



BDO MALTA
TRANSPARENCY REPORT 2021

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OUR WHY

Many organisations refer to their core purpose as being a 'fundamental reason for being'. At BDO, we call what we stand for our WHY. Our WHY puts into words why BDO exists: it defines us - and it is why we are unique.

In a business powered by people and relationships, we believe that our WHY helps our clients in choosing to work with us and encourages our people to stay with us. It also means that we actively support and help our local communities, initiatives and charitable enterprises.

**People helping people achieve their dreams –
That's our WHY.**



MISSION STATEMENT

OUR VISION IS TO BE THE LEADERS IN ACCELERATING BUSINESS GROWTH THROUGH EXCEPTIONAL CLIENT SERVICE. CONSISTENT EXCELLENCE IN QUALITY, EMPOWERED PEOPLE AND OUR VALUES ARE THE FOUNDATIONS ON WHICH THIS IS BUILT.

This means offering a tailored service, believing in the importance of close personal relationships, listening carefully and working with our clients to determine what exceptional client service means to them.

OUR BRAND VALUES

Our firm is distinctive, we want to preserve and build on the strengths of our culture and the characteristics that make us both successful and different. Our culture is built on a strong belief in our core values.

HONESTY & INTEGRITY

Be transparent, genuine and fair. Operate with the highest degree of personal and professional integrity. We need and want our clients to trust us. This can only happen if we act with honesty and integrity.

PROFESSIONAL & PERSONAL CLIENT RELATIONSHIPS

Understand the person as well as the business. Build relationships based on respect, trust and exceptional service. This reflects our commitment to understanding our clients and their businesses and markets.

MUTUAL SUPPORT & RESPECT

Value and support each other. Maintain an inclusive working environment where teamwork and relationships matter. This allows us to work better together and to deliver better services to our clients as a result.

EMPOWERMENT & PERSONAL RESPONSIBILITY

Work with confidence, flexibility and freedom. Understand that trust and responsibility go hand-in-hand. There can be no one-size fits all approach and we empower our people to have the flexibility and freedom to deliver what our clients need.

— FACTS & FIGURES

BDO GLOBAL STATISTICS 2021¹

GLOBAL REVENUES



US\$ **11.8**
BILLION
+10.8%*

*at constant exchange rates

TOTAL HEADCOUNT



97,292
PEOPLE
+6.8%

GLOBAL FOOTPRINT



167
**COUNTRIES/
TERRITORIES**



1,728
OFFICES

PERCENTAGE REVENUE BY REGION



12%

ASIA PACIFIC



35%

EMEA



53%

AMERICAS

FEE SPLIT BY SERVICE LINE

21.5% Advisory
(inc. Legal)

21.5% Tax



15% Business Services &
Outsourcing

42% Audit & Assurance
(inc. Other)

BDO MALTA STATISTICS 2021²

REVENUE



EU€ **8.15**
MILLION
+13.4%

TOTAL HEADCOUNT



90
PEOPLE

FEE SPLIT BY SERVICE LINE

10% Advisory
- Other

16% Tax



11% Advisory: Corporate finance,
Transactions, Restructuring

38% Accounting &
Compliance

26% Audit & Assurance

² Data 1 January 2021 to 31 December 2021

¹ Data 1 October 2020 to 30 September 2021 (including alliance firms)

BDO REGIONAL STATISTICS 2021 ¹



AMERICAS



EMEA



ASIA PACIFIC

Percentage revenue by region

53%

35%

12%

Revenue



US\$ **6.15**
BILLION +12%²

US\$ **4.13**
BILLION +9%²

US\$ **1.45**
BILLION +10%²

Headcount



40,119 +8.7%

35,526 +6.7%

21,647 +3.8%

Countries/
Territories



42

98

27

Offices



1,101

512

115

Fee split by service line



35% - Audit & Assurance
(inc. Other)
21% - Advisory (inc. Legal)
8% - Business Services
& Outsourcing
36% - Tax



42% - Audit & Assurance
(inc. Other)
21% - Advisory (inc. Legal)
19% - Business Services
& Outsourcing
18% - Tax



52% - Audit & Assurance
(inc. Other)
21% - Advisory (inc. Legal)
14% - Business Services
& Outsourcing
13% - Tax

¹ Data 1 October 2020 to 30 September 2021 (including alliance firms)

² At constant exchange rates

— INTRODUCTION

FROM THE SENIOR MANAGING PARTNER

WELCOME TO BDO MALTA'S TRANSPARENCY REPORT FOR THE FINANCIAL YEAR ENDING ON 31ST DECEMBER 2021.

The preparation and publication of our annual Transparency Report reflects our commitment to upholding the highest possible ethical and professional standards. Dedicated to meeting and surpassing the expectations of all stakeholders, this report is designed to give readers an insight into how we manage our firm whilst upholding the principles of good corporate governance.

2021 proved to be another unprecedented year as the effects of the global COVID-19 pandemic continued affecting our lives and business. Our people have spent a substantial amount of time working remotely or in bubbles for their own safety while ensuring that our services continue without interruption.

We are proud to have been there, as a strong shoulder, for each and every client who needed our professional advice and support throughout the worst days of the pandemic as well as the recovery thereafter. This does not come as a surprise – it is a result of our determination to continue implementing the Firm's growth strategy, even if shackled by the unforeseen circumstances brought about by COVID-19.

Notwithstanding the unprecedented disruptions witnessed in 2021, we are pleased to report several achievements for the financial year under review:

- Our technology infrastructure continue to serve us well in terms of resilience and security to support our entire workforce as we shifted from an office-based operation to full, remote working on a long-term basis.
- Fee income increased by 13.4% YoY in spite of being in the midst of a global pandemic.
- As our Audit practice continues to grow, a new Audit Director was appointed towards the end of the year to drive even more growth and quality in this area.

Fee income increased on the back of healthy growth across all service lines. Newer service lines launched in previous financial years continue to mature and strengthen their market share.

As the world continues to struggle with a shortage of talent, it is only natural for BDO Malta to continue investing in people, culture, training, and development. Likewise, compliance, quality assurance and technology investments will ensure that we continue to be well-positioned to service our clients in line with BDO's vision as Advisors of the Future.

I would like to thank all our clients, Partners, Leadership and Management team, and every colleague at BDO Malta who have contributed to yet another successful year.

John J. Attard |
Senior Managing Partner |
March 2022



INTRODUCTION

FROM THE CHIEF EXECUTIVE OFFICER

DEALING WITH UNCERTAINTY

As Europe and the rest of the world continue to face several economic, political and regulatory uncertainties, the anticipated post COVID-19 recovery is starting to take-off as life slowly but steadily returns to a degree of normality.

A degree of optimism reigned as we exited 2021, only to enter 2022 staring down the barrel of war.

New uncertainties unfolding around the Russian invasion of Ukraine sent shivers down our spines as we watched, sometimes helplessly, the humanitarian tragedy brought about by war. A raft of economic sanctions, skyrocketing food prices and inflationary pressures were added to a list of other uncertainties already looking us in the eye, such as steep increases in shipping costs, supply chain disruptions, talent shortage and higher fuel prices.

