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

Transparency Report 2025

BDO South Africa

The Malachite Sunbird sitting on the endemic fynbos pincushion protea flower in the Western Cape, South Africa

Contents

View of golden fynbos blooms in the foreground, against a backdrop of dense fog blanketing the city and the majestic mountain range, Western Cape, South Africa

1 Message from the Chief Executive Officer

At BDO South Africa, audit quality is fundamental to how we serve the public interest and maintain the trust placed in our profession.

The credibility of financial reporting relies on independent, high-quality audits. Our system of quality management is designed to support that responsibility by ensuring that the work we perform meets the standards expected by regulators, audit committees and the broader public.

Quality is embedded throughout our firm. It is reflected in the way our people lead engagements, apply professional judgement and collaborate across teams. Our governance structures, ethical framework, training programmes, monitoring and remediation activities are all designed to support the consistent delivery of high-quality work.

Leadership remains closely involved in overseeing quality management across the firm. Through the executive committee and supporting governance structures, we monitor risks, review performance and ensure that appropriate resources are allocated to strengthen our system of quality management.

We are proud of the professionalism and commitment demonstrated by our people across the firm.

B. Mokoena

Bonga Mokoena
Chief Executive Officer
BDO South Africa

C – **COLLABORATE** to win

R – Do the **RIGHT** thing always

E – Be **EXCEPTIONAL**

A – **ADD** value

T – Stronger **TOGETHER**

E – **ELEVATE** to make an impact

"Our core values, encapsulated in CREATE, detail the ethical, professional, and other standards that guide our team's daily conduct and expectations."

2 Outcome of the SoQM evaluation

Conducted in accordance with ISQM 1, the evaluation concluded that the SoQM (System of Quality Management) provides the firm with reasonable assurance that the objectives of the SoQM are being achieved as of 15 December 2025. Concurrence from BDO Global was received on 6 February 2026.

The 2025 internal and external outcome letters reflects a meaningful improvement on the prior cycle. However, certain deficiencies remain that require timely and effective remediation to mitigate the risk of these matters becoming severe and pervasive in future inspection cycles. The key deficiencies identified relate to: resource management, where inadequate allocation of resources contributed to negative inspection outcomes; assessment and oversight of service providers, particularly regarding the evaluation of intellectual and technological resources used by auditors' experts; remediation of prior year SoQM findings, where responses to 2024 initiatives were designed and implemented but not yet operating effectively during the 2025 period; and monitoring and remediation, where delays occurred in the timing and execution of related activities.

Improvement actions are underway across each of these areas: an enhanced resourcing scheduling and allocation process; development of audit-specific solutions to integrate timesheet and planning platforms and monitor engagement performance in real time; implementation of monitoring the quality landmark process; a new system to capture and assess the firm's service providers; and an enhanced focus on the monitoring plan to ensure timely completion.

African sea eagle, Isimangaliso Greater St. Lucia Wetland Park, Kwazulu-Natal, South Africa

3 Purpose, scope and basis of preparation

This report sets out how BDO South Africa manages audit quality, governance and risk. It is published because transparency matters, not only as a regulatory requirement, but as a demonstration of the firm's commitment to accountability and to the public interest.

The report has been prepared in accordance with the South African Auditing Practice Statement (SAAPS) 7, Transparency Reports of Firms that Audit Financial Statements of Publicly Traded Entities, as issued by the Independent Regulatory Board for Auditors (IRBA).

It covers BDO South Africa's audit and other assurance activities for the period 1 April 2024 to 31 December 2025.

The report was reviewed by all relevant process owners and by EXCO, with final approval by Bonga Mokoena, Chief Executive Officer. Christel Pretorius, Head of Quality Management, is the quality leader responsible for overseeing its preparation. No significant events occurred after the SoQM evaluation date of 15 December 2025 that would affect the conclusion reached.

The content reflects factual information about BDO South Africa's system of quality management and is not intended to serve as a marketing or promotional document. The firm's leadership is satisfied that the information presented is accurate, balanced and not misleading.

4 Our system of quality management

BDO South Africa's system of quality management is aligned with the International Standard on Quality Management (ISQM 1). It provides the framework through which the firm establishes quality objectives, identifies and assesses quality risks, and designs and implements responses to address those risks.

The system operates across eight interconnected components: governance and leadership; relevant ethical requirements; acceptance and continuance of client relationships and engagements; engagement performance; resources; information and communication; monitoring and remediation; and the risk assessment process.

Together, these components form an integrated system of governance, policies, people and processes that operate in concert to achieve the firm's quality objectives. Quality management at BDO South Africa is not an isolated compliance function; it is the thread that runs through everything the firm does.

Five key pillars give the system its shape and strength. The sections that follow describe the firm's approach to each in turn, building a complete picture of how quality is managed across every dimension of the firm's work:

1 Governance and leadership

Leadership sets the tone. The executive committee (EXCO) provides strategic oversight and ensures that governance structures, policies and resources support the delivery of high-quality engagements. Supporting committees covering governance, risk management, independence, audit and assurance quality, and remuneration provide additional monitoring and accountability across the firm.

2 Ethical framework and independence

Ethical behaviour and independence are foundational to the firm's ability to perform high-quality audits. Policies and procedures are in place to ensure that all partners and staff comply with professional standards and independence requirements, supporting the firm's commitment to integrity, objectivity and professional scepticism in every engagement.

3 People and capabilities

The firm's people are its most important quality asset. Recruitment, training, promotion and performance management processes are designed to develop technical capability and leadership at every level of the firm. Promotion is based on merit, taking into account professional qualifications, technical expertise and leadership ability, supported by training and mentoring programmes that enable continuous development.

4 Engagement performance

Every engagement is supported by a team structured to bring the right mix of skills and experience to the work. Engagement partners are responsible for directing, supervising and reviewing the work of their teams, and consultation with technical specialists is actively encouraged wherever complex accounting or auditing matters arise.

5 Monitoring and continuous improvement

The system of quality management is only as strong as the firm's willingness to scrutinise it honestly. Monitoring and remediation activities provide an ongoing, objective assessment of the system's effectiveness and identify opportunities for improvement. Inspection findings, root cause analysis and remediation actions all contribute to strengthening the firm's processes over time.

The SoQM is reviewed at least annually. Quality objectives are established in accordance with ISQM 1 and BDO Global policies and are re-evaluated each year. Quality risks and responses are also reviewed at least annually, with interim updates triggered by changes in standards, risks or the operating environment. Monitoring mechanisms are described in section 13 of this report.

