



GERALD
EDELMAN 

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EDELMAN 

Transparency Report

YEAR ENDED 31 DECEMBER 2023





Carl Lundberg
Carl Lundberg, CEO

FOREWORD

I have recently begun the transition into my new role as Chief Executive Officer (“CEO”) at Gerald Edelman, and would like to thank Richard Kleiner, now Chairman, for his many years of dedication, ambition and innovation. Richard has truly taken Gerald Edelman to new heights and has been at the core of the Firm’s continued growth and success for many years.

Now, having been passed the Gerald Edelman torch, I strongly believe that to continue on this pathway, our focus should be on quality. We must be committed to delivering the very highest quality of output and focused on improving our reputation as a professional service provider, as well as offering exceptional experiences for our stakeholders. This means maintaining and improving the quality of our Compliance Services, the advice we give, the services we provide and our communication with others, both externally and internally.

To do so, I have commenced work on reviewing our strategic objectives, concentrating on the core goal of quality management. The new Operational Management Board (“OMB”) and I have implemented

new systems and controls to formalise governance processes. Furthermore, we have recently appointed Atul Atri as Head of Quality, Compliance and Regulatory to ensure we have an internal body that will oversee and drive quality management among senior leadership and the wider team. In addition to this, we will involve senior regulatory and industry experts on a consultancy basis, to provide us with third-party recommendations on our quality initiatives, where necessary.

As we prepare for a new era at Gerald Edelman, our focus on quality doesn’t simply stop with our services and expertise. We are striving to build a culture that inspires growth and development. Since the pandemic, we have worked according to a hybrid



model, allowing our team the flexibility they need to continue thriving in their role. As well as this, we offer a mentoring scheme, providing our employees with the opportunity to work on their personal progression with the guidance of a partner.

We also have several committees and encourage team involvement in these. Our committees act as mouthpieces from our team to leadership, ensuring we are constantly improving the workplace experience of our people at Gerald Edelman. The committees that focus on our team and commitment to our workplace culture include:

- Diversity, Inclusion and Equality (“DEI”) Committee;
- Mental Health Committee;
- Team Liaison Committee;
- Talent Committee;
- Sustainability Committee; and
- Gerald Edelman Foundation Committee.

More information on each of our committees including their objectives and achievements can be found later in the report in the Corporate Social Responsibility (“CSR”) section.

“
We are striving to build a culture that inspires growth and development.

We continue to navigate through challenging but exciting times, and we are confident that we will continue to develop and grow well in the future.



CARL LUNDBERG
 CEO OF GERALD EDELMAN

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Our Transparency Report covers the year ended 31 December 2023 and is designed to explain our:

- legal structure and ownership;
- governance structures;
- quality control systems and assurance programmes and practices; and
- leader-to-leader culture underpinned by supporting and developing our people.

These foundations are in place to maintain our independence and ensure we comply with all applicable audit and ethical standards to deliver high-quality services in all areas.





1. Gerald Edelman in overview

Below is an overview of the legal, constitutional and regulatory matters relevant to our Firm.

Legal structure

Gerald Edelman (“the Firm”) is registered in England and Wales as a Limited Liability Partnership (“LLP”) under registration number OC435604. Our registered office is 73 Cornhill, London EC3V 3QQ.

Ownership

The Firm is owned and operated by its 21 UK members, including a significant participation from ETL Global Group.

The Firm’s 21 UK members (“partners”) are comprised of 19 LLPs and two limited companies. Each LLP is individually controlled by the partners, who provide Professional Services to the Firm; each member has a minority interest in the Firm.

ETL Global Group holds a significant interest in the Firm, and is a Professional Services (Tax, Legal and Audit) firm headquartered in Essen, Germany, with more than 50 years of history and a strong small to medium sized enterprise focus.

ETL has grown to more than 1,000 tax and law professionals, accountants and auditors, as well as business consultants. Several of these firms are based in the UK. However, each firm operates independently and there are no common clients between individual firms.

