, and operation of the SoQM which indicate that one or more deficiencies may exist.
3. Determining deficiencies in the design or operation of the SoQM.
4. Evaluating deficiencies based on their severity and pervasiveness.
5. Forming an opinion on the SoQM.

The results of this evaluation allow the Firm's leadership to conclude whether the SoQM is functioning effectively or if enhancements are needed. This structured approach ensures that quality remains a strategic priority and that necessary remediation actions are taken to strengthen the Firm's engagement quality.

The Monitoring and Remediation team within the Firm is responsible for overseeing the effectiveness of the System of Quality Management (SoQM). This dedicated department is independent from the teams responsible for designing and executing the SoQM, ensuring an objective and unbiased assessment of the Firm's quality management.

The team consists of highly experienced professionals with the necessary expertise, authority, and time to carry out their monitoring responsibilities effectively. Since they do not participate in the day-to-day operations of the SoQM, they are able to provide an independent evaluation, identifying deficiencies and recommending improvements without conflict. Their role is critical in ensuring that monitoring is rigorous, transparent, and aligned with professional and regulatory standards.

As part of a global network, our Firm benefits from additional oversight through Firm-level and engagement-level inspections conducted by the Global Office. These inspections provide an independent perspective on the effectiveness of our System of Quality Management (SoQM) and the quality of our engagements. The Global Office's monitoring activities serve as an additional layer of quality management, helping to identify common trends, emerging risks, and areas for improvement across the network. Their insights contribute to the continuous enhancement of quality and reinforce our commitment to maintaining the highest professional standards.

An overview of BDO's external inspection and monitoring results

Quality objectives are integrated into our Firm's strategic goals, influencing partner performance evaluations, resource allocation, and investment in technology, training, and methodology enhancements. To achieve these objectives, a robust monitoring and remediation process is embedded within our SoQM, ensuring that quality is not only a stated priority but a continuously evaluated and improved standard.



9 Monitoring & Remediation^{cont.}

An overview of BDO's internal monitoring results

During the most recent monitoring cycle, the Firm conducted internal inspections on 2% of completed engagements, which includes audit, review, other assurance, and related services.

Internal Monitoring coverage:

	Number of engagements	Number inspected	% inspected	Global requirement	Global requirement exceeded/ Met/Not met
The total number of engagements inspected as a % of the total number of engagements performed by the Firm	1913	40	2%	1%	Exceeded
The total number of PIE audit engagements inspected as a % of the total PIE audit engagements performed by the Firm	52	14	27%	5%	Exceeded
The total number of non-PIE engagements inspected as a % of the total number of non-PIE engagements performed by the Firm	1861	26	1%	0.5%	Exceeded

Outcome of internal monitoring of audit, review, other assurance, and related services engagement selected for inspection:

	PIE	NON-PIE	Total
Number of files reviewed	13	12	25
Results			
Satisfactory	2	1	3
Acceptable with some areas to improve	8	8	11
Total positive outcome	10	4	14
Major areas to improve	0	3	3
Unsatisfactory	3	5	8
Total negative outcome	3	8	11

Comparison to prior years:

	2024	2023	2022	2021
Number of files reviewed	25	24	29	20
Results				
Satisfactory	3	5	4	3
Acceptable with some areas to improve	11	6	11	9
Total positive outcome	14	11	15	12
Major areas to improve	3	9	6	7
Unsatisfactory	8	4	8	1
Total negative outcome	11	13	14	8

9 Monitoring & Remediation^{cont.}

Root cause analysis and remedial actions process

Root cause analysis aims to identify gaps in a firm's quality management system that need correction, helping prevent negative events and encourage positive ones. RCA also supports ongoing improvement by pinpointing root causes and deficiencies so the firm can implement effective remediation and promote consistent quality across engagements.

The firm's HMR thoroughly reviews all system-level findings arising from the firm's monitoring activities, including those from the EIP, to assess whether any deficiencies exist within the firm's SoQM that require remediation.

The firm investigates each system deficiency's root cause and uses that analysis and other information to assess its severity and scope.

The objective of investigating the root cause(s) of identified system deficiencies is to understand the underlying circumstances that caused the deficiencies to enable the firm to:

- ▶ Evaluate the severity and pervasiveness of the identified deficiency; and
- ▶ Appropriately remediate the identified deficiency.

Evaluating the SoQM

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

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

Reasonable assurance is obtained when the SoQM reduces to an acceptably low level the risk that the objectives of the SoQM are not achieved. Reasonable assurance is not an absolute level of assurance, because there are inherent limitations of a SoQM.