5 How we identify and assess quality risks

Identifying and assessing quality risks is a structured, evidence-based process. The firm considers how conditions, events, circumstances, actions or inactions may adversely affect the achievement of its quality objectives, drawing on a wide range of internal and external information sources.

These sources include internal monitoring results, BDO Global requirements, external inspection outcomes from the IRBA and BDO Global, audit quality indicators, complaints, JSE proactive monitoring reports and changes in resources or regulations.

Quality risks are graded using professional judgement, considering inherent likelihood and inherent impact, and assigned an overall rating of low (1–5), medium (6–14) or high (15–25). The risk register is maintained using the BDO Global SoQM tool, updated at least annually and reviewed by EXCO, including the Chief Executive Officer.

Top risk themes identified during the reporting period

- **People-related risks are among the most significant the firm faces**
  Pressures relating to workload, retention and succession planning can affect operational effectiveness and the consistent delivery of services. Ensuring the availability, development and retention of appropriately skilled professionals remains a central focus.

- **Quality risk: engagement and firm level**
  Quality risk operates at two levels: the individual engagement and the firm as a whole. At both levels, risk can arise from inconsistent application of methodologies, professional judgement or quality management processes. Maintaining consistently high standards of quality is essential to meeting regulatory, professional and stakeholder expectations and to sustaining the firm's long-term credibility.

- **Brand and reputation management risk**
  The firm's reputation is one of its most valuable assets, and one that can be affected by service delivery outcomes, regulatory interactions and broader internal and external events. Inconsistent experiences or perceptions may affect stakeholder confidence. The firm also recognises that third parties it engages must operate in a manner consistent with its own values and standards.

- **IT and security-related risks**
  Technology risks span data integrity, information security and the responsible use of digital tools. Inadequate controls or insufficient awareness can expose the firm to operational disruption, regulatory concern or reputational harm. The firm actively monitors risks associated with cybersecurity threats and the responsible use of emerging technologies, including artificial intelligence.

- **Transformation risk**
  Achieving the firm's transformation objectives in an environment of evolving regulatory and stakeholder expectations carries its own risks. Progress in this area is important not only for compliance, but for the firm's long-term sustainability and relevance in the South African market.

Drakensberg National Park, KwaZulu Natal, South Africa

6 Governance and leadership

BDO South Africa operates through a group of related legal entities, each playing a defined role in the firm's overall service offering. These entities are: BDO South Africa Inc., BDO South Africa Advisory Services (Pty) Ltd, BDO Risk Advisory Services (Pty) Ltd, BDO Tax Services (Pty) Ltd, BDO Business Services (Pty) Ltd, BDO South Africa Services (Pty) Ltd, BDO Corporate Finance (Pty) Ltd, Statucor (Pty) Ltd, SA Company Formations (Pty) Ltd and BDO Wealth Advisors (Pty) Ltd.

Strategic leadership rests with the executive committee, supported by committees covering governance, audit quality, independence, transformation, social and ethics, and remuneration.

The following individuals hold dedicated leadership responsibility for quality management across the firm:

- Chief Quality and Risk Officer – Keith Bowman
- Head of Quality Management – Christel Pretorius
- Ethics and Independence Leader – Denise Nel
- Head of Monitoring and Remediation – Japie Schoeman
- National Head of Audit and Assurance – Collins Mashishi

Governance is further supported by the following named committees:

- Executive Committee (EXCO)
- National Risk Committee (NRC)
- Accountability Committee
- National Inspections Outcome Committee (NIOC)
- Independence and Client Acceptance and Reacceptance Committee (ICARC)
- Remuneration and Nomination Committee (REMCO)
- Pricing and Profitability Committee
- Transformation Committee
- National Training Committee
- EXCO Tech Committee

Quality leadership

Governance and leadership sit at the core of the firm's system of quality management, providing the organisational structure, clearly defined roles, responsibilities and authorities needed to ensure the SoQM is effectively designed, implemented and operated. The Chief Executive Officer holds ultimate accountability for the SoQM, supported by the Chief Quality and Risk Officer, Head of Quality Management, Ethics and Independence Leader, and Head of Monitoring and Remediation. These quality management leaders work in close collaboration with process owners across the firm, each of whom carries responsibility for specific responses within the SoQM.

Quality is not a compliance obligation that sits alongside the firm's strategy; it is embedded within it. Upholding public trust, meeting regulatory expectations and delivering professional excellence are not separate goals; they are the foundation on which the firm's reputation and long-term success are built.

Culture of quality

A strong culture of quality does not emerge from policy alone; it is built through daily habits, behaviours and the firm's willingness to listen and improve. BDO South Africa conducts an annual firm-wide Quality Survey to assess performance and identify strengths and areas for development. The results inform targeted improvements to the experience of the firm's people and the effectiveness of its processes, reflecting the firm's commitment to continuous improvement at every level.

Licensing and regulatory accreditations

BDO South Africa is accredited by the Independent Regulatory Board for Auditors. The firm also holds registrations with the Canadian Public Accountability Board (CPAB), the Jersey Financial Services Commission, the Public Company Accounting Oversight Board (PCAOB) and the South African Council for Medical Schemes.

Bokmakierie, Addo Elephant National Park, Gqeberha, South Africa

6 Governance and leadership

Organisation structure

The firm’s corporate and operational structure as at the date of the Transparency Report 2025 is set out below:

- **CEO**: Bonga Mokoena
  - **CFO**: Daniel Botha
  - **Chief Markets Officer**: Lance September
  - **Chief Risk & Quality Officer**: Keith Bowman
  - **Chief People Officer**: Jenny Gonsalves
  - **Chief Brand Officer**: Lynn Stevens
  - **Chief Information & Digital Officer**: Khaya Mbanga
  - **Durban Managing Partner**: Sumesh Somaroo
  - **Cape Town Managing Partner**: Imtiaaz Hashim
  - **Gqeberha Managing Partner**: Siyabonga Mthembu
  - **Pretoria Managing Partner**: Mandisi Mantyi
  - **Jhb Managing Partner**: Paul Badrick

- **CEO**: Bonga Mokoena
  - **National Head of Audit and Assurance**: Collins Mashishi
  - **National Head of Advisory**: Thuto Masasa
  - **COO: Tax Services**: Lindy Steyn
  - **National Head of Business Services & Outsourcing**: Bert Lopes
  - **National Head of Financial Services**: Lance September

Dark Capped Bulbul, Addo Elephant National Park, Gqeberha, South Africa

6 Governance and leadership

The National Risk Committee (NRC) plays a central role in the firm's governance. It is responsible for ensuring that BDO adheres to sound corporate governance principles, including enterprise-wide risk management. The NRC oversees regulatory compliance, protects the assets and reputation of the firm through risk and quality management processes, addresses succession planning for key risk roles and consults with BDO International on relevant risk matters.