The prevalent economic, political and regulatory conditions throughout 2022 will very likely continue to apply significant pressure to an already fragile global economy still reeling from the effects of a global pandemic and increased compliance requirements.

2021 PERFORMANCE

For the financial year under review, I am pleased to report a 13.4% increase in fee income over the same period last year.

The global COVID-19 pandemic has thought us to be as resourceful as we can in the face of adversity and to adapt to circumstances such that we continue to thrive. These results are only possible in an environment where our clients and our engagement teams are perfectly in-sync in their quest to succeed. We are grateful to all our clients for their continued business and to all our members of staff for

their dedication to servicing our clients in a timely and professional manner, guided by BDO's purpose of 'People Helping People Achieve Their Dreams'

OUR PEOPLE, OUR SUCCESS

Our people continue to be the most valuable resource. The Firm will continue its investment in people, culture, training and development to ensure that it is able to meet the growing demand for its services.

At BDO, we fully believe that exceptional service to our clients begins, and ends, with exceptional regard for our people.

We have retained our status as ACCA Gold Partners and we have ensured that safety and wellbeing of our staff are prioritised at all times during the pandemic. Our Social Committee is driven by dedicated staff members on a voluntary basis who cherish being of service to their colleagues, fully supported by the Firm.

We will repay our clients' trust and our people's unwavering loyalty by working harder, always keeping their best interests at the heart of our decision making.

At the time of publishing this report, global business has still not fully recovered to pre-COVID-19 levels and other uncertainties have also surfaced. Our business, and our clients' businesses, are not immune to these risks. However, I am confident that our business is resilient to withstand these shocks and we continue to be well-positioned to benefit from the upside that will surely result in due course.

Mark Attard |
Partner & CEO
March 2022





— TRANSPARENCY REPORT 2021

This transparency report has been drawn up in terms of directive 2006/43/EC of the European Parliament and the council, of 17th May 2006, together with the accountancy profession act. (*Chapter 281 of the Laws of Malta*)

LEGAL STRUCTURE AND OWNERSHIP

At the end of 2021, the Firm was managed by two equity partners and three non-equity partners.

The firm provides audit and assurance services, tax and other non-assurance services. It holds a licence to practice as an audit firm in terms of the Accountancy Profession Act.

Other services to clients are provided principally through BDO Consult Limited, BDO Fintech Advisory Limited, BDO Technology Advisory Limited and BDO Services Limited.

BDO Malta can trace its origins back to 1978. It became a correspondent of the BDO network in 1988 and a member firm in 1990.

Besides being a professional firm of auditors, accountants, tax consultants and advisers, BDO Malta strives to establish durable and loyal ties between partners, staff and clients, while at the same time achieving a balance between the interests of all concerned.

After all, what better way is there for a service provider to build a strategy around “sustainability” than on the basis of relationships?

BDO is doing just that.

BDO Malta operates from offices in Msida, Malta.

BDO
INTERNATIONAL



BDO INTERNATIONAL

BDO MALTA IS A MEMBER FIRM OF BDO INTERNATIONAL

DESCRIPTION OF THE NETWORK

The BDO network is an international network of independent public accounting, tax and advisory firms which are members of BDO International Limited and perform professional services under the name and style of BDO (hereafter: 'BDO Member Firms'). BDO is the brand name for the BDO network and all BDO Member Firms.

LEGAL AND STRUCTURAL ARRANGEMENTS IN THE NETWORK

Each BDO Member Firm is a member of BDO International Limited, a UK company limited by guarantee, as either a voting member (one per country) or a non-voting member. BDO International Limited is the governing entity of the BDO network and sets the membership obligations of the BDO Member Firms in the Regulations.

The BDO network is governed by the Council, the Global Board and the Global Leadership Team of BDO International Limited.

The Council comprises one representative from each voting

member and comprises the members of BDO International Limited in general meeting.

The Council approves the network's central budget, appoints the Global Board and approves any changes in the Articles and Regulations of BDO International Limited.

The Global Board, which is the Board of Directors of BDO International Limited, comprises a representative of the BDO network's seven largest member firms, whose appointment, each for a three year term, is approved by the Council.

The Global Board sets priorities for the BDO network and oversees the work of the Global Leadership Team. The Global Board meets at least four times a year.

The Global Leadership Team is tasked with coordinating the activities of the BDO network. It is headed by the CEO and comprises the COO (currently also acting as Global Head of Advisory), Global Heads of Audit & Assurance, Tax, HR & Development, Business Development & Marketing,



Continued →

BDO INTERNATIONAL

BDO MALTA IS A MEMBER FIRM OF BDO INTERNATIONAL

IT, Transformation, the CEO EMEA, the CEO Americas, the CEO Asia Pacific and the International Secretary.

The Global Leadership Team is supported by the Global Office at Brussels Worldwide Services BVBA. Brussels Worldwide Services BVBA, a Belgian limited liability company, provides services to assist in the coordination of the BDO network.

BDO International Limited and Brussels Worldwide Services BVBA do not provide any professional services to clients. This is the sole preserve of the BDO Member Firms.

Each of BDO International Limited, Brussels Worldwide Services BVBA and the BDO Member Firms is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of BDO shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide services BVBA and/ or the BDO Member Firms.

The global aggregated turnover for BDO member firms (including their exclusive Alliances) in 167 countries for the year ended 30 September 2021 was in excess of \$11.8bn. Partner and staff numbers at 30 September 2020 were some 97,000.

This tangible growth in revenues can be attributed to:

- ▶ The network's successful mergers and acquisitions strategy, aided by the continuing consolidation of the accountancy profession;
- ▶ New firms expanding the network's global footprint and bolstering performance in existing key territories;
- ▶ Sustained organic growth across all regions;
- ▶ The drive to adapt and transform the delivery of exceptional client service through the application of powerful new technologies.



GOVERNANCE

GLOBAL BOARD AT MARCH 2022



USA

Wayne Berson
Global Board Chair



AUSTRALIA

Tony Schiffmann



CANADA

Patrick Kramer



CHINA

Jiandi Zhu



GERMANY

Holger Otte



THE NETHERLANDS

René Nelis



UK

Paul Eagland

The global BDO network is governed by the Global Board, the Council and the Executive of BDO International Limited.

GLOBAL BOARD

The Global Board is the Board of Directors of BDO International Limited. It comprises the managing partners of at least the three largest firms of the EMEA region, the two largest firms of the Americas region and the two largest firms of the Asia Pacific region. The (re)appointment of the Global Board members, each for a three year term, is approved by the Council. The table on the left sets out the present composition of the Global Board, which is currently chaired by Wayne Berson, managing partner of BDO in the USA. The Global Board Chair is elected by the Global Board members and serves for a period of three years.

The Global Board sets policies and priorities for the global organisation and oversees the work of the Executive.

BDO COUNCIL

The Council comprises one representative from each voting BDO Member Firm – generally the managing partner – and represents the members of BDO International Limited in general meeting. In 2021 there were 113 Council members. The Council is chaired by the Council Chair, elected among the existing Council members by the Council upon nomination by the Global Board. The current Council Chair is Wayne Berson, managing partner of BDO in the USA.