For all identified deficiencies, the Firm designs and implements remedial actions to address identified deficiencies that are responsive to the results of the RCA and remedial progress is monitored.

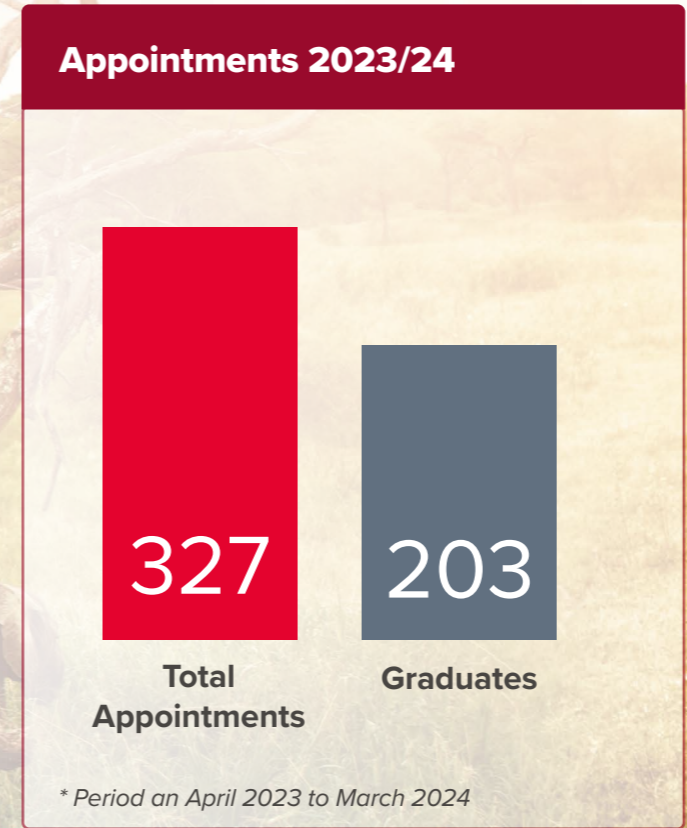
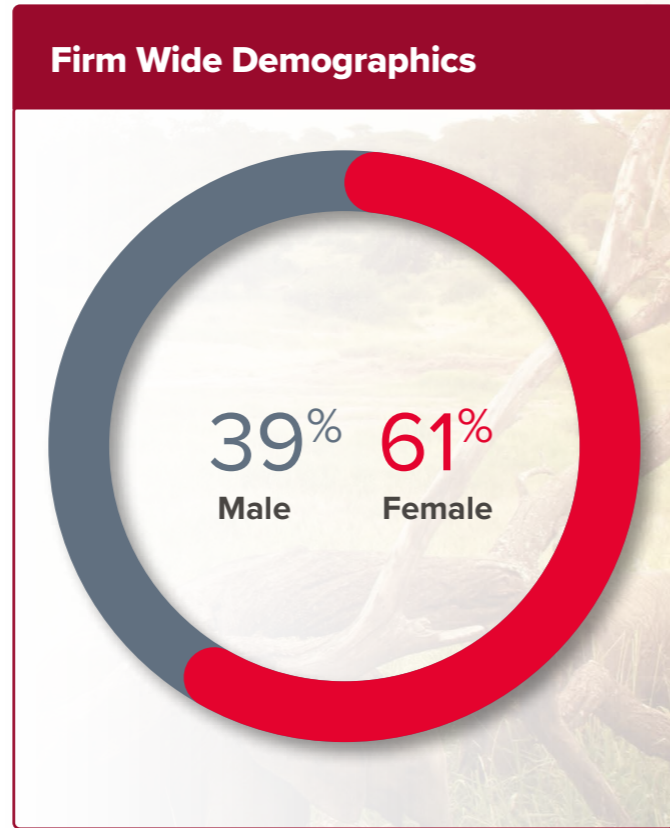
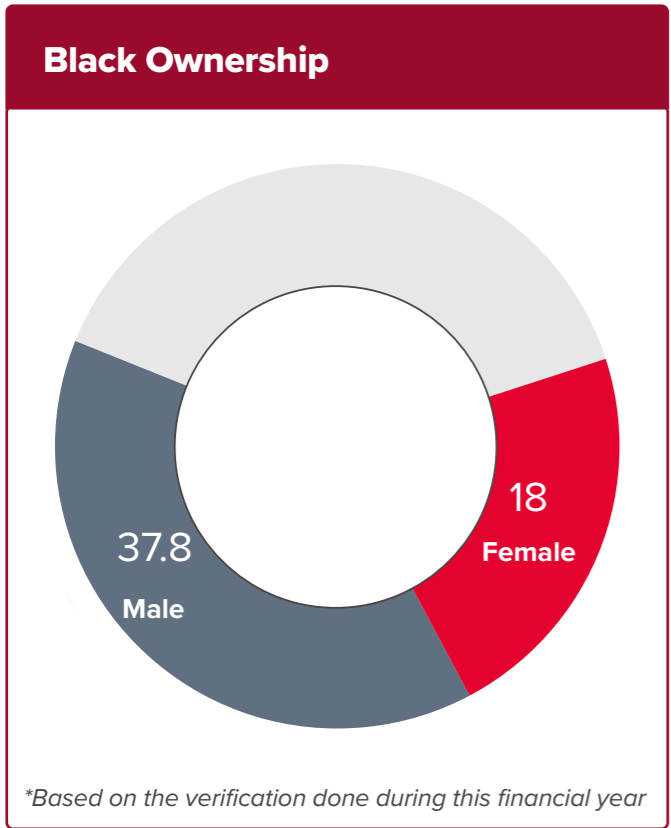
BDO's statement on the Firm's evaluation of the SoQM

