

BDO Modern Slavery Statement

Financial Year Ending 30 June 2023

Contents

- Our commitment 4
- Our structure and operations 5
- BDO at a glance 7
- Modern slavery risk areas 9
- Modern slavery due diligence 10
- Our next steps for modern slavery due diligence 21
- Assessing the effectiveness of our modern slavery risk management framework 23



Overview

At BDO we pride ourselves on building strong relationships with our people, our clients and our suppliers. This is reinforced by our organisational values – One, Bold, Human, Strive and Heart – which shape our internal culture and inform how we interact with local communities. We firmly believe that through fostering lasting relationships, we are better equipped to promote a workplace that is ethical and free of human rights abuses.

This is why BDO does not tolerate direct or indirect modern slavery practices of any kind and we expect our clients and suppliers to embrace the same values.

During the 2023 financial year, we further enhanced our modern slavery risk management framework by introducing revised policies, procedures and contractual terms. Specifically, we revised and launched both our Whistleblowing Policy and Anti-Bribery & Corruption Policy. This ensured our continued compliance with local legislation while gaining the functionality to efficiently capture and assess matters that may concern breaches of human rights. These updates were widespread, extending beyond internal policies to both internal and external resources, website pages and contractual templates.

We also undertook a broad review of our people-orientated policies, refreshing existing policies and implementing new ones to supplement our modern slavery risk framework. We believe our proactive efforts in this space promote a framework that facilitates and attracts the right people and further supports a workplace free of modern slavery risk.

On the supplier side, the introduction of our enhanced and automated supplier due diligence platform, which launched ahead of our 2021 Modern Slavery Statement, has enabled us to continue shifting towards the proactive assessment of our suppliers, as part of our formal onboarding process.

We are proud that no instances of modern slavery were identified in our operations or supply chain during the 2023 reporting period, but this result does not weaken our desire to pursue further enhancements to our due diligence processes and framework.

We remain committed to continually improving our overarching modern slavery risk approach. For this reason, we have clear and transparent governance in place, with BDO's Risk Management Committee responsible for overseeing our approach, on behalf of the Board, which in turn guides the evolution of our modern slavery risk management framework.

Ahead of our 2024 Statement, BDO commits to:

- ▶ Address the 'next step' actions described in this Statement to ensure we actively prevent the occurrence of modern slavery and slavery-like behaviour
- ▶ Further improve the data insights into the effectiveness of our framework and apply these to drive continuous enhancements.



Tony Schiffmann
Chief Executive Partner
BDO in Australia

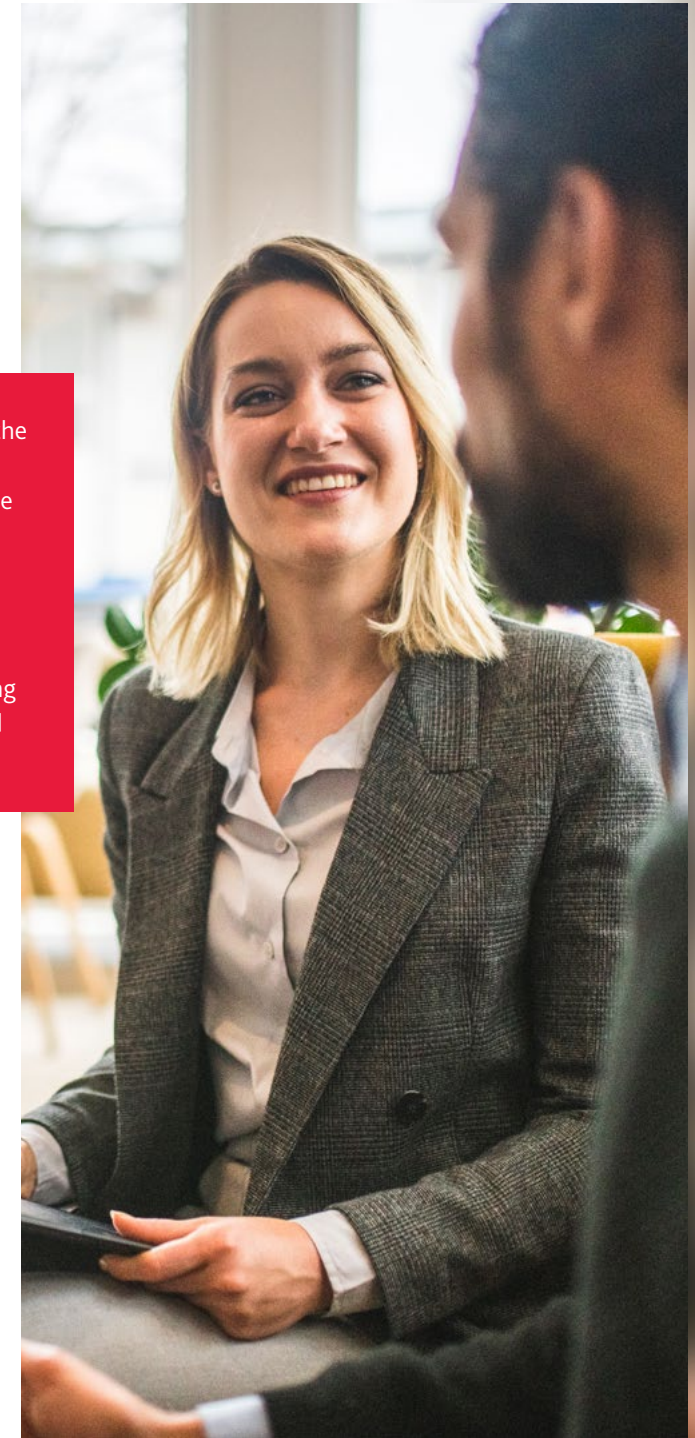
Our commitment

Reference to modern slavery in this statement is aligned with the principles set out in the Global Slavery Index 2023, and carries the meaning given to it in the *Criminal Code Act 1995* (Cth). Modern slavery captures several slavery and slavery-like practices under one common term and includes, but is not limited to, instances of exploitation that a person cannot refuse or depart from because of threats, violence, coercion, deception, or abuse of power.

BDO values the development of trust-based relationships with our people, our clients, and our suppliers. It is firmly believed that by fostering transparent and cooperative relationships, we can facilitate positive business outcomes and promote ethical rigour in our practices, and in the practices of our clients and suppliers. We strive to ensure that all people – including those in the broader community – are afforded human rights. All actions we take as a business are undertaken with the aim of improving our systems, processes, and overall commitment to the management of modern slavery risk and the eradication of slavery and slavery-like practices.

BDO is committed to:

- ▶ Operating its business in accordance with the Modern Slavery Act 2018 (Cth), including all future amendments to this legislation
- ▶ Ensuring our people understand modern slavery and the risk it presents to our operations
- ▶ Providing our people with appropriate avenues for reporting potential instances of modern slavery within our operations, or the operations of our suppliers and/or clients
- ▶ Mitigating modern slavery risk within our operations
- ▶ Eliminating potential and/or actual modern slavery practices from our operations and supply chain
- ▶ Utilising the due diligence completed to date to facilitate effective action plans and 'next steps' in the pursuit of modern slavery risk mitigation and elimination using a proactive approach
- ▶ Ensuring appropriate transparency with our people, clients, suppliers and stakeholders regarding the refinement of our modern slavery due diligence processes and any findings arising from those processes
- ▶ Enhancing our data insights to better measure the effectiveness of our existing modern slavery risk framework.



Our structure and operations

Our operations

BDO operates in Australia as a network of independent member firms, all of whom are members of BDO Australia Limited (BDO in Australia). BDO in Australia, in turn, forms part of the BDO Global network of independent firms. BDO in Australia provides governance and administrative support to all member firms on a national scale, however BDO Australia Limited (a company limited by guarantee) does not itself provide professional services to our clients. BDO Group Holdings Limited is the sole reporting entity for BDO in Australia. This reporting entity captures the Adelaide, Brisbane (including Mount Gravatt), Melbourne, Sunshine Coast and Sydney offices.



Entity
BDO Group Holdings Limited



Our reporting entities

In accordance with the Modern Slavery Act 2018 (Cth), all entities with a consolidated revenue of more than \$100 million within a given financial period must submit a Modern Slavery Statement. As of 30 June 2023, and in connection with the continued integration of BDO's Australian entities, BDO Group Holdings Limited (BDO herein) is the sole reporting entity for BDO in Australia.

The delivery of the Modern Slavery Statement is a collective effort, considering the collated data and corresponding analysis of all reporting entities and controlled entities.