The Council approves BDO's global budget, appoints the Global Board and approves any changes to the Articles of Association and the Regulations of BDO International Limited. The Council meets at least once a year, with additional meetings held if the Council Chair and/or the Secretary of BDO International Limited consider it necessary or appropriate, or upon the request of a minimum number of Council members.

EXECUTIVE

The Executive comprises the Chief Executive Officer (CEO), who is appointed by the Global Board, and the members of the Global Leadership Team (GLT), who are appointed by the CEO.

The current global CEO is Keith Farlinger, previously CEO Americas and formerly managing partner of BDO in Canada. The CEO's powers and responsibilities are set out in the Regulations and as further determined by the Global Board. The CEO is tasked with the day-to-day management of the affairs of BDO globally, as well as the development and implementation of the global strategy for the organisation. He recommends quality standards, policies and strategies to the Global Board. The CEO also acts as spokesperson for BDO at international forums and organisations and represents the global organisation in discussions with international regulatory bodies.

Anders Heede is the Chief Operating Officer (COO). Working closely with the CEO, the overarching responsibilities of the COO are to ensure that the global BDO organisation is equipped to meet the challenges of today and is prepared for the future.

Martin van Roekel is the Vice Chair of BDO. Martin was previously global CEO and currently assists the CEO on a number of matters pertaining to the BDO organisation.

The members of the Global Leadership Team (GLT) are appointed by the CEO, who allocates and delegates responsibilities to them as he deems appropriate.

The GLT comprises the regional CEOs, the Global Heads of service lines and of support services, as well as the Global Head of Risk, Quality & Governance and Secretary of BDO International Limited. All the members of the GLT are dedicated full-time to their role within BDO International Limited.

The coordination of the service provision within BDO is done by the Global Office, which includes the following departments:

- Accounting & Administration
- Audit & Assurance
- Business Development, Marketing & Communications
- EU Key Account Procurement
- People & Culture
- IT
- Regulatory & Public Policy
- Risk, Quality & Governance
- Tax

GLOBAL LEADERSHIP TEAM AT MARCH 2022



GLOBAL CEO
Keith Farlinger



COO / GLOBAL HEAD OF ADVISORY
Anders Heede



GLOBAL HEAD OF BUSINESS DEVELOPMENT & MARKETING
Allan Evans



CEO AMERICAS / GLOBAL HEAD OF BSO
Albert Lopez



GLOBAL HEAD OF RISK, QUALITY & GOVERNANCE / SECRETARY OF BDO INTERNATIONAL LIMITED
Basile Dura



GLOBAL HEAD OF IT
Belinda Thompson



GLOBAL HEAD OF AUDIT & ASSURANCE
Chris Smith



GLOBAL HEAD OF TAX / GLOBAL HEAD OF PEOPLE
Robert Aziz



CEO ASIA PACIFIC
Stephen Darley



CEO EMEA
Trond-Morten Lindberg

REGIONAL STRUCTURE

To facilitate the communication and coordination of actions and the sharing of best practice, BDO is divided into three regions: EMEA (Europe, Middle East and Africa), Asia Pacific and Americas (Latin America, North America and Caribbean), each supported by a regional board.

Each region has its own regional CEO, who chairs the respective Regional Board and provides support and guidance regarding the strategic initiatives of firms in the region.

GLOBAL COMMITTEES

Within BDO there are a number of global committees, composed of professionals from our firms, who report to the respective member of the GLT and the CEO. These committees, which act in an advisory capacity for the benefit of our firms, are further supported by a number of sub-committees, task forces and working groups. The International Risk Management Committee and the Audit Steering Committee are key to our risk and quality management.

THE PRIMARY GLOBAL COMMITTEES ARE AS FOLLOWS:





BDO
BDO MALTA

BDO MALTA

BDO MALTA

BDO Malta is a Member Firm of BDO International, one of the world's largest professional services firms. BDO provides accounting and auditing, tax and consultancy services on a globally integrated basis with over 1,700 offices in more than 167 countries and territories. Combining our international capabilities and local market knowledge with an extensive range of skills and industry expertise, we are able to provide a one-stop shop for all your accounting, audit, legal, management consulting and corporate finance needs.

Licensed by the Malta Financial Services Authority to act as trustee, fiduciary and Company Service Provider, BDO Consult Limited's team of well-trained individuals work with integrity and commitment to providing an excellent service tailored to meet specific requirements.

The services we provide are as follows:

- ▶ Tax Consultancy;
- ▶ Tax & VAT Compliance;
- ▶ Incorporation / Formation of Companies;
- ▶ Finance & Accounting Outsourcing;
- ▶ Banking;
- ▶ Legal & Consultancy Services;
- ▶ Licensing;
- ▶ Correspondence & Administrative Services;
- ▶ Company Secretary;
- ▶ Directorship;
- ▶ Audit & Assurance;
- ▶ Payroll;
- ▶ Trusts & Foundations;
- ▶ Securitisation Vehicle & Funds Setup;
- ▶ Malta Residence & Visa Programme;
- ▶ Gaming Advisory & Compliance;
- ▶ Gaming Key Individuals Outsourcing;
- ▶ AML/CFT Compliance Advisory;
- ▶ IT Assurance;
- ▶ IT Managed Solutions;
- ▶ IT Compliance & Regulatory Advisory;
- ▶ Outsourcing Services;
- ▶ Risk Advisory;
- ▶ Fintech Advisory;
- ▶ Fiduciary Services;
- ▶ Technology Solutions & Advisory;
- ▶ Aircraft Registration and Tax Advice;
- ▶ GDPR & DPO Services;
- ▶ Internal Audit;
- ▶ Whistleblower Protection Services.

BDO Malta is an end-to-end corporate services provider assisting international and Maltese companies in transactions, tax, licensing for regulated businesses, Fintech and ICOs, company administration, advisory and consulting as well as other corporate requirements.

Our team evolved in its present form through the engagement of specialists who have excelled in their various fields. Our exceptional service delivery is built on five key components: clear understanding of client needs, effective communication, commitment to our clients, the best available professionals and strong ethical values.

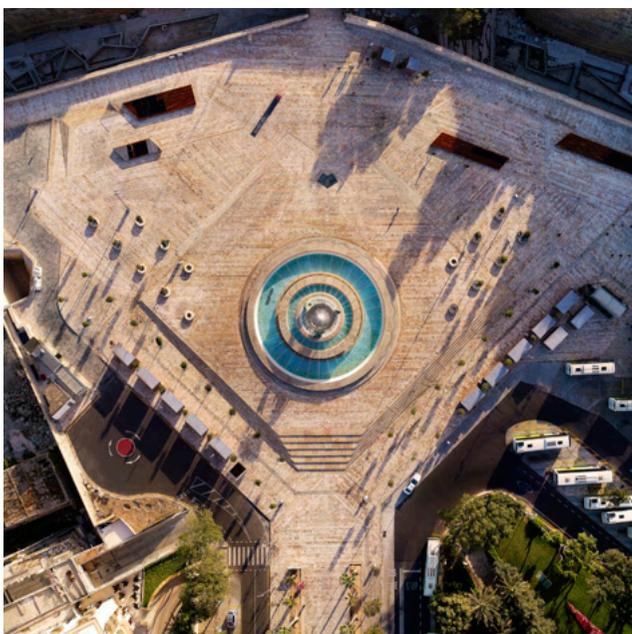


GOVERNANCE STRUCTURE & INTERNAL QUALITY CONTROL

GOVERNANCE STRUCTURE

At BDO Malta, the management function is carried out by the partners. Mr. John J. Attard is the Senior Managing Partner. The partners of the firm are Mr. John J. Attard, Mr. Mark Attard, Mr. Sam Spiridonov, Mr. Josef Mercieca and Mr. Andrew Zarb Cousin.

