

A man with a beard and short brown hair is riding a black bicycle on a city street. He is wearing a brown quilted puffer jacket and a black backpack. The background shows a modern cityscape with buildings and trees. The overall scene is in a cinematic, slightly desaturated style.

Another view of value

Annual Accounts 2023

BDO HOLDING B.V.
EINDHOVEN, THE NETHERLANDS
8 MAY 2024

A few words about the design of this report

The theme of our 2023 annual accounts is *'another view of value'*. This theme is reflected in multiple aspects of the graphic design of this report.

Images that refer to our renewed values are used to make the theme visible and reinforce it. The people were photographed in a working environment to reflect the business-like and professional aspects of our employees. In addition, every photo shows that other, non-work-related values are also important to BDO. Themes such as nature and the environment, family and friends, inclusion and equality, mental and physical health have been subtly incorporated into the images. This makes it clear that work and private life go hand-in-hand and have to be balanced.

Most images used are full-page images. As a consequence, the images are clear, detailed and compelling. The reader feels close to the person in the image and is more engaged with the topic and the value reflected in the image. This enhances the reader's experience and makes the image more powerful.

The graphics and the use of colour in this annual accounts are directly related to our 'refresh' house style, which was introduced this year. The updated guidelines have been used in an innovative way to create a sleek, modern, fresh-looking document. Consequently, the design of this annual accounts is both innovative and "on brand", and so only minimal further graphic elements have been added to reinforce the theme.

In addition, the use of a robust, sans serif house-style font in combination with the new BDO house-style colours and design elements results in a dynamic document and increased legibility.

Cover caption:

Accessibility

In the period under review, BDO relocated several offices to locations close to major railway stations in an effort to improve accessibility for people travelling by public transport, on foot or by bicycle, and reduce its CO₂ footprint.

Jelle Poolman (Assistant Accountant, RLCC, A&B Rotterdam)

This is an interactive PDF

You can click on the table of contents and various items in this document.

Use the and buttons to move backwards and forwards one page.

The button will take you to the interactive table of contents.

Use the button to go to the contact information.

The original financial statements were drafted in Dutch. This document is an English translation of the original. In the case of any discrepancies between the English and Dutch text, the latter will prevail.

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A photograph of three men in business suits standing in an office. The man on the left is wearing glasses and has his arms crossed. The man in the middle is bald and smiling. The man on the right has short hair and a neutral expression. The background shows office furniture and a window. A red and white diagonal graphic is in the bottom right corner.

REPORT OF THE GOVERNING BOARD

BDO Governing Board

Left to right: Leon Jansen, René Nelis (chair) and Maurice de Kleer

Introduction

Foreword - 'Another view of value'

<What is happening>

The world around us is changing rapidly: internationally, nationally, and also within BDO. Sustainability is an increasingly important theme, and technologies such as artificial intelligence (AI) are suddenly evolving rapidly. As a society, we have started to look at work differently and to measure economic growth based on different values. Companies and organisations are, to an increasing extent, being held accountable for their impact on their environment. In this context, more and more value is being attached to a human approach. That is precisely where we, as BDO, can make a difference.

<And so this is what we will do>

We are now even more focused on 'true value' than before. True value is the essence of who we are and what we stand for. It stands for our people-oriented culture, our personal approach and our broad view of value that takes all costs and benefits into account. It therefore goes beyond financial value and encompasses people, the environment and society. We have the greatest impact by continuing to do what we do well, which is providing people and organisations with insight - and confidence - into their true value. In this way, we help them achieve their sustainable ambitions. We believe that people are the decisive factor when it comes to providing the right knowledge. We use our feelers to find out what is going on at our clients, and our human approach enables us to guarantee top quality. For almost 90 years, BDO has stood for high-quality accounting and advice with a human touch. With more than 3,000 professionals, we have the expertise to help organisations thrive. From our roots in family businesses, we are moving forward into a future where we can have a greater impact together.

<And this is how we will achieve that>

People are at the heart of everything we do. Working with our partners, employees and clients, we achieved many things in the past year that we can be proud of, including shared leadership, our vitality programme, work/life balance and our focus on the development of our employees. Thanks to this, we were able to retain more employees this year. Our employees are the heart and soul of our organisation.

We are committed to sustainable growth in terms of both size and quality. We have chosen to strengthen cooperation between the member firms and tackle larger international engagements together. This enables us to have a greater impact together, for our company, our colleagues and our clients.

We measure everything we do, because focusing on results is crucial to success. We can see precisely which targets we are achieving and where we can improve. Because we actively monitor our impact, we can make immediate improvements where necessary in a constant, active dialogue with all key stakeholders.

<What to expect in this annual accounts>

In this annual accounts, we reflect on the course we are taking, our different perspective on value, and the goals we have achieved. We set out the direction we have chosen and the numbers that show we are on track to become the leading audit and advisory firm of 'the sustainable economy'. By creating true value, we ensure our impact becomes greater.

Eindhoven, the Netherlands, 8 May 2024

On behalf of the BDO Governing Board,
R.C.M. (René) Nelis
chair

Description of the business environment

We believe in strong client relationships and in personal, tailor-made solutions. Our clients operate in a wide range of market segments, but they all have needs when it comes to advisory services. We offer them solutions so that they can focus on doing business. Our services are primarily geared towards adding certainty for our clients. Every client is assigned a single point of contact from the start. Irrespective of the nature of the client's questions, the client's personal liaison at BDO handles every question with a team of specialist professionals drawn from our organisation.

Our services are characterised by our no-nonsense mentality. We get straight to the heart of the issue, and are clear and frank in our approach to matters. We know our clients, the ins and outs of their business, and the personal considerations that come into play.

We believe that our people are our greatest asset, and as such the quality of our people determines the standard of our services, our development and our growth. Our motto is 'do what you do best'. All of our people are unique, as are our clients. Our professionals focus heavily on aspects relating to culture, attitudes and conduct. The human dimension is inherent in all that we do for our clients.

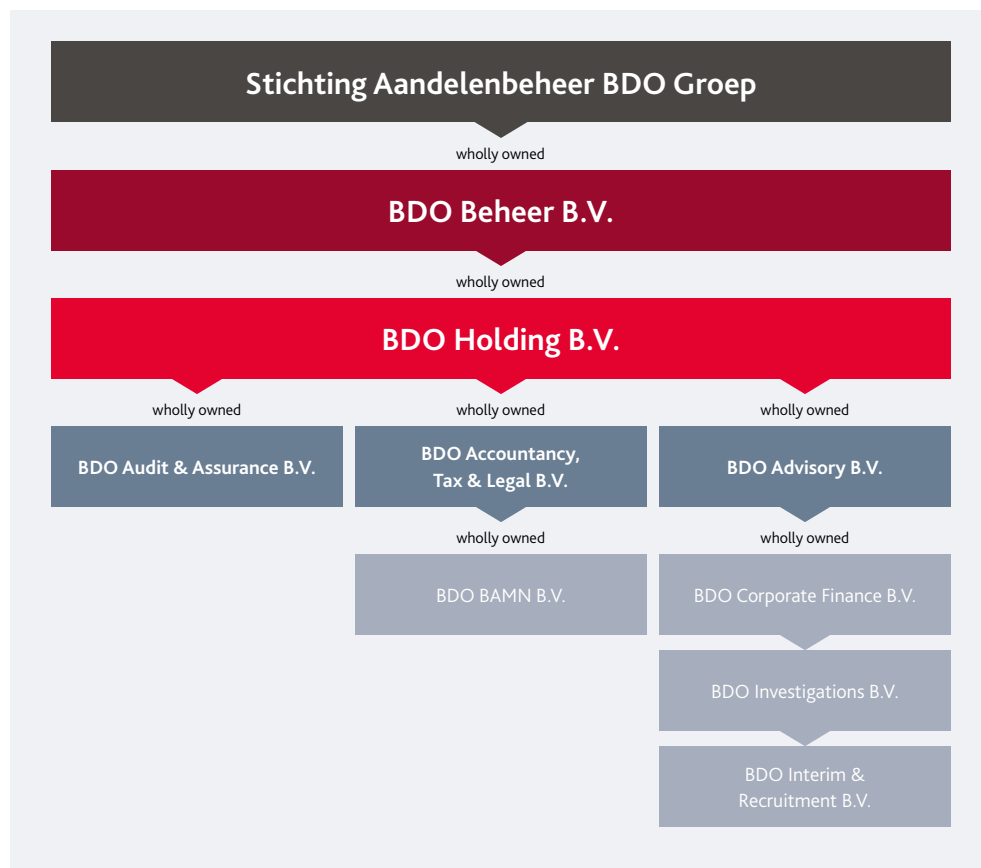
We have four Lines of Service (LoSs): Audit & Assurance, Accountancy & Business Advisory, Tax & Legal, and Advisory. Their services are aimed at providing added value for clients and making their organisations future-proof.



Governance

Corporate structure

The legal structure of the BDO organisation in 2023 is shown in the following chart (only active companies are included):



BDO Holding B.V. heads a group of related private limited liability companies ('the BDO Group') that together form a professional services provider.

The BDO group operates through four Lines of Service: Audit & Assurance, Accountancy & Business Advisory, Tax & Legal, and Advisory.

BDO Audit & Assurance B.V. is responsible for providing audit and assurance services and has a statutory audit licence as referred to in the Dutch Audit Firms (Supervision) Act, which allows it to audit public interest entities, among other enterprises.

BDO Accountancy, Tax & Legal B.V. offers accountancy and business advisory services as well as tax and legal services because such services are often provided or purchased as an all-in package.

Advisory services are spread over the different companies that come under the sub-holding company BDO Advisory B.V. Some activities are undertaken by a separate company because of the specific risks or statutory requirements that are associated with them.

Stichting Aandelenbeheer BDO Groep

Stichting Aandelenbeheer BDO Groep has three bodies, i.e. the Governing Board, the Supervisory Board and the Meeting of Participants. The members of the Governing Board and the Supervisory Board are appointed by, and report to, the Meeting of Participants. The members of the Board of Stichting Aandelenbeheer BDO Groep and the Board of BDO Holding B.V. are the same.

Meeting of Participants

Through their professional practice companies, the partners who are affiliated with BDO are holders of depositary receipts for shares issued by Stichting Aandelenbeheer BDO Groep. These partners work for specific BDO group companies under a management agreement. As at 31 December 2023, BDO had 69 holders of depositary receipts (also known as 'participants').

Governing Board

There is an uninterrupted governance line within the BDO Group, due to the fact that the management of all group companies consists of their sole shareholder, as a result of which, from a top-down perspective, the management of the BDO organisation always consists of the members of the Board of Stichting Aandelenbeheer BDO Groep, albeit acting in different capacities.

The Board of Stichting Aandelenbeheer BDO Groep and of BDO Holding B.V. had the following members on 31 December 2023:

- ▶ R.C.M. (René) Nelis (chair);
- ▶ L.M. (Leon) Jansen;
- ▶ M.A. (Maurice) de Kleer.

Supervisory Board

Besides its general supervisory duties, the Supervisory Board has a number of specific duties relating to BDO Audit & Assurance B.V.

The Supervisory Board had the following members on 31 December 2023:

- ▶ D.A. (Danny) van der Eijk (chair);
- ▶ B.J.M. (Bernadette) Langius (vice-chair);
- ▶ H.L. (Heleen) Kuijten-Koenen;
- ▶ D.J. (Dennis) Raithel;
- ▶ E.M. (Engelhardt) Robbe.

For the Report of the Supervisory Board, see [page 43](#) of this annual accounts.

Works Council

The Works Council is BDO's employee representation body. Where issues prove to be problematic for groups of employees, the Works Council takes it upon itself to investigate matters and raise them with the Governing Board. Improvements are sought jointly. The interests of the organisation as a whole come first.

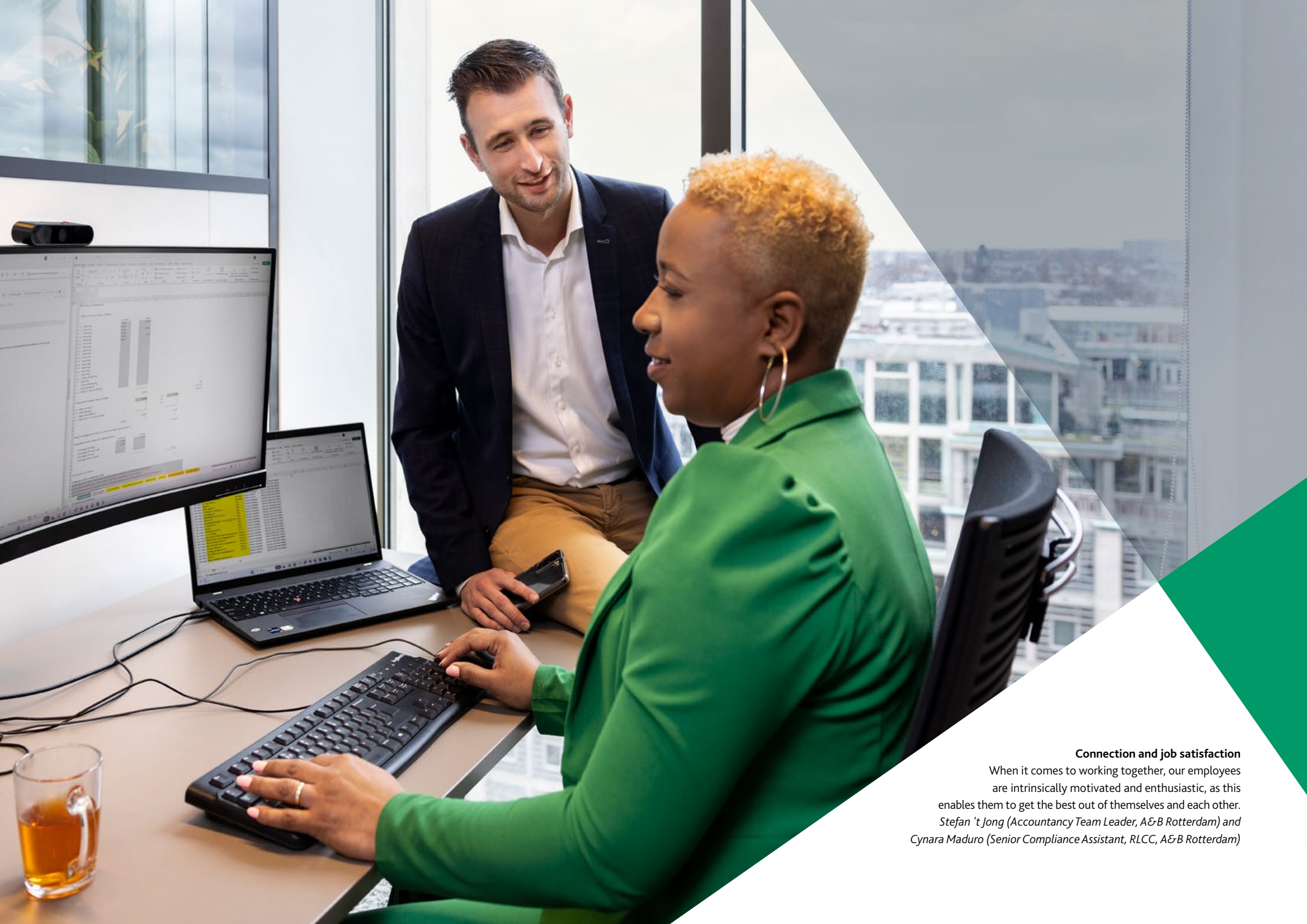
The Works Council shares information about its activities, discussion items and initiatives with the employee body. It is up to the employer to inform employees of developments within the organisation.

At year-end 2023, BDO's Works Council had 14 members from various profit centres and Lines of Service. The Works Council aims for a balanced composition in which every BDO profit centre is represented. In the past year, five members of the Works Council were women and nine were men.

In order to be able to operate efficiently and effectively, the Works Council has established a number of committees. This allows it to act decisively and adopt a broad scope; individual members do not need to study every matter in great detail. The committees, which are specialised, explore opportunities and threats. They also prepare initiatives and supply information to the Works Council as a whole.

The Works Council held nine in-person meetings in 2023. In addition, 19 scheduled Teams meetings took place. Six consultative meetings were held with a representative of the Governing Board and the head of HR, two of which took the form of a strategic session. The Works Council also had two meetings with representatives of the Supervisory Board in 2023. Furthermore, the members of the Works Council spoke to members of the Governing Board and company officials in an informal setting on a number of occasions.

In the past financial year, the items placed on the agenda for discussion included financial developments, changes in job profiles, transparent remuneration policy, the expense and teleworking allowance, hybrid working (sustainable cooperation), fringe benefits, complaints regulations and additions to the record and document retention policy, the strengthening of the Horizon culture programme, strategy recalibration, whistleblower regulations, signing authority and secondary liability for BDO employees, the new job classification system for central corporate services, and the appointment of a health and safety officer.



Connection and job satisfaction

When it comes to working together, our employees are intrinsically motivated and enthusiastic, as this enables them to get the best out of themselves and each other.

Stefan 't Jong (Accountancy Team Leader, A&B Rotterdam) and Cynara Maduro (Senior Compliance Assistant, RLCC, A&B Rotterdam)

Strategy

Strategy and control

Profile

True value goes beyond money and profit. It encompasses people, society at large, the planet and our impact. The world is demanding change, a broader perspective with a better balance between give and take, and a greater focus on the true costs and benefits. At BDO, we always look beyond the figures. We are aware of our role in society and put people first. We have a culture in which everyone is valued. We invest in talent and personal growth while offering room for personal initiatives and for the things people truly care about. We provide an environment in which we stand side-by-side with one another and help each other move forward.

Thanks to nearly 3,000 dedicated specialists and our global network, we are capable of having a real impact through our clients. This is where our strength lies, and what we are committed to. We help organisations realise their sustainable future, provide assurance and insight into true value, and in doing so play a part in facing up to the challenges of today and tomorrow. That is how we intend to add value.

Material themes

Since some material themes are strongly interconnected, we decided to group them into clusters. This resulted in the Environmental, Social and Governance focus areas, which correspond to the descriptions of the themes in the relevant chapters further on in this report. For the materiality assessment and stakeholder dialogue, see [page 91](#) of this annual accounts.

Mission and purpose

Our mission - in other words what we mean and intend to achieve - is:

We let people and organisations have trust in their true value.

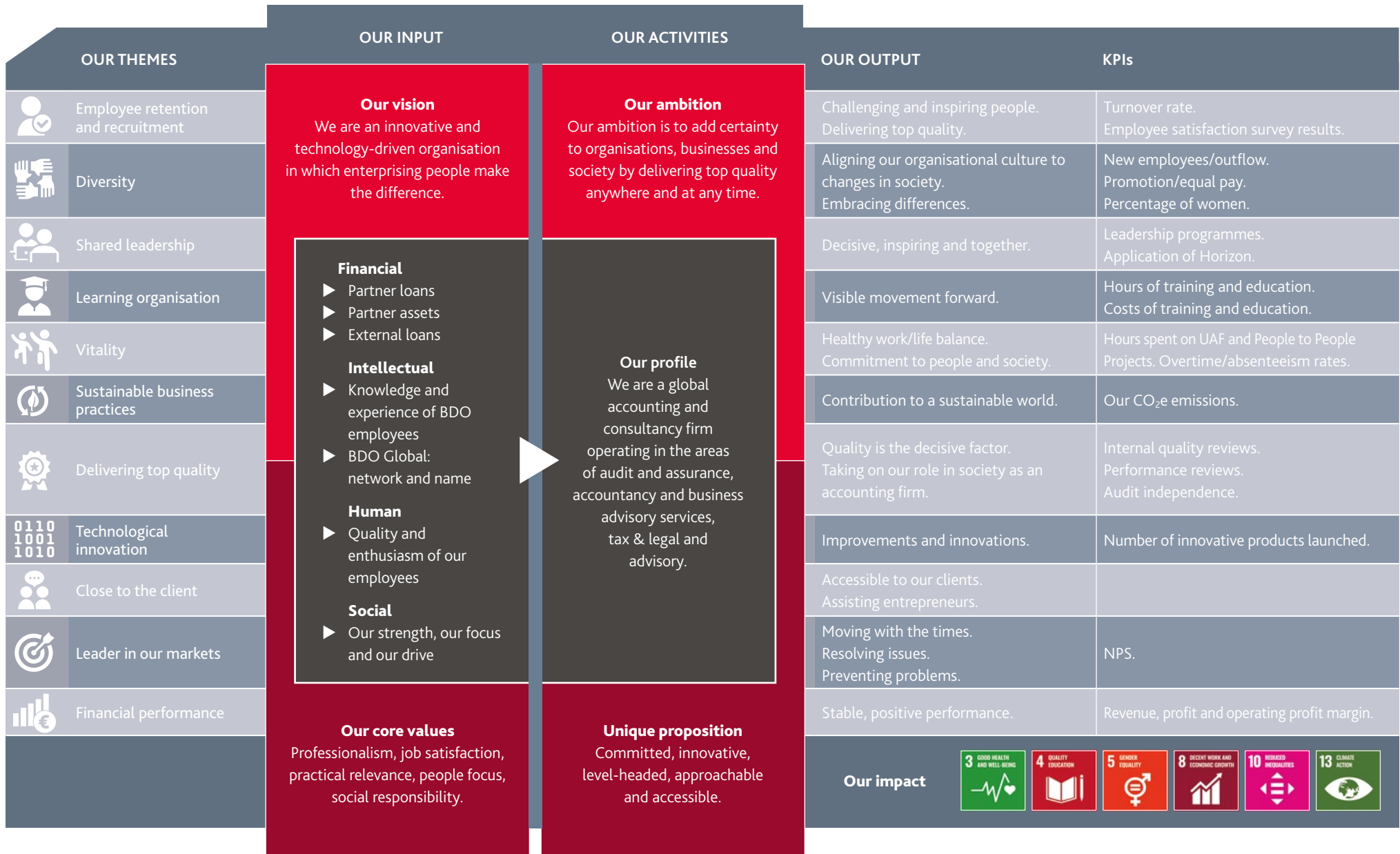
Our purpose - the objective we help others achieve by putting our passion to use - is:

We help people and companies create their sustainable future.

Vision

Our vision - how we look at the world, what we stand for and what we are working towards - is:
True value goes beyond financial capital and encompasses the impact on people, the environment and society.

Business model and activities | BDO value creation model



Principal risks and mitigating measures

The Governing Board and the management teams of the Lines of Service (LoSs) are responsible for identifying and managing internal and external risks, under the supervision of our Supervisory Board.

The aims of the periodic risk assessment are to identify the most significant risks that could affect the achievement of the firm's objectives and evaluate the effectiveness of the internal control structure. The organisation's objectives as set out in the multi-year plan for 2021-2025 and the defined risk appetite serve as the starting point for the risk assessment. The parties involved in the performance of the risk assessment include the Governing Board, the Heads of LoSs, the Heads of Markets and the heads of corporate services. The results of the risk assessment are discussed with the Supervisory Board. The risk assessment covers both internal and external risks. The risks were fleshed out in a risk

inventory, which describes the probability of their occurrence, root causes, consequences and the relevant controls.

Developments, such as the war in Ukraine, the tight labour market, the high rate of inflation, rapid technological developments and an increase in legislation and regulations, can be a complicating factor when it comes to achieving our objectives. We therefore need to be able to respond to political, economic and social developments in a timely and effective manner. Given this, we will continue to improve our risk management process so that timely adjustments can be made as necessary.

The following table shows the main strategic risks, their potential impact and the mitigating measures we have taken:

Risk	Potential impact	Mitigating measures
Inability to recruit, retain and reward talented individuals.	<ul style="list-style-type: none"> ▶ Threat to delivering top-quality services. ▶ Pressure on employee vitality. ▶ Loss of revenue. 	<ul style="list-style-type: none"> ▶ Strategic workforce planning. ▶ BDO Academy: extensive L&D programme focused on professional expertise and skills. ▶ Talent management, recruitment and coaching. ▶ Leadership programme. ▶ BDO Horizon programme, addressing diversity, inclusion and vitality. ▶ Appealing pay and benefits package.
Poor service quality.	<ul style="list-style-type: none"> ▶ Complaints and claims resulting in financial losses and loss of reputation. ▶ Loss of public trust. ▶ Loss of clients. ▶ Sanctions imposed by a regulator, including fines and risk of losing licence to operate. ▶ Difficulties retaining and recruiting new talented employees. 	<ul style="list-style-type: none"> ▶ BDO Horizon quality programme aimed at enhancing the quality climate and the learning organisation. ▶ Quality management system, including implementation of ISQM 1. ▶ Second-line support, including Professional Practice Department and QRM & Legal. ▶ Preventative and repressive file reviews performed by Practice Review Unit. ▶ Quality Council. ▶ Quality Support Team. ▶ Performance of root cause analyses and preparation of improvement plans. ▶ Stringent client and engagement acceptance procedure. ▶ Training programme, including required courses. ▶ Quality as leading factor in performance appraisal process. ▶ Quality-oriented supervision by Supervisory Board.

Risk	Potential impact	Mitigating measures
Loss of confidential or privacy-sensitive information.	<ul style="list-style-type: none"> ▶ Threat to service continuity. 	<ul style="list-style-type: none"> ▶ Information security and privacy policy.
Violation of confidentiality requirement and/or privacy regulations (information security and privacy).	<ul style="list-style-type: none"> ▶ Loss of reputation. ▶ Loss of clients. ▶ Financial losses due to fines and/or liability claims. 	<ul style="list-style-type: none"> ▶ Information Security & Privacy Management System. ▶ Corporate Information Security & Privacy Officer. ▶ Privacy Impact Assessments. ▶ External security assessments. ▶ Periodic information security training for partners and employees. ▶ Disaster recovery plan and business continuity plan.
Insufficient knowledge of complex ethical rules, including independence rules and AML/CFT legislation (Wwft).	<ul style="list-style-type: none"> ▶ Sanctions imposed by a regulator, including fines and risk of losing licence to operate. ▶ Loss of reputation. ▶ Loss of public trust. 	<ul style="list-style-type: none"> ▶ Training programme, including e-learning course on independence and AML/CFT legislation (Wwft). ▶ Quality management system, including policy, incident desks, tooling and monitoring procedures. ▶ Stringent client and engagement acceptance procedure. ▶ Ethics & Independence Unit and AML/CFT desk under QRM & Legal. ▶ Global Independence Manual.
Inadequate innovation or failure to respond promptly to technological developments and opportunities.	<ul style="list-style-type: none"> ▶ Deterioration of competitive position; risk of falling behind with no chance of catching up. ▶ Less appealing employer in the labour market. 	<ul style="list-style-type: none"> ▶ Innovation vision, strategy and structure. ▶ Development of new local and international tooling. ▶ Standardisation and harmonisation of processes by creating efficient infrastructure, central client desk and (regional) delivery centre. ▶ Governance model with focus on market development. ▶ Business Transformation Managers, Business Alignment Teams. ▶ Innovations in product and services portfolio. ▶ BDO Digital. ▶ Governance and periodic reporting structure. ▶ Client satisfaction surveys. ▶ Participation in Foundation for Audit Research.

Risk	Potential impact	Mitigating measures
Lack of organisational agility.	<ul style="list-style-type: none"> ▶ Inadequate innovation and diversity. ▶ Deterioration of competitive position. ▶ Service delivery falling short of public and/or client expectations. ▶ Loss of revenue. 	<ul style="list-style-type: none"> ▶ BDO Horizon quality programme aimed at enhancing the quality climate and the learning organisation. ▶ Involvement of Supervisory Board. ▶ Diversity & Inclusion programme. ▶ Leadership programme to strengthen shared leadership. ▶ Business Transformation Managers, Business Alignment Teams, Staff Alignment Team. ▶ Vision of contemporary interpretation of partner model. ▶ Young BDO. ▶ Scenario planning.
Rapid/unexpected economic and political developments resulting in geopolitical instability, economic recession and inflation.	<ul style="list-style-type: none"> ▶ Reduced financial resilience. ▶ Potential inability to create future-proof organisation. ▶ Decrease in clients' investment appetite. 	<ul style="list-style-type: none"> ▶ Continuous monitoring of liquidity position and financial resilience. ▶ Crisis management and business continuity planning.
Legislative and regulatory changes with major impact on organisational structure and revenue model.	<ul style="list-style-type: none"> ▶ Costs associated with changes to legal structure. ▶ Loss of knowledge and specific expertise instrumental in delivering top-quality services. ▶ Further limitation of full-service offering, resulting in failure to meet client requirements. 	<ul style="list-style-type: none"> ▶ Participation in NBA Public Interest Steering Group – change agenda. ▶ Participation in Coordinators for the Future of the Accountancy Sector working group. ▶ Internal dialogue and scenario planning.
Failure to meet the ESG ambition by deadline.	<ul style="list-style-type: none"> ▶ Loss of reputation due to failure to achieve net zero ambition and/or working with parties with poor ESG reputations. ▶ Loss of appeal as an employer. 	<ul style="list-style-type: none"> ▶ BDO Horizon programme, addressing diversity, inclusion and vitality. ▶ Sustainability programme aimed at achieving net zero ambition by 2050. ▶ BDO Impact Centre.