2025 members	Regional office risk partners	Other members
▶ National Head of Risk Management: **Keith Bowman** (Chair) ▶ National Head of Quality Management: **Christel Pretorius**	▶ Cape Town: **Keith Bowman** ▶ Durban: **Catherine Tillard** ▶ Gqeberha: **Craig Kilian** ▶ Johannesburg: **Garron Chaitowitz** ▶ Pretoria: **Tinus Jansen van Vuuren**	▶ Johannesburg: **Japie Schoeman**

Appointment of quality leadership

BDO Global's Accreditation Criteria for Audit Quality require each member firm to appoint a Head of Quality Management (HQM). The HQM is a senior partner who carries operational responsibility for the firm's system of quality management, providing reasonable assurance that professional standards and applicable legal and regulatory requirements are met and that engagement reports issued are appropriate to the circumstances. The HQM is nominated by the firm's CEO, who holds ultimate responsibility and accountability for the SoQM. The BDO Global Head of Assurance and Head of Assurance Quality consider the nomination and provide feedback and/or approval to the firm's CEO.

Cape Sugarbird perched in fynbos habitat, Western Cape, South Africa

7 BDO network membership

BDO South Africa is part of something larger than itself. As a member of the BDO global network of independent public accounting, tax and advisory firms, operating across more than 169 countries and territories, the firm benefits from access to shared methodologies, technical resources and professional guidance that would be impossible to develop in isolation.

Global network structure

BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. Each member firm is a separate legal entity, responsible for the professional services it provides in its own jurisdiction. BDO is the brand name for the network and for each of its member firms.

The BDO network is governed through three management structures: the Council, the Global Board and the Global Leadership Team of BDO International Limited. The Council comprises one representative from each voting member and represents member firms at the annual general meeting. The Global Board comprises one representative from each of the seven largest member firms, appointed for three-year terms approved by the Council. It sets priorities for the network and oversees the work of the Global Leadership Team. The Global Board convenes at least four times a year. The Global Leadership Team coordinates network-wide activities and is led by the Global Chief Executive Officer.

BDO South Africa plays an active role in BDO International governance structures, including the BDO International EMEA Board, the International Business Development and Marketing Committee and global industry sector groups covering Financial Services, Natural Resources and Cyber.

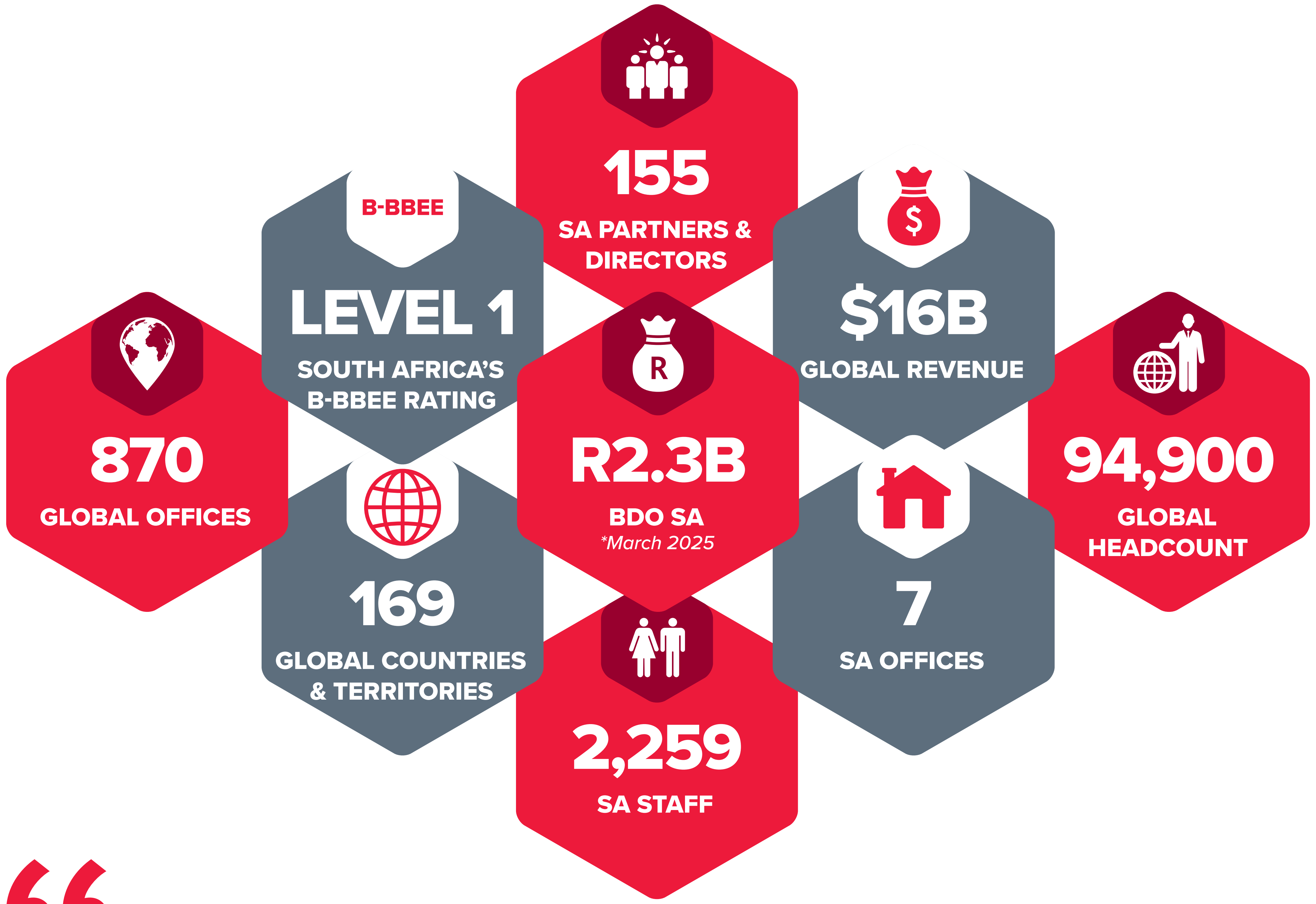
This participation reflects the firm's commitment to the highest standards of corporate governance and to contributing meaningfully to quality and professional standards at a global level.

Global quality oversight

Global oversight of quality is not passive. BDO International's Global Office conducts firm-level and engagement-level inspections that provide an independent perspective on the effectiveness of each member firm's system of quality management. These inspections identify common trends, emerging risks and areas for improvement across the network, and their insights contribute to the continuous enhancement of quality standards worldwide.