Mr. Mark Attard is the Chief Executive Officer and International Liaison Partner. All salaried partners receive an agreed remuneration package that is commensurate to their position and responsibilities. The equity partners do not receive a fixed salary. They share profits on an annual basis in proportion to their equity.



INTERNAL QUALITY CONTROL

The firm continually strives to achieve high quality standards in the services provided. In achieving this it is the firm's policy:

- ▶ to ensure quality in all assignments performed;
- ▶ to ensure that commercial considerations never override the quality of performance;
- ▶ to ensure that sufficient resources are devoted to the development and support of the firm's quality control policies and procedures; and
- ▶ to ensure that all audit work is controlled and signed off by the partners.

The firm's system of internal quality control is designed to provide reasonable assurance that the firm, its partners and staff comply with professional standards and regulatory and legal requirements, that work is performed to a consistently high standard and that reports issued by the firm are appropriate.

The firm's system of internal quality control can be split into the following elements:

- ▶ leadership responsibilities for quality within the firm;
- ▶ ethical requirements;
- ▶ acceptance and continuance of client relationships and specific engagements;
- ▶ human resources;
- ▶ engagement performance; and
- ▶ monitoring.

LEADERSHIP RESPONSIBILITIES FOR QUALITY WITHIN THE FIRM

Quality control is dependent upon an organisational structure which is inherently sound, and which clearly defines the responsibilities of the various levels of management. The partner in charge of compliance and ethics is Mr. John J. Attard.

The partners have ultimate responsibility in respect of audit quality within the firm. Any changes in the firm's audit procedures can only be made after authorisation has been given by one of the partners.

The partners are responsible for:

- ▶ developing assurance methodology and guidance to ensure compliance with auditing standards;
- ▶ maintaining the firm's technical manuals and communicating developments to the firm's partners and staff;
- ▶ helping maintain the firm's assurance practice at the highest standards prevailing in the profession, including the supervision of the firm's auditing work;
- ▶ consulting with local office partners and other professionals seeking technical advice; and
- ▶ overseeing the firm's technical continuing professional education programmes.

Continued →

GOVERNANCE STRUCTURE & INTERNAL QUALITY CONTROL



The compliance partner is responsible for:

- ▶ monitoring of independence;
- ▶ monitoring the firm's auditing work;
- ▶ coordinating the professional performance staff and achieving standards that measure up to the firm's professional objectives; and
- ▶ evaluating the firm's quality controls policies and procedures.

ETHICAL REQUIREMENTS

The firm adheres to the provisions of the Code of Ethics issued by the Accountancy Board. In instances where the firm's independence is threatened (other than those where we are not specifically allowed to act), an independent review is carried out by a partner other than the engagement partner in order to safeguard the firm. If this is not possible, other safeguards are adopted and if these are found to be inadequate the firm will resign from the post of auditor. All safeguards are agreed with the Ethics Partner.

Audit staff are encouraged to notify the Audit Engagement Partner of any potential threats to independence. It is the responsibility of the Audit Engagement Partner to notify the Ethics Partner of any breaches or potential problem areas.

The firm will only provide non-audit services to an audit client if the principles contained in the Code of Ethics are not breached. Furthermore, all partners other than the Engagement Partner who intends to carry out non-audit work for an audit client must notify the Audit Engagement Partner before any work commences so that

the overall impact of ethical requirements on the audit engagement is properly assessed. Annual declarations are made by all partners and staff to ensure compliance with relevant ethical requirements.

ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS AND SPECIFIC ENGAGEMENTS

Robust client and engagement acceptance procedures play a pivotal role in the firm's ability to deliver a professional and quality service.

Prior to the acceptance of any new client, procedures to assess the risks associated with that client must be carried out. These will include:

- ▶ consideration of the client's business including its geographical spread and the industry it operates in;
- ▶ evaluation of information concerning the client, its management and its owners including obtaining evidence of the identity of the owners and officers of the business;
- ▶ considering information regarding the character and reputation of the prospective client and key personnel;
- ▶ assessment of potential independence risks and potential conflicts of interest;
- ▶ if relevant, inquiry of the previous auditor regarding the reasons for the change in auditor and if there is any reason why we should not accept the appointment;
- ▶ assessment of our ability to serve the prospective client; and
- ▶ reviewing filings of the company, including prior year financial statements.

The acceptance of all clients requires an approval process that is appropriate to the perceived risk. "High risk" assurance clients require prior approval by not less than two partners.

The firm has in force appropriate safeguards to ensure that any familiarity threat arising from a long association with a client by either a partner or key staff member is reduced to an acceptable minimum level. The firm only accepts or continues an assignment when it is certain that the client concerned does not lack integrity, and that it is competent to perform the required services and that it can comply with ethical standards and the Code of Ethics.

The Audit Engagement Partner completes the firm's client acceptance or re-appointment documentation before the start of every assignment. The relevant sections of the firm's standard audit procedures are completed during the planning stage of the assignment.

The Audit Engagement Partner must consider on an ongoing basis any information which arises in respect of an assignment and which would have had an impact on the decision to accept re- appointment.

During the year, BDO Malta has started the implementation of new Quality Management standards (ISQM 1 and ISQM 2) in accordance with BDO Global guidance.

Head of Quality is responsible for the development of the new policy, in next years it should cover all business lines of the firm.

PARTECIPATION IN INDUSTRY EVENTS

OUR BUSINESS DEVELOPMENT TEAM RETAINED A GOOD LEVEL OF ACTIVITY THROUGHOUT 2021, ENSURING THE BDO BRAND IS PRESENT AT SEVERAL HIGH PROFILE CONFERENCES ATTENDING AS SPEAKERS AND EXHIBITORS.

SIGMA 2021

BDO Malta Exhibited at SIGMA 2021. The event was spread over three days between the 16th and 18th of November at the MFCC, Ta' Qali, Malta. There were over 12,000 delegates at the event. Delegates visited from 80+ different countries. Positioned at the cutting edge of a very competitive industry, the summit has evolved into the definitive iGaming showcase, operating on both a European and world stage.



From left to right:
Gaming Compliance Consultant Cherise Micallef, Director Luke Attard,
Partner & CEO Mark Attard and Head of Corporate Development Chris Scicluna



BDO IN THE
COMMUNITY

BDO IN THE COMMUNITY

Upon onboarding a new employee, a form is sent to them giving them the option to donate a tiny amount from their monthly pay to charity. Once permission is given, these amounts are collected and in the beginning of each year charities are chosen to distribute these amounts of the previous year.