Connectivity matrix

Our strategy focuses on seven strategic themes that will help us achieve our targets. We report on the progress we make towards our strategic objectives, based on performance indicators (KPIs). For details of the execution of our strategy and the related performance indicators, please see the sections dedicated to the strategic themes. A list of definitions can be found in the section headed 'About this report'.

Strategic theme	Material theme	Risk	KPIs	Target for 2025*	Achieved in 2023	Achieved in 2022
Strong employer brand	Employee retention and recruitment	Inability to recruit, retain and reward talented individuals.	Staff turnover rate, male/female	N/A	15.4%/14.7%	14.6%/16.3%
			Percentage of new hires, male/female	N/A	14.9%/17.3%	15.2%/18.7%
			Score for engagement	> 7.5	7.4	7.2
	Diversity & Inclusion	Lack of organisational agility.	Promotion ratio, male/female	N/A	18.7%/19.8%	30.0%/24.8%
			Headcount, number and % male/female	Partners: > 20% female	1,420 (53%)/1,275 (47%)	1,413 (54%)/1,224 (46%)
			Equity partner, salaried partner and director appointments, number and % male/female	N/A	14 (8.3%)/11 (28.9%)	11 (6.5%)/5 (15.2%)
Equal pay, adjusted pay gap			N/A	-0.9%	-1.3%	
Quality-oriented culture	Top-quality services	Poor service quality.	Number of internal quality control reviews	N/A	181	202
	Learning organisation	Loss of confidential or privacy-sensitive information/violation of confidentiality requirement and/or privacy laws (information security and privacy). Insufficient knowledge of complex ethical rules, including independence rules and AML/CFT legislation (Wwft).	Outcomes of internal quality monitoring reviews, % satisfactory	> 90%	86%	96%
			Recorded independence violations	0	4	3
			L&D hours, male/female	N/A	128.0/99.2	122.0/93.1
			Cost of L&D (in €)	N/A	€ 7,598,000	€ 6,237,000
Technological innovation	Technological innovation	Inadequate innovation or failure to respond promptly to technological developments and opportunities.	Number of innovative products at end of reporting period	Growth	73	62
		Lack of organisational agility.				

Strategic theme	Material theme	Risk	KPIs	Target for 2025*	Achieved in 2023	Achieved in 2022
Social engagement	Sustainable business practices	Failure to meet the ESG ambition by the deadline.	CO ₂ e emissions	N/A	Scope 1: 4,124 tCO ₂ e Scope 2: 949 tCO ₂ e Scope 3: 3,101 tCO ₂ e Total: 8,174 tCO ₂ e	Scope 1: 4,107 tCO ₂ e Scope 2: 1,231 tCO ₂ e Scope 3: 2,510 tCO ₂ e Total: 7,848 tCO ₂ e
	Vitality		Absenteeism rate	< 3.5%	3.85%	3.95%
			Leave entitlement not taken, %	N/A	2.8%	2.6%
			Number of unique participants in Flagship and People to People (P2P) projects since 2021	Flagship: > 250 P2P: > 250	Flagship: 152 P2P: 193	Flagship: 89 P2P: 55
Unique market position	Leader in our markets	Lack of organisational agility.	Client satisfaction score	> 8.0	7.8	N/A
		Rapid/unexpected economic and political developments resulting in geopolitical instability, economic recession and inflation.	NPS	> 5%	9.0%	N/A
			Number of news items	> 950	1,113	1,263
Full-service proposition and client-centric approach	Client first	Loss of confidential or privacy-sensitive information/violation of confidentiality requirement and/or privacy laws (information security and privacy).				
		Lack of capacity for change.				
Robust and agile organisation	Shared leadership	Inability to recruit, retain and reward talented individuals	Number of participants in leadership programmes	N/A	269	152
			Leadership score	> 7.5	7.5	7.4
			Perceived culture score	> 7.5	7.3	7.2
	Financial performance	Insufficient knowledge of complex ethical rules, including independence rules and AML/CFT legislation (Wwft).	Revenue, profit and operating profit margin	N/A	€ 359 million/ € 40.9 million/11%	€ 343 million/ €48.0 million/14%
			Legislative and regulatory changes with major impact on organisational structure and revenue model.			

* We are in the process of defining targets for the KPIs that are currently without targets. Our aim is to report on the targets for these KPIs in 2024.

Outlook

Geopolitical tensions have increased over the past year, with more parts of the world experiencing flashpoints that cause great suffering. There does not seem to be any prospect of a swift resolution of these tensions. Things are relatively calm in the Netherlands, where most of our employees live and work. Unfortunately, the public did not see the accounting profession in a positive light last year, as, in addition to the publication of a critical report by the Coordinators for the Future of the Accountancy Sector, there were ongoing reports about the sharing of answers to tests. All PIE offices are now conducting internal investigations into this. In the year under review, we launched our own in-depth investigation into indications of undesirable behaviour during exams. To our great disappointment, we also found indications of such behaviour within our organisation. We expect that the investigation will be completed in 2024, and that we will take action as necessary, learn lessons, adapt our internal procedures and improve the culture to ensure this does not happen again.

Now that the consequences of global warming are being felt, more and more attention is being paid to the climate. This is a theme that many of our clients are also actively working on. We have observed that many organisations are keen to pick up the pace and take effective measures immediately, but the possibilities are limited by, among other things, capacity problems on the electricity grid or by regulations and licensing problems.

The Environmental, Social & Governance (ESG) theme is also very popular with our employees, who are keen to make a meaningful contribution to our clients. Many employees have now undergone ESG-related training, which has allowed us to scale up our capacity at BDO Sustainability. As a result, we can provide our clients with advisory and assurance services related to the Corporate Sustainability Reporting Directive (CSRD). There has been a sharp rise in demand for these services aimed at disclosing and reporting relevant non-financial management information. This allows us to offer our employees work on relevant and challenging engagements. In the coming years, many of our growth services will relate to supporting organisations in their ESG journey across the board, covering everything from CSRD implementation projects to the raising of green financing.

We have seen in practice how important it is to embrace new technology quickly. We have successfully worked with robotics in the audit practice for several years and during the past year we also made AI applications available. All employees started using our own AI tooling based on ChatGPT in 2023. AI is available to achieve results more efficiently and creatively, in an intuitive and secure environment, in all our engagements. We saw that the use of new forms of AI took off rapidly last year. This will be boosted by the deployment of Copilot, which we started to work with on 1 January 2024. We will continue to invest in the application of AI in our systems and processes in 2024. In order to achieve this, we will

continue to invest heavily in the modernisation of our systems and in innovations in our cloud environment. We are also going to upgrade the underlying communication technology to guarantee optimum speeds and availability for our employees and clients. We make continuous efforts to maintain the security of our data and systems. We are giving top priority to ensuring the highest level of protection for our data and the data that our clients have entrusted to us.

We also expect to be able to offer excellent challenges to a large number of early-stage professionals in 2024. We offer training courses to professionals throughout their careers, enabling them to grow from 'leading yourself' to 'leading others' and from 'leading business' to 'leading change'. We make continuous efforts to improve our personal development proposition so we can always offer our employees the very best. Given the growing shortage in the labour market, our recruitment campaigns also focus on students from a number of other fields of study and on professionals living abroad. We also offer the possibility of retraining. Alongside the Regional Learning Compliance Centres (RLCCs), where novice professionals who have completed secondary vocational education learn the basics of the profession under supervision, we will also provide some of our services (high-quality audit and advisory work as well as routine work) from outside the Netherlands.

In April 2024, we launched our revised strategy, through which we intend to achieve a greater impact with true value. With that in mind, we have refined our purpose, mission and vision. Our purpose and mission serve as our compass when it comes to fine-tuning and implementing our strategy, acting as a guiding mechanism for everything we do. We always ask ourselves what our impact is: Does our impact add true value to our organisation, our employees, our clients and society? Our purpose is to help people and organisations achieve their sustainable future. In this context, we take the perspective that true value goes beyond financial capital and includes the impact on people, the environment and society. Based on this, our mission is to make people and organisations trust in their true value.

In order to achieve this, BDO needs to achieve growth in terms of having more engaging, challenging and instructive work to offer all our employees, as well as growth in terms of quality, which forms the basis of our *raison d'être*. Society expects us to grow in terms of quality, and this is something we are keen to do. We also need to achieve growth when it comes to clients and engagements in which we can add true value, and also when it comes to public trust. This is what we are aiming for in 2024. Thanks to our revised strategy, our renewed purpose and the commitment of all BDO employees, we expect we will be able to continue to grow our revenue and our workforce in 2024, and we are therefore investing in the development of our employees and in the use of technology.



Net zero

BDO Nederland is committed to the BDO global network's ambition to be net zero by 2050. In order to achieve this, BDO encourages the use of electric cars by providing a monthly bonus for electric vehicles and a charging station scheme.

Rachelle Beumers (Tax Manager, T&L Rotterdam)

Environmental

Sustainable business practices

Theme description

An important theme in our strategy is sustainability. We apply this to our own operations and business practices as well. We consider sustainability aspects in our day-to-day work and our investment decisions. We take action to reduce our energy consumption, we are committed to using green energy, we promote online working/meetings, and we are greening our mobility policy and car fleet, just to name a few examples. In the Netherlands, we are a member of the Large Enterprises Network, which consists of over 110 organisations that have expressed the shared ambition to create 'a new economy'. We will report on our efforts in this regard in the coming years, starting with our drive to reduce our CO₂e footprint, which we will address in this report.

Our ambition

BDO has signed up to BDO Global's commitment to be net zero by 2050. In other words, we aim to minimise our energy consumption throughout the chain by 2050 so that it is consistent with the goal of limiting global warming to 1.5 degrees Celsius. BDO Nederland aims to be net zero before 2050 and we are currently looking into how soon we can achieve this. BDO submitted a commitment letter to the Science Based Targets initiative (SBTi) at the start of 2024, and we will have our targets validated by the SBTi at the end of the year.

Our performance

Carbon dioxide equivalent (CO₂e) emissions are caused by the burning of fossil fuels, such as oil, coal and natural gas. BDO's day-to-day operations result in CO₂e emissions, for instance from the consumption of gas, water and electricity in buildings, from BDO's electric and fossil fuel-powered car fleet, and from air and train travel to internationally based clients and international networking sessions.

CO₂e emissions

Scope	Emission source	2023	2022
Scope 1	Gas consumption	234	278
	Lease cars - petrol	3,835	3,713
	Lease cars - diesel	53	116
	Lease cars - LPG	2	0
Total - scope 1		4,124	4,107
Scope 2	Purchased electricity - non-renewable	156	473
	Purchased electricity - renewable	0	0
	District heating - non-renewable	67	78
	Lease cars - electric	726	680
Total - scope 2		949	1,231
Scope 3	Fuel-related and energy-related activities	1,423	1,418
	Business travel - public transport	2	1
	Business travel - non-lease cars	249	194
	Business travel - air travel	639	307
	Employee commuting - non-lease cars	788	590
Total - scope 3		3,101	2,510
Total gross emissions		8,174	7,848
Intensity ratio - tCO ₂ e per employee		3.03	2.98

Notes:

- ▶ See Greenhouse Gas Protocol for definitions of scope 1, 2 and 3.
- ▶ See section headed 'Definitions' ([page 96](#)) for the conversion factors used.
- ▶ In our 2022 Annual Accounts, well-to-wheel emissions were used for scope 1 and scope 2. This year, emissions have been divided into well-to-tank and tank-to-wheel emissions. Well-to-tank emissions are included in scope 3 category 'Fuel-related and energy-related activities', while tank-to-wheel emissions are included in scope 1 and scope 2. This only concerns classification, and the impact on our total CO₂e footprint is limited. The comparative figures for 2022 have been adjusted.
- ▶ We calculate and report emissions from our electricity consumption using the market-based approach. Emissions from our use of electricity based on the location-based approach amounted to 1,970 tCO₂e (2022: 2,297 tCO₂e).
- ▶ Net emissions are calculated by subtracting renewable energy consumption from gross emissions.

The total CO₂e emissions are shown in BDO's CO₂e footprint. Various parties are included in BDO's footprint, such as landlords (energy contracts for buildings) and lease companies (fuel consumption of lease cars). The footprint calculations were made using the conversion factors for 2022 and 2023 published on www.co2emissiefactoren.nl. The footprint is broken down into three scopes, as set out in the Greenhouse Gas Protocol created by the World Business Council for Sustainable Development and the World Resources Institute.

The table on the previous page shows that CO₂e emissions in 2023 (8,174 tCO₂e) were about the same as in 2022. CO₂e emissions from lease cars were also roughly the same in 2023 (4,617 tCO₂e) as in 2022 (4,509 tCO₂e). Our employees travelled more by car (including lease cars), but the increase in CO₂e emissions from electric lease cars (6.9%) was greater than the increase in emissions from fossil fuel cars (1.6%). This is because BDO encourages the use of electric vehicles. December 2023 saw the arrival of the 600th fully electric car at BDO. BDO encourages the use of electric cars by providing an extra budget and a charging station scheme. This is proving popular, and during the final six months three of every four cars ordered were electric. In 2023, the number of electric cars rose by 119 to 619 (2022: 500). This corresponds to 37.1% (2022: 29.9%) of the total lease car fleet. The number of electric cars in our fleet is expected to increase further in 2024 as there are currently 51 fully electric cars on order. The number of electric cars in our fleet will continue to increase in subsequent years because BDO employees will only be able to order electric lease cars starting from 1 January 2025.

Moreover, we want our offices to be located in attractive places with good public transport facilities so that there are no barriers to commuting by public transport for employees. We moved into a number of new premises at such locations in 2023. This was a factor in the increase in the number of employees

coming into the office in 2023. Despite this increase, our electricity consumption in our premises decreased and there was a greater decrease in CO₂e emissions due to increased purchases of green electricity for our premises.

In 2023, we made our scope 3 emissions more transparent and analysed our air travel. Our CO₂e emissions from air travel doubled in 2023 compared to 2022. This was mainly due to the fact that following the pandemic there was an increase in the number of international conferences and meetings that BDO employees attended. We will analyse all remaining relevant scope 3 categories in 2024.

We took various initiatives in 2023 to reduce CO₂e emissions. These included:

- ▶ Relocating to more sustainable premises;
- ▶ Further promotion of the purchase of electric cars (including lease cars) by increasing the monthly bonus;
- ▶ Continuation of a low-cost charging station package for home charging;
- ▶ Submission of the SBTi commitment letter with the objective of having our net zero targets validated by the end of 2024.

Alongside the aforementioned initiatives, in 2023 more than 250 colleagues spent 40 days working on small, sustainable actions to reduce their personal footprint as part of the BDO Footprint Challenge. Among other things, a team picked up litter near a BDO office, houses were made more sustainable, and participants shared tips on creating a greener world with each other and their community.

Besides having an impact through our own organisation when it comes to sustainability (ESG), we believe we can also contribute to sustainability at other organisations through our services. To this end, BDO Sustainability was set up in 2022 to enable optimum collaboration across the Lines of Service with respect to this theme, for the benefit of our clients. In 2023, we helped more and more organisations facilitate a more sustainable way of working, primarily focusing on compliance in relation to the implementation of the CSRD. Many organisations are interested in the practical support our advisers can provide based on the 'Sustainability Journey' developed by BDO. In addition, in 2023 our audit practice stepped up its preparations for the provision of CSRD assurance and we were able to provide plenty of information to our clients. BDO Sustainability communicated frequently on the topic of sustainability in 2023, for example in the form of publications in the field of integrated reporting for healthcare institutions, a study into sustainability reporting by municipalities and a report on integrated reporting for real estate organisations.

Social

Strong employer brand

Our ambition is to be recognised as the leading people-centric employer that focuses on personal development and offers its people interesting and challenging work. Our policy is to recruit, develop and retain ethical, motivated and expert professionals who identify with our corporate culture and feel at home with us. A corporate climate is inclusive if people feel appreciated by like-minded colleagues who have the same goals and the same beliefs. Our people are the best ambassadors for our brand. As exponents of our culture, they stand with us in defining the strength of our employer brand.

Employee retention and recruitment

Theme description

At BDO, people make the difference. The quality and enthusiasm of our people determine the quality of our services, our development and our growth. For this reason, we will continue to make every effort to retain our talented professionals and hire new talented individuals, although this is challenging in today's tight labour market.

Our ambition

We cannot achieve our mission to provide the best service and top quality to our clients without the commitment of our employees. We seek sustainable connections and are committed to investing in the continuing development of our human capital. We value and reward our people accordingly in an environment that encourages them to develop their talents to their full potential. That is why we focus on themes that promote our people's development and happiness, and that ensure that our people are fit for the future. Our HR processes and training courses must tie in seamlessly with these themes. We aim to be a people-centric, learning organisation in which everyone is challenged and encouraged to be the best they can be so that they will consistently deliver top quality, for themselves, for clients and for other stakeholders.

Our performance

We track our performance using the following indicators:

- ▶ rate of employee turnover for partners, senior managers, managers and other team members; and
- ▶ employee engagement score.

Rate of employee turnover and rate of new employee hires

Rate of employee turnover by gender and job group


	2023		2022	
	Male	Female	Male	Female
Partner/director	10.1%	15.8%	4.1%	3.0%
Senior manager	8.1%	6.3%	9.3%	7.5%
Manager	18.2%	12.4%	16.1%	16.0%
Junior manager	15.4%	14.0%	11.3%	15.1%
Senior professional	13.9%	11.1%	17.6%	15.2%
Professional	24.6%	23.0%	25.6%	22.2%
Total	15.4%	14.7%	14.6%	16.3%

Rate of employee turnover by gender and age group

	2023		2022	
	Male	Female	Male	Female
< 30 years of age	16.4%	18.6%	20.4%	19.2%
30 - 50 years of age	16.0%	12.4%	11.9%	16.3%
> 50 years of age	11.1%	11.2%	7.2%	7.9%
Total	15.4%	14.7%	14.6%	16.3%

Percentage of new employees by gender and job group

	2023		2022	
	Male	Female	Male	Female
Partner/director	0.6%	0.0%	0.6%	0.0%
Senior manager	2.4%	4.5%	2.1%	2.8%
Manager	8.4%	3.8%	6.0%	9.6%
Junior manager	4.4%	6.0%	8.9%	11.6%
Senior professional	11.5%	15.4%	16.3%	17.2%
Professional	51.4%	38.4%	46.7%	34.2%
Total	14.9%	17.3%	15.2%	18.7%

Percentage of new employees by gender and age 

	2023		2022	
	Male	Female	Male	Female
< 30 years of age	29.3%	31.5%	29.8%	30.4%
30 - 50 years of age	5.6%	8.7%	6.8%	10.9%
> 50 years of age	1.8%	4.8%	0.5%	9.0%
Total	14.9%	17.3%	15.2%	18.7%

Overall, 2023 saw a decrease in turnover in female employees and an increase in turnover of male employees. More specifically, there was an increase in turnover of male employees at junior management level and in both male and female employees at partner and director level. Young people in particular have been more likely to change employer in the current job market, which favours employees. We have noted that many, especially junior male employees, are still trying to work out what they want to do for a career. At a more senior level, we often see the reason relates to the challenges that the auditing profession presents. In such cases, the employee switches to a position outside the audit sector. Talks with departing employees also revealed that 'attention' is an important aspect when it comes to retention. We will therefore continue to focus on initiatives aimed at the content of contact moments between employees, using tools such as our beginners' academy, mentoring, a buddy system, peer reviews and celebrating team successes. We continued to develop our assessment and development process during 2023, and we launched our new feedback tool at the end of December. This tool lets colleagues request and give feedback to each other in an easy and accessible way. Our possibilities for activity-based working are also positively rated by employees. In order to retain employees for longer, in 2023 we started developing an internal mobility policy, which clarifies what internal opportunities exist and what the related procedures are.

On a positive note, there was a decline in turnover in female colleagues in the senior manager, manager, junior manager and senior professional job groups. During the past year, we have focused to a large extent on enabling BDO employees to connect with BDO and other BDO employees, and our efforts seem to be bearing fruit. The impact of this is also reflected in the engagement score (see the indicator on the right).

There was a decline in the rate of new employee hires at an overall level and in almost all job groups (with the exception of professionals and senior managers), which reflected the tight labour market. More than half of audit firms, law firms and firms of civil-law notaries are struggling to hire enough staff, according to the most recent business survey by Statistics Netherlands. In our sector, auditors with three to five years of experience are in particularly short supply.


In order to increase our visibility in the labour market, during the reporting period we launched a new 'Working at BDO' website and ran an employer branding campaign on the benefits of working for BDO, which ranged from the best start and the best career, to the best balance sheet and the best team. The new website increased the conversion rate (visitors who become applicants) from 2.5% to 6%. This campaign reached more than one million people. In addition to major efforts on various social media channels, we placed banners via Google Display and advertised on digital screens in relevant spots throughout the country in order to attract new talent to BDO.

As a result, in 2023 we started to refine and unify our employer brand and our corporate branding strategy, with the aim of creating a single recognisable, distinctive and uniform brand story for future employees, business relations and clients, that enhances pride in the organisation and commitment (our internal compass) and contributes to our employer brand and our corporate visibility in the market. We will launch our new distinctive brand strategy internally and externally in 2024.

Engagement score

We measure our employee engagement score by means of an annual employee survey. This survey is carried out by an external party. In the period 28 August - 8 September 2023, we asked BDO employees about their experiences with BDO's culture, using a new Horizon measurement. By completing the questionnaire, employees can share with us how they perceive conduct and culture at BDO. The survey is anonymous. No fewer than 1,683 colleagues (60.5%) completed the questionnaire. We were very pleased with this response rate, which was higher than the last two measurements. The survey gives us insight into the culture drive and new points for attention geared to the needs of employees. Culture is one of the most important factors for the success of an organisation in the broadest sense of the word, and BDO is no exception. Culture encompasses, among other things, how we interact, work and collaborate, and whether employees can be themselves in the workplace. Four of the questions related to employee engagement. The average rating is shown in the table below. Engagement concerns the extent to which employees are inspired and energised by their work and have a positive relationship with the organisation. Engaged employees find their work meaningful and rewarding, are proud of their job and feel at home in the organisation. They will go the extra mile just because they enjoy what they do and feel positive about the organisation.

The results of the employee survey were shared with all employees in a webinar/Studio Horizon in October 2023. They were also discussed with the management teams of all Lines of Service, Young BDO and the Works Council.

Employee engagement score from employee survey 

	2023	2022
Score for engagement	7.4	7.2

In 2023, the engagement score increased from 7.2 to 7.4. The score is therefore close to our target of at least 7.5. Based on the answers to the questions, we can see that BDO employees perceive the atmosphere at work to be pleasant, that their departments focus on quality, and that employees can be themselves. These scores for these questions were 8.0 or higher. There is, of course, also room for improvement. Various questions regarding vitality, which are related to energy levels, received lower scores than other questions in relative terms, and we will need to devote attention in the coming period. BDO employees gave engagement an average score of 7.4. In total, 33% of BDO employees feel engaged with BDO (score of 8.0 or higher) and 60% are potentially engaged (5.0 to 7.9). These results, which indicate the extent to which employees enjoy their work, feel their work is meaningful and have job satisfaction, are excellent for this important theme.

Diversity & Inclusion

Theme description

Our organisation needs to be a reflection of society if it is to be - and remain - fit for the future. We aim to be an inclusive organisation that:

- ▶ attracts and retains talented partners and employees who roughly represent a cross-section of society;
- ▶ actively works to remove implicit and explicit barriers to inclusiveness; and
- ▶ actively develops policies, procedures and practices that promote an inclusive culture.

In this inclusive culture:

- ▶ diversity and inclusiveness are relevant and accepted elements;
- ▶ individual talents and backgrounds are recognised and their full potential is unlocked;
- ▶ differences between people strengthen our corporate culture; and
- ▶ shared leadership is a driving force behind inclusiveness.

Our ambition

Our goal is to organically align our corporate culture to changes in society, where exclusion based on visible and invisible differences is not accepted, but where these differences are embraced in order to make the world and, hence, BDO a little better. Diversity is really about creating a people-centric culture where everyone is empowered to be their best selves.

In a people-centric working environment, everyone feels heard and valued. This allows us as an organisation to be better at identifying client requirements, cater to market developments, make sound decisions and, eventually, increase our success rate. A team that is highly diverse is much better at engaging in a meaningful dialogue. As this opens up more avenues, our solutions will improve. If every BDO employee feels they can be themselves and feels fully accepted, then our mission will have been a success.


The ambition to achieve our gender diversity target (20% women at the top by 2025) has been formalised in the public *Talent to the Top Charter*.

Under the Dutch Equitable Distribution of Seats (Management and Supervision) Act, we are also expected to meet the requirement of a balanced male/female ratio in the boardroom. This applies to both the Governing Board and the Supervisory Board. In 2023, two of the five members of BDO's Supervisory Board were women.

Our performance

The indicators we use to track developments in the area of diversity and inclusion are male/female ratio, career progression, promotion, appointments and remuneration.

Male/female ratio

Headcount, number and percentage, by gender man/woman - job group 

	2023		2022	
	Male	Female	Male	Female
Partner/director	169 (82%)	38 (18%)	170 (84%)	33 (16%)
Senior manager	246 (69%)	112 (31%)	236 (69%)	106 (31%)
Manager	154 (59%)	105 (41%)	149 (61%)	94 (39%)
Junior manager	272 (54%)	235 (46%)	293 (56%)	232 (44%)
Senior professional	295 (41%)	433 (59%)	295 (42%)	408 (58%)
Professional	284 (45%)	352 (55%)	270 (43%)	351 (57%)
Total	1,420 (53%)	1,275 (47%)	1,413 (54%)	1,224 (46%)

Headcount, number and percentage, by gender man/woman - age 

	2023		2022	
	Male	Female	Male	Female
< 30 years of age	591 (53%)	515 (47%)	573 (53%)	506 (47%)
30 - 50 years of age	612 (52%)	572 (48%)	632 (54%)	540 (46%)
> 50 years of age	217 (54%)	188 (46%)	208 (54%)	178 (46%)
Total	1,420 (53%)	1,275 (47%)	1,413 (54%)	1,224 (46%)

The table shows that in 2023 the gender ratio of the BDO workforce as a whole had started to become more balanced compared to 2022. There was an increase in the number of women in all job groups. The differences between age categories are minimal. The total number of male employees at BDO is greater than the number of female employees, which is mainly attributable to the gender ratio for graduates.

The Equitable Distribution of Seats (Management and Supervision) Act entered into force in the Netherlands on 1 January 2022. This Act is designed to increase diversity in the boardroom. In accordance with the Act, we have defined what we consider to be our top and second highest management levels, we set ambitious targets and we prepared a plan of action for reaching the required male/female ratio. Our aim is to for women to make up at least 20% or more of the top and second highest management levels within three to five years starting from 1 January 2022, in line with the *Talent to the Top Charter*. The top management level consists of all partners and directors. At the moment, 38 of our 207 partners and directors (18%) are women. The second highest management level comprises managers and senior managers. At present, 217 of our 617 managers and senior managers (35%) are women. Two of the five members of BDO's Supervisory Board in 2023 were women; the Governing Board had no female members. We expect to achieve our ambition of having 20% women in the top and second highest management levels within one year. Given this, we have adjusted our ambition and now aim to for at least 30% women at the top of our organisation by 1 January 2027. After that, we would like to see a female equity partner from the top of the BDO organisation join the Governing Board within two to three years. A female external hire for a position on the Governing Board is also an option.

We encourage this as part of the Diversity & Inclusion project by, among other things:

- ▶ promoting inclusive processes, policy measures, interventions and systems to support equal opportunities at all levels, and removing implicit and explicit barriers to promotion for women;
- ▶ mentoring female colleagues in the selection process;
- ▶ recruitment of more experienced female professionals;
- ▶ development of shared leadership skills;
- ▶ development of managerial talent.