To drive consistency, BDO Global has established a dedicated Head of Global Audit Quality, responsible for maintaining a culture of quality across the organisation and ensuring that quality remains a strategic priority for every member firm. In 2024, BDO Global also established a Global Audit Quality Committee to promote quality across the network and develop global initiatives to strengthen audit and assurance practices.

Consistency is also supported through a common global audit methodology, the BDO Audit Manual, which all member firms are required to apply. Shared tools, standardised documentation and technical guidance issued by BDO Global are assessed for local applicability and implemented across member firms. BDO's global vision, "Global solutions. Driven to be the best.", reflects a shared commitment to consistent, high-quality service delivery across all offices, countries and territories.



> *"This participation reflects the firm's commitment to the highest standards of corporate governance and to contributing meaningfully to quality and professional standards at a global level."*

8 Ethical requirements and independence

Ethics and independence are the bedrock of the audit profession. The continued success of BDO depends on its reputation as a provider of high-quality professional services, and a reputation that can only be maintained if partners and staff conduct themselves in accordance with the fundamental principles of professional ethics in everything they do. Independence is the cornerstone of the profession and the basis on which the reliability of audit, review and other assurance reports rests. The accountancy profession accepts the responsibility to act in the public interest, and BDO takes that responsibility seriously.

Codes and standards applied

The firm's ethical and independence obligations are governed by the IRBA Code of Professional Conduct for Registered Auditors; the Companies Act of South Africa, Act 71 of 2008, Sections 90(2) and 92; the Code of Professional Conduct of the South African Institute of Chartered Accountants (SAICA), including Independence Standards; BDO Global Ethics and Independence policies; and, where applicable, the rules of the Securities and Exchange Commission (SEC) and the Public Company Accounting Oversight Board (PCAOB). These obligations are documented in the BDO South Africa Relevant Ethical Requirements (Including Independence) policies manual.

Ethics training

Ethics training begins from day one. New joiners receive ethics training as part of their induction, and an annual training programme is presented by The Ethics Institute. During 2024, sessions focused on ethics awareness and decision-making in an uncertain world, covering shared ethical values, the public interest role of the profession and practical ethical decision-making frameworks. Participants explored the core principles of the IRBA/SAICA Code of Professional Responsibility, common ethical challenges and dilemmas, and the behavioural factors that influence ethical conduct, including the role of ethical leadership and organisational culture in promoting integrity, accountability and responsible professional behaviour.

Independence

Managing independence risk across a global network requires robust systems. The BDO Global Entity Management System contains all Public Interest Entity (PIE) restricted entities across the network. All services to clients with an international link are uploaded onto the Global Member Firm Square system for clearance by all countries in which the group has a presence, with potential independence threats identified accordingly.

Annual independence declaration process

Every employee is required to confirm compliance with BDO's ethics and independence policies and procedures on joining the firm and annually thereafter. This confirmation evidences the individual's understanding of the firm's policies relating to ethics, independence and conflicts of interest. The National Compliance team reviews responses to the annual ethics and independence declaration process, as well as new joiner confirmations, to identify, assess and resolve possible conflicts of interest or independence issues. Independence declarations are also received from all audit engagement team members involved in the performance of each audit engagement.

Monitoring and reporting of independence breaches

When a potential breach of fundamental principles or relevant ethical requirements arises, including independence of SEC/PCAOB independence rules, there is a clear requirement to act without delay. The individual concerned must communicate promptly with the relevant engagement partner and log a ticket on the National Risk and Compliance Helpdesk, thereby notifying the Ethics and Independence Leader.

All potential breaches are reported to and discussed at the Independence and Client Acceptance and Reacceptance Committee (ICARC), which concludes whether a breach has occurred, evaluates its significance and impact on the firm's objectivity, determines the necessary actions and decides whether reporting to relevant parties is required in accordance with the IRBA Code (paragraphs R400.80–89). Where a breach is confirmed, it is reported to those charged with governance of the relevant assurance client. Root causes are then identified to determine whether any changes are required to the firm's policies and procedures.

8 Ethical requirements and independence

Engagement Partner and Engagement Quality Reviewer (EQR) rotation

Partner and EQR rotation is governed by the applicable rules for each client. These may include Section 92 of the Companies Act, No. 71 of 2008, Sections 540 and 940 of the IRBA Code of Professional Conduct, ISQM 2, and relevant SEC and PCAOB rules. Applicable rotation and cooling-off periods are set out in the table alongside.

Non-audit services

Providing non-assurance services to audit clients requires careful management of independence. All non-assurance services provided to BDO South Africa Public Interest Entity audit clients are approved by ICARC prior to obtaining concurrence from those charged with governance. The consideration includes documentation of any potential independence threats and a conclusion that no threats exist, or that any threats are at an acceptable level. This process is rigorously applied to prevent auditors from functioning as management, auditing their own work or serving in an advocacy role. All non-assurance services to international clients are submitted on the Global Member Firm Square system, with approval obtained in line with local regulations.

Fee dependency

Fee dependency is monitored to protect auditor independence. The firm does not have any audit client where the total fees from that client represent more than 15% of the total fees received by the firm.

Partner category	Years of service	"Cooling-off" period
Engagement partner		
SEC issuer/ parent	5 years	5 years
PIEs subject to the Companies Act	5 years of service	5 years
Non-PIE clients subject to the Companies Act	5 years of service	2 years
PIEs not subject to the Companies Act	7 years of service	5 years
Engagement quality reviewer		
SEC	5 years	5 years
PIEs	7 years of service	3 years
Non-PIE	7 years of service	2 years
Key audit partner		
PIEs	7 years of service	2 years

Additional specific rotation requirements exist for other roles relevant to SEC audit clients.

Pincushion Protea (Flame Giant) in bloom

Whistleblowing

Speaking up is an important part of maintaining an ethical culture. BDO maintains a formal whistleblowing mechanism facilitated through the BDO Tip-off Application, a whistleblowing hotline that allows individuals to raise concerns anonymously. All whistleblowing reports are centrally managed by National Risk Management, which is responsible for overseeing the assessment, investigation and resolution of matters raised. During the reporting period, a limited number of allegations of misconduct were reported through this process and were appropriately investigated. Where required, allegations and investigation outcomes were escalated to relevant governance structures to ensure appropriate oversight and remedial action.

Gifts and hospitality

The firm's approach to gifts and hospitality is clear. Partners, directors and staff may not accept gifts and hospitality from an assurance client unless the value is trivial and inconsequential, and are prohibited from offering or accepting, or encouraging others to offer or accept, any inducement that a reasonable and informed third party would be likely to conclude was made with the intent to improperly influence behaviour.