Statement on the Firm's evaluation of the SoQM

We conducted our evaluation in accordance with ISQM 1 and concluded that, except for matters related to the identified deficiency below that have a severe but not pervasive effect on the design, implementation, and operation of the SoQM, the Firm's SoQM provides the firm with reasonable assurance that the objectives of the SoQM are being achieved as of 31 October 2024.

- ▶ *A deficiency related to engagement performance with regards to the nature, timing and extent of effective direction, supervision and review of engagement team members to ensure that audit quality is achieved. This is not pervasive as on most audit engagements, the direction, supervision and review is sufficient.*

10 Additional information considerations



10 Additional information considerations^{cont.}

Promotions per service line
Period an April 2023 to March 2024

Service Line	Number of Promotions
Advisory	13
BSO	8
Corporate Finance	3
Inc	94
Shared Services	7
Tax	10
Statucor	3
Total	138

Promotions per race and gender
Period an April 2023 to March 2024

Race	Male	Female
African	23	25
Coloured	7	4
Indian	24	19
White	15	21
Total	69	69

Associate Director Promotions
Period an April 2023 to March 2024

Race	Male	Female
African	1	1
Indian	0	1
White	1	1
Total	2	3

Partner and Director Appointments and Promotions
Period an April 2023 to March 2024

Race	Male	Female
African	2	3
Coloured	1	0
Indian	1	2
White	2	5
Total	6	10



Annexure A: Principal risks and uncertainties

The key risks and responses faced by our business are summarised below.

1. People Risk

Attracting, retaining, and developing talent is integral to the Firm's long-term success. The evolving workforce expectations, leadership transitions, and increasing job demands present ongoing challenges. To address these, the Firm is actively enhancing its well-being initiatives, retention strategies, and talent development programmes.

Ensuring a healthy work-life balance is a priority, with a focus on managing workloads, addressing stress, and preventing burnout at all levels of the organisation. Additionally, the Firm continues to focus on succession planning and talent management, recognising the importance of retaining key talent and ensuring leadership continuity, while also addressing challenges around recruitment and staff capabilities. These efforts aim to foster a supportive and sustainable work environment.

2. Transformation Risk

Meaningful transformation is crucial for the Firm's long-term sustainability and regulatory compliance. Progress towards transformation goals, particularly in increasing African representation at management levels, has been slower than anticipated, presenting both reputational and compliance risks.

The loss of high-potential staff further intensifies these challenges, affecting the Firm's ability to attract and retain top talent and diversify leadership. Addressing these risks remains a key priority to ensure the Firm meets its transformation objectives and maintains its competitive edge.

3. Quality Risk

Maintaining high-quality regulatory review outcomes and ensuring regulatory compliance are critical for the Firm's continued success. Failing to meet regulatory expectations can result in reputational damage and potential financial consequences. Adherence to ISQM 1 and continuous progress in audit quality are essential to mitigate these risks. The Firm also faces challenges related to tight deadlines, audit team development, and ensuring the accuracy of audit opinions. These areas are closely monitored to uphold the Firm's commitment to high-quality standards.