Besides gender diversity, other matters for attention include cultural inclusion and the influx of bicultural talented individuals. There are several questions in our Horizon Measurement that relate to this. For instance, the question on whether colleagues can be themselves at work scored 8.0. This is a good score and confirms that BDO is becoming an organisation where people with differences are accepted. This is crucial because it allows us to analyse matters and take action based on a broader perspective. The score for the question 'I feel I have the same career opportunities regardless of differences', was 7.0. This score is adequate but requires improvement. Our Diversity & Inclusion project group therefore conducted interviews with HR colleagues and bicultural colleagues in 2023 to learn about their experiences regarding equality and inclusion. These interviews have provided us with a great deal of insight into further steps that can be taken. By way of a follow-up, we have set up a project group consisting of representatives from each region with different bicultural backgrounds. Efforts are being made to actively promote the importance of cultural diversity. In 2023, awareness sessions on inclusion (such as cultural inclusion) were organised at regional and departmental level. In 2024, a Culture Café will be organised in each region with the aim of going more deeply into the theme of cultural diversity in a familiar setting. We will also look at the inclusiveness component in job application training for colleagues who conduct interviews, and we will include it in leadership programmes on a structural basis. Conscious and unconscious bias within the assessment and recruitment procedures will also be studied. We are pleased to note that awareness of inclusiveness is growing within BDO. An iftar was organised at seven locations in March 2023. Reflection, charity and togetherness are central themes during Ramadan, and many BDO employees were keen to share this with each other during these iftars. This is an excellent example of how we work together to put diversity and inclusion into practice at BDO.

Diversity in competencies is also important to us. It is important to achieve complementarity in competencies aimed at achieving BDO's strategic objectives. We embrace shared leadership, and it is incorporated in the assessment of leadership performance. We pay attention to performance from the perspective of the team in which an employee works and the complementarity required within that team. Dividing up tasks based on differences in competencies is encouraged.

Promotions

The tables on the next page show promotions by gender at BDO as a percentage. The first table shows all promotions by gender, while the second table shows the results broken down into top and second highest management level, and include comparative figures for 2022. The tables show that, in 2023, we made a significant inroad in getting more women into top management positions.

Promotions by gender

	2023		2022	
	Male	Female	Male	Female
Total	18.7%	19.8%	30.0%	24.8%

Number and percentage of appointments to equity partner, or promotions to salary partner or director, by gender

	2023		2022	
	Male	Female	Male	Female
Partner (salary partner/ director -> equity partner)	4 (6.3%)	0 (0.0%)	3 (4.8%)	1 (20.0%)
Senior manager (senior manager -> salary partner/ director)	10 (9.5%)	11 (33.3%)	8 (7.4%)	4 (14.3%)
Total	14 (8.3%)	11 (28.9%)	11 (6.5%)	5 (15.2%)

The number of promotions at BDO in 2023 was down compared to 2022. This was mainly due to the fact that in 2022 the date of promotion was changed from 1 January to 1 October. As a consequence, promotions became effective on two dates in 2022 (1 January 2022 and 1 October 2022) but on only one date in 2023 (1 October 2023).

Last year, HR Business Partners were given training that focused on identifying biases in the assessment process. The aim was to provide them with additional knowledge and skills so the process would be fairer and unjustified differences between, for example, men and women would be minimised. In 2023, the difference between the percentages of male and female colleagues who were promoted narrowed, and the percentage of female employees promoted in the period under review exceeded the percentage of male employees.

The number of male employees appointed to salary partner or director increased slightly compared with last year, both in absolute terms and as a percentage. By contrast, the number of women appointed to salary partner or director more than doubled, both in absolute terms and as percentage.

In the case of appointments to equity partner, achieving the desired increase in more women at the top will take more time. Although the number of women nominated for the position of partner or director grew steadily in 2023, we will not be able to change the gender ratio in leadership positions overnight. This calls for long-term investments in cultivating an environment that is fit for nurturing the next generation of female leaders. We focused on this during the period under review and are beginning to see some results. Eight appointments to equity partner were made at the end of 2023 and became effective as at 1 January 2024. Four of the individuals appointed to that role were women.

*Remuneration**Unadjusted pay gap*

	2023	2022
Senior manager	-4.3%	-4.7%
Manager	0.1%	-0.8%
Junior manager	2.0%	1.5%
Senior professional	0.9%	0.1%
Professional	1.6%	1.4%

Adjusted pay gap

	2023	2022
Senior manager	-4.0%	-3.2%
Manager	-1.3%	-1.4%
Junior manager	0.4%	-1.3%
Senior professional	-0.8%	-1.3%
Professional	-0.1%	-0.8%
Total	-0.9%	-1.3%

Differences in remuneration were analysed in more detail in 2023. The table above shows the unadjusted and adjusted pay gaps between male and female employees at BDO. To determine whether men and women receive equal pay, we studied the pay gaps after adjusting for a number of factors that explain the level of pay. Job grade is the most important factor; other factors are line of service, TDP (Talent Development & Performance) reviews, age, years of service and region. The remaining effect of gender is qualified as the adjusted pay gap. The table shows that the adjusted pay gap at BDO is small.

Overall, the gender pay gap narrowed slightly, from -1.3% in 2022 to -0.9% in 2023. This is a positive development because we want to treat everyone equally, regardless of visible and invisible differences. That is why in 2023, our Diversity & Inclusion programme once again focused on bias-free performance reviews and fair pay for men and women by identifying differences and discussing them. There was a specific focus on the differences within the junior manager, manager and senior manager job grades. Line managers were supported by means of training videos that taught them about these differences. Minor differences may well be unavoidable in the unadjusted pay gap due to an overrepresentation or underrepresentation of women or men in a particular group (for example, employees in support roles) or due to bonus-driven models in certain disciplines where there is a higher proportion of male professionals. In 2024, we will continue to monitor the pay gap in all categories, including 'professional' and 'senior professional'. We are also currently developing a dashboard called 'Fair Pay m/f', which we hope to roll out in 2024.

Social engagement

Vitality

Theme description

Health and vitality are inextricably linked to the sustainable employability of our people. The quality of our services hinges on the skills and vitality of our employees and partners. Healthy, agile and motivated employees and partners are happier, more content and more energetic people. They are in better physical and psychological shape. Within our learning organisation, lifelong learning and development is also key in promoting our people's vitality. Being able to leverage their talents adds to their happiness, sustainable employability and engagement. In this context, we aim to offer them a welcoming and safe environment, where they can work together as a team with a can-do attitude. We are committed to the sustainable employability of all our employees irrespective of their age.

In the long run, people will benefit from being in harmony with their surroundings. Aside from wanting to promote our employees' vitality, we also aim to contribute to the vitality of our clients. With a view to organisational vitality, we will develop and pool some of our advisory offering into our Vitality client proposition, which includes advisory services to organisations regarding vitality in an HR context, sound returns and sustainability services. Based on our clients' requirements, we will use a targeted approach to our vitality services by bringing together subject matter expertise from various disciplines.

As an organisation serving the public interest, we take ownership and allow our people to contribute their knowledge to help vulnerable and underprivileged members of society during working hours. Via our BDO Impact Centre, we coordinate and combine our activities to achieve this goal. We support and encourage our people to contribute specifically to social vitality, not just by setting aside time for them for social engagement, but also by providing tools and expertise to facilitate their contribution to the local community.

Our ambition

We pursue an active vitality policy for our employees and partners, which is reflected in our pay and benefits package, our course offering, the events we organise and our office locations. Our ambition is to be recognised and appreciated by clients for our vitality services. Our social engagement is aimed at improving the health and vitality of vulnerable people who need a little help to become fully fledged members of society.

Our performance

A key indicator of overall health is our absenteeism rate.

Absenteeism rate

	2023	2022
Net FTE absenteeism rate	3.85%	3.95%
Absence frequency rate	1.35	1.44

HumanCapitalCare, our occupational health and safety service, is responsible for reporting the net FTE absenteeism rate and the absence frequency rate (AFR) to BDO.

The results show that both the net FTE absenteeism rate and the AFR declined in 2023 compared with 2022. In particular, the trends in short-term sick leave (up to 7 days) and medium-term sick leave (8 to 42 days) resulted in a decline in the absenteeism rate. This was partly attributable to the surge in COVID-19 infections and the flu epidemic in 2022. An important aspect was that we also offered more support to managers in 2023. In 2023, we provided the managers with additional support relating to their role regarding absenteeism, in the form of training sessions on how to discuss (frequent) absenteeism. There is now more contact between HR and managers regarding this topic than ever before, and HR is also more likely to be involved in managing the absence (or the first indications of absence), which means that the right conversation can also be held with the employee earlier. When an employee reports sick, the manager contacts the employee directly and a record is kept of the discussion concerning absenteeism.

At BDO, poor mental health is the main cause of absenteeism. The tight labour market continues to cause staffing challenges and increased absenteeism rates for many companies. That said, mental health-related absenteeism as a proportion of total absenteeism at BDO was in line with the national trend lightly increased compared to the previous year.

Various actions are being taken to reduce the absence frequency rate, short-term absenteeism and mental health-related absenteeism in 2024, and to achieve our goal of achieving a net absenteeism rate of less than 3.5%. One of them is aimed at improving analysis in consultation with the occupational health and safety service, which will allow us to gain a better understanding of the causes of absenteeism. BDO will also update the absenteeism policy, which defines the roles, responsibilities and expectations in more detail, using an approach based on positivity and attention. Furthermore, 'Open Up' is a key element of BDO's welfare policy and is actively promoted among employees. This initiative is aimed at promoting employees' mental health in particular, and also contributes to a positive and healthy work climate. The purpose of Open Up is to give employees the space to tell their stories and to provide support where necessary. Within BDO, Open Up is facilitated by a team of professionals, including HR consultants, coaches and psychologists. The team provides customised support and advice, depending on the employee's needs.

In 2023, as part of our Horizon culture programme, we also undertook several activities to enhance the vitality and sustainable employability of our people. The focus was on encouraging them to become or stay physically fit by, among other things, encouraging them to exercise. For example, we organised a football tournament, the BDO Run and a Step Challenge. We also continued rolling out our bicycle scheme and many employees have a company gym subscription. To encourage a healthy lifestyle, we also offer fruit at work.

Other examples for promoting vitality include helping employees to set up a home office and offering medical screening in cooperation with HumanCapitalCare. We also offer a number of courses that help our people cope with stress at work, improve their work/life balance and build resilience. We promote awareness of physical and mental health through all these measures. Finally, the budget for team connection activities was increased in 2023.

In addition to the above activities, two offices (Enschede and Maastricht) were visited as part of the Hazard Identification & Risk Assessment (HI&RA), which is mandatory for every organisation. The offices were assessed by HumanCapitalCare, our occupational health and safety service, on the basis of the statutory HIRA questionnaires. The results, including recommendations, were recorded in the HI&RA.

Leave entitlement not taken

	2023	2022
Line of Service		
Audit & Assurance	2.6%	2.3%
Accountancy & Business Advisory	3.7%	3.5%
Tax & Legal	1.8%	1.9%
Advisory	2.4%	2.3%
Support staff	3.1%	3.4%
Corporate services	3.4%	3.1%
Grand total	2.8%	2.6%

In an effort to promote wellbeing among BDO employees, we look at the number of hours they work and the hours of leave they take. We want our people to take all the leave hours they are entitled to and use their overtime hours in the year they were accrued. BDO managers check their direct reports' time sheets every week and make modifications where necessary. Interestingly, the percentage of leave entitlement not taken in 2023 showed a slight increase compared to 2022, while the employee survey (see [page 22](#)) revealed that the perception of the workload decreased. The aspects that play a role in workload perception will be studied in greater detail in 2024.

Social engagement

We support and encourage our people to contribute specifically to social vitality. As an organisation serving the public interest, we allow our people to contribute their knowledge to help vulnerable and underprivileged members of society during working hours. We aim to increase the vitality of vulnerable people so that they are better equipped to participate in society. Our BDO Impact Centre coordinates activities to achieve this goal.

In 2021, the BDO Impact Centre launched Flagship and People to People (P2P) projects. Flagship projects are projects initiated by the BDO Impact Centre. Our people can apply to take part. People to People projects are projects suggested by our people to the BDO Impact Centre. These programmes have been running for three years.

Number of unique participants in Flagship and People-to-People projects

	2023	2022
Number of unique participants in Flagship projects in reporting period	63	39
Number of unique participants in People to People projects in reporting period	138	36
Number of unique participants in Flagship projects since 2021	152	89
Number of unique participants in People-to-People projects since 2021	193	55

With regard to all the measured components, there was a substantial increase in the number of unique participants. This concerns the following sub-projects:

UAF

In the context of supporting and encouraging our employees to make a specific contribution in terms of social vitality, we teamed up with the University Asylum Fund (UAF) and set up a mentoring programme in 2022 with the aim of improving the job prospects of asylum permit holders. The asylum permit holders are students who receive coaching from UAF. They are assigned a BDO mentor under this programme. A plan is drafted on the basis of the individual students' needs, which is then implemented over a period of six months. The intensive mentoring process is designed to provide sustainable support to students, e.g. in finding a job or work placement. This will help them become part of Dutch society and feel more settled in the Netherlands. The fourth round of mentoring programme took place in 2023, with 7 mentors coaching 7 asylum permit holders.

JINC

Following successful collaboration in the past, BDO and JINC joined forces at a national level in 2023. Both organisations are committed to a society in which a person's background does not determine their future and every child is given equal opportunities. In 2023, 57 BDO employees (2022: 18) signed up for the JINC projects, which help children aged 8 to 16 get off to a good start in the labour market. The BDO employees participated in projects to help children from underprivileged backgrounds become acquainted with various professions, discover their talents and learn how to apply for a job.

People to People (P2P) projects

The BDO Impact Centre approved various social initiatives by BDO employees in 2023. The organisation donated hours so that employees could carry out the relevant activities during working hours. The initiatives ranged from judging schoolchildren's responsible citizenship initiatives to

supporting young students making their first forays into the business world. They contributed to a number of Sustainable Development Goals (SDGs), such as quality education (SDG 4), reduced inequalities (SDG 10) and sustainable cities and communities (SDG 11). In 2023, BDO also organised a BDO Opkikker Day, in which more than 40 colleagues, working in collaboration with Stichting Opkikker, created special memories for families with a child with a long-term illness. A wide range of entertainment, including a grand reception, a helicopter flight and a visit to a beauty salon, was provided, all with the aim of putting a smile on their faces.

Full-service proposition, and putting the client first

Putting the client first**Theme description**

In our service provision, we focus on the person behind the client and we explore our options for offering added value to our clients. BDO's culture and way of working facilitate a personal approach that puts the client first. BDO stands out as a local knowledge partner thanks to our multidisciplinary teams and the optimisation of our multidisciplinary collaboration for clients and prospects. All actions are aimed at delivering top quality services, increasing client satisfaction and improving client returns, based on a proactive and people-focused approach. We offer dedicated professionals for each segment; these specialists know all the ins and outs of their respective market segment. BDO intends to continue to set itself apart as a firm that is large enough to deliver top quality consistently anywhere in the private and public sectors. Within the SME & Family Businesses segment, we aim to continue to be part of the networks in the regions where we operate, with manageable units in which employees and clients feel comfortable and a human dimension is visibly maintained. We are finding that our firm's adequate, yet manageable scale appeals strongly to the labour market and to our clients.

Our ambition

We want our clients to see BDO as a full-service organisation that puts them and their interests first.

Our performance

In 2021 we started our transition to a structure with four relatively large regions and offices near those regions' economic hubs. In 2023 we continued to focus on teamwork in the regions, with an emphasis on optimising client services and efficient cooperation between people with different areas of expertise. We also continued to work on developing a process for accessing and analysing data so that regional advisory teams can proactively provide integrated data-driven advisory services to their clients.



NL Doet

BDO aims to make a positive impact on society by being of service to people and the world in which we live. That is why we give our colleagues the space to put their time and knowledge to use for people who can use a helping hand, free of charge.

Governance

Quality-oriented culture

Our corporate culture creates the perfect environment for us, as professionals, to show that we are committed to delivering excellence in our work and conduct. This includes understanding what it means to deliver top quality anywhere and at any time, and recognising and acknowledging the importance of professional ethical standards, core values and attitude throughout our organisation. As professionals, we all bear personal responsibility for delivering top quality when performing engagements or working on the BDO Quality Management System. We seek to create an ideal quality climate in which we display the conduct we have defined as a group to be appropriate. Although culture is influenced by many different factors and can be difficult to change, we take quality measures to make sure that our culture contributes to our ambition to deliver top quality anywhere and at any time. These quality measures, which include formalising our core values and the corresponding appropriate conduct in codes, and creating the best possible quality climate via the BDO Horizon programme, tie in closely with the quality controls of the BDO quality management system. The BDO Code of Conduct describes the core values that inform our actions on a day-to-day basis.

Top-quality services

Theme description

We believe that aiming for, and achieving, top quality constitutes BDO's licence to operate. The level of trust that society and our clients have in our services is essential to BDO's success as an organisation. For BDO, quality is a decisive factor in the service provision to existing clients and in winning new clients.

In addition, BDO believes that improving the quality of the profession and restoring the reputation of the profession in general is an important objective. The reputation of the BDO brand is inextricably linked to trust in, and the role of, our auditors, accountants and advisers. BDO seeks to be a firm of professionals who are trusted partners and who intrinsically want to do 'the right thing' for clients, society and stakeholders.

The extent to which we can achieve this depends on the people we manage to hire, their level of education, and their passion and drive to do the right thing in the right way every single day, with the objective of adding certainty for clients, for society and for the survival of the profession and the continuity of the firm. We cannot deliver quality if we do not have a sound corporate culture. Culture and conduct affect how the quality policy is implemented and the effectiveness of quality systems.

By delivering top quality anywhere and at any time:

- ▶ we can be successful in the long run;
- ▶ we add certainty to information used for decision-making in the course of doing business: by organisations, business owners and society; and
- ▶ we help add value for our clients and society, contribute to the trust they place in our organisation and our services, and enhance the impact of the work that our professionals experience themselves.

Our ambition

BDO's ambition is to deliver top quality anywhere and at any time. This means ensuring the continuity of all types of services, within the parameters of the law and applicable rules, to meet the expectations of our key stakeholders with regard to a specific service, the service provision process and our organisation, and exceeding those expectations wherever possible. Our actions and conduct are always informed by our core values: Professionalism, Job Satisfaction, Practical Relevance, People Focus, and Social Responsibility.

Our performance

The BDO Quality Policy outlines what we mean by quality and how we manage quality. The purpose of this policy is to contribute to achieving our ambition of delivering top quality anywhere and at any time. The BDO Quality Policy applies to BDO as a whole: all BDO professionals, Lines of Service, markets and services.

In order to measure top quality, we distinguish between quality control reviews (performed during engagements) and quality monitoring reviews (performed after completion of an engagement).

Quality control reviews

When carrying out engagements, we use quality control reviews to help the engagement team deliver the intended quality. Such reviews do not culminate in an opinion on the engagement (satisfactory or unsatisfactory).

The following quality control reviews were performed in 2023:

- ▶ *EQR (engagement quality review), Audit & Assurance and Accountancy & Business Advisory*
An EQR is an objective review aimed at establishing whether the engagement team could reasonably have reached the opinion and conclusions set out in the draft report. EQRs are performed for engagements when required by law, i.e. in statutory audits of public interest entities (PIEs) and in engagements that Quality & Risk Management (QRM) believes meet the relevant review criteria. The instruction to perform an EQR is issued under the responsibility and management of the Line of Service's MT. An EQR is performed by an Engagement Quality Review Officer, i.e. an auditor who is not on the engagement team and does not work on the engagement, and who has the right experience and authority to objectively review the engagement team's opinion and conclusions. At the Audit & Assurance Line of Service, EQRs are performed by a two-member EQR team, consisting of the EQR Officer and an EQR team member. At the Accountancy & Business Advisory Line of Service, the EQR Officer may perform the EQR on his own.
- ▶ *TBQR (theme-based quality review), Audit & Assurance*
A TBQR is an instrument used to ensure the quality of specific elements of the engagement in specific circumstances that arise while the engagement is carried out, or on the specific instruction of the Audit & Assurance management team. An instruction to perform a TBQR is issued if an effective review cannot be performed without a file review. If a material review can be performed remotely, a consultation with the Professional Practice Department is generally required.
- ▶ *EQCR (engagement quality control review), Audit & Assurance*
An EQCR is essentially the same as an EQR. It refers specifically to a review that is 'imposed' by a group auditor in a situation where BDO Netherlands is a component auditor. The review then covers the audit for group purposes only.

Quality control reviews of Audit & Assurance engagements

	2023	2022
EQR	104	105
EQCR	2	1
TBQR	52	53
Total	158	159
In progress at 31 December	9	11

Quality control reviews of Accountancy & Business Advisory engagements

	2023	2022
EQR	23	43
Total	23	43
In progress at 31 December	11	7

As the table indicating the number of quality control reviews for the Audit & Assurance Line of Service shows, the number of quality control reviews remained the same. There was no change in policy in the year under review.

There was a decrease in the number of EQRs that were performed and completed at the Accountancy & Business Advisory LoS. An instruction to perform an EQR is issued because of an 'increased risk' associated with an engagement, because of delegated signing authority for compilation assignments, or because auditors are in the accreditation process and this involves an EQR for the first three files. In 2023, there were fewer partners in an accreditation process, which resulted in significantly fewer EQRs being carried out in that category.

The AFM stepped up its supervision of PIE (Organisation of Public Interest) audit firms in 2023. Firstly, the AFM conducted investigations into the quality of fraud risk analysis and the design and operation of the EQR (engagement quality review) procedure. These investigations aimed to strengthen the sector by identifying areas for improvement and findings. Furthermore, in 2023 the AFM paid close attention to the investigation into the possible unauthorised sharing of test questions and answers, several consultations took place in the context of data-driven supervision, and reported incidents were intensively discussed.

In January 2023, the AFM conducted an investigation at BDO into the quality of the fraud risk analysis for four statutory audits with the 2021 financial year and tested whether that fraud risk analysis complied with the requirements set out in the NV COS. The AFM did not investigate whether the external auditors obtained sufficient and appropriate audit evidence in the relevant statutory audits. The AFM recognised one or more good practices, and identified areas for improvement, in all four of the files examined. In addition, the AFM identified findings in three of the four files. The findings predominantly relate to the audit team's failure to identify and evaluate fraud risk factors sufficiently or with sufficient depth.

In mid-2023, the AFM investigated the use of the EQR as quality assurance in the quality management system. For three selected statutory audits, the AFM assessed the implementation of the EQR and examined a focus area that was also assessed by the EQR officer. With respect to the depth of EQRs performed, the AFM identified good practices in two statutory audits and findings in one statutory audit. In the latter statutory audit, the AFM had one finding in the examined focus area that was also assessed by the EQR Officer: the AFM concluded that the external auditor did not obtain sufficient and appropriate audit evidence and that no actions by the EQR Officer prevented that finding. Furthermore, with regard to the expertise of EQR Officers, the AFM noted a good practice in the use of EQR teams within BDO and concluded that improvements are possible with regard to the EQR Officer's assessment of the involvement of the external auditor. The AFM also observed several good practices with regard to the quality management system used (including the phased implementation of the EQR, the mandatory training for EQR Officers, and the comprehensive recording of the quality control review in the EQR questionnaire). In 2024, the dialogue between the AFM and PIE audit firms will continue on the required depth of the EQR.

Quality monitoring reviews

In order to gain insight into the quality of our audit engagements, every partner (or accredited fee earner) in the Audit & Assurance and Accountancy & Business Advisory Lines of Service is reviewed at least once every three years as a matter of course. The purpose of this review is to monitor the quality of the engagements performed and the effectiveness of the quality instruments used. If the quality is found to be unsatisfactory, action is taken to bring about improvements with the aim of ensuring a consistently high level of quality. Following completion of a review, the process and findings are subjected to extensive evaluation and the results and findings of the reviews are discussed as part of the summer course that is required for professionals. Guidance may also be issued based on the findings or the audit approach may be adjusted in certain respects. The review methodology, scope, focus areas, etc., are assessed once a year.

Audit & Assurance

The table on the right shows the trends in the results of such reviews at the Audit & Assurance Line of Service. Aside from internal reviews, this LoS was also subject to external reviews by the Dutch Central Government Audit Service (ADR) as part of its supervisory task.

The internal reviews can be broken down into cold reviews and theme-based quality reviews (TBQRs). Both reviews are performed after the auditor's report has been issued. A cold review targets certain focus areas that are decisive for the engagement and results in an opinion on the entire file. A TBQR targets the quality of a specific theme in the audit file or the effectiveness of a specific theme in the quality management system.

Internal quality monitoring reviews of Audit & Assurance engagements

	2023			2022		
	Satis- factory	Unsatis- factory	Total	Satis- factory	Unsatis- factory	Total
Cold reviews (internal assessment)	11	6	17	24	3	27
Theme-based quality monitoring reviews (internal assessment)	14	2	16	15	0	15
Total	25	8	33	39	3	42
In progress at 31 December			10			17

The reviews at Audit & Assurance showed that the number of engagements meeting the required quality standards decreased in absolute terms, and the number of engagements assessed to be unsatisfactory increased in absolute terms. This is mainly attributable to the cold reviews (internal review), because we completed the previous three-year cycle at the beginning of 2023 and started a new three-year cycle. The previous three-year cycle focused on testing the planning phase of audit engagements. We have seen an improvement in the quality of this in that three-year cycle, which is reflected in a decrease in the number assessed as unsatisfactory. For the new three-year cycle, we shifted our focus to the completion phase of audit engagements. As expected, we now see a relatively higher number of findings in the first year of the new cycle compared to the last year of the previous cycle. This does not, however, mean a deterioration in the quality of the performance of the engagement compared with the previous year. Instead, it means there are still points for improvement when it comes to the completion phase. In 2023, six cold reviews were completed with an 'unsatisfactory' outcome (2022: 3). These included four cold reviews that had started in previous years (2021 and 2022) but were not completed until 2023, and two cold reviews that were started and completed in 2023. At year-end, ten internal quality monitoring reviews were in progress.

The Central Government Audit Service (ADR) reviewed only one BDO file in 2023 (2022: 8). The review related to the audit of the legality of subsidies granted and resulted in an interview report, not an opinion.

Accountancy & Business Advisory

The table on the next page shows the trends in the results of such reviews at the Accountancy & Business Advisory Line of Service. It only covers the results of internal reviews, because no external reviews have been conducted by the Netherlands Institute of Chartered Accountants (NBA) in the past two years.

Internal quality monitoring reviews of Accountancy & Business Advisory engagements

	2023			2022		
	Satis- factory	Unsatis- factory	Total	Satis- factory	Unsatis- factory	Total
Compilation engagement	72	6	78	0	1	1
Review engagement	9	0	9	0	0	0
Total	81	6	87	0	1	1
In progress at 31 December			8			46

In 2022, the quality monitoring reviews were initiated three months later than normal. As a result, no reviews had been completed at year-end 2022 and all 46 reviews were still in progress. These reviews were completed early in 2023. The quality monitoring reviews started in 2023 are more or less finished, with only eight quality monitoring reviews still in progress. Consequently, the results in 2023 effectively include nearly two review rounds. Of the six unsatisfactory outcomes in 2023, four related to files that were in progress on 31 December 2022 and two to files that were started and completed in 2023.

Tax & Legal*Internal quality monitoring reviews of Tax engagements*

In 2023, the process for conducting the quality monitoring reviews at the Tax & Legal Line of Service was changed. Self-assessments ceased to be used in 2023. The content of the files is now reviewed instead. From each of the four BDO regions (North-West, North-East, South-West and South), at least three files are selected by the Tax & Legal MT that meet the following two criteria: minimum revenue and/or fee generation of € 10,000, and the client is a client of both Audit & Assurance and Tax & Legal. Next, Tax & Legal checks that the required documents are present in the file and that the work was carried out in accordance with the Tax & Legal Quality Manual.

In addition to carrying out internal reviews, BDO Netherlands is also subject to international quality reviews by the global network. No such reviews took place in 2023.

The table below shows the trends in the outcomes of these reviews of tax engagements at our Tax & Legal Line of Service.

Internal quality monitoring reviews of Tax engagements

	2023			2022		
	Satis- factory	Unsatis- factory	Total	Satis- factory	Unsatis- factory	Total
Peer review	8	4	12	50	0	50
Total	8	4	12	50	0	50
In progress at 31 December			0			0

When changing the review process, we deliberately opted for fewer files, allowing us to spend more time per file for the content review. As expected, we are now seeing relatively more findings in the first year compared to last year.

Advisory*Quality control of Advisory engagements*

In addition to complying with external and internal client and engagement acceptance procedures, Advisory has put in place a robust process to manage and, where necessary, improve engagement quality. This process comprises a number of steps in the preparation, execution and completion phases.