Disciplinary processes

Ethical breaches are addressed through the firm's Accountability and Financial Consequence Management Policy, which applies to assurance partners. Any identified potential breaches are investigated, and if found to constitute an actual independence breach, the matter is referred to the Accountability Committee, which assesses the circumstances and determines the appropriate consequence to be applied.

9 Acceptance and continuance of client relationships and engagements

BDO's continued success depends on its reputation for delivering high-quality professional services to top-tier clients. Understanding and mitigating client and engagement risks is therefore fundamental to the firm's quality objectives. Formal processes are in place for client acceptance and re-acceptance to address risks before the commencement of services.

Client and engagement acceptance and re-acceptance

At the client level, the firm performs checks to identify reputational and association risks. At the engagement level, the firm assesses risks related to independence, conflicts of interest, required accreditations, and the adequacy of resources, skills, and experience to ensure quality. Annual re-acceptance is required for all public interest entities and high-risk clients or engagements.

An enhanced client and engagement acceptance and re-acceptance system went live across the firm in early 2025. This tool facilitates the acceptance and re-acceptance process, incorporating reputational checks, local and international conflict of interest checks, and risk assessment questionnaires.

Where risk indicators trigger a high-risk classification, the client or engagement requires approval by the relevant office risk management partner, who may escalate matters to the Independence and Client Acceptance and Re-acceptance Committee (ICARC). ICARC assesses the risks and possible mitigations and advises the engaging partner or director on whether to continue, or to terminate or decline the client relationship and or specific engagement.

Conflicts of interest and independence

Conflicts of interest or threats to independence may prevent the firm from accepting a client or engagement. It is the responsibility of partners, with guidance from the Compliance team, to identify possible conflicts and ensure that any such conflicts can be properly managed before an engagement is accepted. Any potential services to clients with an international link are logged on the BDO Global conflict checking system to identify potential threats to independence or conflicts arising from services provided by other firms in the BDO network.

Any new public interest entity audit client is tabled at ICARC for approval prior to acceptance, in addition to the normal onboarding process. This includes assessing any identified risks or threats to independence arising from non-audit services or other identified relationships. Any potential non-audit services to BDO South Africa public interest entities are similarly tabled at ICARC for consideration and approval.

Global mandatory consultation

A global mandatory consultation process requires consultation with BDO Global for the acceptance and re-acceptance of assurance engagements that present increased risk factors. Consultation is required where any of the following apply:

- The annual assurance fee exceeds 10% of BDO South Africa's total annual revenue.
- The total annual assurance fee from the client relationship exceeds USD $1 million.
- The assurance service is to be provided by 10 or more other BDO member firms.
- The assurance engagement relates to a digital asset business or digital asset service provider.

Sunbird posing on a perch through Table Mountain fynbos,Cape Town, South Africa

10 Engagement performance

BDO's formation of engagement teams (including specialists)

BDO's engagement acceptance and reacceptance process considers whether the engagement team is appropriately staffed and resourced. Partners and staff are allocated to engagement teams based on the nature and complexity of the engagement, which might require specific industry knowledge and or technical experience. In order to provide partners and staff with sufficient time to fulfil their responsibilities during an audit engagement, individual budgets are established for each assignment. Staff are allocated to engagements according to the estimated time required to deliver a quality outcome, rather than solely in consideration of the fee. Specialists or experts are allocated to engagements when the audit involves specific industry expertise, complex financial instruments, IT systems, or regulatory requirements beyond the core team's expertise.

Direction, supervision and review

The quality of an audit is shaped, in large part, by the quality of the direction, supervision and review applied throughout the engagement. The nature, timing and extent of this involvement by engagement partners, and by other reviewers, is critical to ensuring consistently high-quality outcomes.

BDO's audit software is designed to support this process at every stage. It contains requirements, guidance and checkpoints aligned to ISA 220, facilitating engagement partner involvement, prompting the completion of partner checklists and enabling evidence of signoffs and required approvals.

The software also supports monitoring of engagement partner involvement by the firm's Monitoring and Remediation department and other monitoring initiatives.

For audits of listed entities, the firm operates a Quality Landmark Programme. This programme ensures that engagement activities are performed at the right times by requiring specific milestones covering areas such as audit scoping, planning, risk assessment and interim procedures, each with defined completion dates. Compliance with predetermined timelines is monitored, driving effective direction, supervision and review throughout the audit cycle.

Resource planning begins before the engagement itself. The firm's acceptance and reacceptance process proactively considers the appropriate staffing and resourcing of each engagement, and 360-degree questionnaires completed by engagement teams provide an additional lens through which the level of supervision and direction provided by partners and reviewers is assessed.

Professional judgement and scepticism

Professional judgement and scepticism are not instinctive; they must be cultivated deliberately and applied consistently. The firm promotes a structured, logical approach to assessing situations and reaching conclusions that are sound, objective and free from cognitive bias or emotional influence. The foundation for this is the BDO Global Professional Judgment Framework, which provides a common methodology for the application of professional judgement across engagements.

Engagement teams are required to complete mandatory training on the framework. It is readily accessible on BDO's SharePoint site, referenced directly from the firm's audit software and supported by regular communications to keep it front of mind. Where monitoring activities, internal or external, identify instances suggesting that the application of professional judgement or scepticism could be enhanced, a root cause analysis is performed and appropriate follow-up responses are implemented.

10 Engagement performance

Consultation process and technical support

The firm's consultation framework is designed to ensure that difficult or contentious matters are not resolved in isolation. Mandatory areas of consultation are assessed periodically and updated as needed. A culture of voluntary consultation and collaboration is actively encouraged, and consultations are logged through dedicated electronic helpdesks for the firm's Accounting, Audit, Risk and Compliance departments, each led by experienced departmental heads with specialised knowledge in their respective areas.

Mandatory consultation requirements are communicated frequently to engagement teams and are integrated directly into the firm's audit software, supported by a corresponding checklist to drive visibility and compliance. Consultation activity is monitored, and non-compliance carries consequences under BDO's Financial Management Consequence Policy.

Differences of opinion

Differences of opinion, whether between engagement partners and team members, between partners and EQR reviewers, or between individuals within the SoQM, are referred promptly to the Head of Audit and Assurance, Head of Quality Management or the Head of Engagement Quality Review. The firm's disagreement policy sets out a clear process for resolution, including an escalation path. Critically, where a difference of opinion affects an assurance report, the report is not issued until the matter has been resolved.

BDO's speak up policy promotes the identification and reporting of disagreements, and the documentation supporting the resolution and outcome of disputes is reviewed annually to support continuous improvement.

