



TRANSPARENCY REPORT

2018-2019

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This transparency report has been published on February 18, 2020. We originally published a Finnish language version of the transparency report for the accounting period 2018-2019 on December 30, 2019. This version has been updated in terms of the following information: the number of BDO offices worldwide; the total turnover from accounting services at BDO offices in the EU and EEC in 2019 (the previous version contained the 2017 figure); the list of membership offices in the EU/EEC.



MANAGING DIRECTOR'S FOREWORD

This is the transparency report of BDO Oy for the accounting period that ended on 31 August 2019. This report has been prepared in accordance with EU Audit Regulation 537/2017. This transparency report provides information on the auditing firm BDO Oy, but it also covers the entire BDO Group where applicable.

Everything we do starts from the desire to help. Our slogan — *People helping people achieve their dreams* — describes how, by helping each other, we also help our clients achieve their goals and dreams. Our operating culture is based on transparency, responsibility and openness. Our other key principles include the independence of our audits, other services and professionals, the high quality of our expert services and exceptional customer service.

Our clientele consist of Finnish and international companies and non-profits as well as public sector organisations. We have approximately 200 experts serving our clients in Finland, and internationally the BDO network has more than 88,000 people working in 167 countries. We measure customer satisfaction regularly, and the results speak to our clients' trust in us.

We want to be the best possible workplace for our employees. The number of professionals at BDO Finland increased by 16.7%, to 216 people, during the accounting period. We recruit new experts to respond

even better to the changing needs of our clients. During the accounting period, we provided trainee positions to about 30 professionals in the early stages of their careers. We continuously monitor our employee satisfaction by conducting surveys. One of our key themes during the past accounting period has been the meaningfulness of work, which is something we frequently discuss with our personnel.

The past accounting period was successful for our business. The Group's net turnover was EUR 24.5 million, showing a year-on-year increase of 9.3%. One of the most significant development projects we invested in during the accounting period was leveraging digitalisation and the changes it is bringing to the operating environment in our services.

We want to thank our clients for their trust in us.

Helsinki, 30 December 2019,

Taneli Mustonen
Managing Director, BDO Oy

THE BOARD OF DIRECTORS AND THE MANAGEMENT GROUP

GOVERNANCE

BDO follows the provisions set out in the Limited Liability Companies Act, the Auditing Act and other Finnish acts and decrees. Its operations are also governed by the rules, standards, instructions and recommendations of the industry.

The annual general meeting is the highest decision-making body of the company. It elects the Board of Directors. The Board of Directors selects the Managing Director and the Management Group. The Chair of the Board and more than half of its members are authorised auditors who work for the company.

During the accounting period 2018-2019 BDO's Board of Directors has consisted of the Chairman **Ari Lehto** and the members **Minna Ainasvuori**, **Antti Suulamo**, **Tiina Lind** and **Juha Selänne**.

The Managing Director **Taneli Mustonen** is responsible for the day-to-day administration of the company in line with the decisions made and instructions provided by the Board.

Finnish contact persons for BDO Global are Managing Partner **Hannu Riippi** and International Liaison Partner (ILP) **Juha Selänne**.

MANAGEMENT GROUP

BDO has a Management Group that assists the Managing Director in preparing and making decisions and in managing the operations. At the end of the accounting period (August 31, 2019) the Management Group was formed by the Managing Director **Taneli Mustonen**, together with **Minna Ainasvuori**, **Eija Kuittinen**, **Alpo Ronkainen** and **Mirjami Oja** (HR).

LEGAL FORM AND OWNERSHIP

BDO Oy (business ID 2776089-4) is an auditing firm that offers auditing services, tax and legal services, financial administration services and advisory services, such as internal auditing and risk management, information management, company and organisational restructuring as well as a range of consultancy and training services. The company's domicile is Helsinki.

BDO Oy's operations are guided by the effective laws and regulations including the Limited Liability Companies Act, the Auditing Act, Articles of Association and the rules, standards, instructions and recommendations of the industry.

In accordance with the Auditing Act, the majority of the company's shares and the related voting rights must be owned by auditors or auditing firms that have been authorised by the Finnish Patent and Registration Office (PRH) and that work for the company. The auditors who work for BDO Oy own more than half of the shares of the company and the related votes.

