



TRANSPARENCY REPORT

2016-2017



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MANAGING DIRECTOR'S FOREWORD

This is the transparency report of BDO Oy for the accounting period that ended on 31 August 2017. This transparency report provides information on the auditing firm BDO Oy, but it also covers the entire BDO Group, where applicable. On 1 October 2016, Finnpartners BDO Oy (former BDO Oy, business ID 1893593-9) sold its business operations to the newly established BDO Oy (business ID 2776089-4). This transaction marked the start of a change of generation; the company received six new shareholders on the same occasion. BDO Oy currently has a total of 17 shareholders (see Legal form and ownership).

The past accounting period was successful for our business. The BDO Group continued to implement the change specified in its business strategy, streamlining and modernising procedures and increasing the share of digital services. The Group's net turnover was EUR 21.1 million, showing an increase of 16% compared to the previous accounting period. The growth was the result of strong investments in business development, which started in the previous accounting period, and successful recruitment.

Independent audits, services and personnel, high-quality expertise and exceptional customer service are the key principles of our operations. We serve a wide range of customers, from SMEs that are about to enter international markets to startup entrepreneurs and public sector organisations and everything in between. Commitment to exceptional customer service has been one of our strategic focuses from early on. Our staff of 160 experts in Finland and 74,000 globally ensure premium service in all of our 162 countries of operation.

2017 was an important year for BDO Oy. Both our company and our major subsidiary, BDO Audiator Oy, celebrated their 25th anniversary. BDO's 25th anniversary is also part of the official Finland 100 years celebrations.

We want to thank our customers for their trust in us for the last 25 years and we hope to remain your preferred partner also in the future!



Helge Vuoti
December 29, 2017

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.

Until 16 October 2017, the Board members were **Jarmo Lohi**, APA, CPFA, Chair of the Board and **Helge Vuoti**, CPFA, CA, CIA, CCSA, CISA, CFE and **Tomi Rimpinen**, APA. In addition to the above, from 17 October, the new board members were **Pertti Hiltunen**, APA, **Juha Selänne**, APA, **Antti Suulamo**, Tax Partner and **Hannu Riippi**, APA. From 19 December 2017, all the aforementioned people served on the Board with the exception of Jarmo Lohi. Hannu Riippi serves as the Chairman of the Board.

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

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

MANAGEMENT GROUP

BDO has an Administrative Management Group and a Sales Management Group. These assist the Managing Director in preparing and making decisions and in managing the operations.

From 1 September 2017, the members of the Administrative Management Group are Helge Vuoti, Hannu Riippi, **Jari Salomaa**, Development Director, **Ella Korhonen**, HR Manager and **Marjo-Riitta Myllykangas**, Controller.

From 1 September 2017, the members of the Sales Management Group are Eija Kuittinen, Leader, Corporate Finance and Transactions, APA and **Minna Ainasvuori**, CPFA, CA.

Members of the Management Group that operated until 31 August 2017 were Helge Vuoti, Hannu Riippi, Minna Ainasvuori, **Marja Hokkanen**, Director, Tax and Legal Services, Eija Kuittinen and **Maija Rasinkangas**, Director, Human Resources and Administration (until 30 June 2017).

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.

In accordance with the Auditing Act, the majority of shares in the company 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 the CPFA authorised BDO Auditor Oy, 100 per cent of the shares of BDO Consulting Oy, 100 per cent of the shares of BDO Consilium Corporate Finance Oy and 100 per cent of the shares of BDO IT Certification Oy (founded on 22 June 2017).

BDO Auditor 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 Consilium Corporate Finance Oy specialises in corporate and capital finance matters. The company also has the status of a certified adviser at the First North marketplace.

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

On 1 October 2016, Finnpartners BDO Oy (former BDO Oy, business ID 1893593-9) sold its business operations to the newly established BDO Oy (business ID 2776089-4).

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, customer 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. The partner committee also makes proposals on the remuneration of the Managing Director and the Chairman of the Board, and the Board of Directors approves the proposals.

INTERNATIONAL BDO NETWORK

74 000 EXPERTS

162 COUNTRIES

1 500 OFFICES

TOTAL TURNOVER IN 2017 EUR 7.4 BILLION (USD 8.1 BILLION)

The Finnish BDO Group is part of an international cooperation network of auditing firms. We have nearly 74,000 experts serving our customers in 162 countries.

BDO is the fifth largest organisation providing accounting, tax and advisory services both in Finland and internationally. BDO is the fourth largest provider of accounting services in Finland.

In 2017, the total turnover of the global BDO network was approximately EUR 7.4 billion. The total turnover from accounting services at BDO offices in the EU and EEC was EUR 560 million (EUR 557,930,819). BDO is the leader among mid-tier companies in the consolidation of the accountancy profession. 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.