4. Brand and Reputation Management

The protection of the Firm's brand and reputation is vital, as various internal and external factors pose risks to both. The use of subcontractors presents potential concerns related to quality control, data security, regulatory compliance, and the possibility of reputational harm from subpar performance. The Firm remains focused on maintaining stringent oversight of subcontractor relationships to safeguard its reputation and ensure consistent delivery of quality services.

Annexure A: Principal risks and uncertainties^{cont.}

Business Continuity Risks

In 2024, power stability improved though significant concerns continued regarding a potential national grid failure due to the country's deteriorating infrastructure. This threat not only jeopardises BDO's business continuity but also has broader implications for the country and its citizens beyond mere operational challenges.

To address this, BDO continues to make strategic investments like solar power at some of its offices to secure data centre power and internet connectivity, enabling our workforce to in office or remotely with minimal disruptions. Additionally, contingency plans are continuously reviewed to ensure business continuity. These plans would come into play in the event of a national grid failure, ensuring that BDO could continue serving its foreign clients without interruption.

5. IT and Security-Related Risks

With the ongoing evolution of technology, the Firm faces significant risks related to data integrity, artificial intelligence (AI), and cybersecurity. Inaccurate or incomplete data can lead to poor decision-making and regulatory scrutiny, while non-compliance with information retention policies increases legal and operational risks.

The Firm is mindful of the need for robust controls to prevent unauthorised use of AI and to ensure its application does not compromise confidentiality, independence, or security. Cybersecurity threats, including phishing and social engineering, pose a continuous risk of data breaches and operational disruption, which could result in financial losses and damage to the Firm's reputation. The Firm is committed to regularly evaluating and enhancing its risk management practices to mitigate these challenges.

Annexure A: Principal risks and uncertainties^{cont.}

Data Breaches and Cybersecurity Threats

BDO faces significant risks as a result of data breaches and cybersecurity threats due to the vast amounts of sensitive data that it holds. For this reason, BDO South Africa became certified with ISO 27001:2022 in 2024 under the leading BSI Group to ensure a world class Information Security Management System aligned to best practice. BDO remains committed to adapting to and mitigating technology-related risks. Expanding Security Operation Centre (SOC) & Enterprise Detection & Response (EDR) capabilities provides expanded security awareness & correlation.

BDO's security threat landscape includes unauthorised access, ransomware attacks, phishing, vishing, social engineering & impersonation. Unauthorised access and ransomware attacks can compromise data

integrity and cause operational disruptions, while phishing & vishing as social engineering tactics can exploit human vulnerabilities to steal sensitive information. Accidental data leakage via email is a known risk to BDO, often caused by human errors like misaddressed emails or unintended attachments. Technologies to mitigate these risks by scanning email content for sensitive data and enforcing DLP policies are being deployed. In addition to security tools BDO's focus on Human Centric Security as a key security theme keeps staff aware of ever evolving security risks.

Regular penetration tests, vulnerability assessments, and network security reviews are an integral part of our risk management strategy. By proactively addressing these challenges, BDO upholds its commitment to clients and maintains security & operational resilience.

6. Legal Risk

The Firm is exposed to contractual legal risks arising from client engagements, third-party relationships, and supplier agreements. These risks include potential disputes over contractual terms, liability for non-performance, and challenges in enforcing rights under agreements. Inadequate contract management may lead to financial exposure, regulatory non-compliance, or reputational harm. To mitigate these risks, we implement contract review processes, maintain standardised contractual terms aligned with legal and regulatory requirements, and provide ongoing legal oversight to ensure compliance and minimise liabilities.

The Firm regularly reviews and assesses its risks and responses to ensure appropriate actions are taken to mitigate identified risks. This proactive approach allows the Firm to adapt to emerging challenges and opportunities,

maintaining resilience and the ability to respond effectively to dynamic circumstances.

The Firm has strategically enhanced its approach to Risk Management, ensuring dedicated focus and resources to mitigate risks effectively. The Firm regularly evaluates its risks and the effectiveness of its responses, implementing necessary actions to address emerging challenges and opportunities.

Additionally, the Firm has appointed a National Risk Officer and two additional admitted attorneys to further support our risk management framework. All staff members complete annual declarations to affirm their commitment to ethics and independence, supported by clear policies, procedures, and guidance available internally and across our network of Firms. Both internal and external legal resources play an integral role in reinforcing our comprehensive risk management strategy.



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For an elevated perspective,
please contact:

Bonga Mokoena
CEO, BDO South Africa
✉ bmokoena@bdo.co.za

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