BDO Oy owns 100 per cent of the shares of BDO Audiator Oy, BDO Consulting Oy and BDO Certification Oy. During the past accounting period BDO Oy also owned 100 per cent of BDO Consilium Oy, which was sold in Autumn 2018.

BDO Audiator Oy specialises in public sector audits, internal audits and risk management.

The core business of BDO Consulting Oy is providing consultancy and development services for companies and other organisations.

BDO Certification Oy specialises in the auditing and certification of the VAHTI and ISO 27001 information security management systems in the public and private sectors.

SHAREHOLDERS

All of the voting shareholders of BDO Oy work for the company. The shareholders agree to follow the company's rules regarding independence and ownership, as well as other operative rules and guidelines. The company currently has 17 shareholders.

REWARDING THE SHAREHOLDERS

Rewarding is based on the shareholders' performance as partners, the achievement of set targets and the economic success of the company. Key criteria for assessing shareholder performance include compliance with the company's values, client work, leadership and other organisational roles and quality and finances.

The partner committee makes proposals on the remuneration of shareholders, and the Board of Directors approves the proposals.

GLOBAL BDO NETWORK

- ▶ **88 120 EXPERTS**
- ▶ **167 COUNTRIES**
- ▶ **1 617 OFFICES**
- ▶ **TOTAL TURNOVER IN 2019 EUR 8.5 BILLION (USD 9,6 BILLION)**

The Finnish BDO Group is part of an international cooperation network of auditing firms. We have 88,120 experts serving our customers in 167 countries. BDO is the fifth largest organisation providing accounting, tax and advisory services both in Finland and internationally.

In 2019, the total turnover of the global BDO network was approximately EUR 8.5 billion. The total turnover from accounting services at BDO offices in the EU and EEC was EUR 664,086,760 in 2019 (published 7 October 2019). The BDO companies collaborate across national boundaries and follow similar principles of operation that were specifically developed for the European business environment. BDO is the only major global network of audit firms that was established in Europe.

Each membership organisation provides accounting and advisory services in its own region and in cooperation with the other BDO organisations.

Juha Selänne is the International Liaison Partner (ILP) for BDO Oy.

BDO Oy has signed a membership agreement with BDO International Ltd, a company registered in England (55 Baker Street, London W1U 7EU). The national membership organisations of BDO are separate, independent legal entities. All of our membership organisations are committed to best practices in the sector, such as high-quality services and the

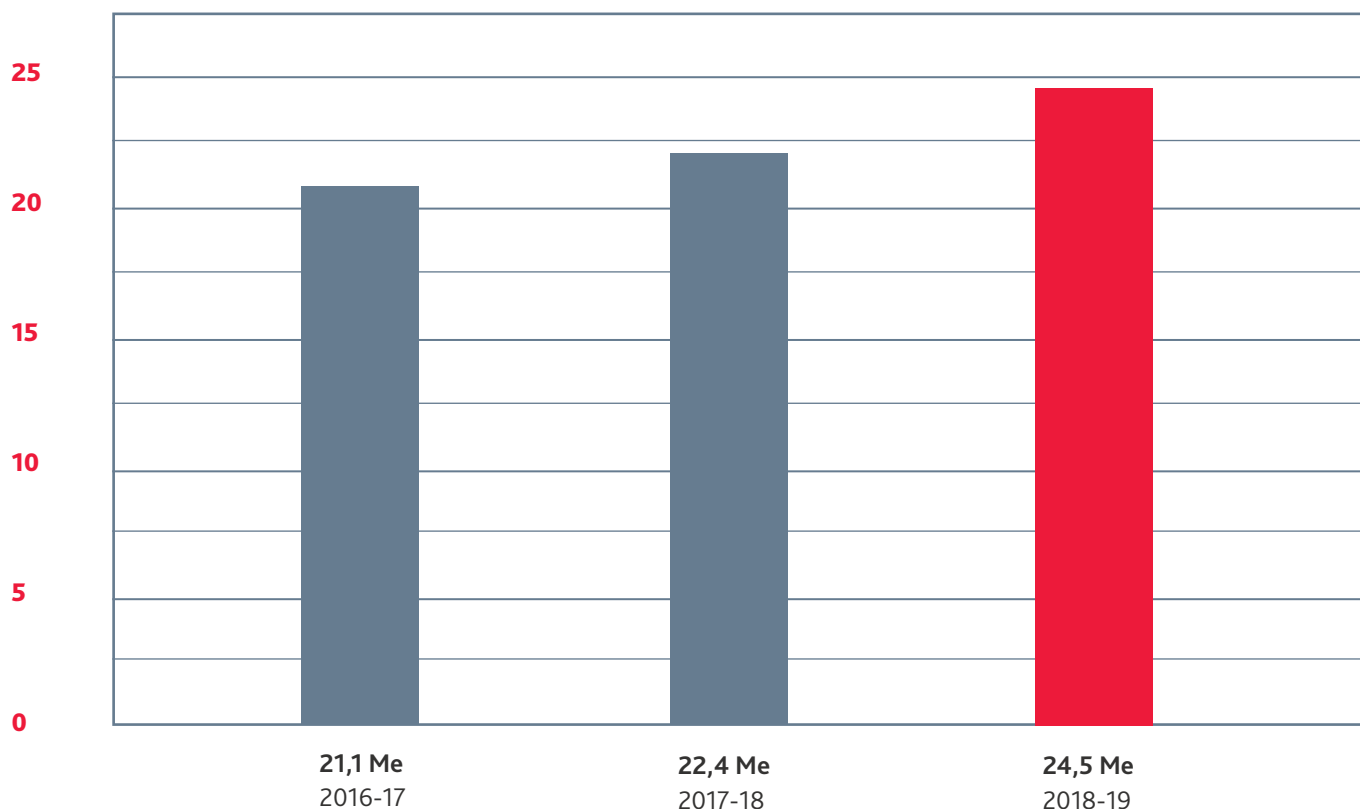
maintenance of professional operating principles, expertise and risk management. The international BDO coordinates, provides guidelines and assists the membership organisations in areas such as training, marketing, risk management and quality assurance.