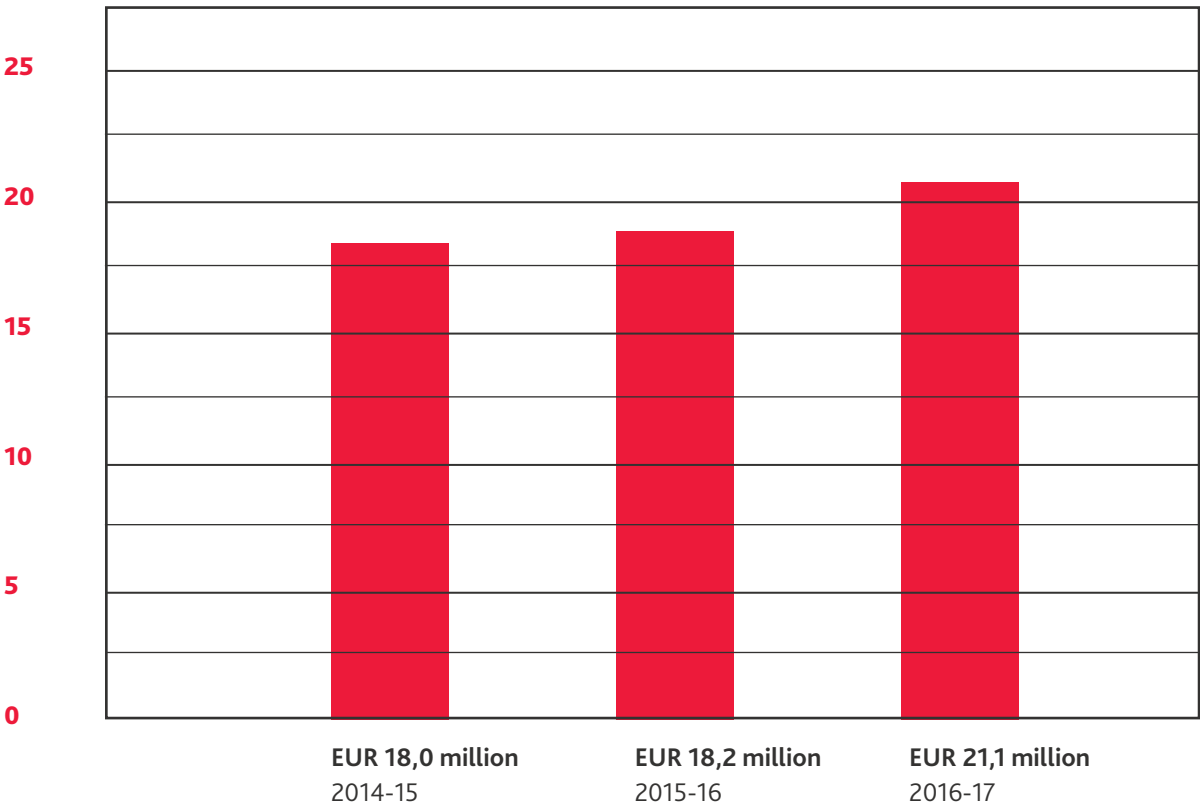
Brussels Worldwide Services BVBA supports BDO's auditing and advisory services, for instance, by providing group-wide tools and methods, the BDO Audit Process Tool (APT), the quality and risk management manual and material for maintaining the BDO brand in different countries.

TURNOVER

TOTAL TURNOVER OF THE FINNISH BDO GROUP IN THE ACCOUNTING PERIOD THAT ENDED ON 31 AUGUST 2017 WAS EUR 21.1 MILLION

BDO GROUP TURNOVER

2015-2017



FINANCIAL INFORMATION FROM THE ACCOUNTING PERIOD THAT ENDED ON 31 AUGUST 2017

Service	Turnover/ thousand euros	Percentage
Income from the statutory auditing of the financial statements and consolidated financial statements of Public Interest Entities (PIEs)	42	less than 1
Income from the auditing of other organisations	15 442	73
Income from other services provided to accounting customers	1 755	8
Income from non-accounting services provided to other organisations	3 868	18
Total	21 107	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.

According to the Board of Directors, BDO Oy's internal quality assurance system is effective. 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 INTERNAL QUALITY CONTROL SYSTEM

THE LATEST QUALITY AUDITS

The Finnish Patent and Registration Office (PRH) carried out an external quality audit on BDO Oy by in 2017.

BDO audited its own quality system and auditors in August and September 2017, following the company's internal quality assurance instructions.

BDO Oy carried out the internal quality audit of BDO Global in June 2017.

The reports of the quality audits 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 (1 September 2016–31 August 2017), BDO Oy has served as the auditor of the following PIE customers (including credit and insurance institutions):

- Wulff-Yhtiöt Oyj
- Perhonjokilaakson Osuuspankki
- Halsua-Ylipään Osuuspankki
- Ullavan Osuuspankki
- Perhon Osuuspankki
- Vetelin Ylipään Osuuspankki
- Vetelin Osuuspankki



INDEPENDENCE AND PERSONNEL DEVELOPMENT

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.