During Christmas time, employees pitch in a nice amount of money to donate to the partners. The partners and the employees together decide every year to do away with gifts and add the amounts collected to the charity box.

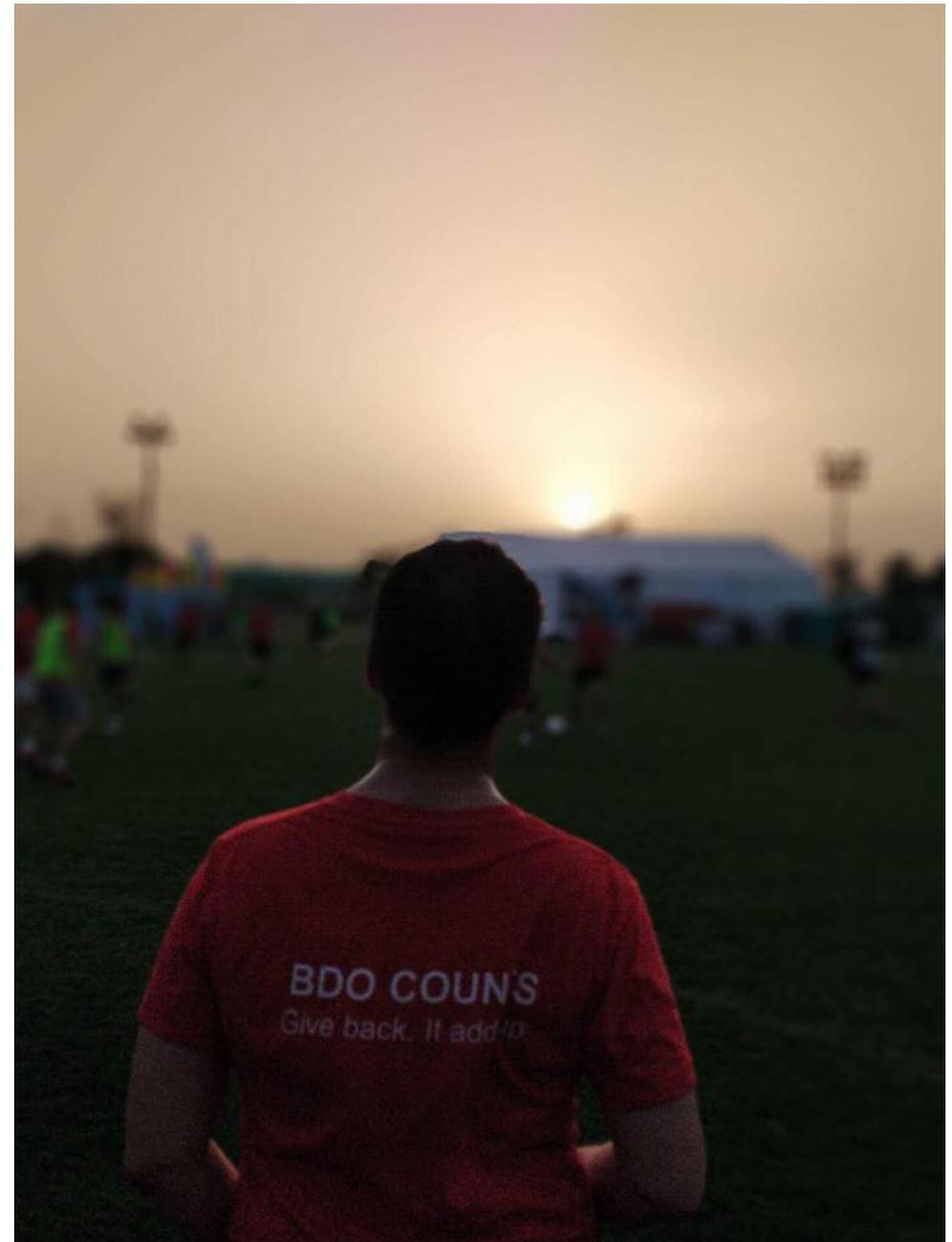
This year due to the global situation, we felt that helping those who were hit directly due to the pandemic was a priority. Hence, we decided to help out the food bank and the sanctuaries who unfortunately experienced a major cut in their normal providence due to benefactors losing jobs or pay.

BDO took part in the Food Bank Lifeline Foundation which contributes towards an important initiative to put an end to hunger in Malta. This is the Food bank Foundation link: <https://www.foodbanklifeline.com/>. Here you will find more information about what they do. Due to the pandemic more families than ever were in need of basic food items due to the loss in jobs all over the island.

The sanctuaries chosen for the other 50% of the charity amount are the following four: MSPCA, Association for Abandoned Animals, Noah's Ark and Island Sanctuary.

Each of these will receive an order of food and medicine that they usually buy which will be delivered to them directly.

We also donated and sent gifts to 'Nahseb Fik' and 'Children's Dreams'.





— HUMAN RESOURCES

Human Resources is critical for the success of our firm. To ensure that the firm upkeeps ethical and high standards, in accordance with professional and legal requirements, the HR function continuously works on refining the following areas:

- ▶ clear and consistent policies;
- ▶ recruitment;
- ▶ training and development;
- ▶ compensation and benefits.

CLEAR AND CONSISTENT POLICIES

Our BDO Policies and Procedures manual was recently updated to enhance the firm's policies and procedures in relation to our new office. The manual is continuously monitored by our team who ensure that the contents are up to date and consistent with the guidelines set by the company.

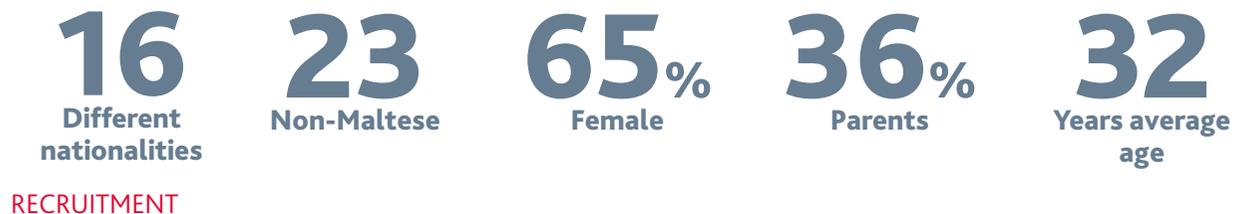
These guidelines are formed by taking into consideration Maltese legislation as well as regulations set out by

BDO International and the latest best practices in cyber security, AML and other areas.

The BDO Policies and Procedure Manual provides clarity and coherence on company goals, structures and vision to enable employees to align with them. Every employee has access to the manual and they are expected to make themselves familiar with its contents and any updates which may happen from time to time.

Non-compliance with the firm's policies and procedures by employees, is considered an obstruction of the professional and ethical standards set by the firm and may lead to various consequences.

One of the leading functions overseen by our HR team is recruitment, who work actively to find and attract professional as well as talented personnel. We work actively to promote diversity and inclusiveness within the firm's culture which is equally projected in the recruitment process where we do not discriminate depending on age, disability, ethnicity, gender, nationality, race and religion.