The BDO network is coordinated by Brussels Worldwide Services BVBA (Brussels Airport, Zaventem), which serves all the BDO membership companies from its office in Brussels. Brussels Worldwide Services BVBA supports BDO's auditing and advisory services, for instance, by providing group-wide tools and methods, the BDO Audit Process Tool (APT), the quality and risk management manual and material for maintaining the BDO brand in different countries.

TURNOVER

Total turnover of the Finnish BDO Group in the accounting period that ended on 31 August 2019 was EUR 24,5 million.

BDO GROUP TURNOVER 2017-2019



FINANCIAL INFORMATION FOR THE ACCOUNTING PERIOD THAT ENDED ON 31 AUGUST 2019

Service	Turnover during the 2018-2019 accounting period (EUR thousand)	Percentage share (%)
Revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity	114	less than 1
Revenues from the statutory audit of annual and consolidated financial statements of other entities	14 782	60 %
Revenues from permitted non-audit services to entities that are audited by the audit firm	4 184	17 %
Revenues from non-audit services to other entities	5 379	22 %
Total	24 459	100 %

THE QUALITY ASSURANCE SYSTEM

Risk management at the BDO Group is based on a business plan drawn up by the Board of Directors, the risk management principles and practices confirmed by the Board and the risk management guidelines provided by the BDO network.

The administration, operating principles and ownership of auditing firms is regulated comprehensively by laws, regulations and sector-specific standards. Auditors and other experts must work in accordance with the regulations on audit firms and the instructions and general principles that govern the accountancy profession, such as the recommendations and instructions issued by Suomen Tilintarkastajat Ry (the Finnish association of auditors). These are based on IAASB's (International Auditing and Assurance Standards Board) and IFAC's (the International Federation of Accountants) international standards. Our chartered public finance auditors follow the recommendations and instructions of the Finnish JHTT association and the good accounting practices of public administration.

The quality assurance of audits, other verification assignments and auxiliary services follows the quality assurance standards and instructions of BDO and IFAC.