BDO provides professional services to a diverse range of clients, from corporate organisations and private business to federal, state and local government bodies, as well as entrepreneurs and individuals across a broad array of industries. Service lines within BDO are categorised as follows:

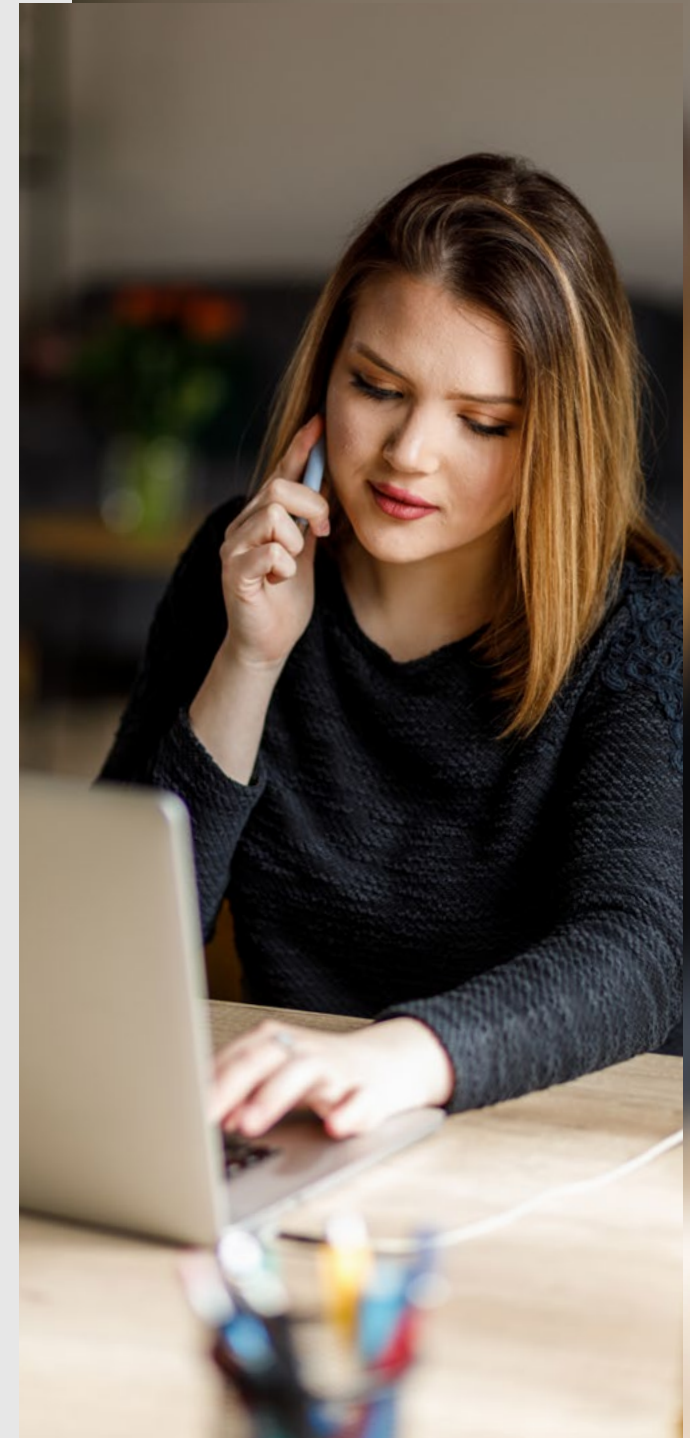


Our governance

BDO is committed to employing corporate governance practices that support our compliance. BDO adheres to all applicable standards and legislative instruments, while also endeavouring to align with community expectations. To achieve this, The Board of BDO Group Holdings Limited (the Board) plays the principal role in the direction of corporate governance. The Board's responsibilities include governing, guiding, and directing the firm towards the achievement of company objectives, in the interests of our employees, our shareholders and the community.

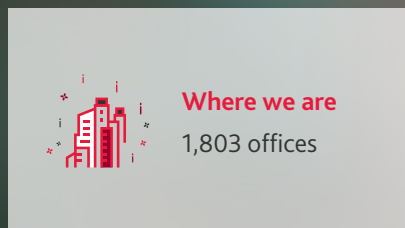
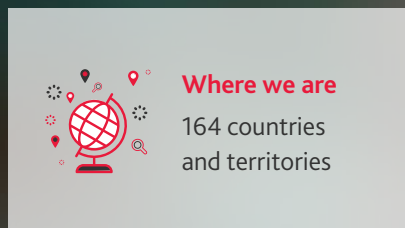
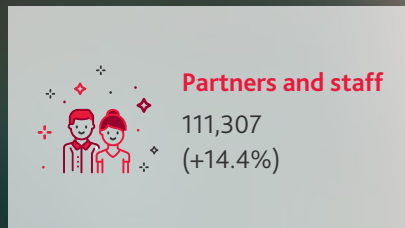
The Board is accountable for ensuring the effective management of modern slavery risk, by providing appropriate governance and direction to operational leadership. Operational leadership is represented by the Chief Executive Partner (CEP), as well as the Office Managing Partners (OMPs) of each BDO office. Every OMP is responsible for the oversight of their respective location's operational and strategic risk management.

The National Risk & Ethics Management Group (NREMG) is tasked with supporting and actioning risk items on behalf of the Risk Management Committee (RMC). The RMC functions as a sub-committee of the Board. This committee provides direct oversight to the NREMG and over firm-wide risk, including modern slavery risk, on behalf of the Board. The RMC plays a key role in the review of the approach taken to address modern slavery risk by the Modern Slavery Task Group (Task Group). The Task Group comprises of representatives from the NREMG, client service lines, Legal, Finance, People & Culture and Clients & Markets teams, and aims to address modern slavery risk.



BDO at a glance

BDO global statistics



BDO Australia statistics

Underpinned by an unwavering commitment to quality, BDO continued to see strong demand for its services in FY23. Pivotal to servicing this increased demand was a strong talent pipeline and development of our leaders. In the 2023 transparency reporting year, we made 22 partner promotions and welcomed 19 new partners as lateral hires.



Our culture sets us apart and is backed by our brand promise of **IDEAS | PEOPLE | TRUST.**

Average audit staff to partner ratio 8:1

BDO Group Holdings Limited statistics

Integrated firm figures as of 1 April 2023.

Adelaide
Partners **19** Staff **192**

Brisbane
Partners **75** Staff **662**

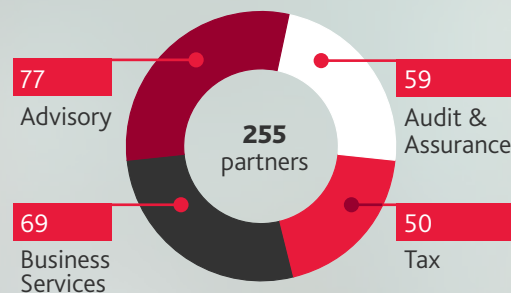
Melbourne
Partners **49** Staff **287**

Sunshine Coast
Partners **2** Staff **27**

Sydney
Partners **66** Staff **552**

Totals 1,933
Partners 211 Staff 1,722

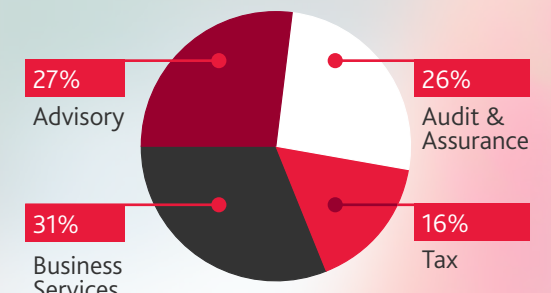
National partner tally (as at 30 June 2023)



Professional staff across service lines (as at 30 June 2023)



Revenue by service line (12 months to 30 June 2023)



Clients

In the 2023 financial year, BDO performed professional services for approximately 24,241 clients.

People

The BDO workforce includes approximately 1,933 employees (including partners and staff) across client service lines and shared services support functions. Employees are based at office locations in Adelaide, Brisbane (including Mount Gravatt), Melbourne, Sunshine Coast and Sydney and may also be situated on-site at a client location.

Suppliers

In the 2023 financial year, BDO's operations were supported by approximately 1,250 suppliers. The main supplier spend categories were:



Property



IT and Communications



Operational



People & Culture



Insurance



Professional Services

Our suppliers provide us with the goods and services we need to support the delivery of professional services to our clients. BDO's supplier spend can be predominantly attributed to six core areas:

- ▶ **Property:** includes office leasing and car parking
- ▶ **IT & communications:** includes the purchase of IT equipment and software, as well as the procurement of IT services
- ▶ **Insurance:** includes coverage of all major forms of general business, public liability, and professional indemnity insurance
- ▶ **Operational:** includes subscriptions, professional membership fees, catering, hospitality, and printing costs
- ▶ **People & culture:** includes recruitment, as well as educational, learning and mentorship programs
- ▶ **Professional services:** includes the provision of consulting services and legal services.

BDO member firms

Other BDO member firms within the broader BDO global network also form part of BDO in Australia's supply chain. However, for the purposes of the *Modern Slavery Act 2018* (Cth), the relationship we have with these firms differs from those we have with external third-party suppliers. All BDO member firms, regardless of jurisdiction, are required to comply with the same ethical principles. For this reason, we have excluded BDO member firms from the definition of 'suppliers' in our Modern Slavery Statement as their risk profile is broadly consistent with ours.