HUMAN RESOURCES

COMPENSATION AND BENEFITS

As a firm we believe that success can only be channeled through our employees and the service that they provide to our clients. In return we invest in our employees by providing compensation and benefits to ensure that they are motivated and driven towards their daily responsibilities.

A list of benefits which BDO Malta provides are:

- ▶ Performance based salary reviews;
- ▶ Support programs for professional and academic development;
- ▶ Health Insurance scheme;
- ▶ A wide social and team building events calendar;
- ▶ Casual Fridays;
- ▶ Currently teleworking;
- ▶ Reduced summer hours;
- ▶ Quarterly social events;
- ▶ Various benefits from selected preferred partners

TRAINING AND DEVELOPMENT

The firm believes in the continuous development of employees as it warrants up to date knowledge which can be implemented in their day to day tasks. In fact, the firm has put in place certain processes such as, yearly performance appraisals, reviews for employees under probation, identifying conferences / seminars which could prove beneficial to employees and educational support for employees who are interested or are already undertaking educational courses.



— STAFF EVENTS

OUR QUARTERLY SOCIAL EVENTS ARE AN OPPORTUNITY FOR PARTNERS AND STAFF TO INTERACT OUTSIDE WORKING HOURS. EVEN THOUGH 2020 and 2021 WERE TWO TOUGH YEARS, AND THE PANDEMIC DID ITS UTMOST TO PREVENT US FROM DOING SO, OUR SOCIAL COMMITTEE STILL MANAGED TO ORGANISE SEVERAL SOCIAL EVENTS FOR STAFF THROUGHOUT THE YEAR WHICH PROVIDED THEM WITH THE OPPORTUNITY TO SOCIALISE OUTSIDE OUR NORMAL WORKING ENVIRONMENT.

MR. JOHN ATTARD'S BIRTHDAY CELEBRATIONS

In 2021 we celebrated Mr. John Attard's 73rd Birthday. Due to the pandemic, it was celebrated a bit different than usual. We sent Mr. Attard a birthday cake and bottle of champagne to his house and we joined him in an online call, surrounded by loved ones and colleagues. The BDO Malta journey has been a truly remarkable one. Our story began in 1978 thanks to our inspiring Managing Partner, Mr. John Attard who guided the company from strength to strength through his incredible vision and leadership.

INTERNATIONAL WOMEN'S DAY

Celebrating International Women's Day 2021. To mark this special day, BDO Malta's female staff were treated to customised scented candles. At BDO Malta we value all our employees equally and feel extremely fortunate to have a team of top-notch female talent, who work closely together every day to consistently deliver outstanding services and solutions for our clients

PINK OCTOBER

During the month of October BDO brought pink doughnuts to the office which were sold at our office canteen and all proceeds were donated to raise awareness on breast cancer and support the cause!

SUMMER PARTY

During the Summer of 2021, Covid-19 cases started to rise once again in Malta, therefore we weren't able to host the summer party for that year.



CEO MARK ATTARD'S BIRTHDAY CELEBRATIONS

Celebrating our CEO's birthday. Cheers for being such a great leader!

STAFF EVENTS



MOTHER'S DAY

To show our appreciation, we surprised all mothers working at BDO with a little gift.



URSULINE SISTERS AND FOODBANK

BDO Malta dedicated weeks collecting goods to donate to Ursuline Sisters.

BDO also donated to the Food Bank Lifeline Foundation which contributes towards an important initiative to put an end to hunger in Malta.

STAFF EVENTS



BDO MALTA CHRISTMAS PARTY

The 2021 BDO Malta Christmas Party was an absolute blast. Our event was held in December at the Villa Bologna and had everything – awesome venue, gorgeous views, delicious food, buzzing music (big thanks to the Residents) and the best company.





ENGAGEMENT
PERFORMANCE



ENGAGEMENT PERFORMANCE

COMMON METHODOLOGY

Our policies and procedures are designed to ensure that audits meet all applicable professional standards and regulatory requirements and that the firm issues reports that are appropriate in the circumstances. To achieve this and to ensure consistency in the approach to auditing and related fundamental application of professional scepticism throughout the BDO network, BDO International has developed the common BDO Audit Methodology, related software tools and other standard forms of documentation. This methodology is fully compliant with International Auditing Standards and where appropriate these common processes are used by BDO International member firms.

APT, BDO International's in-house state of the art audit software, remains the single largest global project of its kind and its evolution continues. With further substantial audit methodology and IT investment, the next generation of APT was developed and deployed in 2019 throughout the network. By designing APT NG to take advantage of recent technological advances, we are able to:

- ▶ safeguard the structural integrity of the tool for the future;
- ▶ provide us with a fully-integrated tool that reflects the latest interpretations of the auditing standards, and
- ▶ enable teams to work efficiently on both large and small engagements.

SUPERVISION AND REVIEW

We require all professional work to be supervised by staff members who have appropriate knowledge and experience. It is the responsibility of the relevant partner to ensure that related risks are identified and that decisions are taken by those with an appropriate level of authority.

The relevant partner must also ensure that professional work is carried out efficiently and that it meets the firm's standards in all respects. Our review procedures are designed to ensure efficient control of the audit as it progresses. At a granular level these are designed to ensure that:

- ▶ the work is performed in accordance with applicable standards and regulations;
- ▶ significant matters have been raised for further consideration and appropriately addressed;
- ▶ appropriate consultations have taken place;
- ▶ the planned work has where necessary been reviewed and that the objective of all planned work has been achieved;
- ▶ the work performed and evidence obtained supports the conclusions reached; and
- ▶ the documentation present on the audit file enables an experienced auditor to understand the significant matters arising on the audit as well as the nature, timing and extent of the

ENGAGEMENT PERFORMANCE

procedure undertaken, the results of those procedures and the evidence obtained.

A concurring partner review is performed for audits of public interest and other high risk engagements. The concurring partner review will be familiar with the auditing and reporting practices used during the engagement and be knowledgeable and familiar with the client's industry. The reviewer will be an experienced professional who is not likely to be influenced by the views of a particular engagement partner. The engagement quality control reviewer will not be actively involved in making ongoing decisions relating to the engagement and will not be involved in performing the engagement. Engagement quality control reviewers are selected from a list of approved reviewers, as determined by the Head of Audit.

ENGAGEMENT PERFORMANCE CONSULTATION

The firm encourages consultation with experienced partners and other specialists where appropriate. The firm has a process in place for audit partners and teams to follow when consulting and seeking the firm's opinion, support on a client issue, judgement or risk.

MONITORING

Our policies and procedures concerning monitoring activities are designed to give the firm reasonable assurance that the firm's internal quality control system is operating efficiently and is complied with in practice.

Our quality control system includes an annual cold review of audit files to monitor compliance with the firm's policies, procedures and standards and to ensure that the work done to arrive at an opinion, or to support advice that has been given, is

both adequate and properly documented.

The review consists of reviewing, on a sample basis, the working papers and reports of selected assurance engagements and documentation of compliance with our quality control policies and procedures. The sample is selected to ensure that at least one audit carried out by each audit partner is selected every year.