Preparation phase - 'A Good Start' tool

The preparation phase covers the following:

- ▶ Creating the right team for the engagement (by the partner in charge). Aspects that are considered include the professional and market expertise required and the level of the procedures to be performed. Where relevant, the expertise of colleagues from other Lines of Service is called in.
- ▶ Discussing the objective of the engagement and the steps (action plan) required to achieve this objective.
- ▶ Creating a clear division of duties within the team based on expertise, job level and availability. All team members are briefed on what is expected of them.
- ▶ Discussing the quality requirements and criteria for the engagement within the team.
- ▶ Making arrangements with team members concerning the coaching of less experienced team members, scheduling/deadlines and budget monitoring.

Execution phase

- ▶ All outgoing documents intended for a client or other external business relation are checked by a senior manager or a partner.
- ▶ The relevant documents are not released unless they have been signed off by a partner.
- ▶ The team members regularly discuss the status of the engagement, both among themselves and with the client. Where necessary, adjustments are made.
- ▶ The budget is monitored using a budget template.
- ▶ An interim* team evaluation is performed, in which the team members assess their own performance and that of the other team members in terms of value added to the engagement. Any areas for development and improvement are discussed.

* Depending on the duration of the engagement.

Completion phase

- ▶ The client is asked to evaluate the engagement, both orally and in writing, addressing such aspects as deliverables and the client's perception of the quality of the advice and the team members.
- ▶ A wrap-up team evaluation is organised to review the engagement itself, discuss the findings of the client's final evaluation, and evaluate the individual team members' contributions to the engagement. Any areas for development and improvement are identified and discussed.
- ▶ Relevant insights, lessons learned, best practices, tools used, etc., are explained and shared during the quality session with other colleagues in the business unit and/or advisory practice for the purposes of learning from each other and further enhancing the quality of our services.

Overarching quality control

Monitoring of partners' independence/number of independence breaches

As the principle of independence lies at the heart of the auditor's role in society and is a prerequisite for the quality of statutory audits and other assurance engagements, we have drawn up internal policy rules as part of our quality policy, which are aimed at ensuring both personal independence and the independence of BDO as a firm.

In the Netherlands, our internal policies are based on the Audit Firms (Supervision) Act (Wta), the Regulation regarding the Independence of Accountants in Assurance Engagements (ViO), the Code of Conduct and Professional Practice for Accountants Regulation (VGBA), the Accounting Bodies Regulation (VAO) and EU Regulation No. 537/2014. In addition, in specific cases our engagements are governed by the independence requirements of the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA), the US Securities and Exchange Commission (SEC) and the Public Company Accounting Oversight Board (PCAOB).

The policies include detailed rules on service overlaps, financial and business interests, outside positions, fees, long-term auditor-client relationships, gifts and sponsorship.

A relevant indicator in the context of achieving our quality objectives is the number of violations of the independence rules by our partners and other employees. Such violations may, for instance, be revealed by the checks carried out in relation to the independence of our partners and employees or by internal report, and may be discovered at any of our Lines of Service.

The table below shows the number of violations in 2023 and 2022.

Recorded independence violations

	2023	2022
Number of internally identified violations of independence rules	4	3
% of total number of employees	0.1%	0.1%

Four violations of independence rules were identified in 2023, which represented an increase compared to 2022. In two cases, a partner owned shares in an assurance client or in a third party related to an assurance client. In both cases, the partners were not involved in providing services to the relevant assurance clients. In the third case, a foreign subsidiary of a PIE audit client of BDO in the Netherlands was provided with a prohibited non-audit service by a BDO member firm based in a third EU Member State. This resulted in a breach of EU Audit Regulation 537/2014 and the ViO (materially, however, there was no threat to independence). In the fourth case, it was discovered at the end of the year that the life partner of a partner from another part of the BDO network had joined - and become a co-shareholder of - a non-PIE audit client of BDO earlier that year. This case was also reported to the AFM as an incident. The underlying causes of these four cases were investigated, and an assessment was carried out to determine whether there were any material threats to the independence of the responsible auditors. Partly as a result of this, appropriate remedial and other measures were taken, including disposing of financial interests, terminating assurance engagements prematurely, and/or consulting with or reporting to the AFM. For a more detailed explanation of the violations, please see BDO's Transparency Report 2023.



Moving together

At BDO, we want our employees to be fit and healthy. This is why we organise the annual BDO Moves sports event. During this weekend event, BDO employees and their friends and family are free to choose the form of exercise they take part in, the distance and the location. *Left to right: Alycia Alkatiri, Robin Schepers and Simone Groen (all Management Consulting Advisers, Advisory Utrecht)*

Fraud and fraud risks

In the public's opinion, accountants, auditors and tax advisers play an increasingly important role as gatekeepers of the integrity of the Dutch corporate sector. Money laundering, terrorist financing, and fraud and corruption specifically are very much topics of interest. Fulfilling our role with due care starts with appropriate client and engagement acceptance procedures, which continued to be strict in 2023. In this context, our criteria are capacity considerations, complexity and associated risk, as well as the contribution a client or engagement can make to improving our quality-oriented culture. Besides receiving support from QRM's AML/CFT desk, professionals in the field can also make use of our AML/CFT toolkit, which helps them collect the information they need to perform a client due diligence.

We set up a fraud prevention community to further address public expectations in this area. Forensic specialists take part in engagement team discussions at engagement kick-off and join meetings with the audit client to address fraud risks and review the audit plan. This is meant to improve the quality of the fraud risk assessment and mitigate fraud risks by performing the correct audit procedures. Our internal rules require professionals to report fraud, unusual or suspicious transactions or any other irregularities they encounter in the performance of their procedures. QRM has set up central records and assesses which reports require follow-up action and what disclosure obligations BDO may have, e.g. the requirement to report an unusual transaction to the Financial Intelligence Unit (FIU). Finally, QRM is working on a database in which case studies on fraud and unusual transactions will be shared periodically.

BDO also takes ownership of its role in fraud prevention in the public debate. For example, we took part in the 'Fraud and going concern paragraph in the auditor's report' pilot programme and we contributed to a number of working groups and sub-working groups. A fraud risk assessment was also drawn up. Where needed, we drew up an action plan to improve our internal fraud risk controls or ensure they continue to work as they should.

Internal Audit is required to report key risks and control issues, including fraud risks, to senior management and/or the Governing Board. In addition, the internal auditor is expected to assess the effectiveness of governance and risk management and contribute to their improvement. While this does not guarantee that every instance of fraud will be identified, it does increase the organisation's awareness and quality, and the likelihood that cases of fraud will be detected.

Investigation into exam fraud

In 2023, we launched an investigation into possible unauthorised sharing of test questions and answers (also referred to as "exam fraud") within our organisation. BDO is fully aware that it has an important responsibility to promote and monitor our organisation's integrity and controlled operations. That is why we are carrying out a careful, in-depth investigation. Our investigation has several phases, is thorough, consists of various steps and has not yet been completed. In principle, announcements concerning the results of the investigation are only made following completion.

That being said, on 19 April 2024 we published a news item on our website (www.bdo.nl) prior to the completion of the investigation. In the news item, we explained that the investigation had revealed that a member of the Audit & Assurance management team (A&A MT) had failed to take corrective action in 2020, before becoming an MT member, in response to a signal concerning undesirable behaviour in an internal e-learning course. The actions of policymakers and co-policymakers in the audit practice must be above suspicion, and, in the light of the research results, the person concerned can no longer fulfil the role of member of the A&A MT satisfactorily and properly. For this reason, and in the interest of public trust in the profession, the person concerned has decided to resign from that position. Their duties have been taken over by other members of the MT for the time being.

Ahead of the completion of the investigation and before the aforementioned situation, we had already taken measures to promote ethical and professional behaviour when taking exams. These measures include clarifying communications to colleagues concerning expectations when taking e-learning courses that include exam questions. Depending on the outcome of the investigation, we will evaluate what other improvements are necessary and appropriate.

Learning organisation

Theme description

At BDO, we are committed to sustainable investments in employee learning and development, both now and in the future. Today's hectic world requires us to be agile and capable as an organisation of aligning our service provision to a constantly changing environment by encouraging our people to learn, develop and take initiative. With this in mind, it should come as no surprise that being a continuous learning organisation is the priority in our learning and development strategy. The success of this strategy hinges on our people. We need fit, motivated and competent employees who know the direction in which the organisation is heading and who are committed to this.

We are working on a culture where learning is a given. We focus on sustainable employability; our line managers are responsible – within limits – for creating a positive learning environment characterised by trust and room to grow. We facilitate and encourage personal leadership, because the responsibility for sustainable employability lies primarily with our people as individuals. Learning and development strengthen our people's employability - both within and outside the BDO organisation. In this context, we view learning as a way of increasing our available knowledge and transposing it into new and effective behaviour. Development is about integrating new knowledge and new behaviours into the very fabric of the organisation. A learning organisation is not just somewhere where people gain knowledge. It is somewhere where people learn effective behaviour, continuously reflect and make successful improvements.

Our ambition

We aim to be a learning organisation where we give feedback to each other as a matter of course, where partners lead by example to create the required culture, and where everyone is encouraged and feels free to show leadership in their respective roles. Because our learning organisation puts our core mission towards clients and society centre-stage, every work process, procedure or structure can be called into question if it does not add value.

This calls for an organisation where continuous improvement in the context of the shared vision of the future is top of mind and where everyone is prepared to initiate and embrace improvements. We aim to be an outward-looking organisation, in other words, one that has the capacity to adapt to change and where passionate people come together. Our goal is for people and departments within the learning organisation to seek continuous improvement of their capabilities and processes so that they can reach their full potential. This ties in perfectly with our mission of delivering top quality anywhere and at any time.

Our performance


We offer a variety of learning formats (ranging from self-study to individual practical assignments and reflection exercises, joint development projects and peer supervision). These formats enable our people to develop their knowledge, skills and conduct in a safe setting. Besides the required curriculum aimed at gaining subject matter expertise, the main forms of learning are on-the-job learning and learning from each other. The total number of hours spent on learning and development is a useful, measurable indicator. At this point, we do not have any specific indicators for on-the-job learning and learning from each other. The table below contains a breakdown of the number of L&D hours per professional and a comparison with last year.

Average number of L&D hours per professional by gender (internal and external courses) 

	2023		2022	
	Male	Female	Male	Female
Partner/director	57.1	74.2	56.0	72.5
Senior manager	75.7	70.0	65.0	57.9
Manager	74.1	71.4	67.6	63.0
Junior manager	91.9	82.7	77.5	66.4
Senior professional	141.5	72.6	122.3	74.2
Professional	265.1	163.0	291.3	153.5
	128.0	99.2	122.0	93.1

The average number of L&D hours by professional increased compared with 2022. Perhaps surprisingly, the gender difference in the average number of L&D hours is greatest in the senior professional and professional categories. This is because most support staff in practice and corporate support departments are women who are in these categories, for which the number of prescribed training courses is lower. If we exclude the support staff in practice and corporate support departments from the KPI, the gender difference in the average number of L&D hours per professional narrows. The average number of L&D hours excluding support staff in practice and corporate support departments is 157.8 for men and 130.7 for women at senior professional level, and 287.7 for men and 242.5 for women at professional level. Overall, the average is 141.1 hours for men and 142.2 hours for women.

In 2023, we launched learning pathways so that everyone in every department knows exactly what training courses and sessions are available to them, tailored to their role and stage of development. This is intended to encourage all our people to continue to work on their development. In addition, a Spring School was organised for the first time for all employees working for the central corporate services. There are plans to launch a similar academy for support staff working in the practice in 2024.

Cost of L&D 

	2023	2022
Total cost	€ 7,598,000	€ 6,237,000

Costs related to external training increased in 2023. This is attributable to an increase in the number of employees and the number of training hours per employee, as well as higher costs per training course owing to inflation.

Technological innovation

Theme description

The environment in which BDO operates is in a state of flux and changes are coming at the firm thick and fast. This calls for an agile organisation with a focus on innovation and the right use of technology within our services. Technology, in combination with subject matter expertise and market knowledge, is an essential component of our business model, both now and in the future. Innovation will enable us to respond to developments and opportunities as they arise, enhancing our agility as an organisation and strengthening our continuity. This ties in with the international driver 'leading through innovation'.

In the never-ending process of technological innovation, we should not lose sight of the connection between technology and people, not just by making smart use of available technology, but also by proactively offering data-driven services. In our innovation drive, we are guided by market input (client requirements), technological advances, our people and our investment appetite. As a data-driven organisation, we want our people to primarily base their reasoning on the value of the data they use rather than on the processes they are used to following.

Our ambition

Our ambition is to be regarded as an organisation that operates from a strong IT basis and is innovative in applying IT in its services. Our digital mindset and agility and the course offering for our people should ensure that we make effective use of technology to improve our services.

Our performance

The introduction of BDO Digital in 2021 marked an important step in the integration of the innovation drive at BDO. With BDO Digital, the driver of innovation, we make optimum use of technology in order to achieve:

- ▶ our own innovation ambitions, aimed at enriching our existing services/propositions with technology and developing new services/propositions appropriate to our markets and our services;
- ▶ our goal to help clients overcome their digital challenges and transform their business.

With the introduction of BDO Digital, we have pooled our advisory and audit expertise and experience in the fields of IT and digitalisation. This had led to the addition of a wide range of technological services, such as cloud services, data analytics and cybersecurity. These are entirely new disciplines that complement our familiar services.

As a data-driven organisation, BDO has a team of specialists with data scientists, data analysts and data architects. Together with experts from all Lines of Service and sector and market groups, this team develops data-driven products and services that we market as Software as a Service (SaaS).

All Lines of Service are increasingly working with digital tools and data analysis. Through a smart combination of data, several procedures can be performed in an automated process or valuable data can be unlocked through data analysis.

The table below shows how many new data-driven innovative products we developed in 2023. The comparative figure for 2022 shown in the table below has been adjusted from 48 to 62 innovative products as at the end of the financial year. This is due to the reclassification of certain innovative products as going live in 2022 after a trial period, following the publication of the 2022 Annual Accounts.

Number of innovative products at end of reporting period

	2023	2022
Number of innovative products at end of reporting period	73	62

These innovative products, which take the form of apps and dashboards, are data-driven solutions to business issues. The purpose of the products is to make the work of our people and/or clients easier and more efficient, e.g. through smooth and uniform procedures for documentation, automatic generation of advisory products for clients and business associates, routine work and support in analysing and assessing internal and external data sources. We also launched a number of digital applications geared to current market trends, such as an organisational vitality self-assessment for businesses.

Technologically innovative products are also being developed internally for BDO. An AI task force was set up for this purpose in 2023, and BDO ChatPro was developed and went live. The aim of the task force is to identify and prioritise specific use cases for artificial intelligence (AI) within an organisation, with a focus on improving efficiency, quality and productivity within the organisation and increasing the client value of existing propositions. Rather than concentrating on exploring use cases for entirely new services or disruptive innovation, the approach focuses on identifying and implementing AI solutions that provide direct benefits to existing business processes and services.

We are seeing a rapid increase in the number of organisations choosing to optimise their processes using our robotic process automation (RPA) services. BDO provides these services in the form of Robotics as a Service (RaaS), relieving our clients of the task of developing robotics themselves and enabling them to make a quick return on investment. We are working towards a situation of hyperautomation, in which technologies such as RPA, AI and machine learning (ML) work together in harmony via microservices to automate complex business processes.

Unique market position

Leader in our markets

We aspire to a market position that is unique and recognisable, and that allows us to contribute to our clients' strategic objectives in the broadest possible sense, while pursuing controlled growth and stable returns. We want our clients to recognise us for our unique service proposition and for our quality, expertise and personal approach. We want our interactions with clients to be more than fleeting, and are keen to build sustainable relationships. We believe in providing long-term solutions, not quick fixes. Rather than producing bulky reports that will end up in a drawer; we offer actionable suggestions for improvement. We bring a human dimension to a professional services environment.

Theme description

Our services are best suited to businesses and organisations in the public and the private domains that see us an overall strategic partner, whether at executive, supervisory or operational level. We focus on clients that are good match for us in terms of size, complexity and risk. Creating a unique market proposition for such businesses and organisations calls for a crystal-clear understanding of their requirements and wishes, as well as thorough knowledge of our own strengths and weaknesses, and a clear focus on available opportunities. It forces us to make distinct choices on what clients would be a good fit for us and what services would give us a unique competitive edge. Only if this uniqueness is perceived by our clients can we achieve our ambition to stand out from our competitors. In our role as a trusted adviser, we are perfectly placed to see what they feel is unique about us and where we can be a leader in client services in our chosen industries and sectors, both in the Private Sector and Public Sector segments.

Our ambition

We aspire to a unique, recognisable market position in our strategic segments in the profit and non-profit sectors, where we can contribute to our clients' strategic objectives in the broadest sense possible.

Our performance

A key indicator for the success of our unique service offering is our client satisfaction rating. In collaboration with research agency Markteffect, BDO carried out a client satisfaction survey in June 2023, in which 485 clients participated.

Client satisfaction score and NPS

	2023	2021	2019
Client satisfaction score	7.8	7.8	7.5
NPS	9.0%	12.0%	3.3%

The client satisfaction survey is conducted every other year, and took place once again in the financial year under review. The client satisfaction score was a respectable 7.8, and was unchanged compared with 2021. The score is therefore close to our target of at least 8.0. When we look at what clients value specifically when it comes to our services, the aspects that scored highly were 'reliability', 'excellent collaboration' and 'solution-oriented'. The main aspects we still need to work on are 'proactivity' and 'speed of response'.

Besides looking at client satisfaction, the survey asked clients whether they would recommend BDO to others. Their answers are reflected in the Net Promoter Score (NPS). The NPS is the percentage of promoters (clients who gave BDO a score of 9 or 10) minus the percentage of detractors (clients who rated BDO a 6 or lower). The score of 9.0% for 2023 was lower than the previous measurement of 12.0% in 2021, but was still above our target of 5.0%. 'Expertise', 'reliability' and 'pleasant collaboration' are frequently cited reasons for recommending us to others. 'Price', 'organisation size' and 'frequent staff changes' are the main reasons for not doing so.

The results were fed back to the relevant responsible partners at client level for follow-up meetings with clients where the outcomes required this. The overarching results, by contrast, were shared within the organisation and used as a basis for taking a broader look at the trend in client satisfaction. Partly as a result of this, BDO is setting up a process for continuous monitoring. This will enable a review of a service to be carried out at specific moments in the client process and followed up more directly.

Another indicator we use to track the progress we are making towards achieving our ambition is media exposure. Sharing knowledge and opinions in the form of thought leadership and being regarded as an expert/thought leader in a specific discipline, market or theme will help us to achieve our objective.

BDO operates in the private sector and public sector. We introduced an industry focus within the public sector a number of years ago. In terms of thought leadership, this translates into annual benchmarks for several industries, including the hospitals benchmark, the university hospitals benchmark and the benchmark for local authorities.

Number of news items

	2023	2022
Private sector	151 (14%)	291 (23%)
Public sector	962 (86%)	972 (77%)
Total	1,113 (100%)	1,263 (100%)

The above analysis, which was performed using the Monalyse tool, provides insight into the media value of these thought-leadership items. This analysis shows that 86% of the news items (earned media) are thought-leadership items in the public sector. It also reveals that fewer news items featuring BDO appeared in 2023 compared to 2022 in both markets, although the total number of news items is still above our target of at least 950. In our view, this confirms we are on the right track in terms of sharing our knowledge and opinions at industry level in the public sector and also in the private sector. We are catering to a demand in the market for analysing developments relating to major social issues, such as the performance of hospitals as well as pension-related developments in the Netherlands.

Robust and agile organisation

We aspire to be a robust and agile organisation so we can stand our ground in the social arena and respond quickly to change. To achieve this, we need to embrace teamwork in our firm.

It is essential that our people are aware of their surroundings and are adaptable in a changing environment. While this holds true for all of our people, it applies to our partners in particular, as they are exponents of our culture. They need to be committed to building a robust (profitable) and agile (adaptable) organisation. We want our partners to be top professionals who work in the interest of the organisation as a whole, but are also able and willing to be leaders on the shop floor, at the offices and within the regions so they can help us implement the required changes. In our firm, our partners serve as teachers, working managers, exponents of our shared values and role models for young people. We want our leaders to connect people. It is important that partners know what we expect of them. We pursue shared leadership as our ideal governance model. We work together on the basis of trust, and we believe that freedom is not synonymous with a lack of commitment.

Shared leadership

Theme description

We cannot create and consolidate the culture we want to see at BDO without leading by example and setting the right tone at the top. At BDO, our line managers are important exponents of our open, agile, people-centric and quality-oriented culture. We want every line manager to have self-knowledge and the ability to reflect. We want our leaders to promote sustainable collaboration through their conduct and lead their teams in a way that challenges everyone to reach their full potential. By creating a basis of trust and connection, they can focus on output and availability. We want our leaders to show a genuine interest in, and give due consideration to, the person behind the professional.

At BDO, we make targeted use of shared leadership as a dynamic, interactive influencing process among individuals in a group with a view to defining the group's or organisation's goals in a team effort. Everyone's abilities and talents are harnessed to achieve the best possible results. Shared leadership is all about the shift from 'I' to 'we', and motivating and leading each other, regardless of formal hierarchies, to bring out the best in the team. We are confident that this style of leadership will help us achieve our ambitions within a rapidly changing context. Developments in society call for responsiveness and shared expertise, especially in uncertain situations. We need the cognitive skills and can-do attitude of multiple professionals to come up with effective solutions. By harnessing each other's qualities and expertise, and sharing and integrating knowledge, we will hit upon new ideas and more comprehensive answers. This requires open-mindedness from the entire team, as well as a shared culture of inclusiveness.

We expect our leaders to be able to initiate and conduct a team dialogue about the team's accountability beyond BDO or individual clients (i.e. its social responsibility). Only by approaching leadership as something we do together can we unlock the quality potential of our firm and rise to the strategic challenges that face us as an organisation. We work together on the basis of trust, and we believe that freedom is not synonymous with a lack of commitment.

Our ambition

We aim to be a learning organisation where we give feedback to each other as a matter of course, where partners lead by example to create the required culture, and where everyone is encouraged and feels free to show leadership in their respective roles.

Our performance

An important pillar of leadership in our organisation is the Horizon culture programme, which is the umbrella programme for all initiatives focusing on people, specifically in terms of conduct and culture. Among other things, it includes a leadership development programme.

Partners/leaders are crucial for achieving our strategic objective and for steering conduct and culture in the right direction. The leadership programme offers them guidance for improving their own leadership skills, their team's shared leadership and the joint efforts to achieve the organisation's objectives.

BDO has various leadership programmes, which include programmes developed by BDO for specific job categories ranging from junior managers to partners, as well as separate online leadership programmes that all BDO employees can follow. The table below shows the total number of participants.

Number of participants in leadership programmes

	2023	2022
Number of participants in leadership programmes	269	152

The table shows there was an increase in the number of participants in leadership programmes. The number of participants in 2022 is for the second half of the year only, whereas the figure for 2023 is for the full year. In 2021, when these programmes were being developed, we decided to end or integrate all previous leadership initiatives at local and national level. As a result, we did not have any leadership programmes in the first half of 2022.

A key indicator that helps us track our people's perception of leadership is a section of the employee survey that consists of seven questions. This is the same survey as referred to on [page 22](#) (Strong employer brand, score for engagement). The leadership score is the average of the scores for these questions. The table below shows how the average score has developed over the past reporting periods.

Leadership score

	2023	2022
Leadership score	7.5	7.4

The participants in our leadership programmes indicate that they feel positive about the contribution these programmes make in terms of their own leadership. The increased in the score for how leadership is perceived shows this contribution is growing within the organisation.

As mentioned in the description of the theme of shared leadership, BDO aspires to offer an open, agile, people-centric and quality-oriented culture. Every year, our employee survey contains 12 questions about how our people perceive our corporate culture. This is the same survey as referred to on [page 22](#) (Strong employer brand, score for engagement). The culture score is the average score for these questions. The table below shows how the average score has developed over the past reporting periods.

Perceived culture score

	2023	2022
Perceived culture score	7.3	7.2

The perceived culture score increased slightly compared with the previous reporting period. Within the answers to the individual questions, two more significant changes in how culture is perceived can be observed. Higher scores were given for whether BDO offers sufficient opportunities for further development and whether employees have enough energy left at the end of the day. We expect that the introduction of learning pathways for all positions at BDO in particular helped create a more specific perspective on the development opportunities within a particular position. In 2023, extra attention was paid to mental health through the aforementioned 'Open Up' platform, which offers support, in the form of master classes (instruction videos), group sessions, mindfulness training sessions and one-to-one consultations, with the aim of improving mental health.

Financial performance

Theme description

Just like poor health is debilitating for people, businesses and organisations cannot function unless they are financially sound. Controlled financial growth enables us to attract and retain strong partners and employees, and to invest in the development of our organisation and our people, in raising our quality standards and in building on our digital toolkit so as to continue offering service excellence to our clients.

Our ambition

We aim to be a sustainable organisation in consistently good financial health with scope for investment and the ability to offer competitive remuneration to employees as well as partners.

Our performance

In 2023, the Dutch economy was characterised by low economic growth, lower levels of global trade, falling (albeit still high) inflation, a persistently tight labour market and strong wage growth. In these challenging economic conditions, BDO's revenue rose 4.6% to € 359 million (2022: € 343 million).

This increase in revenue was seen across all Lines of Service, with Audit & Assurance recording the greatest increase in both percentage (7.0%) and absolute terms. IT Risk Assurance specialists in particular achieved a sharp increase in revenue, partly as a result of increasing digitalisation and emerging technologies in the field of IT innovations and the associated increase in risks and compliance requirements for our clients.

The Advisory Line of Service had a challenging year, with revenue increasing by only 2.2%. Our Management Consultants reported modest growth in revenue, and revenue generated by the BDO professionals working in Mergers & Acquisitions remained stable, partly as a result of the low level of activity in the global M&A market in 2023. BDO Digital, which was successfully launched in 2021, was able to benefit from increased demand for expertise in the field of digital strategies and transformation.

Revenue at the Accountancy & Business Advisory Line of Service rose by 2.5% due to an increase in services at Payroll and HR Administration.

Aside from a decline in demand for legal services, the Tax & Legal Line of Service managed to achieve revenue growth of 4.2%.

Despite the tight labour market, the average headcount in FTEs rose 4.7% in 2023. In line with the increase in revenue, the percentage increase in average headcount is particularly visible among the specialists in IT Risk Assurance, Payroll and HR Administration, and BDO Digital. In an effort to further strengthen the organisation, our central support services also expanded in the areas of Recruitment, Quality and Digital Technology Services.

The result after tax before contractual obligations to partners and Stichting GESdE amounted to € 39.2 million for 2023 (2022: € 46.4 million). The decrease compared to 2022 was due to higher wage costs and social security contributions. This was partly attributable to the increase in the

number of employees, and partly to substantial increases in salaries and contributions. In addition, persistent shortages on the labour market meant more insourced staff were deployed.

In 2023, BDO made additional investments in the recruitment, retention and development of its employees, leading to an increase in other personnel expenses. Technology and innovation costs rose as a result of increasing digitalisation, the focus on IT innovations and the growing use of data and computing power. Other operating expenses were up compared with 2022, primarily due to inflation.

In 2023, € 3.1 million was invested in tangible fixed assets. Almost all of that amount (€ 3.0 million) related to the furnishing of new rental premises. BDO moved to new premises in Enschede and Zwolle in 2023, and a new location in Breda's most sustainable office building will open its doors in 2024. BDO's new offices were selected on the basis of sustainability, the new way of working and the changing role of offices. Owing to the rise of hybrid working and new ways of working based on activities and preference that are not bound to a specific location, the office has transformed from a fixed workplace into a meeting place for collaboration, knowledge sharing and flexible working. Capital expenditures were financed from cash flows.

BDO is funded by paid-up capital and subordinated loans provided by equity partners. In addition, credit account facilities have been granted by credit institutions. With EBITDA at € 45.7 million at year-end 2023, the requirements set by the lenders were fulfilled by a considerable margin.

Total receivables at year-end 2023 was up compared to 2022, mainly due to the increase in revenue. The receivables portfolio continued to be of good quality; the provision for bad debts amounted to 3% of the outstanding receivables at year-end 2023 (2022: 4%). Thanks to stringent credit management and a heterogeneous client portfolio, BDO is not exposed to significant concentrations of credit risk on receivables. Currency risk is also limited, as clients are billed virtually exclusively in euros. The same can be said with respect to currency risk on purchases. A more detailed explanation of the financial policy can be found in the financial statements, in the section headed 'Financial instruments' on [page 66](#). For the financial outlook for 2024, please see the 'Outlook' section on [page 17](#).