Outsourced service providers

BDO engages with outsourced service providers to improve efficiencies and address resourcing requirements when providing services to our clients. We engaged with several onshore and offshore outsourced service providers in the 2023 financial year and have assessed these entities through our supplier due diligence processes.



Modern slavery risk areas

BDO's modern slavery risk can be broadly classified into three distinct areas:

- ▶ Our suppliers
- ▶ Our clients
- ▶ Our people.

We attribute a risk level to each of these areas based on the perceived level of risk that each category presents to the firm, guiding our response to modern slavery.

Highest risk

Our suppliers

BDO engages with a diverse array of suppliers, each of which is assessed based on risk factors which inform their risk profile. Certain suppliers may present a higher risk of modern slavery by virtue of the jurisdiction(s) and industry(s) in which they operate, the potential for vulnerability in their workforce and the state of their internal controls (policies, procedures, and systems). We are committed to identifying and understanding these risk factors, as well as any others that contribute to the overall risk profile of our suppliers. The consideration of these factors, by our third-party due diligence platform Ethixbase, allows us to better safeguard our supply chain from modern slavery.

Preliminary risk level

We have classified our suppliers – both those relied upon for internal purposes and those used to support delivery of our client services – as the parties who possess the highest risk level where modern slavery is concerned. This arises from the unique risk factors which suppliers present.

Moderate risk

Our clients

We take great pride in building relationships with, and providing professional services to, a diverse client base. The number and variety of organisations BDO works with requires us to be aware that, on occasion, BDO may be at risk of unwittingly entering into an arrangement with a client who does not genuinely share the same commitment to the prevention of modern slavery as we do.

Preliminary risk level

BDO infrequently engages with entities that are primarily domiciled outside of Australia as outlined in our engagement and continuance procedures. However, we may engage with clients who have related entities and operations that operate in higher risk jurisdictions, geographies, and/or industries. Rarely, we have clients who are primarily domiciled in high-risk regions. For this reason, we have classified the risk level of modern slavery in our client base as moderate.

Lowest risk

Our people

The knowledge, skills, and integrity of our people is paramount to our continued success as a business. In assessing the risk of modern slavery within our direct workforce, we have considered our recruitment, retention, remuneration and employment practices, as well as the nature of our workforce generally.

Preliminary risk level

By virtue of an extensive policy framework and a workforce made up of high-expertise professionals, primarily domiciled locally, we have classified the risk of modern slavery in relation to our people as low.

Modern slavery due diligence

Our suppliers

Action taken

- ▶ In line with the update of contractor onboarding processes, all prospective People & Culture (P&C) contractors now undergo pre-emptive modern slavery-related due diligence through the Ethixbase platform. This indicates a continued shift towards proactive risk assessment
- ▶ BDO continues to undertake expanded due diligence on all current suppliers regardless of industry, where they satisfy a pre-due diligence assessment, on a biennial basis. This indicates our commitment to continued risk assessment and management of existing suppliers
- ▶ Updates to the Ethixbase platform, including in relation to the evolving geopolitical climate. In line with this, our list of high-risk jurisdictions has evolved.

Supplier due diligence

Pre-due diligence phase

This phase involved:

- ▶ Collating all supplier data from our integrated firms within the 2022-23 reporting period
- ▶ Filtering supplier data against a pre-defined monetary spend threshold to identify those suppliers who may pose an inherent risk to BDO, due to the level of involvement they have in our supply chain and operations
- ▶ Including any supplier that did not exceed the monetary threshold but was primarily domiciled within a country deemed inherently high risk, in the aggregated list.

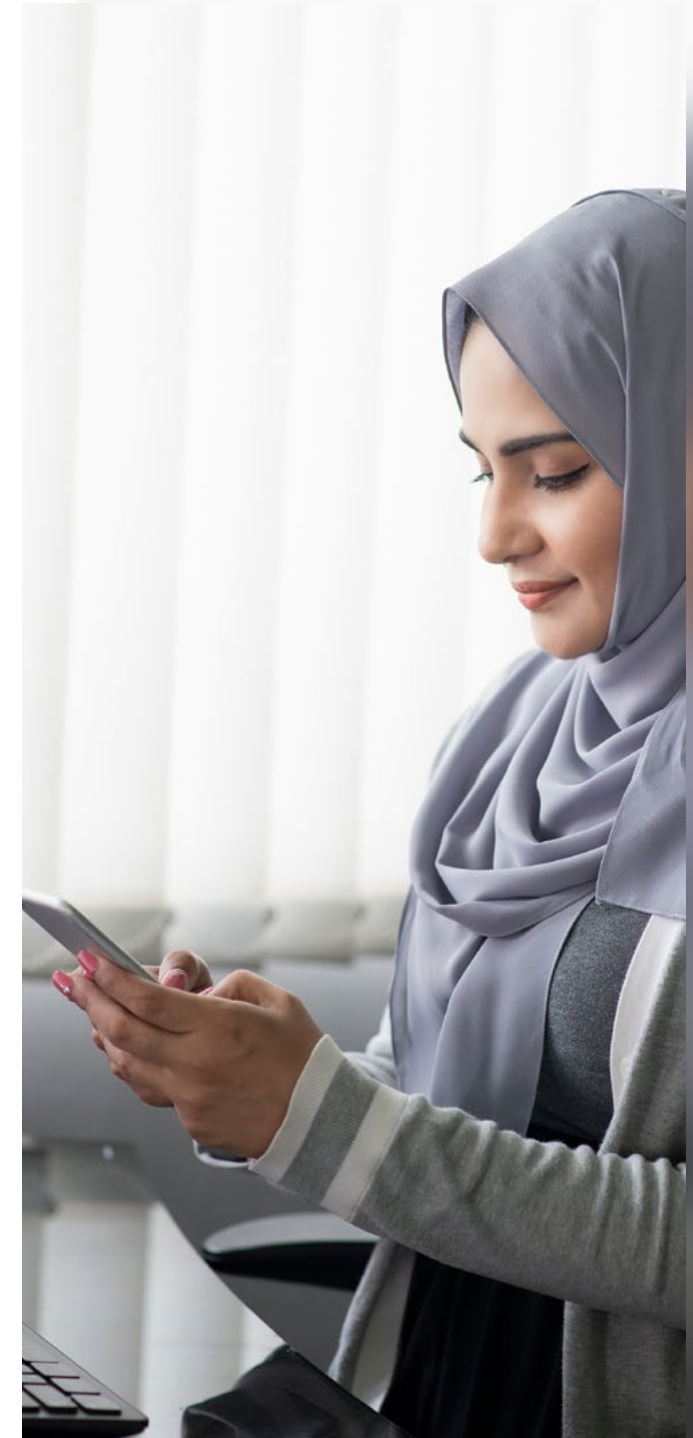
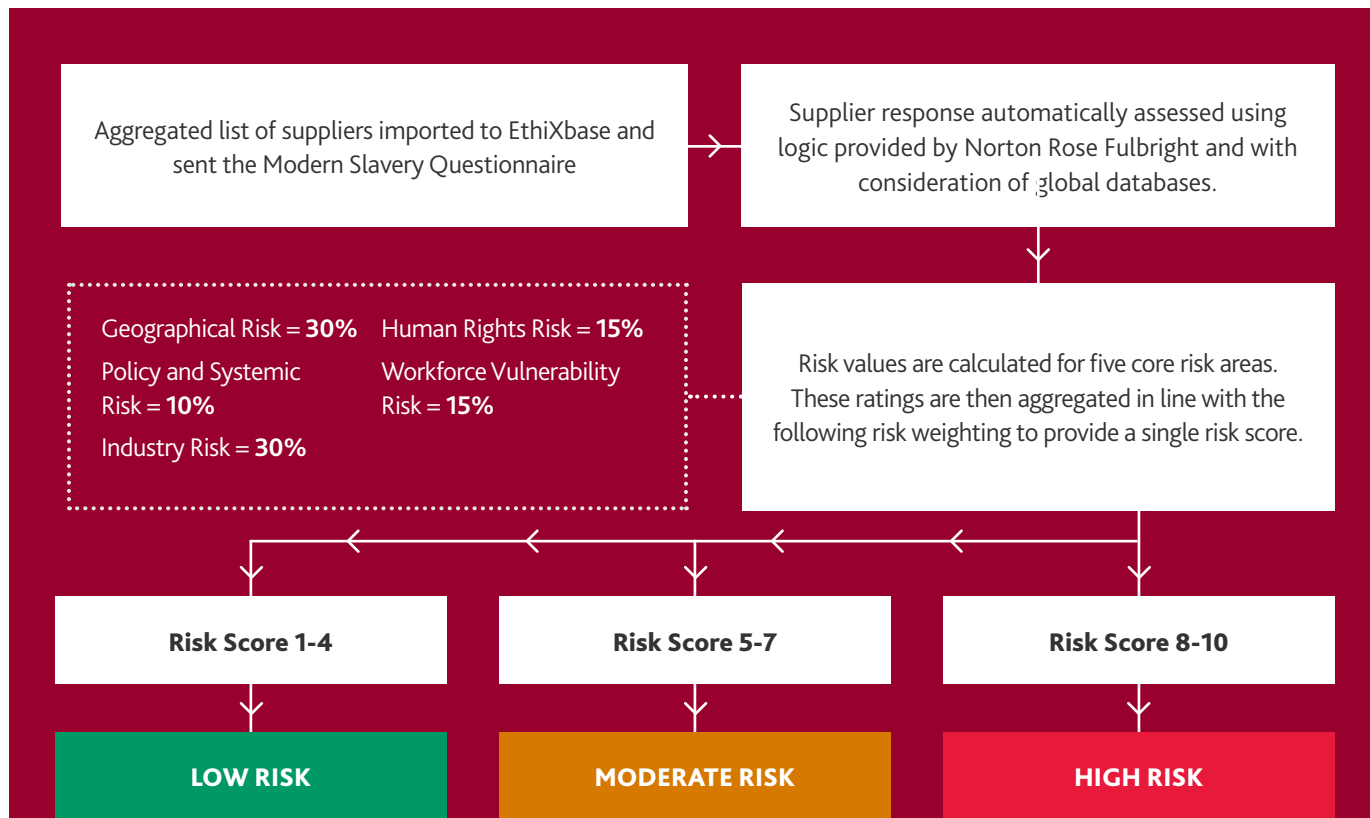