The Compliance partner is responsible for carrying out these reviews, and monitoring and documenting the implementation of, and compliance with, any corrective action.

BDO AUDIT APPROACH

All BDO audit projects are managed in APT NG (Audit Process Tool). The software connected to Caseware Working Papers or internal TB tool for lead schedules and other financial information and uses templates of audit procedures that can be tuned for every client. The APT NG brings significant benefits to our audit practices throughout the network: timely and more efficient multi-location and cross border audits, a more intuitive audit methodology compliant with the clarified International.

Standards on Auditing (ISAs), teamwork on a real-time basis, consistent worldwide audit performance, scalability, and expected efficiency improvements after the first year.

QUALITY ASSURANCE

The firm had a Quality Assurance Monitoring Visit from the Quality Assurance Unit (Accountancy Board) between February and November 2021.

The scope of the visit was to review the quality control system



ENGAGEMENT PERFORMANCE

of the firm together with the compliance testing of procedures and the files to assess its adequate functioning.

The firm received the final copy of the quality assurance review report in Q1 2022. BDO Malta confirmed its high standards of internal quality control.

PUBLIC INTEREST ENTITIES AUDITED BY THE FIRM

During 2021, the firm carried out a statutory audit of Novum Bank Limited and Sparkasse Bank Malta p.l.c.

The firm also audits a number of companies that may be considered of significance in view of their size, operations or ownership, but not public interest entities in terms of regulatory requirements.

AUDIT FIRM'S INDEPENDENCE

As already stated above, the firm has in place policies aimed at ensuring that it is compliant with acceptable independent standards and good practice. These policies cover the firm, the partners and administrative staff. It is the firm's policy to encourage and support the continued professional education of all professional staff, including staff members engaged in auditing.

It is through continued professional education that the firm can ensure that high standards are maintained in the quality of work produced.

These policies and procedures adopted by the firm meet, and in many instances exceed, those that are promulgated by the Accountancy Board and the Malta Institute of Accountants.

These include:

- ▶ an annual declaration undertaken by all partners and staff;
- ▶ audit file quality control reviews examining a selection of audit files covering all Responsible Individuals on an annual basis; and other monitoring activities targeting specific aspects of audit independence.

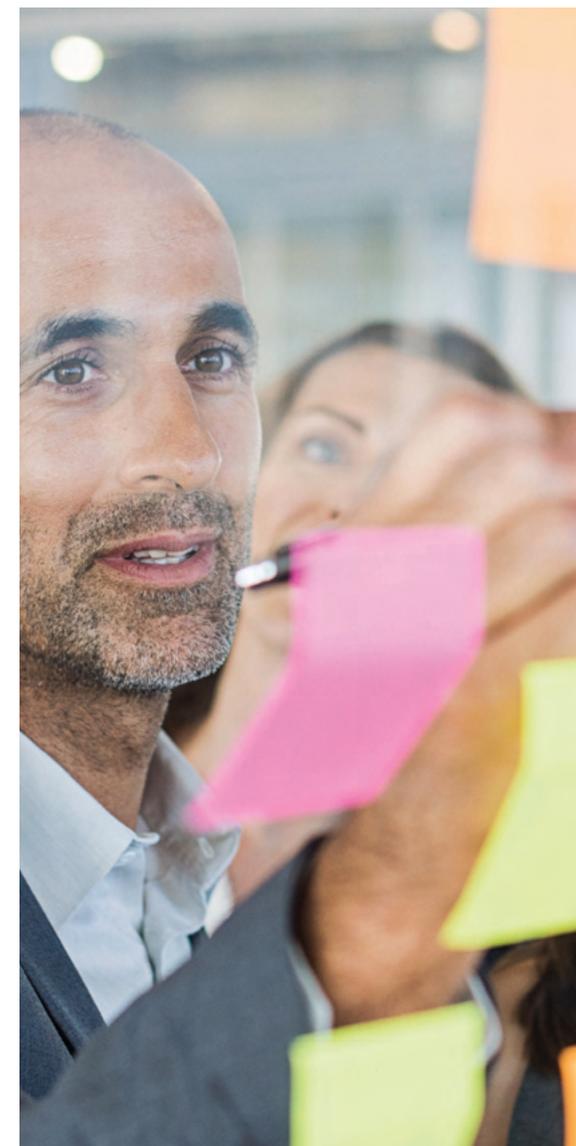
All these monitoring and review activities were operational during the past financial year.

We have a designated Independence Champion, an experienced partner, who monitors compliance with the applicable independence policies and procedures, provides consultations regarding independence matters, and oversees independence training and maintenance of a restricted entity database.

We also maintain a database of all our firm's restricted entities, including listed companies and other public interest entities. This is available on our intranet and its objective is to prevent the performance of prohibited non-assurance services or investment in these entities. The database is continuously updated.

Prior to accepting any new client or assurance engagement, our engagement teams must perform specific procedures to identify potential conflicts of interest and threats to our independence.

Procedures include a custom-made web-based tool to facilitate international conflict of interest and independence checks throughout the BDO network.



ENGAGEMENT PERFORMANCE

PREVENTION OF MONEY LAUNDERING AND FUNDING OF TERRORISM

BDO Malta has included in its Policies and Procedures an Anti-Money Laundering and Counter-Financing of Terrorism Policy which sets BDO's risk appetite with respect to the Firm's AML/CFT obligations.

Our partners and directors have the highest regard for the protection of BDO Malta against any risks of money laundering and funding of terrorism.

BDO Malta strives to have policies and procedures, systems and controls to help deter and detect money laundering and funding of terrorism.

Employees are required to confirm on an annual basis that:

- ▶ they are familiar with these procedures;
- ▶ they have complied with them;
- ▶ they are aware of who the firm's MLRO is.

QUALITY ASSURANCE IT STRUCTURE

Our IT infrastructure is regarded to be the backbone of the firm's business. The firm has collaborated with the best IT suppliers for the latest hardware technology and has gone to great lengths to be able to provide the best possible software solutions to our clients with speedy and secure systems.

Our resources are also available on various platforms

and accessible from anywhere and at any point in time. Our teams are also equipped with high-end mobile solutions with secured access to the company's document management structures, sensitive client data and other facilities as expected from modern mobile offices.

CONTINUED PROFESSIONAL EDUCATION

The firm has a policy of facilitating and encouraging continued education as an important means of developing knowledge and maintaining and improving the quality of its services and of motivating and retaining its personnel. The continuing education program is comprised of training sessions organised by the firm specifically designed to meet its needs, by the BDO International network as well as external training by relevant professional bodies. Certain courses are mandatory, and others are optional.

The CPE requirements for professional auditors in Malta are also factored into the programme. It is the policy within BDO Malta to support and finance the CPE activities undertaken by staff members, both locally and internationally through the network.

Hands-on training is given to all new recruits on the BDO audit methodologies, tools and processes.

As already stated above, a high-level of training was given to all staff with the introduction of the new BDO Audit Process Tool. More experienced personnel and partners are encouraged to constantly update and deepen their technical knowledge. Developing

management and interpersonal skills are also very important for this group.