THE KEY COMPONENTS OF OUR QUALITY ASSURANCE SYSTEM:

- ▶ BDO quality instructions, which are based on the International Standard on Quality Control 1 (ISQC1)
 - ▶ The values and ethical principles of the BDO Group, including high service quality and independence
 - ▶ Quality teams, quality assurance instructions and the ethics committee
 - ▶ The management's good example of premium service quality and continuous improvement
 - ▶ The approval and continuation of customer relationships and assignments, taking into account the provisions on the rotation of responsible auditors and staff in long-term auditing assignments, as set out in the Finnish Auditing Act, and the standards of IESBA (International Ethics Standards Board for Accountants)
 - ▶ The skills and competence of our personnel and continuous professional development
 - ▶ Implementing the assignment in accordance with BDO's auditing methodology and other instructions
 - ▶ Internal quality assurance: assignment-specific quality audits and reviews
 - ▶ External quality assurance: The Finnish Patent and Registration Office (PRH), BDO Global, customer satisfaction surveys.
-

In order to ensure the high quality of our services and further development, our quality teams audit the quality of our operations internally, following our quality assurance programme. The quality assurance covers the responsible auditors and experts of different assignments, customer groups and assignment types as well as the effectiveness of our internal quality assurance system.

All the shareholders, auditors and other responsible experts who work for BDO are audited at least once every 3–4 years. We audit the effectiveness of each element of our internal quality assurance system annually, following the rotation plan.

If we find areas of improvement in the quality of audits or the effectiveness of the internal quality assurance system, we prepare an action plan for these, including the measures, responsible persons and schedule. The results of quality assurance are reported to the audited expert, their supervisor, the Board of Directors and the personnel.

The BDO Group has separate quality teams for the quality assurance of corporation and public bodies. The quality teams meet at least twice per year and as needed. The teams also provide consultancy in reporting and other issues.

The BDO network issues instructions and monitors the quality assurance of its membership organisations continuously. The international BDO quality assurance body carries out regular quality audits at least once every three years.

The quality of our company's auditing operations has been audited in accordance with PRH's quality assurance programme for audit firms.

The Board of Directors evaluates the effectiveness of the quality assurance system annually. In the view of the Board of Directors, the BDO Group's quality assurance system is effective and provides reasonable assurance that the BDO Group observes professional standards, regulations and guidelines. The Board of Directors further finds that independence compliance has been appropriately ensured during the accounting period 1 September 2018–31 August 2019.

QUALITY ASSURANCE REVIEW AND INDEPENDENCE

THE MOST RECENT QUALITY ASSURANCE REVIEWS

The Finnish Patent and Registration Office (PRH) carried out an external quality assurance system review on BDO Oy in autumn 2017. PRH also conducts quality assurance reviews of the auditors in our organisation annually in accordance with its review programme.

BDO's conducted internal reviews of its quality assurance system and auditors in accordance with BDO's internal guidelines in autumn 2019.

BDO Global's internal quality control review was conducted at BDO Oy in summer 2019.

The results of the quality control reviews are reported, where applicable, to the persons responsible for auditing, the company management, personnel and BDO Global. We use the quality assurance results to prepare a quality development plan and monitor the implementation of measures recorded in the plan.

PUBLIC INTEREST ENTITIES AUDITED BY BDO

In the past accounting period (1st September 2018–31st August 2019), BDO Oy has served as the auditor of the following PIE customers (including credit and insurance institutions):

- ▶ Dovre Group Oyj
- ▶ Wulff-Yhtiöt Oyj
- ▶ Kotipizza group Oyj
- ▶ Perhonjokilaakson Osuuspankki
- ▶ Halsua-Ylipään Osuuspankki
- ▶ Ullavan Osuuspankki
- ▶ Perhon Osuuspankki

INDEPENDENCE AND CONTROL

Our company and personnel follow BDO's international rules and regulations on independence. These are based on the ethics standards of IESBA (International Ethics Standards Board for Accountants). Our guidelines on independence are also governed by the laws of Finland and sector-specific recommendations.

The BDO Group uses the global MFS system to ensure and control the independence of its operations.

Independence assessment and control play an important role in the approval of new customers and assignments, in long-term assignments and in offering other services to accounting customers.

We monitor our independence continuously and take it into account in personnel training. Our employees sign a personal confirmation to follow the independence regulations annually. We also ensure the continued independence of our operations, as specified in the regulations. We ensure that the terms of office of responsible auditors do not exceed the limits specified in the rotation requirements of the Finnish Auditing Act and other rules and regulations. We assess the independence of our operations internally every year.

The Ethics Committee of the BDO Group helps with independence questions and other ethical questions relating to auditors/the audit firm.