Due diligence phase

BDO utilises a modern slavery due diligence platform provided by the third-party vendor Ethixbase. This platform facilitates an automated and independent due diligence mechanism for those BDO suppliers that are escalated to this phase after the pre-due diligence phase.

The Ethixbase platform provides an intuitive risk assessment of suppliers by applying a unique risk methodology, as set out in the diagram below. This methodology is facilitated through distribution of a modern slavery questionnaire which draws on leading industry insights and global databases and was created in collaboration with Norton Rose Fulbright.

Since the 2020-21 reporting period – when BDO first launched Ethixbase - the platform has seen development and revision to various systemic components to ensure the platform is not only constantly improving, but also remaining up to date in an increasingly volatile geopolitical climate. Ethixbase consistently considers the ever-evolving state of high-risk jurisdictions around the globe in its risk assessment methodology.



Where a supplier is a reporting entity under the *Modern Slavery Act 2018* (Cth) but has foregone completion of the modern slavery questionnaire in favour of self-evidence through the Ethixbase platform, BDO's National Risk & Ethics (NRE) team will undertake an independent assessment. This involves consideration of the content of the supplier's modern slavery statement, provided as part of this process, to determine the risk of modern slavery in relation to the supplier. Risk considerations include, but are not limited to:

- ▶ Systems, policies, and processes in place
- ▶ Commitments made
- ▶ History of modern slavery and modern slavery-related risk
- ▶ Industry in which the supplier operates
- ▶ Where the supplier is primarily domiciled (jurisdictional risk)
- ▶ Where the supplier's own suppliers are primarily domiciled
- ▶ The findings of the supplier's modern slavery due diligence.

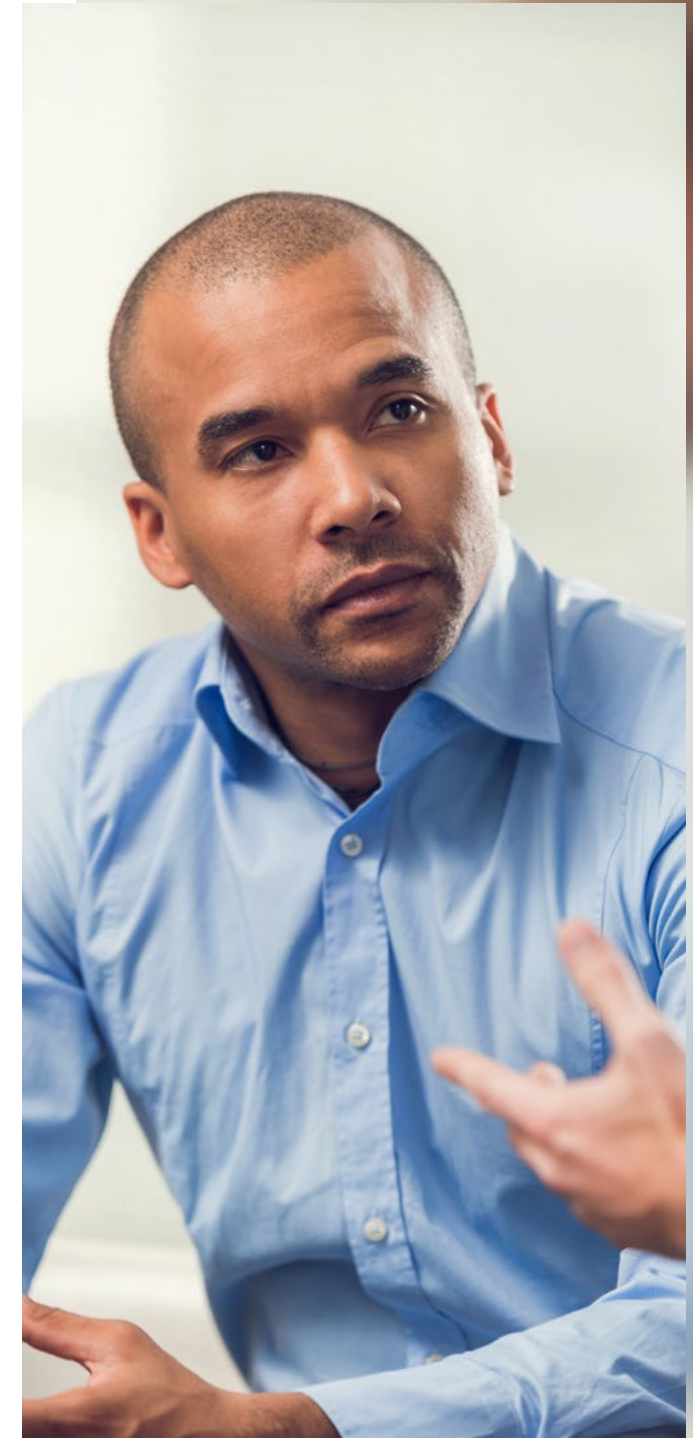
Proactive due diligence phase

In conjunction with the existing due diligence processes outlined above, BDO continues to progressively implement proactive modern slavery-related due diligence. In the 2022-23 financial year, proactive due diligence addressed all prospective IT and P&C suppliers. Currently, where a BDO team is looking to acquire services from a new IT vendor, they are required to complete a Privacy Impact Assessment (PIA) to gauge the risk this vendor may have on our existing systems. At this time, the IT team will reach out to the NRE team to facilitate modern slavery-related due diligence. Similarly, where the P&C team is looking to onboard a new contractor, they must undertake the relevant modern slavery-related due diligence processes facilitated by the NRE team through the Ethixbase platform.

Risk assessment phase

Based on the risk rating provided by the Ethixbase platform, the following methodology is applied:

Supplier's risk rating	Methodology applied
Low	No further action is taken and the supplier is subject to ongoing monitoring for any changes that may impact the risk rating.
Moderate	BDO reviews the factors that have contributed to the moderate risk rating, and considers the extent of further actions that may be required in response to those factors.
High	<p>BDO facilitates a discussion with the supplier to agree on actions (where necessary) in order to address the risk. BDO will evaluate feedback from the supplier in relation to addressing those actions. Actions may include:</p> <ul style="list-style-type: none"> ▶ The regular and appropriate release of a Modern Slavery Statement, where the supplier is legally required to comply with relevant legislation ▶ The implementation of appropriate policies or procedures addressing modern slavery-related risks ▶ In the event that we are unable to come to an amicable resolution with the supplier to reduce their modern slavery risk profile, BDO will terminate the relationship with the supplier as soon as possible, after any contractual obligations have been met.



Policies and procedures related to our suppliers

Supplier Code of Conduct

Our [Supplier Code of Conduct](#) outlines BDO's expectations in relation to our suppliers. Suppliers must always display a commitment to the principles of integrity, confidentiality, objectivity, professional competence, and professional behaviour when conducting business.

This Code references BDO's stance on human rights and more specifically, modern slavery. BDO expects all suppliers to align with international standards for human rights and applicable modern slavery laws. Furthermore, where any supplier becomes aware of any circumstances that may indicate contravention of applicable modern slavery laws or regulations, they are required to notify BDO as soon as practicably possible.

Evaluation of supplier proposals policy

This policy describes mandatory requirements for the procurement of goods and services where the total commitment of a new procurement contract is considered material in accordance with a pre-defined threshold.