Continued professional education is also a factor taken into account for the yearly evaluation of audit staff and the assessment of their career potential within the firm. We are committed to developing and maintaining the highest possible standards of technical competence through our own development programmes.

FIRM'S ROTATION POLICY

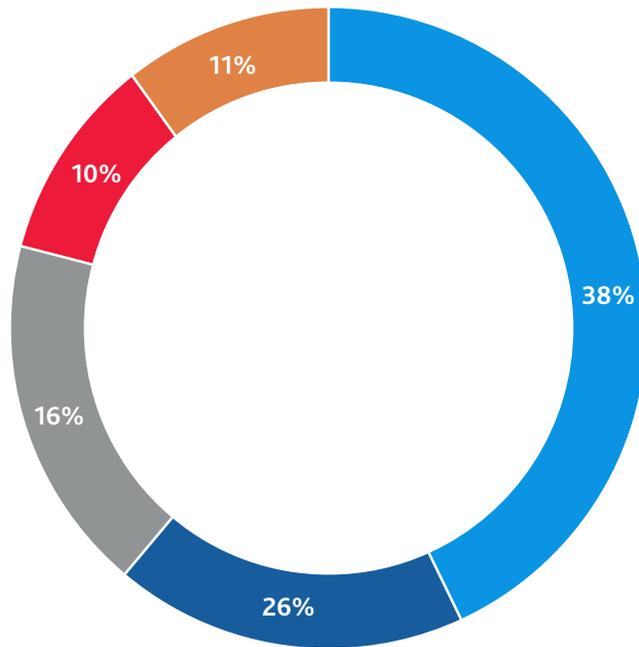
The firm's policies with respect to rotation of key audit partners and staff (i.e., those other than the engagement partner and Engagement Quality Control Reviewer, who are specifically covered by statute/regulation) is principles based, depending on the facts and circumstances of the engagement.

Typically, such 'key audit partners and staff' include audit partners and senior managers/ managers performing a significant portion of the work, as well as specialist partners and senior managers/ managers (e.g., tax, valuation).

As regard to the key audit partners responsible for carrying out a statutory audit of a public interest entity, these cease their participation in the statutory audit of the audited entity not later than seven years from the date of their appointment; they will not participate again in the statutory audit of that public interest entity before three years have elapsed following that cessation.

FINANCIAL INFORMATION

THE FINANCIAL STATEMENTS OF BDO MALTA FOR THE YEAR ENDED 31 DECEMBER 2021 ARE STILL IN THE PROCESS OF BEING AUDITED. THE TURNOVER FIGURES PRESENTED BELOW ARE PRELIMINARY AND MAY BE SUBJECT TO CHANGE.



- Accounting & Compliance
- Audit & Assurance
- Tax
- Advisory - Other
- Advisory - Corporate Finance, Transactions, Restructuring

BDO MALTA			
Turnover per Business Line 2021	'000 €	Revenues 2021	'000 €
Audit & Assurance	2,084	Public interest entities (PIEs) & entities whose parent is a PIE	149
Tax	1,310	Other entities	2,142
Advisory – Corporate Finance, Transactions, Restructuring	871	Permitted non-audit services to entities audited by the firm	274
Advisory - Other	795	Non-audit services to other entities	5,588
Accounting & Compliance	3,093		
TOTAL	8,153	TOTAL	8,153

John J. Attard
COMPLIANCE PARTNER

— PARTNERS & DIRECTORS



JOHN J. ATTARD
SENIOR MANAGING PARTNER

John has over 45 years' experience working in the Audit and Accounting sector and in that time he has built up a deep knowledge and understanding of the issues and challenges faced by the market. His role is to identify opportunities and contribute to the growth and the development of the practice and is also responsible for delivering high quality services while adhering to compliance standards and ensuring that the Company receives an excellent service from the team.

He is an expert on:

- ▶ Audit;
- ▶ Trust and Corporate Services;
- ▶ International Taxation;
- ▶ Investigations.



MARK ATTARD
CEO & PARTNER

Mark Attard is the CEO and International Liaison Partner at BDO Malta and is responsible for the development of business strategies and plans which are in line with short term and long term objectives of the firm. He oversees all operations and business activities to ensure they produce the desired results which are consistent with the overall strategy. Mark is responsible for making high-quality investment decisions which are in line with the firm's growth strategy.

Mark has led a number of client projects across different industries helping clients to start-up or relocate their business to Malta. He also leads the iGaming advisory and licensing service line.

Mark is a Certified Public Accountant and Auditor with more than 18 years post-qualification experience in finance, company restructuring and turn-around, business development and advisory. He has worked on major assignments with public entities, Groups of Companies and multi-nationals.

PARTNERS & DIRECTORS



JOSEF MERCIECA
TAX PARTNER

Josef Mercieca heads the tax team as Tax Partner for the Firm and co-leads the Firm's blockchain advisory team.

Josef holds a first degree in Accounting and is a member of the Malta Institute of Accountants (MIA) and the Malta Institute of Management (MIM) and has delivered several presentations and training courses on topics relating to VAT, tax and corporate restructuring, both in Malta and abroad. Josef was one of the contributing authors in "Principles of VAT Law" the first ever publication on VAT in Malta and regularly authors articles on taxation. He is also a frequent speaker at conferences dealing with blockchain and taxation of crypto currency transactions and has authored various articles on the subject matter.



SAM SPIRIDONOV
AUDIT PARTNER

Sam Spiridonov has developed more than 16 years of professional experience in accounting, audit and finance. His technical qualifications include accounting and financial control of industrial and constructing companies. His professional experience includes financial statements transformation, combination and consolidation of financial statements.

Sam has particular qualifications in audits of financial entities, including leasing companies, fund administrators, and other financial institutions.

As Audit partner he is also responsible for internal quality control of the audit process in BDO Malta, reporting to the Managing Partner. Within BDO network, Sam represents BDO Malta as IFRS Champion and Regulatory partner.



LUKE ATTARD
AUDIT PARTNER

Andrew joined BDO in 2017, following several years at one of the local big 4 audit firms. Prior to this Andrew read for Bachelor of Commerce and Bachelor of Accountancy (Hons.) degrees at the University of Malta.

Responsible for the provision of audit services within the firm and services a varied profile of local and international clients operating in several industries, in particular financial services.

Andrew is a certified public accountant and auditor, and is a member of the Malta Institute of Accountants and the Malta Institute of Taxation.



LUKE ATTARD
DIRECTOR - BDO CONSULT LIMITED

Luke is a Director at BDO Consult Limited and forms part of the Business Development Department.

He is the first point of contact with all clients seeking relocation services to Malta and assists such clients with most of the services offered by BDO Malta, mainly Corporate, iGaming, Trust and Fiduciary, Yacht and Shipping Registration and Financial Services.

Together with the other directors, Luke is also responsible for promoting the well-being of the firm through the successful leadership and management of the company according to the strategic direction set by the Board of Directors.

FOR MORE
INFORMATION:

BDO MALTA

Triq it-Torri Msida
MSD 1824
Malta

+356 2342 4000
info@bdo.com.mt

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