TRAINING AND THE MAINTENANCE AND DEVELOPMENT OF PROFESSIONAL SKILLS

- The key target of the training of our personnel is to develop and maintain the professional skills of our auditors and other specialists.
- This target is achieved with the help of personal development programmes that cover internal training, training by the BDO membership organisations (for example, on key professional principles and risk management) as well as external training by institutions such as ST-Akatemia Oy and chambers of commerce.
- In addition, we use the self-study materials provided by the international BDO network to develop professional skills.
- One of the areas covered by the annual employee-employer discussions is personal career development and training plan. We encourage our personnel to complete professional authorisations and certifications. We also monitor personnel satisfaction with the help of personnel surveys.

MEMBERSHIP OFFICES

IN THE EU/EEC

COUNTRY	TERRITORY	NAME OF THE AUDIT FIRMS IN YOUR TERRITORY
AUSTRIA	Austria	BDO Agitas GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
	Austria	BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
	Austria	BDO Audit Styria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
	Austria	BDO Salzburg GmbH Wirtschaftsprüfungsgesellschaft
	Austria	BDO Oberösterreich GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
BELGIUM	Belgium	BDO Bedrijfsrevisoren Burg. Ven. CVBA
BULGARIA	Bulgaria	BDO Bulgaria Ltd.
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 / Greenland / Feroe Islands	BDO Statsautoriseret Revisionsaktieselskab
	Denmark	BDO Holding IV, Statsautoriseret Revisionsaktieselskab
ESTONIA	Estonia	BDO Eesti AS
FINLAND	Finland	BDO Oy
	Finland	BDO Audiator Oy
	Finland	Finnpartners BDO Oy
FRANCE	France	BDO France Léger & Associés SARL
	France	BDO IDF SARL
	France	BDO PACA SAS
	France	BDO Atlantique SA
	France	BDO Rhone - Alpes SAS
	France	BDO AXE SASU
	France	BDO 2AS SAS
	France	BDO Les HERBIERS SA
	France	BDO FONTENAY LE COMTE SAS
	France	BDO SAINT GILLES CROIX DE VIE SARL
	France	BDO NANTES SAS
	France	Vincent Rusé Conseil SAS
	France	BDO Les Ulis
GERMANY	Germany	BDO AG Wirtschaftsprüfungsgesellschaft
	Germany	BDO Arbicon GmbH & Co. KG Wirtschaftsprüfungsgesellschaft
GIBRALTAR	Gibraltar	BDO Limited

GREECE	Greece	BDO CERTIFIED PUBLIC ACCOUNTANTS S.A.
HUNGARY	Hungary	BDO Hungary Audit Ltd
	IRELAND	Ireland
ITALY	Italy / San Marino	"BDO Italia S.p.A."
	San Marino	BDO Srl (San Marino)
LATVIA	Latvia	SIA BDO Audit
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/Iceland	BDO AS
POLAND	Poland	BDO Sp. z o.o.
PORTUGAL	Portugal /Cape Verde	BDO & Associados, SROC, Lda
ROMANIA	Romania/Moldova	BDO Audit SRL
	Romania	BDO Auditors & Accountants SRL
	Romania	BDO Auditors and Business Advisors SRL
	Slovak Republic	BDO Audit, spol. s r.o.
SLOVENIA	Slovenia	BDO Revizija d.o.o.
SPAIN	Spain	BDO Auditores, S.L.P.
	Spain	BDO Quota, S.L.P.
SWEDEN	Sweden	BDO AB
	Sweden	BDO Syd AB
	Sweden	BDO Syd KB
	Sweden	BDO Göteborg KB
	Sweden	BDO Göteborg AB
	Sweden	BDO Sweden AB
	Sweden	BDO Mälardalen AB
	Sweden	BDO Stockholm AB
	Sweden	BDO Mälardalen Intressenter AB
	Sweden	BDO Syd Intressenter AB
	Sweden	BDO Göteborg Intressenter AB
	Sweden	BDO Norr AB
	Sweden	BDO Norr Intressenter AB
UNITED KINGDOM	United Kingdom of Great Britain and Northern Ireland/ Isle of Man/ Guernsey	BDO LLP

BDO Oy, a limited liability company incorporated under Finnish law, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

www.bdo.fi www.bdo.global

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20100 TURKU

TAMPERE

LAPINTIE 6
33100 TAMPERE

OULU

SEPÄNKATU 20
90100 OULU

JOENSUU

LÄNSIKATU 15
80110 JOENSUU

JYVÄSKYLÄ

YLISTÖNMÄENTIE 26
40500 JYVÄSKYLÄ

SEINÄJOKI

TIEDEKATU 2
(FRAMI PART D, 5TH FLOOR)
60320 SEINÄJOKI

VAASA

RAUHANKATU 20
65100 VAASA

FORSSA

KOULUKATU 13
30100 FORSSA

TAMMISAARI

ASEMATIE 1
10600 TAMMISAARI

MAARIANHAMINA

NORRAGATAN 1B2
APOTEKSGÅRDEN OFFICES
22100 MARIEHAMN