Before accepting a proposal from a supplier that is subject to the outlined assessment criteria, an assessment of the supplier's compliance with the *Modern Slavery Act 2018* (Cth) – as well as other relevant modern slavery factors – forms part of the approval process. This assessment follows the modern slavery risk methodology described above, as facilitated by the Ethixbase platform.

Supplier due diligence summary

BDO continues to believe that modern slavery-related risk is greatest in relation to our suppliers. As such, we remain committed to doing business only with those suppliers who share similar values and apply similar ethical rigour to their modern slavery risk management framework. In pursuit of this, we have further developed our supplier due diligence processes to ensure modern slavery risk is suitably mitigated.

In the 2023 financial year, we further broadened the scope of our ongoing assessment of existing suppliers through the implementation of additional proactive forms of due diligence. For example, all prospective IT and P&C suppliers must now undertake modern slavery-related due diligence in conjunction with other onboarding processes. In line with previous years, BDO is committed to increasing engagement with our modern slavery due diligence processes as a whole.

Our third-party platform Ethixbase has also matured, ensuring that data used for internal risk calculations is accurate and considers the current geopolitical climate.

These improvements display the continued evolution of our modern slavery risk management framework as we seek to add rigour to the processes that inform how we interact with our suppliers. To date, no instances of modern slavery have been discovered in our supply chain. We firmly believe that through the continuous development of our processes, alongside the relationships we have built with our suppliers, we can maintain a supply chain that is free of modern slavery.

Outsourced service provider due diligence

Our outsourced service providers undergo the same due diligence processes. This ensures that modern slavery-related risk is identified and does not go unaddressed. BDO's outsourced service providers predominantly assist with administrative support, bookkeeping and tax services.



Our clients

Action taken

- ▶ We have launched a revised National Complaints Framework, which includes extensive policies and systems to allow for effective and compliant avenues of complaint by clients and other external parties. Our Terms of Trade were also amended to reflect these changes
- ▶ We have updated our Whistleblowing Policy to ensure continued compliance with applicable regulations, as well as to streamline the investigation process through efficient role delegation.

Client due diligence

Due diligence is undertaken on our clients prior to onboarding and on a regular basis thereafter. This allows us to ascertain the level of modern slavery-related risk that may exist within their business operations. A focus was placed on the industries and countries in which our key clients operate.

Client due diligence findings

It was determined:

- ▶ The financial services, manufacturing & wholesale, technology, media & telecommunications, and government & public sectors generated the largest share of revenue for BDO in the 2023 financial year.
- ▶ In considering the risk profile of these key sectors, it was determined the majority of the BDO clients that make up these sectors are primarily domiciled in Australia.

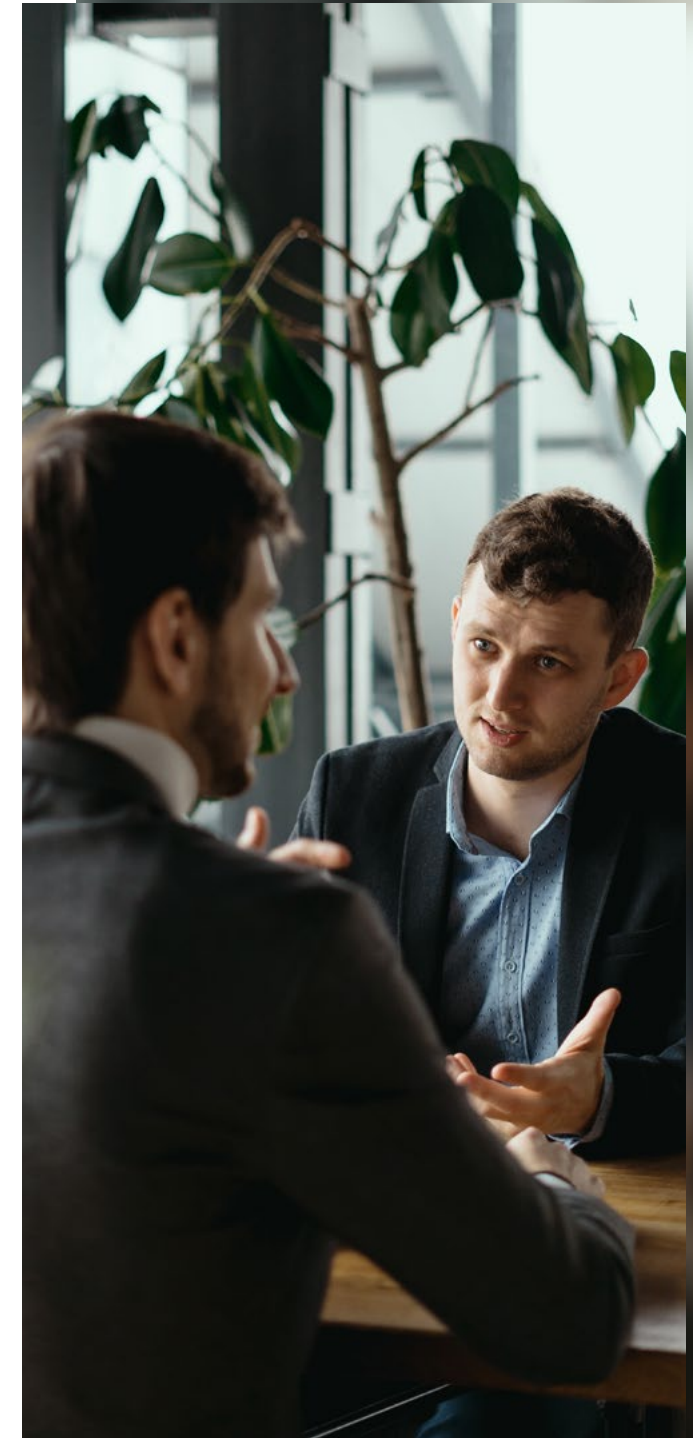
Policies and procedures related to our people

BDO has an extensive policy and procedure framework designed to mitigate the risk associated with engaging with clients across a diverse range of industries through the application of due diligence processes. This framework in turn gives us great confidence in the people with which we do business and displays a mutual commitment to minimise risks of all kinds, including modern slavery-related risk.

Client Acceptance and Continuance Policies (and templates)

BDO's various Client Acceptance and Continuance Policies facilitate a comprehensive understanding of the risk profile of all new clients. This understanding is also reconfirmed prior to continuing an existing client relationship, and before accepting additional engagements. These policies and procedures guide our people through the following important questions in relation to modern slavery risk factors:

- ▶ Have we assessed the industry in which the client operates?
- ▶ Have we considered the jurisdictions in which the client operates?
- ▶ Are we satisfied with the integrity of the client?
- ▶ Are we satisfied that the client is compliant with relevant laws and regulations?
- ▶ Are there any other matters that indicate association with the client could impact the firm's professional reputation, including modern slavery risks?



Complaints Policies

BDO has established a revised National Complaints Framework in the 2022-23 financial year, which includes internal and [external policies](#), Complaints Form, centralised Complaints Register, Complaints Guide and accompanying web pages. This framework ensures our compliance with regulatory requirements, including but not limited to ASIC RG 271, where a complaint concerns a BDO Australian Financial Services Licence (AFSL) or Australian Credit Licence (ACL). By establishing a revised register with automated notification in relation to reportable timeframes and improved data insights for mandatory reporting, we are also better equipped to identify and address instances of modern slavery that may be reported through this channel. This framework lends itself to the reduction of modern slavery risk for not only BDO's clients but also our people and suppliers.

Whistleblowing Policy

In the 2022-23 financial year BDO launched a revised Whistleblowing Policy to not only ensure continued compliance with relevant regulations but also ensure the continued rigour and efficiency of our processes. This policy outlines established protections for eligible disclosures, relevant investigative timeframes and other rights including remedies. BDO encourages all staff, clients and suppliers to speak up and utilise our formal [whistleblowing channels](#) where they become aware of behaviour that may be deemed reportable conduct (i.e. slavery and slavery-like behaviour).