Allocation of Engagement Quality (EQ) Reviewers

Engagement quality reviewers are allocated through a structured and governed process. The Head of Engagement Quality Reviewer (HEQR), Head of Quality Management (HQM) and/or Head of Audit and Assurance (HAA) are responsible for assigning EQ Reviewers to engagements that require an EQ review. These individuals meet on a quarterly basis, or more frequently when required, to assign and reassign EQRs for upcoming audit engagements. Evidence of each allocation decision, including the approval and rationale of the HEQR, HQM and/or HAA, is retained within the firm's system of quality management.

A Cape Grassbird (Sphenoeacus afer) perches on a red and yellow protea flower.

11 Resources

11.1 Human resources*

Total workforce*

Partners and directors	+	Employees excluding partners and directors	=	Total
154	+	2,101	=	2,258

Gender representation

38% Male

62% Female

Quality is a non-negotiable component of every partner's KPIs."

Promotions during the reporting period

Promotions by service line

BSO	Advisory	BDO Inc	Shared Services	Tax
9	29	70	17	17

Total

142

*As at 31 March 2025

11 Resources

Selection, recruitment and promotion

BDO South Africa's approach to building its people is guided by the firm's strategic commitment to helping people THRIVE, anchored in the global vision of helping people achieve their dreams. The firm's **CREATE** values, namely *Collaborate to win*, *do the Right thing always*, *be Exceptional*, *Add value*, *stronger Together*, and *Elevate people*, shape recruitment, development and the firm's broader culture. The firm seeks candidates who embody these principles and, once on board, supports their growth through structured training programmes, mentorship initiatives and diverse opportunities that enable them to turn their aspirations into reality.

Promotion is merit-driven, recognising qualifications, technical expertise and leadership capabilities aligned with the firm's strategic objectives. Underpinning all of this is a commitment to diversity and inclusion, building a workforce that reflects the communities in which the firm operates.

C – **COLLABORATE** to win

R – Do the **RIGHT** thing always

E – Be **EXCEPTIONAL**

A – **ADD** value

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E – **ELEVATE** to make an impact

Partner and director remuneration

Partner and director remuneration is designed to align individual performance with the firm's quality and strategic objectives. KPIs are established in consultation with each partner's direct line manager, tailored to their role, portfolio and contractual obligations. Annual performance assessments require partners and directors to provide evidence to substantiate their self-assessments, which are then evaluated objectively. The outcome determines their fixed and variable earnings.

Quality management carries significant weight in the KPA framework for senior leadership. For the Head of Quality Management (Christel Pretorius), quality accounts for 34% of the total KPA weighting, with sub-components covering firm and engagement performance, audit support, regulatory reviews, root cause analysis, quality initiatives, ethical requirements and independence monitoring. For the National Head of Audit and Assurance, quality carries a 20% weighting alongside people development, business development, and financial results. This structure ensures that remuneration is directly tied to quality outcomes across the firm.

Sunset over valley with protea flowers in foreground, South Africa

11 Resources

11.2 Intellectual resources

Intellectual resources are foundational to the consistent performance of quality engagements. The firm maintains a master list of these resources, which is updated regularly to ensure that new or revised materials are identified promptly and communicated to staff. Resources are made available on BDO's SharePoint site and incorporated into the firm's audit software wherever practicable.

The firm draws on a broad collection of intellectual resources spanning engagement performance areas including Risk, Quality, Compliance, Ethics, Accounting Technical, Audit Technical, Information Technology, Monitoring and Remediation, and Human Resources. These resources originate from BDO Global, from local legal and regulatory institutions and from within the firm itself.

BDO Global provides training materials, how-to guides, FAQs, handbooks and, most fundamentally, the BDO Audit Manual, which describes BDO's audit approach and is designed to enable the performance of engagements in line with professional standards issued by the International Auditing and Assurance Standards Board.

Externally obtained resources, including prescriptive materials, subject-specific guides, FAQs and practice statements, are sourced primarily from the JSE, IRBA, SAICA, IAASB, IFAC, other local legal and regulatory institutions and from valuation-related resources commonly used within the industry.

Internally developed resources are built on the requirements of BDO Global and external sources. They include standardised documentation and working papers that support engagement teams in assessing regulatory considerations relating to the JSE, Companies Act, King IV, CEO and FD Responsibility Statements and Audit Committees; documenting and concluding on key engagement stages including fraud considerations, revenue, estimates, laws and regulations, journal entries and reporting; and ensuring that engagement letters, terms and conditions, agreements, addenda, policies and procedure documents remain appropriate and compliant.

11.3 Technological resources

Audit platforms

The firm's primary audit execution platform is the Audit Practice Tool (APT Next Generation), BDO's globally developed audit methodology and execution platform. APT is continuously developed, expanded and modernised to keep pace with evolving standards and the needs of engagement teams.

APT is hosted on Microsoft Azure through BDO Global Hosted Services and managed centrally as a cloud platform-as-a-service (PaaS) tool, with local firm identity access governed under BDO Global ISO 27001 and SOC 2 security governance frameworks. Alongside APT, engagement teams use Maconomy for ERP and people planning, and BDO Core for client acceptance, continuance and independence management. All tools used by the firm must be accredited by the BDO Technology Resource Accreditation Committee before use.

Data analytics tools

BDO South Africa has built a well-established audit data analytics capability that is available to all audit engagements. Engagement teams have direct access to CaseWare IDEA, used primarily for sampling, and may also engage the firm's internal IT Centre of Excellence (ITCE) Data Analytics team. This team operates a standardised tool stack comprising IDEA, SQL, R, BDO AI powered by MindBridge, BDO Advantage (QlikView) and Power BI for dashboards and reporting, managing requests through a dedicated ticketing system.

These analytics tools support risk assessment, substantive analytical procedures, full-population testing, anomaly detection and the visualisation of audit results. While firm-wide analytics capability is intended for consistent application across audits, the extent of use varies by engagement risk, size and data availability.

Cybersecurity framework

Information security is managed through a formal Information Security Management System (ISMS) aligned to the ISO/IEC 27001 security governance framework. The ISMS defines ownership for information assets, risk identification and treatment processes, and a review cycle covering internal audit, vulnerability assessment, penetration testing and external independent validation.

Client and personal data handling are governed by the Protection of Personal Information Act (POPIA) and by broader security policies covering the confidentiality, integrity and availability of information assets.

Access management controls

Access to all information assets, systems and client data is governed by a formal Access Control Policy under the ISMS. Every information system is required to implement role-based access controls, the principle of least privilege and management-level approval for access provisioning, with a designated information owner assigned to each system. Policies require ongoing management and periodic review of information asset controls, and the access control policy explicitly supports joiner, mover and leaver processes, covering controlled provisioning, management-approved access changes and the removal of access when roles change or employment ends.