Eindhoven, the Netherlands, 8 May 2024

BDO Governing Board

- ▶ R.C.M. (René) Nelis (chair)
- ▶ L.M. (Leon) Jansen
- ▶ M.A. (Maurice) de Kleer



REPORT OF THE SUPERVISORY BOARD

Supervisory Board

Left to right: Danny van der Eijk (chair), Heleen Kuytjen-Koenen, Dennis Raithel (until 1 May 2024), Bernadette Langius (vice-chair - until 1 May 2024) and Engelhardt Robbe

Our role

The 2023 financial year will be the second and also last year of the composition consisting of chair Danny van der Eijk and members Bernadette Langius, Heleen Kuijten-Koenen, Dennis Raiihel and Engelhardt Robbe. The terms of Bernadette Langius and Dennis Raiihel ended on 1 May 2024. Our role is to supervise the Governing Board, policies pursued and general business practices. This involves supervision in the broadest sense and extends across all practices, with their various services, the central corporate services, through to the mutual cooperation and challenges of these parts within BDO. Our supervisory activities focus in particular on the achievement of the firm's objectives, strategy, the continuity, the risks associated with the operations, achievement of the quality targets, internal risk management and control systems, and financial reporting.

In addition to its supervisory role, the Supervisory Board has an advisory role and acts as a sparring partner for the Governing Board, including on strategy, policy development and implementation, major projects and investments. In our role, we draw on our broad managerial and supervisory experience, expertise and competences, and encourage the Governing Board to approach issues from a different perspective or with new insights.

One of our primary responsibilities is to protect the public interest by monitoring that BDO's independence, quality and integrity as an organisation is guaranteed. We do this by exercising critical oversight and also monitoring the implementation of strategy, culture and behaviour in the aforementioned areas. We are convinced that a focus on the public interest will not only safeguard these values, but is also in the interest of all BDO stakeholders.

The roles and responsibilities of the Supervisory Board have been formalised in BDO's Articles of Association and in the Rules of Procedure for the Supervisory Board, with due observance of the amendments to the Dutch Audit Firms (Supervision) Act (Wta).

This report describes how oversight was exercised out in 2023 and which key developments and issues in particular were the subject of monitoring and discussion.

Key themes and developments in 2023

In focusing on BDO's ability to continue as a going concern as a firm, the Supervision Board, in its supervisory duties in 2023, honed in on a number of key themes and developments involving the strategic objectives for 2023. In addition, much attention was paid to the internal investigation into the possible unauthorised sharing of test questions and answers within BDO.

Long-term strategy and value creation

We advise the Governing Board on the organisation's long-term vision and strategy, and actively monitor the transposition of strategy into concrete policy through our regular meetings. These meetings included discussions on the progress of the various strategic objectives from the 2023 annual plan. In doing so, we found that many of the targets had been met. Furthermore, we have been very closely involved in the process concerning the strategy recalibration. As the Supervisory Board, we recommended a recalibration in 2022 in response to developments in the accounting industry, such as the interest of private equity (PE) houses in accounting firms, the 'Audit Only' discussion, and other developments such as the tight labour market and the rise of artificial intelligence (AI). In addition to the regular meetings, two strategy sessions took place in which the recalibration was discussed in detail with the Governing Board and we played the role of sparring partner.

Quality and public interest

Quality and public interest is a fixed topic on the agenda in regular meetings with the Governing Board, and in 2022 the Quality & Public Interest Committee was set up specifically for this purpose. This topic is additionally addressed in the consultations we have with the AFM.

In 2023, we paid specific attention to the continued implementation of the International Standard on Quality Management (ISQM) 1, a proactive and revamped quality management system initiated by BDO Global primarily for the Audit & Assurance Line of Service (LoS) and the accounting practice within the Accountancy & Business Advisory LoS. 2023 was the first year in which monitoring and the annual evaluation of ISQM 1 was scheduled to take place. To connect it with the regular quality cycle and adequately implement the work required for this monitoring and evaluation, BDO in the Netherlands evaluated the quality management system at year-end. This represented a departure (by agreement with BDO Global) from BDO Global's expected completion of the review by mid-December 2023. In addition, further strengthening the Three Lines of Defence Model was discussed in detail with the Governing Board. This will require a transition in which responsibility for quality in the first line will primarily rest with the business. In particular, the Supervisory Board oversaw the fulfilment of the preconditions for a successful transition. We found that both topics required greater efforts on the part of management and corporate services than expected. The observed pressure on the organisation, partly due to intensified supervision by the AFM, and the limited staff capacity have been regular topics of discussion between the Supervisory Board and the Governing Board. We expressed our concern about progress and indicated that when setting priorities, compliance with Dutch and European legislation should be the highest priority.

Furthermore, we discussed the status of internal quality projects aimed at improving audit effectiveness, promoting a learning organisation and employee retention with the policymakers of BDO Audit & Assurance. We paid special attention to the implementation of the EU's Corporate Sustainability Reporting Directive (CSRD) and found that the necessary steps are being taken, including in the area of training, releasing capacity and recruiting specialists. In this context, we also discussed the Key Performance Indicators (KPIs) included in the audit of the 2023 financial statements, which increased in number compared with 2022. The Supervisory Board is pleased with the decision of the Governing Board to include these KPIs in the audit before this becomes a legal requirement. This is in keeping with BDO's position as an audit firm.

We have established that BDO is making progress on quality improvements and is aware that further improvements are possible and/or required in specific areas. We will continue to monitor the latter closely.

Culture and conduct

An accounting and advisory firm cannot deliver quality if it does not have a safe and healthy organisation culture. The BDO Horizon organisation-wide culture programme aims to encourage such an organisational culture and associated behaviour. LoSs have also launched other separate initiatives and projects aimed at creating a healthy, inclusive and safe work climate. We consider all these activities to be of great importance to the organisation. Our discussions with the Governing Board and relevant programme leaders covered the progress of projects and programmes as well as the results of the employee satisfaction survey. We are pleased that, on average, the results are very good and have largely improved since the previous measurement, and we strongly support the Governing Board's intention to take further action when it comes to practices that lag behind on themes where further improvement is possible. With regard to the Diversity & Inclusion programme, we are pleased to see an increase in the number of women appointed as partners and directors in 2023 compared with previous years. As the Supervisory Board, we continue to monitor progress in this area because the composition of the workforce is not yet balanced. We also emphasised to the Governing Board the need to pursue greater cultural diversity. The Horizon programme is a fixed item on the agenda at our meetings with the Remuneration & Appointment Committee, and it is discussed periodically in our meetings with the Quality & Public Interest Committee and our regular meetings with the Governing Board.

Finally, the Supervisory Board discussed the topic of leadership and its development at all job levels with the Governing Board. We believe that good leadership is a prerequisite for a healthy, safe and quality-oriented culture, and consequently intend to continue to pay attention to this topic. We are therefore alert to the leadership shown in daily practice in relation to topics such as decision making, diversity and inclusion, focusing on results, and the internal investigation into the possible

unauthorised sharing of test questions and answers. As the Supervisory Board, we support these programmes and activities relating to culture and conduct and will continue to monitor the effectiveness of the relevant actions and resources.

Investigation into exam fraud

Following the AFM's request, in early 2023 BDO launched an internal investigation into the possible unauthorised sharing of test questions and answers (also referred to as "exam fraud"). The Supervisory Board fulfils the role of principal in this internal investigation. We also ensure that the investigation process is carried out with extreme care, given the urgency and importance of this issue. As the principal, and also in our supervisory and advisory roles, we held frequent meetings with the investigation team, the Governing Board and the Head of Audit. We also liaised with the AFM.

We have taken note of the findings of the investigation regarding a member of the A&A MT. The Supervisory Board regrets the behaviour observed and regards the MT member's resignation from that position to be unavoidable.

Moving forward in 2024, we will continue to act as the principal of the investigation and will closely monitor measures that have already been initiated as well as those that are still to be taken.

Transformation and innovation

It is strategically important to BDO to ensure its ability to continue as a going concern in the long term, while remaining alert and responding to developments in the market and society as well as changes in rules and regulations. This calls for an agile organisation with a focus on innovation, professional corporate services and state-of-the-art technology to guarantee service delivery and protect the underlying processes.

As the Supervisory Board, we continued to monitor the complex progress of the new PSA (professional services automation) system in 2023 and had in-depth discussions with the Governing Board concerning the fact the system ultimately never went live, the underlying causes and the decision not to implement that system any further. Although we established that a careful decision-making process was followed, given our interest as a learning organisation we asked the Governing Board to draw up a list of red flags and lessons learned and translate them into guidelines for new and ongoing strategic projects in order to prevent important projects from not being implemented successfully and to avoid the related financial and organisational consequences that would entail. The PSA system was a fixed item on the agenda at our regular meetings with the Governing Board, and we frequently received information on this topic. We will continue to monitor closely developments relating to the replacement system in 2024.

We also discussed with the Governing Board the progress made on digitalisation at BDO, in the context of the strategic objective of continuing to grow as a data-driven organisation. As in 2022, we found that the Lines of Service and corporate services are making intensive use of Digital Technology Services, although the need and demand still remains greater than the available capacity can cope with. Unfortunately, a number of projects have been delayed or postponed as a result. We welcome the Governing Board's decision to include and prioritise the planned IT projects in the annual plan. In this context, it is still important to start new projects and/or make different assessments based on current developments. The Governing Board put this into practice effectively when it decided to develop its own version of ChatGPT in response to the rapid developments in AI.

In 2023 we paid specific attention to the further professionalisation and strengthening of the central corporate services as part of the transition to a professional organisation. We noted some positive results in this area. For instance, the capacity of the corporate services grew, specialists were hired and the 'house in order' project was completed. At the same time, there was an increase in hard-to-fill vacancies and the number of tasks for corporate services. Regular work takes up most of the capacity, leaving little time for innovation and project implementation. We believe that the central corporate services must be allowed to become involved and make a greater contribution regarding the strategic agenda. We have raised concerns about the above and will continue to monitor this closely in our regular meetings and in the meetings of the Remuneration & Appointment Committee.

Meetings of the Supervisory Board and attendance by members

To enable us to properly fulfil our role, we organise regular meetings, committee meetings, strategy days and other meetings and activities. The Supervisory Board met five times in 2023. The first part of each meeting was attended solely by members of the Supervisory Board, and they were subsequently joined by the Governing Board as well as the Head of Audit. The agenda items relating to progress within BDO Audit & Assurance B.V. were specifically discussed with the Head of Audit. During the first part of each meeting, we prepare for our meeting with the Governing Board and reflect on earlier meetings. We also occasionally invite guests, such as heads of LoSs, to talk about their role at BDO and developments at their business units.

In 2023, working alongside the Governing Board, we continued to bring more structure and focus to meetings, making them increasingly efficient and leaving more time for our advisory and mirroring role and constructive discussions. In our experience, meetings are conducted in a positive, open and constructive manner, and the Governing Board and Supervisory Board are becoming more and more attuned to each other.

Committees

The Supervisory Board has three standing committees: the Audit Committee, the Remuneration & Appointment Committee and the Quality & Public Interest Committee. These committees have an advisory role within the Supervisory Board and are composed of Supervisory Board members based on their expertise, experience and affinity.

Audit Committee

This committee focuses on finance and accountability, internal and external audit, and financial and other risks. This committee also reviews the budget and the integrated annual accounts, including the financial statements. It also addresses developments in risk management and information security, as well as reviewing ongoing claims and their potential for financial risks. The Audit Committee meets on a regular basis with the persons responsible for finance, internal audit and risk. The committee has meetings with the external auditor every year to discuss the audit plan, audit approach, audit report and management letter. In addition, the external auditor held a fraud discussion with the committee separately.

Remuneration & Appointment Committee

This committee has an advisory role within the Supervisory Board on the remuneration of policymakers within BDO. It oversees the appointment process and nomination of new members of the Governing Board on behalf of the Supervisory Board, and conducts the evaluation and assessment interviews with the Governing Board and the Head of Audit on behalf of the Supervisory Board. This committee also maintains contact with the Works Council and supervises the effectiveness of the performance management system and the appointment process for new partners at the Audit & Assurance practice. In 2023, the committee discussed the progress of the HR plan and addressed HR topics such as diversity and inclusion, recruitment and retention, training and development, and pressure of work. Finally, the committee, in consultation with the chair of the Meeting of Participants, initiated a recruitment procedure for two new Supervisory Board members. The committee holds regular meetings with the CFO/COO and the person responsible for HR. In addition, it regularly invites partners or other responsible officers to elaborate on specific topics.

Quality & Public Interest Committee

The duties of this committee focus mainly on quality management, the quality management system, risk management and policies on compliance, integrity and ethics, including codes of conduct and internal procedures. The committee also looks at procedures for handling complaints and reports under the BDO group's complaints procedure and whistleblower policy, as well as actual and potential

reputation and integrity risks, including risks resulting from claims, disciplinary matters and cases involving partners insofar as these could have an impact in terms of quality and integrity. Furthermore, this committee is also involved in the dialogue with external regulators, such as the AFM. In 2023, the committee, acting on behalf of the Supervisory Board, commissioned the internal investigation into the possible unauthorised sharing of test questions and answers and held very frequent discussions on this matter with the investigators, the Governing Board and the Head of Audit. The Quality & Public Interest Committee holds regular meetings with the CQO, the Head of Audit and other persons responsible for quality management, compliance and risk management.

Meeting	Supervisory Board members	Frequency	Attendance %
Supervisory Board meeting	Entire Supervisory Board	5	96%
Meeting of Supervisory Board with Governing Board	Entire Supervisory Board	5	96%
Audit Committee	Dennis Raithel (chair) Engelhardt Robbe	2	100%
Remuneration & Appointment Committee	Heleen Kuijten (chair) Danny van der Eijk	2	100%
Quality & Public Interest Committee	Engelhardt Robbe (chair) Bernadette Langius	6	100%

Other consultations and activities

The Supervisory Board also held monthly conference calls in which the members updated each other on current developments and their interactions with the Governing Board and internal or external stakeholders in the context of their role on as a Supervisory Board member. In addition, regular talks are held by the two chairs, and by the committee chairs with members of the Governing Board to discuss specific developments and issues. Consultations were also held with the Works Council, and a strategic session was held with the Works Council in the presence of the Governing Board. The Supervisory Board was represented at the Meetings of Participants, with the chair and deputy chair providing general feedback on the Supervisory Board's fulfilment of its role in the previous period. Supervisory Board members interacted with the partner group and with individual partners at these meetings and on other occasions.

All these moments of contact and consultations provide the Supervisory Board with important input and allow it to form a good picture of issues and developments, so that its members can perform their role as effectively as possible.

List of other topics discussed

In addition to the aforementioned topics, developments and agenda items, the following topics were discussed during the regular meetings with the Governing Board and the committee meetings:

- ▶ Financial results and reporting;
- ▶ Management information and reporting, and non-financial KPIs;
- ▶ Internal and external quality checks;
- ▶ Assessment of strategic risks;
- ▶ Information security and privacy;
- ▶ Assurance & Audit quarterly reports and ongoing investigations by regulators;
- ▶ Quarterly and annual QRM reports (status and progress of issues such as independence, integrity, claims, risk management, regulations and so on);
- ▶ Compliance with key policies and processes;
- ▶ Adjustments to quality policy;
- ▶ Assessment of internal auditor and progress of internal audit projects;
- ▶ Financial interests policy;
- ▶ Ancillary positions of members of Governing Board;
- ▶ Competency profiles of partners and staff;
- ▶ Remuneration policy for partners and staff;
- ▶ Appointment of Audit & Assurance partners;
- ▶ Termination of management agreements with equity partners;
- ▶ Exit monitoring of partners and staff in key positions;
- ▶ Contacts with regulators and professional bodies;
- ▶ Developments regarding the accounting profession.

Decision-making by Supervisory Board

The formal decisions taken during meetings of the Supervisory Board included the following:

- ▶ Approval of annual accounts, including the financial statements for 2022;
- ▶ Approval of Transparency Report for 2022;
- ▶ Appointment of auditor of the financial statements for 2023;
- ▶ Approval of budget for 2024;
- ▶ Proposed new remuneration policy for 2024-2025 for members of the Governing Board and the Head of Audit;
- ▶ Adjustment of decision on remuneration for 2022 and decision on remuneration for 2023 for members of the Governing Board and the Head of Audit;
- ▶ Decision on level of remuneration for members of the Governing Board and the Head of Audit as at 1 January 2024;
- ▶ Approval of nomination of independent external auditor;

- ▶ Approval of nomination of auditors at Audit & Assurance for appointment as salaried and equity partners;
- ▶ Approval of Internal Audit Plan for 2024;
- ▶ Approval of investment policy for participants.

Performance assessment and remuneration of members of Supervisory Board and Governing Board

Self-assessment by Supervisory Board

As in previous years, we evaluated our performance as a collective and as individual members. To arrive at a more complete evaluation, we also asked the Governing Board and a representative of participants to provide input for this. We have been able to establish that the mutual cooperation is perceived as pleasant and constructive and that all members have sufficient space to express their views and contribute within the various meetings. The current distribution of focus areas among the various committees, each consisting of two members, works well. The cooperation and communication with the Governing Board and participants is perceived by stakeholders to be reliable, committed and open.

Remuneration of members of the Supervisory Board

The members of the Supervisory Board are paid a fee, which is adopted by the Meeting of Participants. For details of our remuneration, we refer to the financial statements.

Performance assessment and remuneration of members of the Governing Board

Individual performance interviews were conducted with the members of the Governing Board and the Head of Audit early in 2023. We held progress meetings with them in the third quarter. The remuneration policy was amended for the directors of the top holding company and the policymakers of the PIE accounting organisation in April 2023, with the approval of the Meeting of Participants. In accordance with the amended remuneration policy, the Supervisory Board retroactively indexed the fixed remuneration for 2022 and set the remuneration for 2023 based on this indexation.

In accordance with the applicable remuneration policy, which requires a reassessment every two years, the Supervisory Board proposed in autumn 2023, based on a benchmark study, that no amendments be made to the remuneration policy for the years 2024 and 2025.

This proposal was adopted by the Meeting of Participants.

Independence

Our duties and powers must be carried out in accordance with the applicable regulations on independence. The BDO Compliance Officer monitors the personal and financial independence of the members of the Supervisory Board. The conditions for guaranteeing the independence of members of the Supervisory Board from the BDO organisation were monitored in 2023. All members qualified as independent in accordance with applicable regulations at the end of 2023.

Training

In 2023, the Supervisory Board attended a knowledge session on developments in the area of sustainability. This led to a deepening of our knowledge regarding the importance of sustainability, legislation and regulations, and the impact of sustainability on BDO's services and, more specifically, on the role of auditors.

Financial statements

The annual accounts and financial statements for 2023 were prepared by the Governing Board. The financial statements were audited by Mazars, the independent external auditor. Their audit findings were discussed with the Audit Committee in the presence of the Governing Board. The Supervisory Board subsequently approved the draft annual accounts and draft financial statements for 2023 at its meeting with the Governing Board on 23 April 2024.

Transparency report

The policymakers discussed the contents of the transparency report for 2023 with us. We believe the content of the report is consistent with our view of the past year and accurately reflects the relevant issues, progress and state of affairs that were presented and explained to us and that we have monitored.

Conclusion

We found that excellent progress was made in relation to the various themes and expect the progress made will have a positive impact on the quality of our services and on employee satisfaction. We have also observed that, as a result of external developments, organisations are less likely to seek external help (this relates in particular to the consultancy sector), and at the same time BDO has had to refuse or postpone engagements due to insufficient capacity. Moreover, we have noted increasing pressure on the organisation in terms of compliance with all regulations and quality requirements. With regard to all these developments, we noted that the Governing Board has initiated measures that we will continue to monitor in 2024.

Furthermore, we are satisfied with the recalibration process launched by the Governing Board and the choices made in that context. Finally, we noted that cooperation between the Supervisory Board and the Governing Board during the reporting period was positive and took place in an open, constructive atmosphere. We look forward to continuing this pleasant working relationship in 2024.

Outlook

In 2024, the focus will be primarily on implementing the updated strategy. We expect the choices made will help create a future-proof, agile and decisive organisation that is more responsive to rapidly changing market developments. We will closely monitor the strategy's implementation and fulfil our advisory role as necessary. Other important themes for us are accelerating diversity and inclusion, fostering an enjoyable and safe working environment, and implementing shared responsibility with regard to regulations and quality requirements. Furthermore, we will continue to closely monitor the course and completion of the internal investigation into the possible unauthorised sharing of test questions and answers. As the Supervisory Board, we will robustly monitor the implementation of the necessary measures and advise the Governing Board where appropriate. We will provide the Governing Board with proactive support in relation to these as well as new challenges and issues.

Eindhoven, the Netherlands, 8 May 2024

Supervisory Board

- ▶ D.A. (Danny) van der Eijk (chair)
 - ▶ H.L. (Heleen) Kuijten-Koenen
 - ▶ E.M. (Engelhardt) Robbe
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FINANCIAL STATEMENTS 2023 BDO HOLDING B.V.

Work/life balance

At BDO, we work independently of location. Instead, employees opt for the most appropriate location based on their work, the colleagues and clients they are working with, and their own personal situation and preferences. This allows them to find the best work/life balance. The possibilities also include working from home.

Karin Kreuger (Management Assistant, 's-Hertogenbosch)

Consolidated balance sheet as at 31 December 2023 (after profit appropriation)

(amounts in € 1,000)

			31 December 2023	31 December 2022
ASSETS				
Fixed assets				
Intangible fixed assets	1	17	83	
Tangible fixed assets	2	22,742	24,543	
Financial fixed assets	3	13,226	17,088	
			35,985	41,714
Current assets				
Receivables	4	34,721	31,953	
Revenue not yet invoiced	5	26,617	25,985	
Other receivables, prepayments and accrued income	6	8,080	7,523	
Cash and cash equivalents		4,011	5,532	
			73,429	70,993
Total assets			109,414	112,707
EQUITY AND LIABILITIES				
Group equity	7		9,000	9,000
Provisions	8		5,308	4,499
Long-term liabilities				
Loans from and debts to partners	9	16,000	16,250	
			16,000	16,250
Current liabilities				
Trade payables		9,827	6,737	
Progress billings		13,170	11,573	
Current accounts with partners	9	19,427	26,210	
Taxes and social security contributions		13,311	13,394	
Pension obligations		29	-	
Other current liabilities, accruals and deferred income	10	23,342	25,044	
			79,106	82,958
Total equity and liabilities			109,414	112,707

Consolidated income statement for 2023 (1 January to 31 December)

(amounts in € 1,000)

		2023	2022
Net revenues	11	359,379	343,426
Other operating income	12	135	260
Total operating income		359,514	343,686
Cost of subcontracted work and other external charges		17,693	16,613
Salaries and wages	13	165,188	159,474
Social security contributions and pensions	14	43,079	40,281
Amortisation intangible fixed assets	1	66	451
Depreciation tangible fixed assets	2	4,797	4,529
Other operating expenses	15	87,826	74,303
Total operating expenses		318,649	295,651
Operating profit		40,865	48,035
Finance income and expense	16	(1,647)	(1,601)
Result before tax		39,218	46,434
Income tax	17	(3)	(2)
Contractual obligations to partners and Stichting GESdE	18	(39,215)	(46,432)
Result after tax		-	-

Consolidated cash flow statement for 2023 (1 January to 31 December)

(amounts in € 1,000)

			2023	2022
Operating profit/(loss)			40,865	48,035
Adjustments for:				
-Amortisation, depreciation and impairment	1-2	4,863		4,980
-Gains/(losses) on disposals	1-2	(52)		(68)
-Changes in provisions	8	704		(131)
			5,515	4,781
Changes in working capital:				
-Movements in receivables	4-6	(3,957)		(9,405)
-Movements in current liabilities	10	2,859		(3,468)
			(1,098)	(12,873)
Net cash generated from operations			45,282	39,943
Interest received	16	727		407
Interest paid	16	(2,319)		(2,553)
Income tax	17	(3)		(2)
			(1,595)	(2,148)
Cash flow from/(used in) operating activities			43,687	37,795
Investments in intangible fixed assets	1	-		-
Investments in tangible fixed assets	2	(2,987)		(10,939)
Investments in financial fixed assets	3	-		(5,000)
Disposal of intangible fixed assets	1	-		-
Disposal of tangible fixed assets	2	165		58
Disposal of financial fixed assets	3	3,862		9,211
Cash flow from/(used in) investing activities			1,040	(6,670)
Partner fees under General Provisions	9-18	(45,998)		(39,216)
Withdrawal/redemption of long-term liabilities and borrowings from credit institutions	9	(250)		(13,250)
Cash flow from/(used in) financing activities			(46,248)	(52,466)
Increase/(decrease) in cash			(1,521)	(21,341)
Cash and cash equivalents at 1 January			5,532	26,873
Cash and cash equivalents at 31 December			4,011	5,532

Notes to the consolidated financial statements

Activities

The activities of BDO Holding B.V. and its related group companies, are comprised of conducting statutory and voluntary audits, review and compilation engagements, and providing tax and other advisory services, including human resource, legal, business control, corporate finance, cybersecurity and IT services. The activities are performed by and for account of the group companies of BDO Holding B.V. BDO Holding B.V. does not provide any financial services itself; it acts as the holding company.

BDO Holding B.V. has its registered office at Philitelaan 73, 5617 AM Eindhoven, the Netherlands, and is entered in the Trade Register under number 17129358.

International network

BDO Holding B.V. is a member firm of BDO International, a global network of accounting and consulting firms. Each member firm is a legally independent entity operating under the 'BDO' brand or a related designation. BDO Holding B.V. cannot, on the mere ground that it is a member firm of BDO International, be held liable for the actions and obligations of other member firms. The fee that is paid to BDO International is included in other operating expenses.

Group structure

BDO Beheer B.V. administrates the shares in BDO Holding B.V. for Stichting Aandelenbeheer BDO Groep. Stichting Aandelenbeheer BDO Groep issues depositary receipts for shares to the partners' professional practice companies that have concluded management agreements with BDO Holding B.V. These management agreements stipulate that the company offers the services of the owner-professional practitioner to the group companies to be designated by BDO Holding B.V. The professional practitioners are hereinafter referred to as partners.

Stichting GESdE

Until 1 January 2005, the legal predecessor of BDO Holding B.V. used a system of goodwill set-off upon a partner's entry to, and exit from, the firm. This system has been abolished. Within this scope, Stichting GESdE was established, the object of which is to acquire, manage and settle existing goodwill claims for the benefit of the partners entitled to goodwill.

BDO Holding B.V. owes Stichting GESdE a fee for the financing of remaining goodwill claims until year-end 2026. Discounted at 3.1%, this fee is expected to amount to € 16.1 million. Stichting GESdE is not consolidated, since it is controlled by the partners entitled to goodwill rather than by BDO Holding B.V.

Stichting Aandelenbeheer BDO Groep

Stichting Aandelenbeheer BDO Groep exercises the voting, claiming and other rights attaching to the shares in the capital of BDO Holding B.V. It does so in its own name, but for the benefit of the partners.

The object of Stichting Aandelenbeheer is to secure continuity of management and policy at BDO Holding B.V. and to protect the interests of all stakeholders in BDO Holding B.V. and its related enterprises. Stichting Aandelenbeheer BDO Groep does not engage in any other (economic) activities and is not a subsidiary or group company of BDO Holding B.V., as a result of which it is not consolidated.

Accounting policies

General

Basis of preparation

The financial statements have been prepared in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements for consolidated financial statements included in Part 9 of Book 2 of the Netherlands Civil Code.

Unless indicated otherwise, assets and liabilities are stated at the amounts at which they were acquired or incurred. Borrowings and payables are initially measured at fair value and subsequently at amortised cost. All amounts disclosed in the financial statements are denominated in thousands of euros unless stated otherwise.

Use of estimates

The preparation of the financial statements in conformity with the generally accepted financial reporting requirements requires management to make estimates and assumptions that affect the items reported in the financial statements. Actual earnings may differ from these estimates.

The estimates and underlying assumptions are tested on an ongoing basis. A revised estimate is recognised in the period in which the estimate is revised and in future periods impacted by the revision.

The principal estimates and judgments mainly concern provisions. These include estimates and assumptions used in determining provisions for revenue to be invoiced and bad debts. The estimates used to determine the provisions for employee benefits mainly involve interest rates, as well as occupational disability and retention rates.

For the purposes of determining the provision for professional liability, any claims and disputes are assessed based on fact and legal advice is sought where needed. In addition, in determining

the carrying amounts of intangible fixed assets and tangible fixed assets, use is made of estimates of amortisation and depreciation periods, which are based on the expected technical and useful lives of the assets in question and any residual value.