Terms of Trade

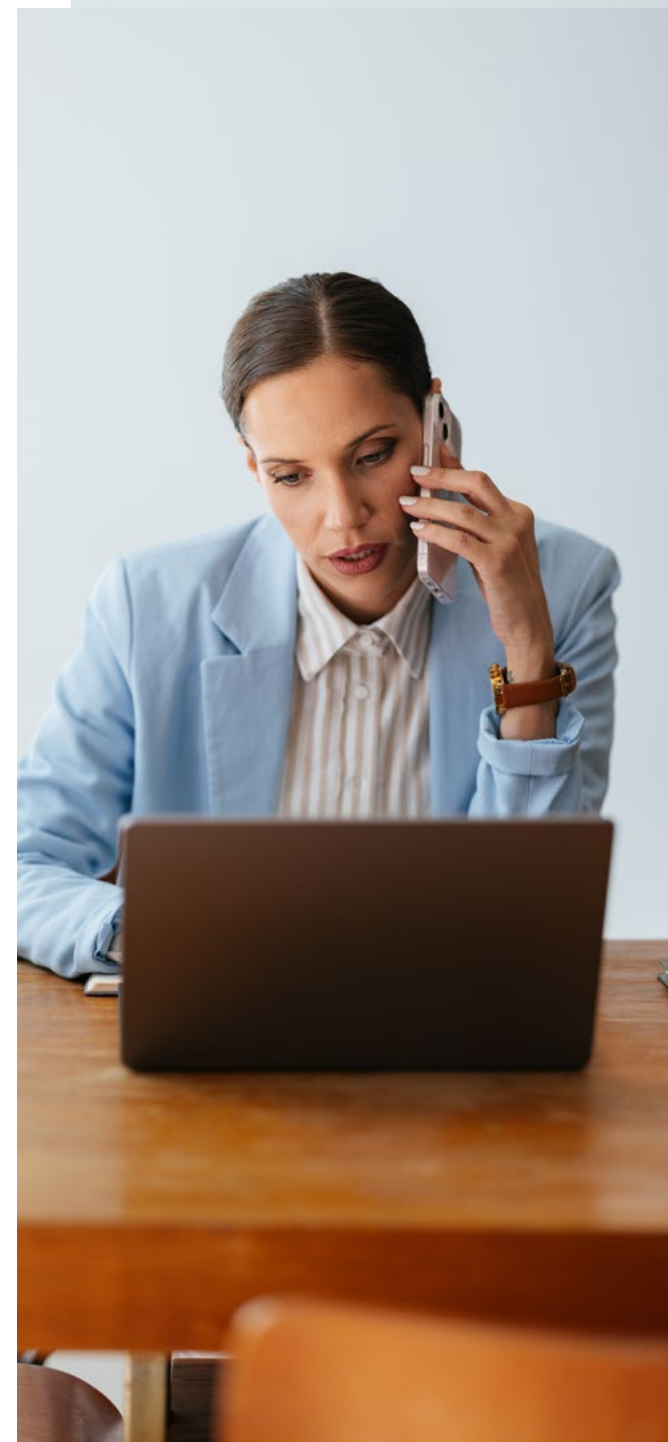
BDO's Terms of Trade (TOT), which are executed by clients and are contractually binding, are consistently updated to ensure that there is clarity around expectations and commitments between BDO and our clients. This document speaks to our expectations surrounding modern slavery. This includes, but is not limited to, the below reciprocal commitments:

- ▶ Mutual commitment to compliance with all modern slavery laws
- ▶ Undertaking reasonable steps to ensure there is no modern slavery in either party's supply chain, or elsewhere in each party's business operations
- ▶ Notification to the other party, should either party contravene modern slavery laws
- ▶ Implementation of due diligence procedures (including policies, procedures, investigations, and systems as deemed necessary) in relation to each party's own suppliers and subcontractors, to ensure there is no modern slavery in the supply chain or business operations of the party.

Since the release of our 2020-21 Modern Slavery Statement, BDO's TOT have also undergone regular review and several revisions. For example, reference to our newly developed National Complaints Framework was added. This framework provides our clients with avenues for complaint and includes policies, systems, and forms. Although it is our preference for modern slavery-related issues to be reported to us through our whistleblowing channels, this framework (and system) has the appropriate functionality to accept, action and escalate all client complaints in line with ASIC regulatory requirements.

Compliance monitoring program

Our compliance monitoring program allows us to monitor our client-facing service lines and offices in relation to compliance with national risk management policies and procedures. This program enhances the robustness of our quality controls and facilitates a proactive and tailored approach to managing quality and remediating any deficiencies that might become evident. Each engagement partner's compliance with client and engagement acceptance and continuance procedures is assessed as part of this program.



Internal Inspection Program

BDO's primary client service lines conduct an annual review of engagement files on a rotational basis in accordance with applicable external and professional quality standards, as well as BDO's global quality standards. As part of this Internal Inspection Program (IIP), client acceptance and continuance procedures are reviewed to determine whether any reasonably foreseeable and material modern slavery risk factors or practices have been identified and assessed. Each service line issues the results of their IIP to the NREMG, RMC, National Service Line Leader, OMPs and the Board. The report describes the results of the review and includes a grading awarded to engagement partners.

Firm expansion

BDO continues to grow its operations, including by way of mergers and acquisitions and the recruitment of additional consulting skills and expertise. BDO's Global policies and procedures assess the suitability of external firms we merge with, in addition to assessing the suitability of incoming partners and clients.

Partners and clients must undergo appropriate due diligence to mitigate the risk of BDO engaging in a relationship that does not align with our firm's values. These processes primarily focus on addressing conflicts or independence issues and rely upon client and engagement acceptance procedures that are conducted prior to client acceptance.

Other BDO firms

All BDO firms within the global network must adhere to the BDO Global policy framework. The policies and procedures of every firm, regardless of its size, nature of services or maturity of business operations, must adhere to fundamental principles in the International Ethics Standards Board for Accountants (IESBA) Code of Ethics. This includes local laws, professional standards, and other requirements of their local jurisdiction such as local labour laws to prevent exploitation and abuse of workers.

Client due diligence summary

Due diligence in this period was undertaken on a per-engagement basis to conceptualise the nature of the modern slavery risk associated with our client-base, with a particular focus on the nature of the industry in which the client operates. It was determined that the majority of our key clients who operate within the financial services, manufacturing & wholesale, technology, media & telecommunications, and government & public sectors, were primarily domiciled in Australia (a low-risk jurisdiction).

Additional considerations, through our stringent client onboarding mechanisms, in conjunction with our suite of policies and procedures, complement this due diligence. New developments, such as the creation of a National Complaints Framework and amendments to our standard TOT, further illustrate how our modern slavery risk management framework continues to mature.



Our people

Action taken

- ▶ Released new resources for staff in relation to complaints and whistleblowing (guides and web pages)
- ▶ Reviewed and updated a number of existing policies and developed a number of new policies
- ▶ Investigated a number of third-party providers for training resources and tools to supplement and/or replace our current offerings in the following areas: modern slavery, fraud awareness, complaints handling, bribery and corruption, privacy, records management and whistleblowing. Budget provision has been made for utilisation of third-party learning modules, which take into account regulatory requirements, are interactive and regularly updated, and can be customised to fit our needs. We aim to finalise our engagement with a preferred third-party service provider in the first quarter of 2024.

People due diligence

BDO's People & Culture team seeks to ensure that we not only have the right people to deliver high-quality services to our clients, but also that our employees enjoy a safe working environment free of undue duress of any kind. This sets a cultural tone that speaks to BDO's core value of 'One' and encourages relationships built on mutual trust.

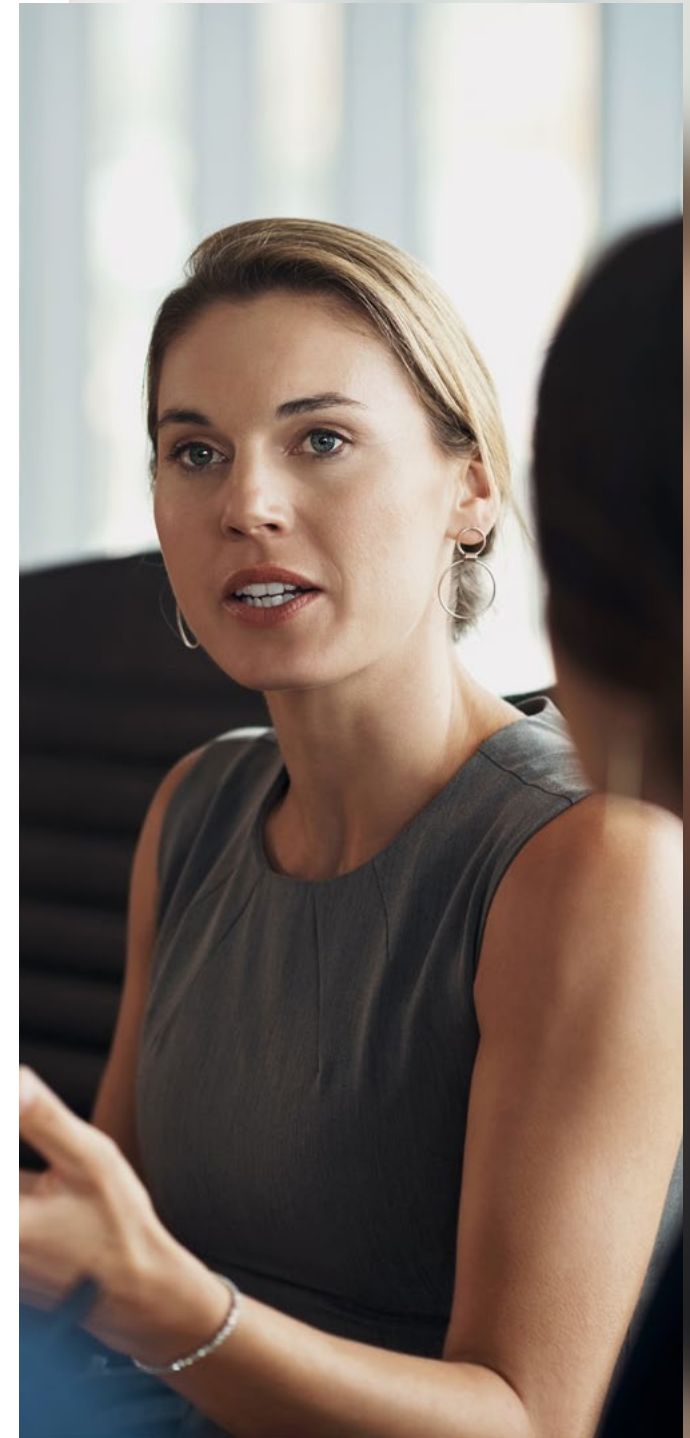
BDO's stringent recruitment and employment practices reflect this expectation, and as a result, it has been determined that the risk of BDO actively participating in or contributing to modern slavery through our people is low. Considerations addressed through the due diligence process included, but were not limited to:

- ▶ Standard conditions of employment
- ▶ Remuneration scheme (including benefits)
- ▶ Recruitment process
- ▶ Transfers and secondments
- ▶ Performance management framework
- ▶ People management framework
- ▶ Policies, procedures and programs.

People due diligence findings

Through this year's people due diligence process, the following core findings were made, and contextualise BDO's people risk profile:

- ▶ Approximately 96 per cent of BDO's workforce is comprised of permanent employees
- ▶ Approximately 4 per cent of BDO's workforce are under fixed-term contract arrangements. All contracts comply with regulatory requirements and industry standards for worker rights
- ▶ Approximately 1% of BDO's workforce is seconded from other international BDO network firms to supplement our workforce. All BDO network firms comply with the standards promoted by the BDO Global Office
- ▶ Only approximately 14 per cent of the total BDO workforce holds a work visa, or some other kind of temporary residency, with the remaining staff holding Australian permanent residency or citizenship
- ▶ The vast majority of BDO's workforce are highly skilled professionals who hold tertiary qualifications in line with their field of expertise.



Policies and procedures related to our people

BDO has an extensive policy and procedure framework designed to mitigate all forms of risk associated with employing, managing and retaining a diverse network of people. This framework in turn gives us great confidence in the quality of our people, the majority of which hold tertiary qualifications and are professionally trained, and reinforces the belief that our people pose minimal modern slavery-related risk. All BDO firm personnel must comply with this policy framework, as outlined in their employment contract.

Talent Acquisition Policy

Our Talent Acquisition Policy establishes a framework for the acquisition of technical staff while ensuring equal opportunity for all applicants. The recruitment and selection procedures follow a set process whereby standard contracts of employment are issued to successful applicants, in line with the relevant requirements outlined in the Fair Work Act 2009 (Cth).

In the 2022-23 financial year this policy was reviewed to ensure the continued rigour of our policy framework (all revisions were implemented as of 27 September 2023). Updates to this policy included increased clarity around our desire to eliminate bias and discrimination from recruitment decisions.

Bullying, Sexual Harassment, Discrimination Policy

BDO does not tolerate or condone any form of bullying, harassment, sexual harassment, discrimination, or victimisation (including unlawful behaviour) under any circumstance. Should employees be subject to, or become aware of, any discrimination or victimisation that results in modern slavery practices, a complaint can be made under this policy.

In the 2022-23 financial year this policy was reviewed to ensure the continued rigour of our policy framework (all revisions were implemented as of 27 September 2023).

Updates to this policy included minor adjustments to the structure, as well as the removal of the resolution process (this has now been fully accounted for in the Grievance Policy).

Work Health and Safety Policy

BDO is committed to providing and maintaining a safe and healthy working environment for all firm personnel, as well as any member of the public who may be visiting a BDO location. In line with this, BDO has released a revised Work Health and Safety Policy to ensure that industrial relations standards satisfy industry expectations.

In the 2022-23 financial year this policy was reviewed to ensure the continued rigour of our policy framework (all revisions were implemented as of 20 October 2023). These updates included minor additions to policy objectives, as well as policy requirements for field-based work and psychosocial hazards.

Leave Policy

We are in full support of a workforce who are encouraged to spend time with their family, and ideally outside of the office. Leave entitlements in line with industry standards are provided to all permanent full-time and permanent part-time employees. Casual and contract employees may also be eligible to receive leave entitlements.



Family Support Policy

BDO recognises the importance of retaining people and is dedicated to providing a flexible working environment that enables employees to balance their work, family responsibilities, carer responsibilities and facilitates career progression.

To support this, BDO developed this policy during the 2022-23 financial year to clarify support mechanisms including the provision of Employer Paid Parental Leave Benefits to employees following the birth, adoption, kinship or foster caring of their child, in addition to benefits provided by the Australian Government. We also support employees with caring responsibilities for children, elderly parents and those with a disability, and those employees who require time and support with IVF or fertility to be able to commence their parenting journey. This policy became effective from 27 September 2023.

BDO takes a gender-neutral approach to the designation of the primary and secondary carer roles.

Time off in Lieu Policy

BDO recognises the hard work of its employees and is aware that there are occasions when deadlines must be met and working extra hours may be necessary. The firm acknowledges the dedication of employees by providing Time off in Lieu (TOIL) for our staff.

Remuneration Policy

This policy was drafted during the 2022-23 financial year and outlines BDO's remuneration principles which align with our overarching Remuneration Strategy. This ensures that we support the attraction, retention, recognition and reward of employees through remuneration and other benefits. BDO considers all applicable awards when assessing remuneration bands, in conjunction with industry insights, ongoing recruitment and candidate feedback and other macroeconomic considerations.

Remuneration practices are based on fairness and gender pay equity, ensuring gender bias does not occur during the review process. This Policy became effective from 27 September 2023.

Flexible Working Arrangements Policy

This policy was drafted during the 2022-23 financial year and is designed to provide all employees with an appropriate level of autonomy and flexibility to accommodate their personal priorities and encourage a healthy and positive mindset. The policy provides guidance and information on the different types of flexible work options available at BDO. This will help identify what will work best for the employee and their role, and how employees can thrive as productive and flexible workers. All employees at BDO are eligible to apply for a flexible working arrangement. This policy became effective from 27 September 2023.

Grievance Resolution Policy

The BDO Grievance Resolution Policy reinforces our commitment to a work environment that is healthy, safe and positive. As such, we provide appropriate mechanisms for staff to report grievances in a sensitive, timely, and fair manner.

In the 2022-23 financial year this policy underwent review and update to ensure the continued rigour of our policy framework (all revisions were implemented as of 1 September 2023). These updates include the broadening of the scope of the Grievance Resolution Policy to also cover complaints relating to bullying, harassment and discrimination.

Family and Domestic Violence Policy

This policy was drafted during the 2022-23 financial year and outlines BDO's commitment to supporting employees who may be experiencing family and domestic violence, and details how BDO will provide a work environment that promotes their safety and provides the flexibility to support them. This policy became effective from 27 September 2023.



International Remote Work Policy

This policy was launched in the 2023 financial year and is designed to confirm the terms and conditions of BDO's support for international remote working. It describes who can work remotely, when remote work may be supported and the process that must be followed to ensure safe and effective remote work arrangements.

People due diligence summary

BDO primarily employs individuals who hold a tertiary qualification and are professionally trained. We see this area as the least likely to produce modern slavery risk. This is further reinforced by a policy and procedure framework that facilitates and attracts the right people, motivates high performance, and retains and develops our people in a way that promotes a workplace free of modern slavery risk. Our people-orientated suite of policies is regularly reviewed to ensure this culture is further nurtured, and our modern slavery risk framework continues to mature.

One of the ways this culture is reinforced is by ensuring effective reporting mechanisms are available to partners, staff, and external stakeholders to report suspected modern slavery issues without the risk of being victimised. No reports of modern slavery or modern slavery-related risk were received in relation to our people through our whistleblowing avenues during the reporting period.