Governance and leadership

The Firm is exempt from the requirements of the Financial Reporting Council’s (“FRC’s”) Audit Firm Governance Code (the “Code”). While exempt from applying the Code, we seek to apply the principles where possible, on a proportionate basis, reflecting the size of our Firm and the sectors we operate in.

With effect from March 2024, the Firm will be led by our CEO, Carl Lundberg, and Richard Kleiner’s role will be changing from CEO to Chairman of the Firm. Richard remains a key member of the Firm’s Governance and Leadership team.

Carl is supported by an Executive Board and Operational Management Board – together, they are responsible for the governance of the Firm and ensuring its Professional Services are delivered to a high quality and serve the public interest.



Further details about the Firm’s governance and leadership and the committees that support the Executive Board are set out on page 7.

Regulation

As a professional accountancy practice providing our chosen marketplaces with a full and quality service offering, we are subject to a number of key sources of regulation which are fundamental to our business. The most significant is the Institute of Chartered Accountants in England & Wales (“ICAEW”).

The ICAEW is the principal professional oversight body that monitors the majority of the Professional Services we deliver and compliance with their Code of Conduct for accountants in practice.

The ICAEW pays particular attention to audit quality and carries out periodic monitoring of our non-public interest entity (“PIE”) audit engagements.

The Firm was granted a Designated Professional Body (“DPB”) licence on 19 February 2024 – see the Financial Conduct Authority (“FCA”) section below for further details.



The Firm will be led by our CEO, Carl Lundberg, and Richard Kleiner’s role will be changing from CEO to Chairman of the Firm.

Financial Reporting Council (“FRC”)

On 5 December 2022, the regulation and oversight of PIE audits changed and came under the direct supervision of the FRC.

As reported last year, we were delighted to announce we had been admitted to the FRC’s register of authorised PIE auditors.

As a condition of that registration, we are subject to additional engagement level and firmwide quality monitoring to ensure we comply with the relevant laws, regulations and quality standards applicable to PIE audits.

Financial Conduct Authority

The Firm provides a range of Financial Services and has been registered with the FCA for a number of years. Having reviewed the Regulated Services we offer our clients, we decided the ICAEW’s DPB licence was more appropriate for the Firm and our clients. On 19 February 2024, we cancelled our FCA registration, and the Firm was granted a DPB licence. As a result, Gerald Edelman Deal Advisory (“GEDA”) has fully transitioned under the Gerald Edelman LLP umbrella.

Our business

As an established practice with over 80 years of history, we support and advise a range of business segments, from individuals, not-for-profit, owner-managed businesses and inward investors to listed companies, including PIEs.

Our principal services include Audit, Accounts and Tax Compliance, Corporate and Personal Tax Consultancy, VAT Advisory, Payroll, Company Secretarial and Corporate Finance.

We also have a strong focus beyond Compliance Services – those that enhance our relationships with clients and mean we can support them throughout their business lives. These include HR, International Tax, Business Advisory and Wealth Management.

Gerald Edelman Wealth Limited (“GEWL”) is a wholly-owned subsidiary which provides Wealth Management Services, providing clients with Financial Planning and other services when required. GEWL is an appointed representative of Best Practice IFA Group Limited which is authorised and regulated by the FCA. GEWL is on the FCA register.

Our values

At Gerald Edelman, we have a clear Vision – **“to build a better every day”**. We aim to make a difference to our people, clients, community and planet, whether that is through our nurturing culture – creating an environment where our team can develop and flourish – our “beyond compliance” approach, our charity, or our DEI and sustainability initiatives.

To achieve our Vision, we have a very clear Purpose – **“we strive for every interaction to be a positive one”**. That is not a slogan – it drives our daily behaviour. We focus on positive interactions because we are aware that positivity has a beneficial impact on physical and mental health, it will help us build stronger

relationships, and means we are always thinking about how we can benefit whoever we meet. Underpinning this Vision are core values that are fundamental to our practice.

- Embedding quality in all that we do
- Acting with integrity and in the public interest
- Going above and beyond
- Inspiring teamwork
- Creating exceptional experiences

Further details on what these values mean and how we practice them can be found on [our website](#).