Foreign currencies

Income and expenses denominated in foreign currencies are translated at the rates of exchange at the transaction date. Receivables and payables are translated at the rates of exchange at the reporting date. Any resulting gains and losses are taken to the income statement and recognised within finance income and expense.

Basis of consolidation

The consolidated financial statements include the financial information of BDO Holding B.V. and its related group companies in which it holds a direct or indirect majority interest, or otherwise controls the financial and operating policies. In accordance with Section 414, Part 9 of Book 2 of the Netherlands Civil Code, we have listed all consolidated legal entities on [page 71](#) of these Annual Accounts.

The group companies are fully consolidated and intercompany balances and transactions are eliminated, using the accounting policies described below.

The financial results of newly acquired and sold companies are consolidated from the date that effective control is transferred until the date that such effective control is lost, respectively. Given that the financial information of BDO Holding B.V. is disclosed in the consolidated financial statements, the company-only consolidated income statement in accordance with Section 402, Part 9 of Book 2 of the Netherlands Civil Code is presented in an abbreviated form.

Going concern

These financial statements have been prepared based on the company's ability to continue as a going concern.

Cash flow statement

The consolidated cash flow statement has been prepared using the indirect method.

Cash and cash equivalents disclosed in the cash flow statement are comprised of bank overdrafts. Movements in borrowings from credit institutions are recognised within current liabilities. Interest paid and received, and income tax are recognised within cash flows from operating activities.

The profit share is recognised in the cash flow statement within cash flows from financing activities.

Accounting policies for the balance sheet

General

Assets are recognised in the statement of financial position when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Liabilities are recognised when it is probably that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Financial instruments

Financial instruments are comprised of receivables, cash and cash equivalents, subordinated loans, trade payables, debts to affiliated parties and other debts. The accounting policies for these items are specified on an item-by-item basis below. No use is made of derivative financial instruments.

Intangible fixed assets

This item concerns the external costs for the implementation of standard software used by BDO Holding B.V. and its group companies. It also includes goodwill paid for acquisitions. The capitalised costs are recognised at cost net of accumulated amortisation and impairment.

Amortisation of software is calculated using the straight-line method based on an asset's estimated useful life from the moment it is put into use. Capitalised costs include costs charged by third parties for the setting up and implementing of standard software.

At the acquisition date, goodwill is measured at the difference between the acquisition price and the fair value of the identifiable assets and liabilities. Goodwill is amortised on a straight-line basis using estimated useful life and making allowance for impairment losses where applicable.

The expected useful life is assessed annually and adjusted where required.

Tangible fixed assets

Tangible fixed assets are stated at cost net of accumulated depreciation. Depreciation is calculated using the straight-line method based on estimated useful life and expected residual value. In the year of purchase, assets are depreciated from the moment they are put into use. Assets under construction are not depreciated.

Maintenance costs are capitalised only if they extend an asset's useful life.

Financial fixed assets

Financial fixed assets include participating interests, receivables to participating interests, provided loans and other long-term receivables. Participating interests in which BDO Holding B.V.

has the power to exercise significant control over financial and operating policies are stated at net asset value. Participating interests in which no significant control can be exercised on financial and operating policies are stated at the lower of acquisition price or fair value. Loans receivable are measured at amortised cost net of a provision for bad debts where necessary.

Impairment of fixed assets

Each year, it is evaluated whether there are any indications of an intangible fixed asset, a tangible fixed asset or a financial fixed asset being subject to impairment. An asset is considered to be impaired if its carrying amount exceeds its recoverable amount. Any impaired asset is written down to its recoverable amount, with the loss being expensed through the income statement in the form of other changes in the value of intangible, tangible and/or financial fixed assets.

Revenue not yet invoiced

This item comprises services provided to clients that have yet to be billed. They are measured at expected realisable value. Profit is recognised based on the percentage-of-completion method. Where necessary, a provision is formed for expected losses. Progress billings are presented separately in the balance sheet within current liabilities.

Receivables

Current assets include receivables that, by their very nature, fall due within one year. Upon initial recognition, receivables are measured at fair value. They are subsequently measured at amortised cost. Allowance is made for any bad debts in their measurement at the reporting date.

Cash and cash equivalents

Unless indicated otherwise, cash and cash equivalents are at the company's free disposal.

Equity

Financial instruments qualifying as equity instruments based on economic reality are presented as a component of equity. Payments to holders of these instruments are deducted from equity, net of any related income tax benefits.

Provisions

Provisions are formed for obligations, losses and risks present on the reporting date, the extent of which is uncertain but can be reliably estimated. Provisions are measured at present value if the time value of money is material. If it is not, provisions are stated at the amount at which they were incurred.

Employee benefits

The provision for jubilee benefits was calculated based on an actuarial interest rate of 3.1% (2022: 3.7%), making allowance for retention rate, period of service and age. The retention rates have been estimated on the basis of historical data. Staff who have completed 12.5, 25 and 40 years of continuous employment receive a long-service bonus. In addition they have been entitled to a fixed bonus for every five years they remain in service (this does not apply to their 25 and 40-year anniversaries with the firm).

A provision has been formed for expected non-productivity of employees who suffer from chronic illnesses at the reporting date. This provision is designed to cover the associated costs for up to two years after the first notice of sick leave and is measured at present value.

Other provisions

The provision for professional liability was formed for estimated obligations by virtue of claims expected or lodged but not yet settled, at year end. The provision for professional liability for each insured claim is measured at the estimate of the obligations

to be settled with third parties, including any external legal fees. If the expected payment from an insurance company cannot be estimated and has, as such, not been recognised as a separate asset, the provision for the claim in question is capped at the uninsurable risk.

The provision for professional liability for other claims is measured at the estimate of the obligations to be settled with third parties, including any external legal fees.

The provision for the cost of repairs to buildings was formed for the expenses to be incurred by BDO at the end of the lease terms.

Payables and other liabilities

This item relates to liabilities that fall due in more than one year. Liabilities falling due in less than one year are classified as current.

Non-current liabilities include loans from partners that have been subordinated to the bank. These loans are repaid upon termination of the respective management agreements with BDO Holding B.V.

Accounting policies for the income statement

General

Income and expenses are allocated to the year to which they relate. Gains are recognised if and when they have been realised on the reporting date. Income is realised if it is measurable and collection is probable. Losses and risks originating from before the end of the financial year are recognised if and when they were known before the consolidated financial statements were prepared.

Net revenues

Net revenues are comprised of income from services to third parties, including the costs of work contracted out and other external expenses billed to them, and movements in services yet to be billed, exclusive of VAT. The types of professional services BDO provides are similar in each of its lines of service. Each line of service offers a wide range of services that are tailored to the needs of individual clients. That said, the performance obligations are usually the same for each client. BDO's most common performance obligations are:

- ▶ external audit services;
- ▶ compilation of financial statements and management information;
- ▶ financial and payroll accounting;
- ▶ tax services, e.g. concerning VAT, payroll tax, transfer pricing;
- ▶ advisory engagements, e.g. concerning cybersecurity, strategy, board support;
- ▶ transaction advisory services and M&A services.

Nature of performance obligations

Most contracts with clients contain one performance obligation. Where a contract has multiple performance obligations, the total transaction price is allocated to the separate performance obligations in the contract. The fee BDO receives for its services is typically based on one of the following pricing agreements:

- ▶ Fixed fee;
- ▶ Time and materials;
- ▶ Variable consideration.

Revenue recognition

BDO has an enforceable right to payment for services provided in all contracts and BDO recognises revenue in the period in which the services are provided. Revenue is recognised as follows:

- ▶ **Fixed fee:** Revenue is recognised by reference to the extent to which the services have been provided (percentage of completion). When it is probable that total contract costs will exceed total contract revenues, expected losses are immediately recognised as an expense in the income statement.
- ▶ **Time and materials:** Revenue is recognised based on billed hours.
- ▶ **Variable consideration:** BDO provides a number of services where the fee depends on the outcome of the services. An example would be M&A services. The uncertainty regarding the eventual consideration under such contracts is generally not fully resolved until an engagement has been finalised. Fees are not recognised until the outcome of the services can be measured reliably and with sufficient certainty.

Most clients are billed monthly or quarterly in arrears. For relatively small contracts, just one invoice is issued at the end of the engagement. In some cases, BDO bills its clients based on an agreed payment schedule, which will allow for progress billing. BDO does not have any financing components in relation to its professional services given that the period between when BDO provides the service to the client and when the clients pays for the service is shorter than one year.

Operating expenses

Costs are determined on a historical basis and allocated to the reporting period to which they relate.

Other operating expenses include costs associated with operating leases. These costs are recognised through the income statement on a straight-line basis over the lease period.

Financial income and expense

Financial income and expense is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities in question. In determining the interest expense, allowance is made for recognised transaction costs for loans received.

Pensions

BDO offers a defined contribution plan. The scheme has been contracted directly from an insurance company, and pension costs are recognised based on the defined contributions. The defined contribution is dependent on an employee's age. Pensionable earnings are based on an employee's gross salary less a state pension offset of € 17,488 (2022: € 15,859). Pensionable earnings have been capped at € 128,810 (2022: € 114,866).

The pension obligation is made up of premiums payable to the pension administrator. These premiums are recognised through the income statement. Contributions due but not yet paid are recognised as current liabilities.

BDO is under no legal or constructive obligation if the insurance company should suffer a shortfall.

At year-end 2023 (and 2022), the company had regarding this plan no pension receivables and payables over and above the annual premiums payable to the pension insurer.

Taxation

The result after contractual obligations to Stichting GESdE of BDO Holding B.V. is attributable to the partners' professional practice companies through the management agreements; these companies are liable to pay tax on this result. The company's autonomous corporate income tax liability is limited. Tax on income that is taxable in the hands of BDO Holding B.V. is calculated at the prevailing rates.

Profit

Under the General Provisions governing the partners, profit for the year is determined by deducting the variable management fees, including the fee payable to Stichting GESdE, from result before tax.

For the purposes of transparency, these fees are disclosed separately as the last item in the income statement under Section 362(4), Part 9 of Book 2 of the Netherlands Civil Code, although this is contrary to the provisions of the Dutch Financial Statements Formats Decree ("Besluit modellen jaarrekening").



Development opportunities

BDO is committed to sustainable investments in employee learning and development, both now and in the future. We endeavour to provide professional challenges and development opportunities in a learning environment so that we can get the best out of our employees.

Justin Taylor-Snyman (Senior Assistant Accountant, A&A Rotterdam)

Notes to the consolidated balance sheet as at 31 December 2023 and the consolidated income statement for 2023

(in € 1,000, unless stated otherwise)

1 INTANGIBLE FIXED ASSETS

The carrying amounts at the reporting date can be broken down as follows:

	31 December 2023		31 December 2022	
Goodwill	-		-	
Software	17		83	
Assets under construction and prepaid	-		-	
		17		83

Movements in intangible fixed assets were as follows in 2023:

	Goodwill	Software	Assets under construction and prepaid	Total 2023	Total 2022
Balance at 1 January					
Cost	-	2,576	-	2,576	6,053
Accumulated amortisation and impairment	-	(2,493)	-	(2,493)	(5,519)
	-	83	-	83	534
Movements in the reporting period					
Investments	-	-	-	-	-
Disposals (at cost)	-	-	-	-	(1,480)
Disposals (accumulated amortisation)	-	-	-	-	1,480
Amortisation	-	(66)	-	(66)	(451)
	-	(66)	-	(66)	(451)
Balance at 31 December					
Cost	-	2,576	-	2,576	4,573
Accumulated amortisation and impairment	-	(2,559)	-	(2,559)	(4,490)
	-	17	-	17	83
Amortisation rate		20%	N/A		

2 TANGIBLE FIXED ASSETS

The carrying amounts at the reporting date can be broken down as follows:

	31 December 2023		31 December 2022	
Leasehold improvements	13,479		12,881	
Furniture, fixtures and fittings	4,468		4,517	
Hardware	4,311		1,456	
Assets under construction and prepaid	484		5,689	
		22,742		24,543

Movements in tangible fixed assets were as follows in 2023:

	Leasehold improvements	Furniture, fixtures and fittings	Hardware	Assets under construction and prepaid	Total 2023	Total 2022
Balance at 1 January						
Cost	20,962	7,249	9,147	5,689	43,047	42,512
Accumulated depreciation	(8,081)	(2,732)	(7,691)	-	(18,504)	(24,497)
	12,881	4,517	1,456	5,689	24,543	18,015
Movements in the reporting period						
Investments	1,899	578	160	472	3,109	11,047
Transferred to in use	964	211	4,502	(5,677)	-	-
Disposals (cost)	(728)	(268)	(4,449)	-	(5,445)	(10,512)
Disposals (accumulated depreciation)	774	213	4,345	-	5,332	10,521
Depreciation	(2,311)	(783)	(1,703)	-	(4,797)	(4,529)
	598	(49)	2,855	(5,205)	(1,801)	6,527
Balance at 31 December						
Cost	23,097	7,770	9,360	484	40,711	43,047
Accumulated depreciation	(9,618)	(3,302)	(5,049)	-	(17,969)	(18,504)
	13,479	4,468	4,311	484	22,742	24,543
Depreciation rate	10%-20%	10%-20%	20%-33.3%	N/A		

The carrying amounts of tangible fixed assets do not significantly differ from their fair values. Assets under construction are mainly comprised of expenditures on leasehold improvements.

At year-end 2023, the firm had assumed investment obligations for leasehold improvements in the sum of € 2.3 million (year-end 2022: € 0.3 million).

3 FINANCIAL FIXED ASSETS

The carrying amounts at the reporting date can be broken down as follows:

	31 December 2023		31 December 2022	
Credit account with Stichting GESdE	6,993		6,828	
Loan to Stichting GESdE	6,000		10,000	
Loans to partners	-		21	
Other receivables	233		239	
		13,226		17,088

Stichting GESdE has a long-term credit account facility with BDO Holding B.V. The facility runs until 31 December 2034 at the latest. The credit account facility is subject to floating interest. The interest rate was 4.9% on average in 2023 (2022: 1.5%).

The loan to Stichting GESdE is a subordinated 30-year interest-only loan. It was granted in 2005. In 2023, € 4.0 million was repaid on this loan. The loan is expected to have been repaid in full by the end of 2025.

The average interest rate on the loans to partners was 5.0% in 2023 (2022: 5.0%)

Other receivables include prepaid licence and other fees falling due in more than one year (year-end 2023 € 0.2 million).

Movements in financial fixed assets were as follows in 2023:

	Credit account with Stichting GESdE	Loan to Stichting GESdE	Loans to partners	Other receivables	Total 2023	Total 2022
Balance at 1 January	6,828	10,000	21	239	17,088	21,299
Movements in the reporting period						
Loans granted and prepayments	-	-	-	-	-	5,000
Redemptions	165	(4,000)	(21)	(11)	(3,867)	(9,243)
Changes in value	-	-	-	5	5	32
Balance at 31 December	6,993	6,000	-	233	13,226	17,088

4 TRADE RECEIVABLES

	31 December 2023		31 December 2022	
Trade receivables	35,877		33,126	
Provision for bad debts	(1,156)		(1,173)	
		34,721		31,953

Receivables from third parties of BDO Holding B.V. and its subsidiaries have been encumbered with a first right of pledge to the banks. A second right of pledge on these receivables was granted to Stichting GESdE.

5 REVENUES NOT YET INVOICED

	31 December 2023		31 December 2022	
Services provided to clients	29,576		30,074	
Provision for billable receivables	(2,959)		(4,089)	
		26,617		25,985

In addition, progress billings includes a provision of € 0.4 million (2022: € 0.4 million), bringing the total provision to € 3.3 million (2022: € 4.5 million).

6 OTHER RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

	31 December 2023		31 December 2022	
Pension receivables	-		183	
Other receivables	367		360	
Prepayments and accrued income	7,713		6,980	
		8,080		7,523

Pension receivables in 2022 related to prepaid premiums for 2023. Other receivables include receivables under the paid parental leave scheme. Prepayments and accrued income mainly consist of prepaid expenses and are predominantly short-term in nature.

7 GROUP EQUITY

For details on equity, see the notes to the company-only balance sheet at 31 December 2023. A statement of comprehensive income has not been included given that the group's comprehensive income corresponds to profit for the year; the same procedure was followed in the financial statements for 2022.

8 PROVISIONS

	31 December 2023		31 December 2022	
Provision for employee benefits	4,223		3,965	
Other provisions	1,085		534	
		5,308		4,499

Movements in provisions were as follows in 2023:

	Provision for employee benefits	Other provisions	Total 2023	Total 2022
Balance at 1 January	3,965	534	4,499	5,146
Movements in the reporting period				
Withdrawn	(1,877)	(692)	(2,569)	(2,139)
Allocated	3,473	1,269	4,742	3,884
Released	(1,443)	(26)	(1,469)	(1,876)
Changes in interest rate	105	-	105	(516)
Balance at 31 December	4,223	1,085	5,308	4,499

Employee benefits

This item comprises provisions for jubilee benefits and chronic illness.

Other provisions

This item relates to a provision for professional liability and a provision for the expected cost of repairs to office buildings (€ 160,000) to be incurred at the end of the agreed leases. The total expected cost of repairs is € 380,000.

The provisions are expected to be released over time as follows:

	2023	2022
< 1 year	1,607	1,297
1 - 5 years	2,259	1,910
> 5 years	1,442	1,292
	5,308	4,499

9 LOANS FROM AND DEBTS TO PARTNERS

Loans from current and former partners can be broken down as follows:

	31 December 2023		31 December 2022	
Long-term (subordinated) loans				
-Partners	16,000		16,250	
		16,000		16,250
Current accounts				
-Partners	15,787		20,417	
-Former partners	3,640		5,793	
		19,427		26,210
		35,427		42,460

(Subordinated) loans from partners

A partner who enters into a management agreement with BDO Holding B.V. is required to issue a subordinated loan of € 250,000 to the company. The loans from partners are subordinated to any of the company's current and future bank debts. The average interest rate on the subordinated loans from partners was 6.0% in 2023 (2022: 6.0%). As the terms of these subordinated loans are linked to the partners' entry into, or exit from, the firm, they are mainly of a long-term nature.

Movements in long-term (subordinated) loans were as follows in 2023:

	2023	2022
Balance at 1 January	16,250	16,000
Movements in the reporting period		
Loans received upon entry to the firm	1,000	1,000
Repayments upon exit from the firm	(1,250)	(750)
	16,000	16,250

Current accounts with current and former partners

The average interest rate on the current balances was 5.0% in 2023 (2022: 5.0%).

10 OTHER CURRENT LIABILITIES AND ACCRUALS AND DEFERRED INCOME

	31 December 2023		31 December 2022	
Obligations to employees	18,802		19,887	
Other debts	4		113	
Accruals and deferred income	3,836		4,194	
Stichting Aandelenbeheer BDO Groep	700		850	
		23,342		25,044

Obligations to employees are made up of leave day and overtime pay-outs, holiday allowance, bonuses, other benefits and redundancy costs.

Accruals and deferred income are comprised mainly of costs payable in relation to the current financial year and are therefore predominantly short-term in nature.

The debt to Stichting Aandelenbeheer BDO Groep relates to the foundation's excess cash, which has been transferred to BDO. This loan carries no interest.

As security for the existing credit facilities, a right of first pledge has been issued to the bank on the third-party receivables of BDO Holding B.V. and its subsidiaries.

FINANCIAL INSTRUMENTS**General**

As part of its ordinary activities, BDO Holding B.V. makes use of a variety of financial instruments that expose the firm to credit, interest rate and liquidity risks. To manage these risks, BDO Holding B.V. has defined a policy that includes a system of limits and procedures.

Credit risk

In order to manage its credit risk, the company continually monitors and reviews its credit risk exposure. Receivables do not contain major concentrations of credit risk.

Currency risk

The company hardly incurs any currency risk since the cash flows from operating and financing activities are denominated mainly in euros.

Interest rate risk

Given that interest rate risks on outstanding financial assets and liabilities are extremely limited, they have not been hedged.

Liquidity risk

The liquidity position is monitored by using liquidity forecasts. The liquidity risk is highly limited given that the operations generate sufficient cash to meet the obligations. BDO has also taken out additional overdraft with the banks. BDO monitors that it complies with the provisions of the relevant covenants.

Fair value

The fair value of financial instruments recognised in the statement of financial position within financial fixed assets, receivables, cash and cash equivalents and current and non-current liabilities approximates their carrying amount.

OFF-BALANCE SHEET ASSETS AND LIABILITIES

Off-balance sheet assets

Claims

BDO Holding B.V. has held one of its suppliers liable for damages suffered as a result of non-compliance with contractual obligations.

Off-balance sheet liabilities

Fiscal unity

Together with its wholly owned subsidiaries, BDO Holding B.V. forms a fiscal unity for income tax and VAT purposes. BDO Holding B.V. heads up the fiscal unity and is jointly and severally liable for the VAT and corporate income tax debts of the fiscal unity as a whole.

Lease and rental obligations

BDO Holding B.V. has assumed long-term obligations for the lease of buildings, as well as contracting operating leases for cars. These obligations can be broken down as follows:

	2023	2022
< 1 year	18,558	16,471
1 - 5 years	37,330	35,351
> 5 years	14,436	17,078

Other operating expenses include an amount of € 15.8 million for operating lease expenses (2022: € 14.6 million).

Guarantees

Receivables from third parties have been encumbered with a first right of pledge to the banks in the form of security for overdraft facilities issued to BDO Holding B.V. In addition, BDO Holding B.V. has issued a negative pledge as well as a pari passu statement to the banks in question. For the purposes of providing security for meeting its obligations to the partners entitled to goodwill and Stichting GESdE, BDO Holding B.V. has issued a second pledge to Stichting GESdE on all its claims against third parties. The issued bank guarantees amounted to € 78,000 at year-end 2023 (2022: € 78,000).

Claims

Claims have been lodged against the legal entities belonging to the Dutch BDO firm on account of alleged failure to properly perform their work. A defence is being mounted against these claims. BDO Holding B.V. has adequate insurance cover for professional liability. Where considered necessary, a provision is formed for an amount corresponding with the estimate of the obligations to be settled with third parties, including any external legal fees.

Investigations by regulators

On the reporting date there was an ongoing investigation into possible exam fraud at BDO. This investigation was carried out at the demand of the Dutch Authority for the Financial Markets (AFM). For more information, see [page 36](#). An investigation was also carried out by the Financial Supervision Office (Bureau Financieel Toezicht - FSO) in 2023, as part of its efforts to monitor compliance with the Dutch Money Laundering and Terrorist Financing (Prevention) Act (Wwft). This investigation has now ended and BDO is awaiting potential follow-up actions. It is unclear whether these investigations will have any consequences (financial or otherwise), and, if so, what those consequences will be.

Transfer of accrued employee pension benefits

Up to and including 2011, employees who joined the company before 9 July 2008 were governed by an average-pay scheme. An average contribution was paid to Stichting Pensioenfonds BDO CampsObers Accountants & Adviseurs to finance this scheme. This average-pay scheme was converted into a defined contribution scheme on 1 January 2012. At the time of the switch to the defined contribution scheme, Stichting Pensioenfonds BDO CampsObers Accountants & Adviseurs paid up the members' entitlements, but left them behind with the reinsurer. As a result, the employer assumed the obligation to pay any difference arising from a shortfall between the commuted value and the statutory transfer value. This situation may occur upon termination of employment, when employees invoke their statutory right to transfer of accrued benefits. The scale of this obligation cannot be reasonably estimated, which is why it has not been recognised in the balance sheet as at 31 December 2023. The costs associated with transfers of accrued benefits during the reporting period have been recognised within pension costs. These costs amounted to € 39,000 in 2023 (2022: € 28,000).

Allowance Stichting GESdE

As regards the fee owed to the Stichting GESdE for the funding of goodwill payments, reference should be made to [page 54](#).

11 NET REVENUES

The net revenues can be broken down as follows by segment:

	2023		2022	
		%		%
Audit & Assurance	141,573	39	132,340	38
Accountancy & Business Advisory	83,645	23	81,584	24
Tax & Legal	95,812	27	91,970	27
Advisory	38,349	11	37,532	11
	359,379	100	343,426	100

Virtually all revenue (96%) was generated in the Netherlands.

12 OTHER OPERATING INCOME

Other operating income includes attendance fees for BDO events and fees received for outside activities.

13 SALARIES AND WAGES

	2023	2022
Salaries	165,188	159,474

Headcount

	2023	2022
Average headcount (in FTEs)		
-Equity partners	69	68
-Professionals	2,101	2,027
-Support staff	522	477
	2,692	2,572

0.1 FTE was employed abroad during the year (2022: 0.5 FTE).

14 SOCIAL SECURITY CONTRIBUTIONS AND PENSIONS

	2023	2022
Social charges	25,091	22,850
Pension costs	17,988	17,431
	43,079	40,281

15 OTHER OPERATING EXPENSES

	2023	2022
Accommodation expenses	12,354	11,420
Other personnel expenses	19,457	16,620
General expenses	11,642	9,740
Mobility expenses	24,673	21,716
Technology and innovation expenses	13,930	10,983
Other expenses	5,770	3,824
	87,826	74,303

No R&D costs were capitalised or recognised through the income statement.

Audit fees which relate to the audit of the financial statements by Mazars Accountants N.V., amounted to € 216,000 in 2023 (2022: € 182,000). The fees are based on the total fees for auditing the financial statements for the reporting period, irrespective of whether the procedures were carried out by Mazars Accountants N.V. during that period. Mazars also charged € 32,740 in fees for other assurance procedures. These fees have been recognised within general expenses.

16 FINANCIAL INCOME AND EXPENSE

	2023	2022
Interest received	622	923
Interest paid	(2,269)	(2,524)
	(1,647)	(1,601)

Interest received relates to income from intercompany loans to Stichting GESdE and partners and the changes in interest rate in provisions measured at present value. Interest paid concerns the fees owed for (subordinated) loans provided by partners and banks.

17 INCOME TAX

The entire profit is taxable in the hands of the partners' professional practice companies. As a result, the effective tax rate of 0% (2022: 0%) in the financial statements deviates from the rate applicable in the Netherlands.

18 CONTRACTUAL OBLIGATIONS TO PARTNERS AND STICHTING GESDE

The professional practice companies operated by the partners who are affiliated with BDO Holding B.V. charge a management fee for providing the services of the professional practitioner. This fee is recognised within salaries and wages. The partners are required to put this management fee towards their pension build-up and supplementary insurance.

Under the General Provisions of BDO Holding B.V., the partners' professional practice companies are entitled to the full result of BDO Holding B.V., net of the fixed portion of the management fee, the fee payable to Stichting GESdE and the interest due on the subordinated loans provided by partners. The remaining result is distributed based on the number of awarded profit points using a lockstep system.

	2023	2022
Result after tax before contractual obligations	39,215	46,432
Fixed management fee (recognised within salaries and wages)	10,877	9,182
Distributable profit	50,092	55,614
Fee paid to Stichting GESdE	(6,863)	(7,098)
Fee paid to former partners	(3,431)	(3,594)
Partner fees	(39,798)	(44,922)
	-	-
Average number of partners (in FTEs)	69	68
Average management fee per partner (fixed and variable)	576	661

In addition to their management fee, the partners in BDO Holding B.V. receive interest on the subordinated loan and the current accounts. This interest, which stood at € 2.0 million in 2023, has been recognised within interest paid (2022: € 2.0 million).

The expense allowances paid to partners in 2023, which are designed to cover car and miscellaneous expenses, amounted to € 2.5 million in 2023. They have been recognised within other operating expenses (2022: € 2.4 million).

Events after the reporting date

There were no events after the reporting date that are relevant to BDO's financial position.

List of participating interests

Unless indicated otherwise, BDO Holding B.V. wholly owns the following consolidated participating interests. All participating interests have their registered offices in the Netherlands.

BDO Accountancy, Tax & Legal B.V.*

- ▶ BDO BAMN B.V.

Eindhoven, The Netherlands

Eindhoven, The Netherlands

BDO Audit & Assurance B.V.*

Eindhoven, The Netherlands

BDO Advisory B.V.*

- ▶ BDO Corporate Finance B.V.
- ▶ BDO Investigations B.V.
- ▶ BDO Interim & Recruitment B.V.

Eindhoven, The Netherlands

Eindhoven, The Netherlands

Eindhoven, The Netherlands

Eindhoven, The Netherlands

* Held directly by BDO Holding B.V.



Padel tournament

Playing sports with colleagues helps us stay fit and enhances job satisfaction. As BDO is passionate about this type of initiative, a padel tournament organised by employees at our offices in Rotterdam and The Hague has now become an event that takes place every month.