12 Information and communication

Effective communication is what connects the firm's quality management system to the people who operate it. Quality-related information and alerts are communicated to partners and staff via email, and engagement teams escalate issues through the firm's speak-up process. Knowledge-sharing platforms used across the firm include SharePoint, LinkedIn Learning, a Microsoft Teams site and the firm's learning management system (LMS).

Feedback from inspections is shared through partner and director feedback sessions, broader staff communications and technical training sessions. In addition, the firm publishes a monthly Quality Newsletter, which keeps staff informed of new or updated firm policies, topical matters affecting engagement teams and updates on auditing and accounting standards.

Orange-breasted Sunbird Pollinating a Pink Protea Flower in Fynbos, South Africa

13 Monitoring and Remediation

The firm's approach to monitoring and remediation is built on a commitment to honest, objective self-assessment. Rather than treating monitoring as a box-ticking exercise, the firm uses it as a genuine mechanism for identifying where the system of quality management is working well and where it needs to improve. The sections that follow set out the scope of monitoring activities conducted during the period, the results of engagement inspections, findings from SoQM component assessments and the remediation actions underway.

Overall conclusion: SoQM effective

For the first time since implementing its system of quality management, the firm is able to conclude that the SoQM is appropriately designed, implemented and operating effectively, providing reasonable assurance that quality objectives are being achieved. This is a meaningful milestone.

Monitoring scope	Key positive observations	Key deficiency identified
▶ Engagement Inspection Programme (EIP): audit, assurance engagements and related services. ▶ Tax Quality Assessment Review (QAR). ▶ Inspection of quality responses across the 8 SoQM components. ▶ Theme-based inspections. ▶ Root cause analysis and evaluation of remedial actions.	▶ Significant reduction in findings relating to direction, supervision and review. ▶ Only 3% of inspection findings relate to supervision and review. ▶ Indicates prior remedial actions are effective. ▶ No severe deficiencies identified in the current cycle.	▶ Pervasive deficiency: resource allocation. This does not undermine overall effectiveness of the SoQM. ▶ Challenges assigning appropriately skilled resources to engagements on a timely basis. ▶ Focused remediation actions underway.

2025 A	VS	2024 B
The system of quality management provides the firm with reasonable assurance that the objectives of the system of quality management are being achieved.		Except for matters related to identified deficiencies that have a severe but not pervasive effect on the design, implementation and operation of the system of quality management, the system of quality management provides the firm with reasonable assurance that the objectives of the system of quality management are being achieved.

"The firm's approach to monitoring and remediation is built on a commitment to honest, objective self-assessment."

13 Monitoring and Remediation

Monitoring structure

The Monitoring and Remediation team is responsible for performing monitoring activities that provide the basis for identifying deficiencies in the SoQM. This independence from those responsible for designing and executing the SoQM ensures objectivity and an unbiased assessment of the firm's quality management. The team consists of experienced professionals with the necessary expertise, authority and time to fulfil their monitoring responsibilities effectively.

Monitoring scope

During the period, monitoring activities covered the following:

- Engagement Inspection Programme (EIP): reviews of completed audit, independent review, other assurance and related services engagements across service lines and regions.
- Tax Quality Assessment Review (QAR): reviews of completed Tax engagements across the national practice.
- Inspections of quality responses related to the eight components of the SoQM, namely: the firm's risk assessment process; governance and leadership; relevant ethical requirements; acceptance and continuance; engagement performance; resources; information and communication; and the monitoring and remediation process.
- Theme-based inspections conducted throughout the review cycle.
- Root cause analysis of identified deficiencies.
- Evaluation of the design and appropriateness of remedial actions implemented during the review period.

Theme-based inspections

Alongside traditional monitoring, the Monitoring and Remediation team conducted thematic inspections throughout the review cycle, informed by common findings from internal and external reviews and by emerging risks. These inspections were performed on live engagement files, those still in progress and not yet archived, taking a preventative rather than reactive approach and giving teams the opportunity to address deficiencies before engagement completion. Inspections were conducted every second month for a sample of ten engagements per theme. The following themes were monitored during the review cycle:

- Independence assessment and documentation of non-assurance services provided to assurance clients.
- Engagement team independence declarations at scoping of the engagement.
- Assessment and documentation of NOCLAR and reportable irregularities where a company's annual financial statements were not prepared within six months of their financial year-end.

Inspections of quality responses related to the eight SoQM components

Beyond engagement-level inspections, the Monitoring and Remediation team conducted ongoing assessments of the firm's SoQM as a whole. The team evaluated quality objectives, risk assessments and whether the responses established by the firm are appropriately designed and operating effectively. Testing covered 100% of SoQM responses.

The results of these assessments, combined with outcomes from theme-based reviews, engagement reviews, external regulatory findings and information from other sources such as complaints and allegations, provide a comprehensive view of engagement quality across the firm. These insights drive targeted improvements to quality management policies, methodologies, training programmes and remediation efforts.

The firm followed a structured process to identify, evaluate and address deficiencies within the SoQM, gathering information from all monitoring activities, identifying findings from design, implementation and operating effectiveness assessments, determining deficiencies, evaluating their severity and pervasiveness, and forming an overall opinion on the SoQM.

Waboom trees and fynbos next to a rocky outcrop, South Africa

13 Monitoring and Remediation

Audit engagements	PIE	Repeat Matters	Total
Number of files reviewed	8	23	31
Results	**26%**	**74%**	**100%**
Satisfactory	3	0	3
Acceptable with some areas to improve	4	11	15
Total positive outcome	**7**	**11**	**18**
Major areas to improve	0	7	7
Unsatisfactory	1	5	6
Total negative outcome	**1**	**12**	**13**

Comparison to prior years	2021	2022	2023	2024	2025
Number of files reviewed	20	29	24	25	31
Results					
Satisfactory	3	4	5	3	3
Acceptable with some areas to improve	9	11	6	11	15
Total positive outcome	**12**	**15**	**11**	**14**	**18**
% Positive outcome	**60%**	**52%**	**46%**	**56%**	**58%**
Major areas to improve	7	6	9	3	7
Unsatisfactory	1	8	4	8	6
Total negative outcome	**8**	**14**	**13**	**11**	**13**

Bright Yellow coastal flowers on the shoreline of False Bay, Cape Town

13 Monitoring and Remediation

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

Outcome	ISRE 2400	ISRE 2410	ISAE 3000	ISRS 4400	ISRS 4410	Total
Number of files reviewed	8	2	1	5	6	22
Results						
Satisfactory	5	2	0	2	6	15
Acceptable with some areas to improve	3	0	1	2	0	6
Total positive outcome	**8**	**2**	**1**	**4**	**6**	**21**
Unsatisfactory	0	0	0	1	0	1
Total negative outcome (Unsatisfactory)	**0**	**0**	**0**	**1**	**0**	**1**

Comparison to prior years	2024	2025
Number of files reviewed	16	22
Results		
Satisfactory	6	15
Acceptable with some areas to improve	10	6
Total positive outcome	**16**	**21**
% Positive outcome	**100%**	**96%**
Unsatisfactory	0	1
Total negative outcome	**0**	**1**

The firm assessed all internal monitoring and IRBA findings. Major and severe findings were evaluated through a root cause analysis to determine whether each finding represented a deficiency in the system of quality management. It is important to note that not all findings, including engagement-level findings, constitute system deficiencies.