Corporate Social Responsibility

For all at Gerald Edelman, ethics is not just a compliance obligation we have to adhere to when delivering our professional work. We are acutely aware of the impact we have on our people, clients, community and planet, recognising the importance of doing the right thing for a sustainable future.

Some brief soundbites on our CSR include the following.

- Commitment to sustainability: in 2021, Gerald Edelman created its Sustainability Committee. The objective is to lead the way to a more sustainable future by inspiring stakeholders to make changes that have a positive impact on the planet.
- We believe our growth must be achieved sustainably and in a way that is not damaging to the environment around us. That is why we have set firmwide emission reductions in line with climate science from the Science Based Targets Initiative (“SBTi”). These include:
 - achieving zero waste to landfill;
 - a wholesale shift to renewable energy suppliers;
 - implementing processes to reduce our business travel and homeworking emissions;
 - establishing management systems and forms of travel that are environmentally friendly; and
 - applying for B Corporation Certification (“B Corp”) to meet high standards of social and environmental performance.

- Charitable activities: our Foundation Committee has a clear mission to empower children and young people, helping them reach their full potential.
- This past year, we continued our partnership with London Youth and its beneficiary charities. London Youth is a charity that very much aligns with our Foundation Committee’s objective of having a positive impact on children and young people, helping them reach new heights. The partnership enables us to give back to our community and support this objective.
- In 2023, we participated in several fundraising events, volunteered our time, and hosted internal educational sessions. These efforts raised money, increased awareness within our team and community, and provided valuable support to London Youth.

Further information on our CSR activities and goals is set out on pages 25–27.

International

In addition to our ownership relationship with ETL (above), the Firm is a founding member of XLNC, an international alliance of independent professional service firms. Through our active participation in XLNC, we can connect people and businesses to 88 professional services firms that are each regarded as leading practices in their respective countries. XLNC supplements the services already available to clients at the Firm, ensuring any plans for international expansion are well supported.

There is no common control, ownership or strategy across the XLNC member firms, and XLNC is not aimed at cost or profit-sharing across its members. Therefore, XLNC is not a “network” as defined in the Statutory Auditors (Transparency) Instrument 2008.



We believe our growth must be achieved sustainably and in a way that is not damaging to the environment around us.



2. Governance and leadership

Good governance and effective leadership are cornerstones of a high-quality professional practice. They underpin the delivery of high-quality advice and opinions which are aligned with the wider public interest. Ultimately, this is good for business and the long-term reputation of our Firm.

In an increasingly complex world, we understand the importance of effective governance and leadership and how this promotes a culture of quality. We recognise how this supports the sustainable delivery of high-quality services and assurance opinions by our Heads of Departments, Functions and Committees.

The Firm is exempt from the requirements of the FRC’s Audit Firm Governance Code. While exempt from applying the Code, we seek to apply the principles where possible, on a proportionate basis, reflecting the size of our Firm and the sectors we operate in.

We continue to grow and evolve our governance and leadership to respond to changes in our business and best practices and ensure we have a sustainable practice for our current and future partners and staff.

Building on the results of our International Standard on Quality Management 1 (“ISQM1”) associated post-implementation review and annual evaluation and to create new opportunities, we made several

changes to our governance structure during the year to promote succession, bring a fresh perspective and embed enhanced resilience. These changes are key but are more evolution than revolution. The changes better define roles, responsibilities, accountability and transparency.