Left to right: Matthijs Spaans, Willem-Jan van der Staaij, Mitchell Creton, Puck de Rijke (A&A, Rotterdam)

Company-only balance sheet as at 31 December 2023 (after result appropriation)

(amounts in €1,000)

			31 December 2023	31 December 2022
ASSETS				
Fixed assets				
Intangible fixed assets	1	17	83	
Tangible fixed assets	2	7,813	9,774	
Financial fixed assets	3	27,698	31,572	
			35,528	41,429
Current assets				
Receivables		41	176	
Receivables from group companies		23,784	19,674	
Other receivables, prepayments and accrued income	4	6,684	6,371	
Cash and cash equivalents		81	1,753	
			30,590	27,974
Total assets			66,118	69,403
EQUITY AND LIABILITIES				
Equity				
Issued share capital	5		9,000	9,000
Provisions				
	6		1,155	768
Long-term liabilities				
Partner loans	7	16,000	16,250	
			16,000	16,250
Current liabilities				
Trade payables		6,108	4,792	
Payables to group companies		-	-	
Current account with partners	7	19,427	26,210	
Tax and social security contributions		7,916	6,908	
Pension obligations		14	-	
Other current liabilities, accruals and deferred income	8	6,498	5,475	
			39,963	43,385
Total equity and liabilities			66,118	69,403

Company-only income statement for 2023 (1 January to 31 December)

(amounts in € 1,000)

	2023		2022	
Share of profit/(loss) of participating interests	32,352		39,335	
Other income	6,866		7,099	
Profit/(loss) before tax		39,218		46,434
Income tax expense		(3)		(2)
Contractual obligations to partners and Stichting GESdE		(39,215)		(46,432)
Profit/(loss) for the year		-		-

Notes to the company-only financial statements

Activities

BDO Holding B.V. heads up a group of related parties providing professional services. BDO Holding B.V. serves exclusively as a holding company of its related parties and does not itself provide any financial services.

BDO Holding B.V. has its registered office at Philitelaaan 73, 5617 AM Eindhoven, The Netherlands, and is entered in the Trade Register under number 17129358.

Basis of preparation

The financial statements have been prepared in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements for company-only financial statements included in Part 9 of Book 2 of the Netherlands Civil Code.

Given that the financial information of BDO Holding B.V. is disclosed in the consolidated financial statements, the company-only income statement in accordance with Section 402, Part 9 of Book 2 of the Netherlands Civil Code is presented in an abbreviated form.

Accounting policies for the balance sheet

Unless stated otherwise, the accounting policies for the company-only balance sheet and the company-only income statement are the same as those for the consolidated balance sheet and income statement.

Participating interests in which BDO Holding B.V. has the power to exercise significant control over financial and operating policies are stated at net asset value. Participating interests with an equity deficit are carried at nil. Other long-term interests that must be regarded as part of the net investment in the participating interest are also taken into account in the valuation. A provision is formed if the company is fully or partially liable for the debts of the participating interest in question, or is obliged in practice to enable the participating interest (in respect of its share) to pay its debts.

A factor taken into account in determining the size of this provision is value adjustments for uncollectibility already deducted from receivables due from the participating interest.

Participating interests in which no significant control can be exercised over the operating and financial policies are stated at the lower of acquisition price or fair value.

Notes to the company-only balance sheet as at 31 December 2023 and the company-only income statement for 2023

(in € thousands, unless stated otherwise)

1 INTANGIBLE FIXED ASSETS

The carrying amounts at the reporting date can be broken down as follows:

	31 December 2023		31 December 2022	
Goodwill	-		-	
Software	17		83	
Assets under construction and prepaid	-		-	
		17		83

Movements in intangible fixed assets were as follows in 2023:

	Goodwill	Software	Assets under construction and prepaid	Total 2023	Total 2022
Balance at 1 January					
Cost	-	2,576	-	2,576	4,573
Accumulated amortisation and impairment	-	(2,493)	-	(2,493)	(4,423)
	-	83	-	83	150
Movements in the reporting period					
Investments	-	-	-	-	-
Disposals (at cost)	-	-	-	-	-
Disposals (accumulated amortisation)	-	-	-	-	-
Amortisation	-	(66)	-	(66)	(67)
	-	(66)	-	(66)	(67)
Balance at 31 December					
Cost	-	2,576	-	2,576	4,573
Accumulated amortisation and impairment	-	(2,559)	-	(2,559)	(4,490)
	-	17	-	17	83
Amortisation rate	-	20%	N/A		

2 TANGIBLE FIXED ASSETS

The carrying amounts at the reporting date can be broken down as follows:

	31 December 2023		31 December 2022	
Leasehold improvements	2,580		2,788	
Furniture, fixtures and fittings	922		1,028	
Hardware	4,311		1,456	
Assets under construction and prepaid	-		4,502	
		7,813		9,774

Movements in tangible fixed assets were as follows in 2023:

	Leasehold improvements	Furniture, fixtures and fittings	Hardware	Assets under construction and prepaid	Total 2023	Total 2022
Balance at 1 January						
Cost	3,040	1,225	9,147	4,502	17,914	13,853
Accumulated depreciation	(252)	(197)	(7,691)	-	(8,140)	(9,727)
	2,788	1,028	1,456	4,502	9,774	4,126
Movements in the reporting period						
Investments	114	48	160	-	322	7,451
Transfers to 'in use'	-	-	4,502	(4,502)	-	-
Disposals (cost)	-	(2)	(4,449)	-	(4,451)	(3,391)
Disposals (accumulated depreciation)	-	-	4,345	-	4,345	3,349
Depreciation	(322)	(152)	(1,703)	-	(2,177)	(1,763)
	(208)	(106)	2,855	(4,502)	(1,961)	5,646
Balance at 31 December						
Cost	3,154	1,271	9,360	-	13,785	17,914
Accumulated depreciation	(574)	(349)	(5,049)	-	(5,972)	(8,140)
	2,580	922	4,311	-	7,813	9,774
Depreciation rate	10%-20%	10%-20%	20%-33.3%	N/A		

The carrying amounts of tangible fixed assets do not significantly differ from their fair values. Assets under construction are mainly comprised of expenditures on leasehold improvements

3 FINANCIAL FIXED ASSETS

The carrying amounts at the reporting date can be broken down as follows:

	31 December 2023		31 December 2022	
Credit account with Stichting GESdE	6,993		6,828	
Loan to Stichting GESdE	6,000		10,000	
Participations in group companies	14,500		14,500	
Loans to partners	-		21	
Other receivables	205		223	
		27,698		31,572

Stichting GESdE has a long-term credit account facility with BDO Holding B.V. The facility runs until 31 December 2034 at the latest. The credit account facility is subject to floating interest. The interest rate was 4.9% on average in 2023 (2022: 1.5%).

The loan to Stichting GESdE is a subordinated 30-year interest-only loan. It was granted in 2005. In 2023, € 4.0 million was repaid on this loan. The loan is expected to have been repaid in full by the end of 2025.

The average interest rate on the loans to partners was 5.0% in 2023 (2022: 5.0%).

Other receivables include prepaid licence and other fees falling due in more than one year (year-end 2023: € 0.2 million).

Movements in financial fixed assets were as follows in 2023:

	Credit account with Stichting GESdE	Loan to Stichting GESdE	Participations in group companies	Loans to partners	Other receivables	Total 2023	Total 2022
Balance at 1 January	6,828	10,000	14,500	21	223	31,572	35,711
Movements in the reporting period							
Share of profit/(loss) in participating interests	-	-	32,352	-	-	32,352	39,335
Interim dividend	-	-	(35,205)	-	-	(35,205)	(40,725)
(Provision for) loans to group companies	-	-	2,853	-	-	2,853	1,390
Loans granted and prepayments	-	-	-	-	-	-	4,788
Redemptions	165	(4,000)	-	(21)	(23)	(3,879)	(8,959)
Changes in value	-	-	-	-	5	5	32
Balance at 31 December	6,993	6,000	14,500	-	205	27,698	31,572

4 OTHER RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

	31 December 2023		31 December 2022	
Pension receivables	-		194	
Other receivables	72		79	
Prepayments and accrued income	6,612		6,098	
		6,684		6,371

Pension receivables in 2022 related to prepaid premiums for 2023. Other receivables include receivables under the paid parental leave scheme. Prepayments and accrued income mainly consist of prepaid expenses and are predominantly short-term in nature.

5 EQUITY

The company's issued and paid-up share capital amounted to € 9.0 million at year-end 2023; it consisted of 8,100 Class A shares, 450 Class B shares and 450 Class C shares with a nominal value of € 1,000 per share. The Class A shares entitle their holders to the profit of BDO Holding B.V. only. The Class B and C shares entitle their holders to the proceeds of the sale of BDO Holding B.V. There were no changes in the reporting period.

6 PROVISIONS

	31 December 2023		31 December 2022	
Provision for employee benefits	515		399	
Other provisions	640		369	
		1,155		768

Movements in provisions were as follows in 2023:

	Provision for employee benefits	Other provisions	Total 2023	Total 2022
Balance at 1 January	399	369	768	1,070
Movements in the reporting period				
Withdrawn	(275)	(160)	(435)	(685)
Allocated	632	452	1,084	1,071
Released	(251)	(21)	(272)	(640)
Changes in interest rate	10	-	10	(48)
Balance at 31 December	515	640	1,155	768

Provision for employee benefits

This item comprises provisions for jubilee benefits and chronic illness.

Other provisions

This item relates to a provision for professional liability.

The provision for employee benefits and other provisions are expected to be released over time as follows:

	2023	2022
< 1 year	195	167
1 - 5 years	813	474
> 5 years	147	127
	1,155	768

7 LOANS FROM AND DEBTS TO PARTNERS

Loans from current and former partners can be broken down as follows:

	31 December 2023		31 December 2022	
Long-term (subordinated) loans				
-Partners	16,000		16,250	
		16,000		16,250
Current accounts				
-Partners	15,787		20,417	
-Former partners	3,640		5,793	
		19,427		26,210
		35,427		42,460

(Subordinated) loans from partners

A partner who enters into a management agreement with BDO Holding B.V. is required to issue a subordinated loan of € 250,000 to the company. The loans from partners are subordinated to any of the company's current and future bank debts. The average interest rate on the subordinated loans from partners was 6.0% in 2023 (2022: 6.0%). As the terms of these subordinated loans are linked to the partners' entry into, or exit from, the firm, they are mainly of a long-term nature.

Movements in long-term subordinated loans were as follows in 2023:

	2023	2022
Balance at 1 January	16,250	16,000
Movements in the reporting period		
Loans received upon entry to the firm	1,000	1,000
Repayments upon exit from the firm	(1,250)	(750)
	16,000	16,250

Current accounts with current and former partners

The average interest rate on the current balances was 5.0% in 2023 (2022: 5.0%).

8 OTHER CURRENT LIABILITIES AND ACCRUALS AND DEFERRED INCOME

	31 December 2023		31 December 2022	
Obligations to employees	3,776		2,972	
Other debts	4		113	
Accruals and deferred income	2,018		1,540	
Stichting Aandelenbeheer BDO Groep	700		850	
		6,498		5,475

Obligations to employees are made up of leave day and overtime pay-outs, holiday allowance, bonuses, other benefits and redundancy costs.

Accruals and deferred income are comprised mainly of costs payable in relation to the current financial year and are therefore predominantly short-term in nature.

The debt to Stichting Aandelenbeheer BDO Groep relates to the foundation's excess cash, which has been transferred to BDO. This loan carries no interest.

COMMITMENTS AND CONTINGENCIES

Fiscal unity

Together with its wholly owned subsidiaries, the company forms a fiscal unity for income tax and VAT purposes. The company heads up the fiscal unity and is jointly and severally liable for the VAT and corporate income tax debts of the fiscal unity as a whole.

Other commitments and contingencies

BDO Holding B.V. has issued a statement of joint and several liability for the debts incurred by BDO Accountancy, Tax & Legal B.V., BDO Audit & Assurance B.V. and BDO Advisory B.V. in accordance with Section 403, Part 9 of Book 2 of the Netherlands Civil Code.

For the purposes of providing security for meeting its obligations to Stichting GESdE, BDO Holding B.V. has issued a first pledge to Stichting GESdE on its shares in group companies.

Headcount

BDO Holding B.V. had 296 employees (in FTEs) on average in 2023 (2022: 256). None of these employees worked abroad.

Remuneration of Governing Board members

The statutory Governing Board members received the following remuneration for their management activities in 2023.

	2023	2022
Remuneration of Governing Board members	2,919	2,623
FTEs	3.0	3.0

In addition, the statutory Governing Board members were paid an amount of € 114,000 in expense allowances in 2023 (2022: € 108,000).

Remuneration of Supervisory Board members

The members of the Supervisory Board received a total remuneration of € 277,000 in 2023 (2022: € 240,000).

Eindhoven, the Netherlands, 8 May 2024

The Governing Board of BDO Holding B.V.

- ▶ R.C.M. Nelis (chair)
- ▶ L.M. Jansen
- ▶ M.A. de Kleer

The Supervisory Board

- ▶ D.A. van der Eijk (chair)
- ▶ H.L. Kuijten-Koenen
- ▶ E.M. Robbe

Other information

Independent auditor's report

For this purpose, reference is made to the report on [page 84](#).

Assurance report of the independent auditor

For this purpose, reference is made to the report on [page 88](#).

Provisions on the appropriation of result under the Articles of Association

Article 20 of the Articles of Association of BDO Holding B.V. reads as follows:

- ▶ The company shall not distribute any profit to shareholders and other beneficiaries to distributable profit unless its equity exceeds the equity that is required to be maintained by law. The company shall follow up on resolutions to distribute profit passed by the General Meeting only subject to the Governing Board's consent. The Governing Board shall not refuse its consent of a profit distribution unless it knows or ought to reasonably foresee that the company would be unable to pay its debts due after such distribution.
- ▶ Profit shall be at the disposal of the General Meeting.

For details on issued shares, see the notes to equity in the company-only balance sheet at 31 December 2023.

Special control rights under the Articles of Association

No special control rights exist under the Articles of Association of BDO Holding B.V.



BDO Ramadan event

Every year, an iftar (a fast-breaking evening meal consumed after sunset during Ramadan) is organised at several BDO offices. Reflection, charity and togetherness are central themes during Ramadan, and many BDO employees were keen to share this with each other. This event provides an excellent opportunity to learn more about other cultures. *Zainab Laoukili (I) and Laura Combee (both IT Auditors, A&A Amstelveen)*

Independent auditor's report

To: The shareholders and supervisory board of BDO Holding B.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of BDO Holding B.V. based in Eindhoven.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of BDO Holding B.V. as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at 31 December 2023;
2. the consolidated and company profit and loss account for 2023; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of BDO Holding B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit response to the risk of fraud and non-compliance with laws and regulations

The entity's internal control over risks of fraud

We have identified and assessed the risks of material misstatement in the financial statements due to fraud. In our audit we have obtained an understanding of the entity and the environment in which it operates, the components of the internal control system, including the process for identifying risks and how the governing board responds to the risks of fraud and monitors the internal control system and how the supervisory board exercises oversight over these processes, as well as the outcomes thereof.

Management has prepared a fraud risk analysis. In this analysis fraud risks are identified including the likelihood of occurrence, the impact and the internal controls to mitigate these risks. We refer to the report of the governing board, section Fraud and fraud risks, for further explanation on the risk analysis process and the results thereof.

Our fraud risk analysis

As part of our process to identify risks of material misstatement of the financial statements due to fraud we identified fraud risk factors with respect to financial reporting fraud, misappropriation of assets and corruption. We evaluated whether those factors indicate that a risk of material misstatement due to fraud in the financial statements is present. We have identified the following fraud risks:

Risk of fraud in revenue recognition

BDO is an organisation that realizes revenues on a project basis, in which revenue recognition is mainly determined by the valuation of the balance sheet accounts 'revenue not yet invoiced' and 'progress billings', including the provisions thereon. These accounts are inherent subject to estimates and judgements. The estimates of the percentage-of-completion and project result are crucial in this.

Our audit includes, among others, the following procedures:

- ▶ Evaluating the design and implementation of the internal controls over the valuation of projects and the determination of the percentage-of-completion and project result;
- ▶ Substantive testing procedures on projects in progress regarding the timing of revenue recognition and the valuation of the revenue not yet invoiced. We have tested items in the population of projects that display certain characteristics and also selected projects based on a sample;
- ▶ As part of the substantive testing procedures we analysed the forecasted project results and verified if necessary provisions are formed;

- ▶ Substantive audit procedures with respect to the written hours by employees;
- ▶ Substantive audit procedures with respect to the hourly rates;
- ▶ Substantive audit procedures on credit notes.

Risk of fraud related to management override of internal controls

In all our audits we pay attention to the risk related to management override of internal controls. We have performed the following procedures:

- ▶ Evaluating the design and implementation of the internal controls that mitigate fraud risks, such as processes related to the processing and recording of journal entries and the preparation of the financial statements;
- ▶ Testing of recorded journal entries and other adjustments made during the preparation of the financial statements;
- ▶ Evaluating whether management's judgements and decisions in making the significant estimates indicate potential bias;
- ▶ Evaluate any significant transactions outside the normal course of business. We have concluded that no significant transactions outside the normal course of business occurred.

Furthermore, we evaluated whether the selection and application of accounting policies by the entity, may be indicative of fraudulent financial reporting. In addition, we incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud.

We considered available information provided to us and made enquiries of the governing board and the supervisory board and other relevant officers, such as the internal audit officer and the in-house counsel.

Compliance with laws and regulations

We have obtained an understanding of the laws and regulations relevant for the entity. We have identified laws and regulations that have an indirect effect on the financial statements, such as laws and regulations with respect to the audit profession and audit firms, including the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), Besluit toezicht accountantsorganisaties (Bta, Audit firms supervision decree) and the Wet ter voorkoming van witwassen en financieren van terrorisme (Wwft, Act on the prevention of money laundering and terrorist financing).

We held enquiries with the compliance officer, the internal audit officer, the in-house counsel, the governing board and the audit committee as to whether the entity is in compliance with these laws and regulations. Also we inspected the minutes of the meetings held by the governing board and the supervisory board and the correspondence with regulators. We held enquiries with the in-house counsel and the external legal advisors with respect to ongoing lawsuits and claims. We obtained a written representation from the governing board that all known instances of (identified or suspected) non-compliance with laws and regulations were disclosed to us. In the financial statements, under commitments and contingencies, it has been disclosed that there is an ongoing investigation into possible exam fraud within the entity at the demand of the Dutch Authority for the Financial Markets (AFM) and that an investigation was carried out by the Financial Supervision Office (Bureau Financieel Toezicht – FSO) into compliance with the Wwft.

Our observation

The procedures mentioned above have been performed in the context of the audit of the financial statements. Therefore they are not planned and conducted as a specific investigation aimed at fraud or non-compliance with laws and regulations. Our procedures have not led to any findings.

Audit response going concern

As disclosed in the accounting policies in the notes to the financial statements, the financial statements have been prepared on the basis of the going concern assumption. Based on the realized results and the financial position at balance sheet date, we did not identify an increased going concern risk in our audit.

Our specific audit response

In order to obtain a basis for our opinion about the appropriateness of the going concern assumption as assessed by the governing board, we have performed among others the following procedures:

- ▶ Reading available audit information, including minutes of governing board and supervisory board meetings;
- ▶ Inquiries with members of the governing board and the supervisory board;
- ▶ Reviewing the 2024 budget and its underlying assumptions;
- ▶ Comparing the 2024 budget with the Outlook section included by the governing board in the report of the governing board;
- ▶ Reviewing interim results and minutes of the governing board as well as the supervisory board, which became available between the balance sheet date and the date of preparation of the financial statements.

Our observation

In our evaluation of the going concern assumption, we considered whether we have obtained audit evidence that resulted in conflicts with the assumptions used by the governing board in their assessment of the company's ability to continue as a going concern. This did not result in any findings that the governing board's assessment of the going concern assumption would not be appropriate.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- ▶ the report of the governing board;
- ▶ the report of the supervisory board;
- ▶ other information as required by Part 9 of Book 2 of the Dutch Civil Code;
- ▶ the appendices.

Based on the following procedures performed, we conclude that the other information:

- ▶ is consistent with the financial statements and does not contain material misstatements;
- ▶ contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The governing board is responsible for the preparation of the other information, including the report of the governing board in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the governing board and the supervisory board for the financial statements

The governing board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the governing board is responsible for such internal control as the governing board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the governing board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the governing board should prepare the financial statements using the going concern basis of accounting, unless the governing board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The governing board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- ▶ identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- ▶ evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ concluding on the appropriateness of the governing board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- ▶ evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- ▶ evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.


Breda, 8 May 2024

Mazars Accountants N.V.
A.N. Terstegen

Assurance report of the independent auditor

To: the shareholders and supervisory board of BDO Holding B.V.

Our conclusion

We have examined the ESG indicators of BDO Holding B.V. based in Eindhoven which are included in the report of the governing board 2023 in the tables marked with symbol  (hereinafter selected ESG indicators).

Based on the procedures performed and assurance evidence obtained nothing has come to our attention that causes us to believe that the selected ESG indicators of BDO Holding B.V. included in the report of the governing board 2023, are not prepared, in all material respects, in accordance with the applicable criteria.


Basis for our conclusion

We have performed our examination in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten) (assurance engagements other than audits or reviews of historical financial information (attestation engagements)). This engagement is aimed to obtain limited assurance. Our responsibilities in this regard are further described in the 'Our responsibilities for the examination of the selected ESG indicators' section of our report.

We are independent of BDO Holding B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Applicable criteria

Our assignment is limited to the selected ESG indicators in the tables marked with the symbol  included in the report of the governing board 2023. The reporting criteria for the selected ESG indicators are the GRI Standards or the reporting criteria selected by BDO in accordance with [Appendix B](#) GRI Content Index.

Responsibilities of the governing board for the selected ESG indicators

The governing board is responsible for the preparation of the selected ESG indicators of BDO Holding B.V. included in the report of the governing board 2023 in accordance with the applicable criteria.

Furthermore, the governing board is responsible for such internal control as the governing board determines is necessary to enable the preparation, measurement or evaluation of the selected ESG indicators that are free from material misstatement, whether due to error or fraud.


Our responsibilities for the examination of the selected ESG indicators

Our objective is to plan and perform our examination in a manner that allows us to obtain sufficient and appropriate assurance evidence to provide a basis for our conclusion.

The procedures performed in this context differ in nature and timing and are less in extent as compared to reasonable assurance engagements. The level of assurance obtained in a limited assurance engagement is therefore substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our examination included among others:

- ▶ identifying areas of the selected ESG indicators where a material misstatement, whether due to errors of fraud, is likely to occur, designing and performing assurance procedures to address these areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- ▶ considering the internal control related to the preparation, measurement or evaluation of the selected ESG indicators in order to select assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the company's internal control;
- ▶ making inquiries of the governing board and others within the entity;
- ▶ performing an environmental analysis and gaining insight into the relevant industry, social trends and issues, relevant legislation and regulations and characteristics of the entity;
- ▶ reviewing the appropriateness of the reporting criteria and their consistent application, such as assessing the reasonableness of estimates made by the governing board;
- ▶ reviewing the process for collecting data for the selected ESG indicators and the aggregation of this data as included in the tables indicated with the symbol  included in the report of the governing board 2023 of BDO Holding B.V.;
- ▶ performing analytical reviews and analysis of the interrelationships of data; and
- ▶ evaluating the collected data.

Breda, 8 May 2024

Mazars N.V.

A.N. Terstegen



ABOUT THIS REPORT

Connection and job satisfaction

At BDO, the function of an office has changed from a fixed place of work to an inspiring meeting space where people can collaborate, share knowledge and work flexibly.

Mohammad Alfares (Assistant Accountant, RLCC, A&B Tilburg) (I) and Jelle Poolman (Assistant Accountant, RLCC, A&B Rotterdam)

Appendix A - About this report

Purpose and principles

The main purpose of this report is to show our stakeholders how we create value. The report as a whole provides a link between BDO Netherlands' primary operations, strategy, performance and principal opportunities and risks.

The subject matter of this report is based on extensive internal reporting. Where external sources have been used, we have referenced them. Most of the quantitative information in this report was extracted from our systems; those figures are exact. Any information that was otherwise obtained (e.g. by estimates or extrapolation) is identified as such. The quantitative information in this report includes comparative information for the previous year insofar as possible. We apply a materiality analysis to determine which the themes we report on. This ensures that we select only the key themes stemming from our value creation model. Our strategy (and selected KPIs) are a logical extension of our value creation model.

This entire report was reviewed by Finance & Control and approved for publication by the Governing Board of BDO Netherlands. The members of the Supervisory Board have also read the report. This report was produced by a multidisciplinary team of representatives of Finance & Control, BDO Digital, the Board Secretariat, Marketing, Communications & Sales as well as people working within the practice.

Scope

Unless stated otherwise, the information in this report is based on the reporting period from 1 January 2023 up to and including 31 December 2023. The information of the following entities has been included: BDO Holding B.V., BDO Audit & Assurance B.V., BDO Accountancy, Tax & Legal B.V., BDO BAMN B.V., BDO Advisory B.V., BDO Corporate Finance B.V., BDO Investigations B.V. and BDO Interim & Recruitment B.V.


Accounting policies

This integrated annual accounts has been prepared in accordance with the GRI Standards ('with reference' option, updated 2021) and internally applied reporting criteria, including self-defined KPIs where no KPIs were provided by the GRI Standards. Please refer to [page 101](#) for the full GRI content

index. We have drawn inspiration for the subject matter of this report, including the value creation model, from the <IR> Framework of the International Integrated Reporting Council.

Maintaining the trust of our clients and having social relevance are central to our mission. That is why we are committed to engaging in an active dialogue with our stakeholders.

External auditor's assessment of ESG information

Where the following icon  appears next to qualitative data in the tables in the Environmental, Social and Governance sections, this indicates that the data are subject to the ESG assessment (limited assurance) performed by our external auditor Mazars. See the auditor's assurance report on [page 88](#).

Materiality assessment and stakeholder dialogue

We maintain a continuous dialogue with our stakeholders to ensure we continue to focus on the most relevant themes and respond to the latest trends and developments. In the 2021 financial year, we identified 11 material themes, based on business information, our long-term strategy, the SDGs, international standards, and market and industry trends. Over the past two years, we determined the priority of these 11 material themes by means of a materiality analysis, in which we consulted various stakeholder groups. To this end, we apply the concept of double materiality from the new Corporate Sustainability Reporting Directive (CSRD), which provides criteria for determining which sustainability information has to be included in the organisation's report. 'Double materiality' refers to the potential financial impact on the company as a result of sustainability risks and opportunities (= financial materiality, from the outside in), and the company's impact on people and planet (= impact materiality, from the inside out).

We then assessed which sustainability topics are most important for our organisation by carrying out an online survey among stakeholders. Their answers are included in a materiality overview. We discussed these topics in more detail with four key stakeholders during in-depth interviews.

We are currently carrying out the materiality assessment, which encompasses the topics from the European Sustainability Reporting Standards (ESRS).

Materiality assessment

	Financial materiality					Impact materiality				
Environmental										
Sustainable business practices										
Social										
Employee retention and recruitment										
Diversity & Inclusion										
Vitality										
Putting the client first										
Learning organisation										
Governance										
Top-quality services										
Technological innovation										
Leader in our markets										
Shared leadership										
Financial performance										
	high	←			low				→	high

We have identified the following stakeholder groups:

- ▶ Employees;
- ▶ Partners;
- ▶ Clients;
- ▶ Regulators, supervisory bodies and politicians;
- ▶ Civil society organisations;
- ▶ Investors;
- ▶ Suppliers, universities (including universities of applied sciences), umbrella organisations and the BDO network.

Our Supervisory Board is a key stakeholder. We regularly engage in a dialogue with its members on the impact of our sustainable value creation themes.