In addition to our internal independence control, the Finnish Patent and Registration Office monitors the independence of our auditors, as specified in the Auditing Act.

ETHICAL OPERATING PRINCIPLES

BDO's internal operating guidelines set out an ethical code of conduct that everyone at BDO is required to comply with. Compliance with the operating guidelines is supported by processes and automated tools, among other things. We ensure the independence of our experts for each assignment.

Our personnel can submit a report through our ethical channel if they observe any conduct that goes against our values and ethical principles. Any member of our personnel can use the whistleblowing channel to confidentially report concerns regarding the company's operations, management or employees.

HUMAN RESOURCES AND COMPETENCE DEVELOPMENT

To ensure the quality of our work and excellent customer service, it is essential that all of our experts maintain and develop their professional competence. To achieve this, we must be successful in our recruitment, focus on continuous competence development, engage the commitment of our personnel and commit to our personnel.

Auditors are required to participate in appropriate continuous training programmes to maintain an adequate level of theoretical knowledge, professional competence and professional values.

RECRUITMENT

The number of our personnel is showing continuous growth. We recruit new experts to respond even better to the changing needs of our clients. We hire experienced professionals with various backgrounds as well as experts in the early stages of their careers. We engage in cooperation with universities as well as universities of applied sciences. During the past accounting period, we provided BDO Trainee positions to about 30 professionals in the early stages of their careers. Most of these trainees stayed with the company after the traineeship in expert roles.

The employment contracts of most of our employees are valid indefinitely. We recruit people with adequate qualifications, experience and competence for the position being applied for. We also accept open applications. Our recruitment criteria are inclusive and non-discriminatory.

MAINTAINING AND DEVELOPING PROFESSIONAL COMPETENCE

We prepare a group-wide human resource and training plan annually and ensure that the plan is implemented. Competence development is supported by the company's internal training, training provided by our international network and training organised by external parties, such as ST-Akatemia and Chambers of Commerce. Our internal training activities include regular training days aimed at all of the company's personnel, job-specific information sessions and webinars as well as training related to the authorisation degrees and certifications of auditors and internal auditors. We also offer e-learning programmes as one form of self-directed study. Our international network provides training related to professional operating principles and risk management as well as training related to industry development and our shared tools.

In addition to common training activities, we also invest in individual development. A personal career development and training plan is prepared for each of our employees in connection with their annual employee-employer discussion. We support and encourage our personnel to complete professional authorisations and certifications. For those in managerial positions, we organise training on managerial skills, conditions of employment, recruitment and leadership.

EMPLOYEE WELL-BEING AND SATISFACTION

We want to be the best possible workplace for our employees. We invest in employee well-being in various ways, including the provision of remote work opportunities and flexible working hours. All of our employees are offered comprehensive benefits that support a healthy work-life balance and holistic well-being. We measure employee satisfaction by means of regular personnel surveys. The surveys present our employees with the opportunity to give feedback and development suggestions that are discussed by the management and used in the development of our operations.

During the past accounting period, we have also had many discussions concerning the meaningfulness of work and we have developed our operations from that perspective. We help each other serve our clients in the best possible manner as well as achieve our personal goals and dreams related to work.

REMUNERATION

We emphasise the equal and transparent treatment of employees in performance assessment, remuneration and employment benefits.

The job performance of each member of our personnel is evaluated in annual employee-employer discussions. The performance evaluations are focused on the extent to which the individual has achieved the jointly set goals, observed the company's operating methods and quality standards as well as demonstrated professional expertise. A personal development plan is prepared for each employee based on the discussion. Managers support each individual's development through mentoring, coaching and support in day-to-day work.

The remuneration of our personnel is based on personal performance and the organisation's performance as a whole. The amounts and criteria of the annual bonuses are decided on by the management.