The firm's monitoring activities also include a dedicated quality review of the Tax practice.

Waterbuck male in the mist at sunrise in the fynbos in South Africa

13 Monitoring and Remediation

An overview of its internal monitoring results

Audit engagements

Internal monitoring of audit engagements continued to form part of the firm's system of quality management. The inspection programme covered a representative selection of engagements, including Public Interest Entity (PIE) audits. The results of the 2025 inspection cycle indicate a generally satisfactory level of audit quality, with 58% of inspected audit engagements receiving a positive outcome.

Inspection results remained broadly consistent with the prior year. Root cause analysis performed on both internal and external inspection findings identified challenges relating to the timely allocation of appropriately skilled and competent resources to certain engagements. While this resulted in a pervasive, but not severe, deficiency in the system of quality management, the matter has been assessed and is addressed further in the relevant section of this report.

Independent review, other assurance and related services engagements

Internal inspections of independent reviews, other assurance, and related services engagements continued during the current cycle. Overall results remained positive, with 96% of inspected engagementsreceived a positive outcome. One isolated finding was identified relating to non-compliance with prescribed methodology and tools in the performance of an agreed-upon procedures engagement. The results did not indicate any systemic deficiencies in the design or operation of the firm's system of quality management for these engagement types.

Tax Quality Assessment Review (QAR)

The Tax practice is subject to an annual Quality Assessment Review (QAR) as part of the firm's broader monitoring activities. The review assesses compliance with professional standards, regulatory requirements, and internal methodologies across a representative selection of tax engagements. The 2025 QAR results reflected a strong level of quality across the Tax practice, with 83% of reviewed engagements assessed as satisfactory. Areas identified for improvement primarily related to engagement documentation, consistency in risk assessment, and application of governance requirements. Importantly, no regulatory breaches were identified during the review period.

Overall, the results support the conclusion that the Tax system of quality management is operating effectively, while continuing to identify opportunities for ongoing enhancement.

Conclusion

Across all monitored areas, inspection findings were evaluated to determine whether they represented isolated engagement-level matters or indicators of potential system-level deficiencies. Based on the 2025 monitoring activities, no severe deficiencies were identified in the firm's system of quality management.

IRBA:

The IRBA follows a risk-based inspections approach which ensures that audit firms performing high-risk audit engagements are selected for inspection based on inherent and other risk factors identified. By doing so, the IRBA enhances public confidence in the opinions expressed and assurance work performed by registered auditors. We received our 2024/2025 IRBA inspection outcome during May 2025. The outcome at firm level was that "significant improvement" is required.

The engagement level inspections outcomes resulting from the IRBA inspection process were as follows:

PCAOB:

The PCAOB inspected BDO South Africa in October 2024 and reviewed two listed issuers. The inspection process included engagement level findings on one of the engagements, as well as findings at firm level.

Outcome	2023/2024 review cycle	2024/2025 review cycle
Firm-wide inspection outcome	Significant improvement required	Significant improvement required
Individual engagement inspections	2023/2024 review cycle	2024/2025 review cycle
No further action required	0	2
Some improvement required	2	1
Significant improvement required	**2**	**3**
Required for investigation	**0**	**1**
Total number of engagement files inspected	**4**	**7**

BDO Global:

BDO Global reviewed the effectiveness of the firm's Engagement Inspection Process (EIP) in October 2025. Overall, the design, implementation and operating effectiveness of the firm's EIP was satisfactory. In addition, BDO Global reviewed a sample of financial statements issued by the firm. The grading for IFRS Compliance was "major areas to improve". Lastly, BDO Global conducted a review on the firm's Client Acceptance and Continuance policies and procedures for non-assurance service lines. The only area where partial non-compliance with key elements were identified related to Monitoring and Reporting.

14 Additional information and firm statistics

B-BBEE

BDO South Africa Group holds a Level 1 B-BBEE contributor status for the financial year ended 31 March 2025, as verified by mPowerRatings (certificate number BDO008450/07/2025, issued 17 July 2025, valid until 16 July 2026). The group achieved a total score of 106.27 out of a possible 120 points under the Generic DTI Code of Good Practice.

The key ownership metrics reflect the firm's commitment to meaningful transformation: black ownership stands at 55.50% and black women ownership at 20.35%. The firm is classified as an empowering supplier and participated in the Youth Employment Service (YES) Initiative, achieving the YES target with 2.5% absorption.

Gender and race composition of leadership (as at 31 March 2025)

As at 31 March 2025, the firm had 154 partners and directors, representing a gender split of 32% male and 68% female at that level. Across the firm's total workforce of 2,255 employees, the overall gender split was 38% male and 62% female.

Staff promotions by race and gender (April 2024 to March 2025)

A total of 135 promotions were made during the period. The breakdown by race and gender was as follows: African male 19, African female 29; Coloured male 3, Coloured female 6; Indian male 14, Indian female 15; white male 26, white female 23.

Associate director promotions (April 2024 to March 2025)

A total of 13 associate directors were promoted during the period. The breakdown by race and gender was as follows: African male 2, African female 2; Coloured female 1; Indian male 1, Indian female 1; white male 4, white female 2.

Partner and director appointments and promotions (April 2024 to March 2025)

A total of 8 partner and director appointments and promotions were made during the period. The breakdown by race and gender was as follows: Indian male 2, Indian female 1; white male 2, white female 3.

Table Mountain's endemic fynbos plants from Cape Floral Kingdom, South Africa

If you would like to unpack the results of this report and trends seen herein, please contact us:

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The company's principal place of business is at The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196, Johannesburg where a list of directors' names is available for inspection.

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Male Cape Sugar bird with a yellow rump clearly visible perched on orange Pincushion Fynbos blooms in South Africa.