Stakeholder groups	Type of interaction
Employees	Employee survey
	Survey of material themes
	Discussions with the Works Council
	Meetings with Young BDO and Young Management Teams
	'Horizon locally' culture sessions
	Discussions with BDO Impact Centre
	Other formal and informal sessions
Partners	Survey of material themes
	Formal and informal partner meetings
	General meetings of shareholders with the Governing Board
	Talent development and performance interviews
	L&D programmes
Clients	Survey of material themes
	Stakeholder dialogues
	Client satisfaction surveys
	Client and theme seminars
	Client and sector studies
	Requests for proposals and feedback

Stakeholder groups	Type of interaction
Regulators, supervisory bodies and politicians	Formal and informal meetings with NBA and AFM
	Meetings with Coordinators for the Future of the Accountancy Sector
	Outcomes of investigations by AFM and PCAOB
	Feedback on proposed legislation and regulations
	Discussions with Tax and Customs Administration
	Monthly meetings of Dutch Forum for Audit Quality
	Monthly meetings of European Contact Group
	Meeting of Public Interest Steering Group and monthly meetings of Public Interest Steering Group taskforce
	Twice-yearly joint meetings and routine ad hoc individual meetings between BDO and Foundation for Auditing Research (FAR) and affiliated research teams
	Participation in consultative platform for PIE firms
	Meetings with ADR regarding reviews
Civil society organisations	Formal and informal meetings
	Survey of material themes
Investors	Formal and informal meetings
Suppliers, universities (including universities of applied sciences), umbrella organisations and BDO network	Formal and informal meetings with BDO International and other BDO member firms

Definition of material themes

Employee retention and recruitment

At BDO, people make the difference. The quality and enthusiasm of our people determine the quality of our services, our development and our growth. For this reason, we will continue to make every effort to retain our talented professionals and hire new talented individuals, although this is challenging in today's tight labour market.

Diversity & Inclusion

Our organisation needs to be a reflection of society if it is to be – and remain – fit for the future. We aim to be an inclusive organisation that:

- ▶ attracts and retains talented partners and employees who are largely representative of different perspectives within society;
- ▶ actively works to remove implicit and explicit barriers to inclusiveness;
- ▶ actively develops policies, procedures and practices that promote an inclusive culture.

Shared leadership

We cannot create and consolidate the culture we want to see at BDO without leading by example and setting the right tone at the top. At BDO, our line managers are important exponents of our open, agile, people-centric and quality-oriented culture. We want every line manager to have self-knowledge and the ability to reflect. We want our leaders to promote sustainable collaboration through their conduct and lead their teams in a way that challenges everyone to reach their full potential. By creating a basis of trust and connection, they can focus on

output and availability. We want our leaders to show a genuine interest in, and give due consideration to, the person behind the professional. Our people work in teams to resolve issues that stretch beyond their individual primary responsibilities. This requires them to take ownership and to recognise the importance of exploring different perspectives and new sources of information, and to be willing to accept other persons' leadership in complex projects.

Learning organisation

At BDO, we are committed to sustainable investments in employee learning and development, both now and in the future. Today's hectic world requires us to be agile and capable as an organisation of aligning our service provision to a constantly changing environment by encouraging our people to learn, develop and take initiative. With this in mind, it should come as no surprise that being a continuous learning organisation is the priority in our learning and development strategy. The success of this strategy hinges on our people. We need fit, motivated and competent employees who know the direction in which the organisation is heading and who are committed to this. Even if they leave BDO to pursue their career elsewhere, we are safe in the knowledge that we have made a contribution to society by investing in their development as capable professionals.

Vitality

Health and vitality are inextricably linked to the sustainable employability of our people. The quality of our services hinges

on the skills and vitality of our employees and partners. Healthy, agile and motivated employees and partners are happier, more content and more energetic people. They are in better physical and psychological shape. Within our learning organisation, lifelong learning and development is also key in promoting our people's vitality. Being able to leverage their talents adds to their happiness, sustainable employability and engagement. In this context, we aim to offer them a welcoming and safe environment, where they can work together as a team with a can-do attitude. We are committed to the sustainable employability of all our employees irrespective of their age.

Sustainable business practices

An important theme in our strategy is sustainability. We apply this to our own operations and business practices as well. We consider sustainability aspects in our day-to-day work and our investment decisions. We take action to reduce our energy consumption, we are committed to using green energy, we promote online working/meetings, and we are greening our mobility policy and car fleet, just to name a few examples. In the Netherlands, we are a member of the Large Enterprises Network, which consists of over 110 organisations that have expressed the shared ambition to create 'a new economy'. We will report on our efforts in this regard in the coming years, starting with our drive to reduce our CO₂e footprint, which we will address in this report. Despite the fact that we have not identified our carbon footprint as a material theme, we recognise that its social relevance is such that it deserves to be reporting on.

Top-quality services

We believe that aiming for, and achieving, top quality constitutes BDO's licence to operate. The level of trust that society and our clients have in our services is essential to BDO's success as an organisation. For BDO, quality is a decisive factor in the service provision to existing clients and in winning new clients. In addition, one of BDO's main objectives is to improve the quality of the profession and to restore the reputation of the profession in general. The reputation of the BDO brand is inextricably linked to trust in, and the role of, our auditors, accountants and advisers. BDO seeks to be a firm of professionals who act as trusted partners to those around them and who intrinsically want to do 'the right thing' for clients, society and stakeholders.

Technological innovation

The environment in which BDO operates is in a state of flux and changes are coming at the firm thick and fast. This calls for an agile organisation with a focus on innovation and the right use of technology within our services. Technology, in combination with subject matter expertise and market knowledge, is an essential component of our business model, both now and in the future. Innovation will enable us to respond to developments and opportunities as they arise, enhancing our agility as an organisation and strengthening our continuity. This ties in with the international driver 'leading through innovation'.

Putting the client first

In our service provision, we focus on the person behind the client and we explore our options for offering added value to our clients. With our integrated full-service proposition and operational excellence, we let client requirements and client relationships take centre-stage rather than focusing on our service offering. BDO's culture and way of working facilitate a personal approach that puts the client first. BDO stands out as a local knowledge partner thanks to our multidisciplinary teams and our excellent full-service proposition for clients and prospects.

Leader in our markets

Our services are best suited to businesses and organisations in the public and the private domains that see us an overall strategic partner, whether at executive, supervisory or operational level. We focus on clients that are good match for us in terms of size, complexity and risk. Creating a unique market proposition for such businesses and organisations calls for a crystal-clear understanding of their requirements and wishes, as well as thorough knowledge of our own strengths and weaknesses, and a clear focus on available opportunities. It forces us to make distinct choices on what clients would be a good fit for us and what services would give us a unique competitive edge. Only if this uniqueness is perceived by our clients can we achieve our ambition to stand out from our




competitors. In our role as a trusted adviser, we are perfectly placed to see what they feel is unique about us and where we can be a leader in client services in our chosen industries and sectors, both in the Private Sector and Public Sector segments.






Financial performance







Just like poor health is debilitating for people, businesses and organisations cannot function unless they are financially sound. Controlled financial growth enables us to attract and retain strong partners and employees, and to invest in the development of our organisation and our people, in raising our quality standards and in building on our digital toolkit so as to continue offering service excellence to our clients.


KPI definitions

KPI	Definition/calculation method
CO ₂ e emissions	<p>BDO measures the total emissions of its activities using the guidelines and conversion factors of the Greenhouse Gas Protocol. The WTW, TTW and WTT carbon emission factors are taken from www.co2emissiefactoren.nl.</p> <p><i>Scope 1 – direct CO₂e emissions associated with natural gas consumption by BDO premises and fuel consumption by lease cars.</i></p> <ul style="list-style-type: none"> ▶ Gas consumption (in tCO₂e): total natural gas combustion in premises in cubic metres multiplied by the carbon emission factor. ▶ Lease cars – fossil fuel (in tCO₂e): total registered number of litres of fossil fuel purchased by employees with petrol, diesel and hybrid lease cars (driven by employees for business, commuting and private purposes) multiplied by the carbon emission factor. This does not include cars that are privately owned by BDO partners. ▶ Total scope 1 emissions: sum of the above scope 1 GHG emissions (in tCO₂e). <p><i>Scope 2 – indirect CO₂e emissions associated with electricity consumption (premises and electric lease cars) and district heating.</i></p> <ul style="list-style-type: none"> ▶ Purchased electricity – non-renewable (in tCO₂e): total purchased non-renewable electricity consumption in buildings in kWh multiplied by the carbon emission factor. ▶ Purchased electricity – renewable (in tCO₂e): total purchased renewable electricity consumption in premises in kWh multiplied by the carbon emission factor. ▶ Purchased non-renewable heat (in tCO₂e): total non-renewable purchased district heating consumption in GJ multiplied by the carbon emission factor. ▶ Purchased renewable heat (in tCO₂e): total renewable purchased heat (thermal storage) consumption in GJ multiplied by the carbon emission factor. ▶ Lease cars – electric (in tCO₂e): total recorded number of kWh consumed by electric lease cars (driven by employees for business, commuting and private purposes) multiplied by the carbon emission factor. This does not include cars that are privately owned by BDO partners. ▶ Total scope 2 emissions: sum of the above scope 2 GHG emissions (in tCO₂e).

KPI	Definition/calculation method
CO ₂ e emissions	<p><i>Scope 3 – other CO₂e emissions related to activities not owned or controlled by BDO Netherlands. These emissions do not include fuel consumption by rental cars and cars that are privately owned by partners. We are still in the process of completing our calculations of our other scope 3 emissions.</i></p> <ul style="list-style-type: none"> ▶ Fuel-related and energy-related activities (in tCO₂e): emissions from the production of fuels and energy purchased and consumed by the entity, and purchased energy sold to end users, which are not included in Scope 1 or Scope 2. ▶ Water (in tCO₂e): total water consumed multiplied by the carbon emission factor. ▶ Business travel – public transport (in tCO₂e): total number of domestic kilometres travelled by train, bus, tram and metro registered in our mileage records multiplied by the respective carbon emission factors. Foreign trips by public transport are not included in the calculation. ▶ Business trips – non-lease cars (in tCO₂e): total number of business kilometres registered in our mileage records driven by employees in non-lease cars multiplied by the carbon emission factor. Kilometres travelled in rental cars and taxis and on public transport is not included in the calculation. ▶ Business trips – air travel (in tCO₂e): total number of kilometres flown by employees categorised by distance (< 700 km, between 700 and 2,500 km and > 2,500 km) and class (economy, economy plus, business, first) multiplied by the carbon emission factor. ▶ Employee commuting – non-lease cars (in tCO₂e): total number of commuting kilometres registered in our mileage records driven by employees in non-lease cars multiplied by the carbon emission factor. ▶ Total scope 3 emissions: sum of the above scope 3 GHG emissions (in tCO₂e).
Rate of employee turnover by gender 	<p>The rates of employee turnover are based on the headcount and calculated by dividing the outflow during the financial year by the number of employees at year-end. Employees are classified by job grade and ranked as a partner/director, senior manager, manager, junior manager, senior professional or professional. Because of the temporary nature of their work, interns, casual workers, students on work placements, interim staff, agency workers and self-employed persons are not included.</p>
Rate of new employee hires by gender 	<p>Inflow rates are based on headcount and calculated by dividing the inflow during the financial year by the number of employees at year-end. Employees are classified by job grade and ranked as a partner/director, senior manager, manager, junior manager, senior professional or professional. Because of the temporary nature of their work, interns, casual workers, students on work placements, interim staff, agency workers and self-employed persons are not included.</p>
Engagement score (employee survey) 	<p>This is the average score for the answers to four questions in our annual employee survey. The questionnaire was sent to all employees in August 2023, and the response rate was approximately 60%. By completing the questionnaire, employees can share with us how they perceive conduct and culture at BDO. The survey is anonymous. The four questions relate to employee engagement, and the average score for those questions is the KPI. The results of the employee survey were shared with all employees in a webinar/Studio Horizon in October. They were also discussed with the MTs of all Lines of Service, Young BDO and the Works Council.</p> <p>Engagement concerns the extent to which employees are inspired and energised by their work and have a positive relationship with the organisation. Engaged employees find their work meaningful and rewarding, are proud of their job and feel at home in the organisation. They will go the extra mile just because they enjoy what they do and feel positive about the organisation.</p>

KPI	Definition/calculation method
Headcount - number and percentage - by gender 	The gender ratio is based on the headcount data at year-end. Employees are classified by job grade and ranked as a partner/director, senior manager, manager, junior manager, senior professional or professional. Because of the temporary nature of their work, interns, casual workers, students on work placements, interim staff, agency workers and self-employed persons are not included.
Promotions by gender 	The percentages are based on the headcount and are calculated by dividing the number of promotions during the financial year by the number of employees at year-end.
Number and percentage of appointments to equity partner, or promotions to salary partner or director, by gender 	The promotions are based on senior managers who were promoted to salary partner or director during the financial year, or salary partners who were appointed equity partner during the financial year, and who are employed at year-end. This KPI does not include employees who left the organisation during the reporting period. The percentages are based on the headcount and are calculated by dividing the number of promotions during the financial year by the number of employees at year-end.
Unadjusted and adjusted gender pay gap 	<p>The unadjusted pay gap is determined by dividing the salary and bonuses for a woman by the salary and bonuses for a man.</p> <p>The adjusted pay gap is determined by dividing the weighted average salary for a woman by the weighted average salary for a man. This weighted average is determined by grouping together the total salaries for men and women by business unit, job grade, age, years of service and average performance rating.</p> <p>The partner/director category was not included because the salary provisions in this category are highly dependent on the client portfolio and bonuses are determined in a different way from other categories of employees.</p>
Absenteeism rate	The rate is calculated by dividing the number of hours charged to a code for sick leave by the total number of hours recorded. These hours are then adjusted for partial reintegration and FTEs.
Absence frequency rate	The absence frequency rate is the average number of times an employee has reported sick in the past 12 months.
Leave entitlement not taken	This is the ratio of hours not taken to the total number of hours recorded.
Number of unique participants in Flagship and People-to-People projects	This is the number of unique participants in projects and sub-projects initiated by the BDO Impact Centre, not including P2P Projects.
Quality control reviews of Audit & Assurance engagements and Accountancy & Business Advisory engagements 	This is the number of engagements that were subject to a quality control review during the financial year (the review must have been completed before the end of the reporting period). This review supports the engagement team in delivering the expected quality. Such reviews do not culminate in an opinion on the engagement (satisfactory or unsatisfactory). Internal quality control reviews of engagements are carried out if this is a statutory requirement (e.g. PIEs) or if the engagement qualifies as high-risk.

KPI	Definition/calculation method
Internal quality monitoring reviews of Audit & Assurance engagements, internal quality monitoring reviews of Accountancy & Business Advisory engagements 	This is the number of files for which reviews were completed during the financial year, broken down by type of review and final score. Internal quality monitoring reviews are conducted at least once every three years for every partner, for senior managers who are in the partnership track and for partners who were lateral hires.
Internal quality monitoring reviews of Tax engagements 	This is the number of files for which reviews were completed during the financial year, broken down by type of review and final score.
Recorded independence violations 	This KPI is the number of independence violations recorded by QRM. The percentage is determined by dividing the number of violations by the total headcount.
Average number of L&D hours per professional by gender (internal and external courses) 	The number of hours is calculated by dividing the number of hours charged to an internal or external L&D code by the total number of employees (headcount) at year-end. Employees are classified by job grade and ranked as a senior manager, manager, junior manager, senior professional or professional. Because of the temporary nature of their work, interns, casual workers, students on work placements, interim staff, agency workers and self-employed persons are not included.
Cost of L&D 	The total costs incurred for external L&D are based on specific cost centres and general ledger accounts in the financial records.
Number of innovative products at end of reporting period	This is the number of unique products that had been launched under innovation programmes at the end of the financial year.
Client satisfaction score	The client satisfaction score is a proportional average score for all questions asked in the client satisfaction survey (conducted once every two years). This survey is performed by an external party.
Net Promoter Score (NPS)	The NPS is the percentage of promoters (clients who gave BDO a score of 9 or 10) minus the percentage of detractors (clients who rated BDO a 6 or lower). The NPS survey is performed by an external party every two years.
Number of news items	This relates to the number of instances of media coverage of BDO, broken down by the private sector and public sector segments as measured by an external party.
Number of participants in leadership programmes	This is the number of participants (headcount) in the leadership programmes (online or in person) offered by the BDO Academy. These programmes consist of courses and masterclasses, and the time commitment varies.
Leadership score (employee survey) 	<p>This is the average score for the answers to seven questions in our annual employee survey. The questionnaire was sent to all employees in August 2023, and the response rate was approximately 60%. By completing the questionnaire, employees can share with us how they perceive conduct and culture at BDO. The survey is anonymous. The seven questions relate to leadership, and the average score for those questions is the KPI. The results of the employee survey were shared with all employees in a webinar/ Studio Horizon in October. They were also discussed with the MTs of all Lines of Service, Young BDO and the Works Council.</p> <p>This score reflects the perception of leadership among all our people. A high score means that they perceive there is a great deal of trust, support, room for feedback and genuine interest. This KPI also includes the perception of team performance compared to individual performance; this is a key pillar of our shared leadership strategy.</p>

KPI	Definition/calculation method
Perceived culture score (employee survey) 	<p>This is the average score for the answers to 12 questions in our annual employee survey. The questionnaire was sent to all employees in August 2023, and the response rate was approximately 60%. By completing the questionnaire, employees can share with us how they perceive conduct and culture at BDO. The survey is anonymous. The 12 questions relate to culture, and the average score for those questions is the KPI. The results of the employee survey were shared with all employees in a webinar/Studio Horizon in October. They were also discussed with the MTs of all Lines of Service, Young BDO and the Works Council.</p> <p>Our culture programme – BDO Horizon – is aimed at keeping us moving forward towards our desired culture. Currently, our desired culture is an agile, people-centric and quality-oriented culture in which people feel secure and experience a sense of belonging, regardless of their differences, and enjoy their work at a learning, resilient and value-driven organisation. We want to offer an environment where change is seen as an opportunity to take the next step together, and where everyone leads by example and plays a part in creating our desired culture. We are not afraid to give and receive feedback. We never lose sight of the interests of people and society in the choices we make.</p> <p>To measure the perception of our culture, we ask our employees to participate in a Horizon survey. This survey includes a number of questions about the core values we consider to be our compass points. These questions are asked in every survey. For the purpose of integrated reporting, we have included an average score for these questions.</p>
Revenue, profit and operating profit margin	For a description of the accounting policies for the income statement, see the financial statements. The KPIs relating to financial performance can be derived directly from that information.

Forward-looking information




This report contains information that can be considered forward-looking. This information is not based on historical facts. Instead, it reflects the expectations of BDO's Governing Board. It is inherently uncertain and beyond our control (either fully or in part). BDO will not amend or update the forward-looking information after the date of publication of this report and has no responsibility to do so. Readers and other users of this report are advised to be on the alert for more up-to-date information on the topics covered by this report.









Appendix B - GRI Content Index

Statement of use	BDO has reported the information cited in this GRI Content Index for the period 1 January 2023 till 31 December 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Commercial services: not available yet

GRI 2: General disclosures 2021				
GRI Standard #		Reference	Note	Page
2-1	Organisational details			
	Name of organisation	Governance - Corporate structure		7
	Nature of ownership and legal form	Governance		7
	Location of organisation's headquarters	Description of the business environment		6
	Countries of operation	Description of the business environment		6
2-2	Entities included in the organisation's sustainability reporting	About this report		91
	Reporting period, frequency and contact point	About this report		91
	Reporting period and cycle of sustainability and financial reporting		Annually	
	Contact point for questions about the report or reported information			Back of report
2-4	Consequences of a possible restatement of information provided in a previous report and the reasons for this restatement	Top-quality services		30
2-5	External assurance	About this report		91
2-6	Activities, value chain and other business relationships	Description of the business environment		6
2-7	Employees	Information on employees and other workers (GRI 102-8)		106
2-8	Workers who are not employees	Information on employees and other workers (GRI 102-8)		106
2-9	Governance structure and composition	Governance		7
2-10	Nomination and selection of the highest governance body	Governance		7
2-11	Chair of the highest governing body	Governance		7
2-12	Role of the highest governance body in overseeing the management of impacts	Governance		7

GRI 2: General disclosures 2021				
GRI Standard #		Reference	Note	Page
2-13	Delegation of responsibility for managing impacts	Governance		7
2-14	Role of the highest governance body in sustainability reporting	Governance		7
2-15	Conflicts of interest	Governance		7
2-16	Communication of critical concerns	Report of the Supervisory Board		43
2-17	Collective knowledge of the highest governing body	Report of the Supervisory Board		43
2-18	Evaluation of the performance of the highest governance body	Report of the Supervisory Board		43
2-19	Remuneration policies	Report of the Supervisory Board		43
2-20	Process to determine remuneration	Report of the Supervisory Board		43
2-21	Annual total compensation ratio		Not applicable. This indicator is not published because the partnership structure of our organisation would make any comparison of salaries misleading.	
2-22	Statement on sustainable development strategy	Strategy and control		10
2-23	Policy commitments	Governance, Report of the Supervisory Board		7, 43
2-24	Embedding policy commitments	Principal risks and mitigating measures, Governance, Report of the Supervisory Board		12, 7, 43
2-25	Processes to remediate negative impacts	Principal risks and mitigating measures, Governance, Report of the Supervisory Board		12, 7, 43
2-26	Mechanisms for seeking advice and raising concerns	Principal risks and mitigating measures, Governance, Report of the Supervisory Board		12, 7, 43
2-27	Compliance with laws and regulations	Principal risks and mitigating measures		12
2-28	Membership associations	Description of the business environment		6
2-29	Approach to stakeholder engagement	About this report		91
2-30	Collective bargaining agreements		Not applicable	

GRI 3: Material topics 2021				
Disclosure		Reference	Note	Page
3-1	Process to determine material topics	About this report		91
3-2	List of material topics	About this report		91
Sustainable business practices				
3-3	Management of material topics	About this report, Environmental		91, 19
Proprietary indicator	CO ₂ e emissions	Environmental		19
Employee retention and recruitment				
3-3	Management of material topics	About this report, Social		91, 21
401-1.b: Total number and rate of employee turnover during the reporting period, by age group, gender and region	Rate of employee turnover by gender 	Social	This is not shown in the table as BDO does not focus on regions. By way of derogation from GRI 401-1, interns, on-call workers and working students are not included in these figures owing to their temporary employment contracts. Interim staff, agency workers and self-employed persons are also not included in these figures.	21
401-1.a: Total number and rate of new employee hires during the reporting period, by age group, gender and region	Rate of new employee hires by gender 	Social	This is not shown in the table as BDO does not focus on regions. By way of derogation from GRI 401-1, interns, on-call workers and working students are not included in these figures owing to their temporary employment contracts. Interim staff, agency workers and self-employed persons are also not included in these figures.	21
Proprietary indicator	Engagement score (employee survey) 	Social		22

GRI 3: Material topics 2021				
Disclosure		Reference	Note	Page
Diversity & Inclusion				
3-3	Management of material topics	About this report, Social		91, 21
405-1: Diversity of governance bodies and employees	Headcount – number and percentage – by gender 	Social	This is not shown in the table as BDO does not focus on employee categories.	23
405-2: Ratio of basic salary and remuneration of women to men	Unadjusted gender pay gap 	Social	This is not shown in the table as BDO does not focus on employee categories.	25
Proprietary indicator	Promotions by gender 	Social		25
Proprietary indicator	Number and percentage of appointments to equity partner, or promotions to salary partner or director, by gender 	Social		25
Proprietary indicator	Adjusted gender pay gap 	Social		25
Vitality				
3-3	Management of material topics	About this report, Social		91, 21
Proprietary indicator	Absenteeism rate	Social		26
Proprietary indicator	Absence frequency rate	Social		26
Proprietary indicator	Leave entitlement not taken	Social		27
Proprietary indicator	Number of unique participants in Flagship and People-to-People projects	Social		28
Client first				
3-3	Management of material topics	About this report, Governance		91, 30
Top-quality services				
3-3	Management of material topics	About this report, Governance		91, 30
Proprietary indicator	Quality control reviews of engagements 	Governance		31
Proprietary indicator	Internal quality monitoring review of engagements (results) 	Governance		32, 33
Proprietary indicator	Recorded independence violations 	Governance		34

GRI 3: Material topics 2021				
Disclosure		Reference	Note	Page
Learning organisation				
3-3	Management of material topics	About this report, Governance		91, 30
404-1: Average hours of training per year per employee	Average number of L&D hours per professional by gender (internal and external courses) 🔗	Governance		37
Proprietary indicator	Cost of L&D 🔗	Governance		37
Technological innovation				
3-3	Management of material topics	About this report, Governance		91, 30
Proprietary indicator	Number of innovative products at end of reporting period	Governance		38
Leader in our markets				
3-3	Management of material topics	About this report, Governance		91, 30
Proprietary indicator	Client satisfaction score	Governance		39
Proprietary indicator	Net Promoter Score	Governance		39
Proprietary indicator	Number of news items	Governance		40
Shared leadership				
3-3	Management of material topics	About this report, Governance		91, 30
Proprietary indicator	Number of participants in leadership programmes	Governance		41
Proprietary indicator	Leadership score (employee survey) 🔗	Governance		41
Proprietary indicator	Perceived (desired) culture score (employee survey) 🔗	Governance		41
Financial performance				
3-3	Management of material topics	About this report, Governance		91, 30
Proprietary indicator	Revenue	Governance		52
Proprietary indicator	Profit	Governance		52
Proprietary indicator	Operating profit margin	Governance		52

Appendix C - Information on employees and other workers (GRI 102-8)

1. Number of employees by contract type (permanent, temporary, casual, interns and students on work placements, contingent workers): by gender

	2023			2022		
	Male	Female	Total	Male	Female	Total
Permanent	1,367	1,203	2,570	1,337	1,121	2,458
Temporary	53	72	125	76	103	179
Casual workers	20	14	34	10	17	27
Interns and students on work placements	161	85	246	87	70	157
Contingent workers	62	25	87	64	20	84
	1,663	1,399	3,062	1,574	1,331	2,905

2. Number of employees by contract type: region

	2023					2022				
	North West	North East	South West	South	Total	North West	North East	South West	South	Total
Permanent	819	431	460	860	2,570	766	443	429	820	2,458
Temporary	58	14	24	29	125	88	21	30	40	179
Casual workers	7	2	10	15	34	8	2	10	7	27
Interns and students on work placements	60	54	46	86	246	32	31	39	55	157
Contingent workers	14	9	3	61	87	15	7	7	55	84
	958	510	543	1,051	3,062	909	504	515	977	2,905

3. Number of employees by employment type (full-time and part-time), by gender

	2023			2022		
	Male	Female	Total	Male	Female	Total
Full-time	1,148	612	1,760	1,179	591	1,770
Part-time	272	663	935	234	633	867
	1,420	1,275	2,695	1,413	1,224	2,637

Appendix D - List of abbreviations and acronyms

A&A	Audit & Assurance
A&B	Accountancy & Business Advisory
ADR	Dutch Central Government Audit Service
AFM	Dutch Authority for the Financial Markets
AFR	Absence frequency rate
AI	Artificial intelligence
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
CFO	Chief Financial Officer
CO ₂	Carbon dioxide
CO ₂ e	Carbon dioxide equivalent
COO	Chief Operating Officer
CQO	Chief Quality Officer
CSRD	Corporate Sustainability Reporting Directive
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EQCR	Engagement Quality Control Review
EQR	Engagement Quality Review
ESG	Environmental, Social & Governance
ESRS	European Sustainability Reporting Standards
FAR	Foundation for Auditing Research
FIU	Financial Intelligence Unit
FSO	Financial Supervision Office
FTE	Full-time equivalent
GHG	Greenhouse Gas
GJ	Gigajoule
GRI	Global Reporting Initiative
HI&RA	Hazard Identification & Risk Assessment
HR	Human Resources
IESBA	International Ethics Standards Board for Accountants
ISQM	International Standard on Quality Management
KPI	Key Performance Indicator
kWh	Kilowatt hour
L&D	Learning and development

LoS	Line of Service
M&A	Mergers & Acquisitions
ML	Machine learning
MT	Management Team
NBA	Netherlands Institute of Chartered Accountants
NPS	Net Promoter Score
P2P	People-to-People
PCAOB	Public Company Accounting Oversight Board
PE	Private equity
PIE	Public Interest Entity
PSA	Professional Services Automation
QRM	Quality & Risk Management
RaaS	Robotics as a Service
RLCC	Regional Learning Compliance Center
RPA	Robotic Process Automation
SaaS	Software as a Service
SBTi	Science Based Targets initiative
SDG	Sustainable Development Goal
SEC	Securities and Exchange Commission
SME	Small to medium-sized enterprise
T&L	Tax & Legal
TBQR	Theme-based quality review
TDP	Talent Development & Performance
TTW	Tank-to-Wheel emissions
UAF	University Asylum Fund
VAO	Dutch Accounting Bodies Regulation
VGBA	Dutch Code of Conduct and Professional Practice for Accountants Regulation
ViO	Dutch Regulation regarding the Independence of Accountants in Assurance Engagements
Wta	Dutch Audit Firms (Supervision) Act
WTT	Wheel-to-Tank emissions
WTW	Well-to-Wheel emissions
Wwft	Dutch Money Laundering and Terrorist Financing (Prevention) Act

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