Helsinki, December 30, 2019

BDO Oy
An auditing firm



Ari Lehto
Chairman of the Board



Taneli Mustonen
Managing Director



MEMBER OFFICES

IN THE EU / EEC

MAA	ALUE	TILINTARKASTUSYHTEISÖN NIMI
AUSTRIA	Austria	BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
	Austria	BDO Steiermark GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
	Austria	BDO Salzburg GmbH Wirtschaftsprüfungsgesellschaft
	Austria	BDO Oberösterreich GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
BELGIUM	Belgium	BDO Bedrijfsrevisoren - Réviseurs d'Entreprises CVBA
BULGARIA	Bulgaria	BDO Bulgaria OOD
CROATIA	Croatia	BDO Croatia D.O.O.
CYPRUS	Cyprus	BDO Limited
CZECH REPUBLIC	Czech Republic	BDO Audit s.r.o
	Czech Republic	BDO CA s.r.o.
	Czech Republic	BDO CB s.r.o.
	Czech Republic	BDO Plzen s.r.o.
DENMARK	Denmark	BDO Statsautoriseret Revisionsaktieselskab
	Denmark	BDO Holding V, Statsautoriseret Revisionsaktieselskab
ESTONIA	Estonia	BDO Eesti AS
FINLAND	Finland	BDO Oy
	Finland	BDO Audiator Oy
	Finland	Finnpartners BDO Oy
FRANCE	France	BDO France
	France	BDO France Léger & Associés
	France	BDO IDF
	France	BDO PACA
	France	BDO Rhone - Alpes SAS
	France	BDO 2AS
	France	BDO LES HERBIERS
	France	BDO FONTENAY LE COMTE
	France	BDO SAINT GILLES CROIX DE VIE
	France	BDO NANTES
	France	BDO ARRAOU
	France	VINCENT RUSE CONSEIL
	France	BDO LES ULIS
	France	FIDENT AUDIT
	France	3APEXCO
	France	3A CORPORATE
GERMANY	Germany	BDO AG Wirtschaftsprüfungsgesellschaft
	Germany	BDO Arbicon GmbH & Co. KG Wirtschaftsprüfungsgesellschaft
	Germany	BDO DPI AG Wirtschaftsprüfungsgesellschaft

GIBRALTAR	Gibraltar	BDO Limited
GREECE	Greece	BDO CERTIFIED PUBLIC ACCOUNTANTS S.A.
HUNGARY	Hungary	BDO Hungary Audit Ltd
ICELAND	Iceland	BDO ehf.
IRELAND	Ireland	BDO
ITALY	Italy / San Marino	BDO Italia S.p.A.
LATVIA	Latvia	SIA BDO ASSURANCE
LIECHTENSTEIN	Liechtenstein	BDO (Liechtenstein) AG
LITHUANIA	Lithuania	BDO Auditas ir Apskaita, UAB
LUXEMBOURG	Luxembourg	BDO Audit
MALTA	Malta	BDO Malta CPAs
NETHERLANDS	Netherlands	BDO Audit & Assurance B.V.
NORWAY	Norway	BDO AS
POLAND	Poland	BDO Spółka z ograniczoną odpowiedzialnością Sp. K.
	Poland	BDO Legal Latala i Wspólnicy Sp.K.
PORTUGAL	Portugal	BDO & Associados, SROC, Lda
ROMANIA	Romania	BDO Audit SRL
	Romania	BDO Auditors & Accountants SRL
	Romania	BDO Auditors and Business Advisors SRL
SLOVAK REPUBLIC	Slovak Republic	BDO Audit, spol. s r.o.
SLOVENIA	Slovenia	BDO Revizija d.o.o.
SPAIN	Spain	BDO Auditores, S.L.P.
	Spain	BDO Audiberia Abogados y Asesores Tributarios, S.L.P.
SWEDEN	Sweden	BDO AB
	Sweden	BDO Göteborg AB
	Sweden	BDO Göteborg Intressenter AB
	Sweden	BDO Göteborg KB
	Sweden	BDO Linköping AB
	Sweden	BDO Mälardalen AB
	Sweden	BDO Mälardalen Intressenter AB
	Sweden	BDO Norr AB
	Sweden	BDO Norr Intressenter AB
	Sweden	BDO Stockholm AB
	Sweden	BDO Sweden AB
	Sweden	BDO Syd AB
	Sweden	BDO Syd Intressenter AB
	Sweden	BDO Syd KB
	Sweden	GO Bolagssupport AB
	Sweden	Wahlberg & Co AB
Sweden	BDO Tullsupport AB / Johan	
UNITED KINGDOM	United Kingdom of Great Britain and Northern Ireland	BDO LLP
	Northern Ireland	BDO Northern Ireland



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