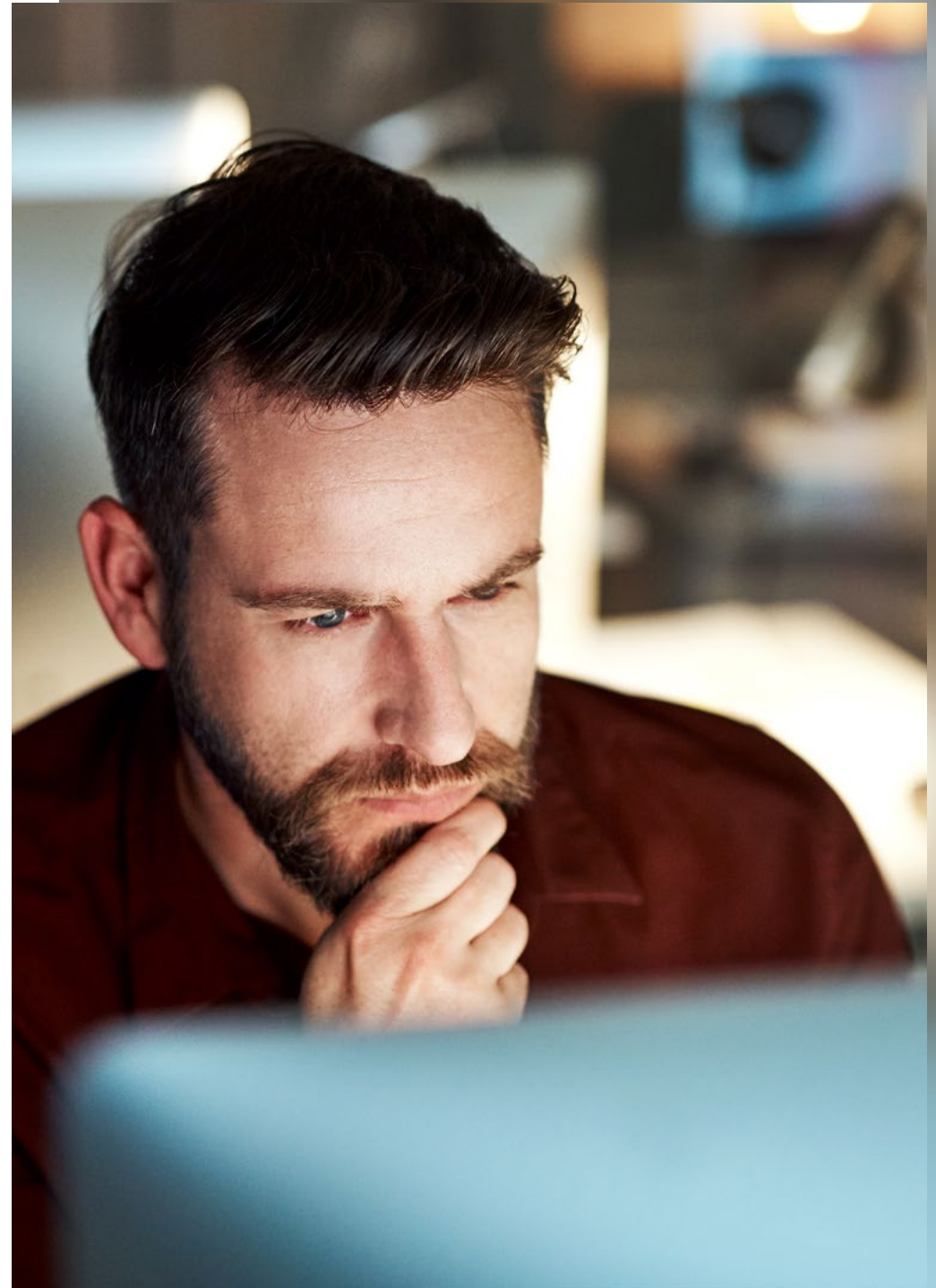
Our next steps for modern slavery due diligence

Next steps for our suppliers

Our 2022 statement identified several opportunities to further enhance our processes and controls in relation to modern slavery-related risk, some of which are still being actioned. Furthermore, through the due diligence exercises undertaken during the course of the 2023 financial year, we have identified further opportunities for improvement.

BDO is committed to further enhancements in advance of the 2024 statement. These include:

- ▶ Expanding the scope of our existing pre-due diligence to ensure more of our suppliers undergo rigorous due diligence through our modern slavery due diligence platform
- ▶ Developing and implementing additional proactive due diligence procedures allowing us to pre-emptively assess more prospective suppliers at the time of onboarding
- ▶ Developing and releasing new policies and procedures, including the Outsource Service Providers Policy and Procedure
- ▶ Providing ongoing communications to key staff to ensure awareness and clarity around modern slavery-related considerations and responsibilities.



Next steps for our clients

We plan to specifically focus on improving the consistency of the due diligence undertaken on clients. Next steps include:

- ▶ Updating our client acceptance and continuance procedures with guidance that enhances our ability to assess modern slavery risks. Included in this guidance will be a list of countries and industries that are indicative of a higher inherent risk of modern slavery. The guidance will include further considerations for our engagement teams to assess if the entity is flagged as having a higher inherent risk of modern slavery as well as a review and escalation process. However, our ultimate goal is to develop processes that assign an inherent modern slavery risk rating automatically. We are currently finalising a business case to facilitate the implementation of this initiative
- ▶ Implementing further enhancements to the firm expansion policy where applicable, which prescribes how risks associated with future merger and acquisition transactions are to be managed, and will incorporate the requirement for modern slavery risks to be assessed as part of the transaction due diligence process
- ▶ Monitoring all complaints received by the newly implemented National Complaints Framework, to capture and consider any complaints which may concern or allude to modern slavery or slavery-like practices in our operations
- ▶ Monitoring all disclosures received by our updated whistleblowing channels to capture and consider any disclosures which may concern or allude to modern slavery or slavery-like practices in our operations.

Next steps for our people

The due diligence we have undertaken on our people to date in line with the launch of our Modern Slavery Statements has provided us with confidence in the policy framework that supports our people. By maintaining a policy suite that encourages employment practices consistent with best practice standards, we are able to support the mitigation of people-orientated modern slavery risk. Prior to the compilation of our 2024 Modern Slavery Statement, we are looking to further mature our modern slavery risk management framework by:

- ▶ Reviewing and updating our existing policies and procedures, to supplement our modern slavery risk management framework, where applicable
- ▶ Launching new policies and procedures, to supplement our modern slavery risk management framework, where applicable
- ▶ Implement new companywide training facilitated by a third-party provider on various topics including Modern Slavery, Fraud Awareness, Complaints Handling, Bribery and Corruption, Privacy, Records Management and Whistleblowing.



Assessing the effectiveness of our modern slavery risk management framework

At BDO, we are committed to the continuous improvement of our modern slavery risk management framework. By adding rigour to this framework, we can mitigate modern slavery-related risk where it involves our suppliers, our clients and our people. We collate data insights from our various due diligence activities to better conceptualise the effectiveness of our existing framework. In 2024, we will endeavour to improve the quality and breadth of these data-driven insights. In turn, this data will promote further rigour in our framework, and identify points of focus leading into the future.

BDO will always communicate transparently regarding the risk of modern slavery in our operations and supply chain. Clients, vendors and other stakeholders who approach us directly for information in relation to our Modern Slavery Statements, outside of what is disclosed in this Modern Slavery Statement, will be directed to BDO's [Head of Risk & Ethics](#) for further information.



Approval and signature

This statement was approved by the Board of the applicable reporting entity, BDO Group Holdings Limited, on 22nd December 2023.



David Fagan

Chairman of the Board:
BDO Group Holdings Limited

22nd December 2023

A stylized, handwritten signature in black ink, consisting of a few fluid, connected strokes.



Item 1

Modern Slavery Act requirement	BDO Modern Slavery statement
Identify the reporting entity.	Our reporting entities
Describe the structure, operations and supply chains of the reporting entity.	Our structure and operations
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls.	Modern slavery risk areas
Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to address those risks, including due diligence and remediation processes.	Modern slavery due diligence
Describe how the reporting entity assesses the effectiveness of such actions.	Assessing the effectiveness of our modern slavery risk management framework
Describe the process of consultation with any entities that the reporting entity owns or controls.	Our structure and operations
Provide any other information that the reporting entity or the entity giving the statement considers relevant.	Our commitment



1300 138 991

www.bdo.com.au

NEW SOUTH WALES
NORTHERN TERRITORY
QUEENSLAND
SOUTH AUSTRALIA
TASMANIA
VICTORIA
WESTERN AUSTRALIA

AUDIT • TAX • ADVISORY

This publication has been carefully prepared, but is general commentary only. This publication is not legal or financial advice and should not be relied upon as such. The information in this publication is subject to change at any time and therefore we give no assurance or warranty that the information is current when read. The publication cannot be relied upon to cover any specific situation and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact the BDO member firms in Australia to discuss these matters in the context of your particular circumstances.

BDO Australia Ltd and each BDO member firm in Australia, their partners and/or directors, employees and agents do not give any warranty as to the accuracy, reliability or completeness of information contained in this publication nor do they accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it, except in so far as any liability under statute cannot be excluded.

BDO Group Holdings Limited ABN 77 133 657 833 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Group Holdings Limited and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

BDO is the brand name for the BDO network and for each of the BDO member firms.

© 2023 BDO Group Holdings Limited. All rights reserved.

23-12-1189