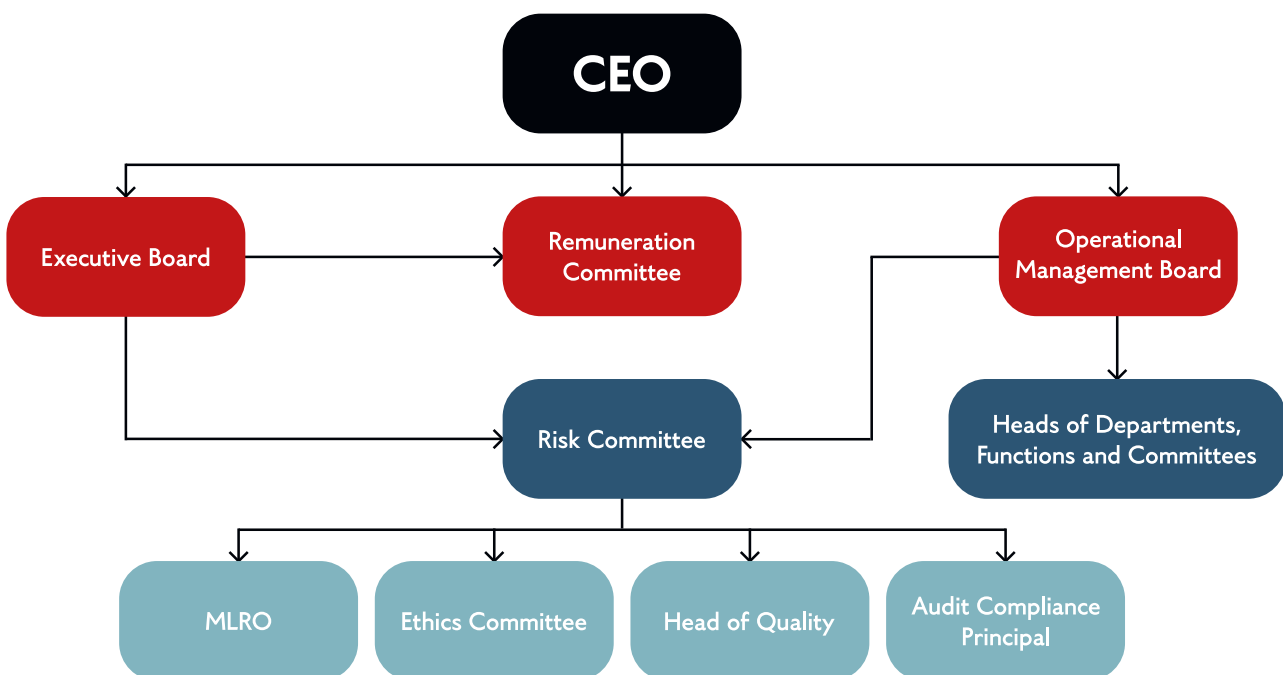
When making these changes, we have had to be realistic and recognise our Firm has a relatively small partner and director base. Consequently, there is inevitable overlap between Committee and Board Membership. However, by having effective independent chairing of these key governance functions they can remain effective.

One of the more significant changes is Richard Kleiner’s transition from being our longstanding CEO to Chairman with effect from March 2024. Richard is our Firm’s ambassador and remains a key member of our Governance and Leadership team.

Carl Lundberg has taken over as CEO from Richard and is supported by the Executive and Operational Management Boards – together, they are responsible for the governance of the Firm and ensuring its Professional Services are delivered to a high quality and serve the public interest.

The Executive and Operational Management Boards have delegated certain activities to other committees, sub-committees and key postholders. An overview of the new governance arrangements is set out below.

ORGANISATIONAL CHART





Chairman

The core objectives of the Chairman are being:

- the Firm's figurehead, flying the flag of the Firm;
- a critical confidant to the CEO – assisting and encouraging by providing candid and constructive advice;
- an experienced business adviser to the Firm's Operational Management Board;
- a mentor to partners and staff; and
- a business development champion, sharing strategic ideas (e.g. new service lines, joint ventures, etc.).

CEO

The core objectives of the CEO are:

- to lead by example and set the tone and culture of the Firm, which is to act professionally, objectively and sustainably deliver high-quality Professional Services;
- to work collaboratively with fellow senior partners, providing support and constructive challenge to ensure leadership is always acting in the public interest and aligned with the success and good standing of the Firm;
- to be responsible for the enablement and delivery of the Firm's strategic plan as agreed periodically with the partner group; and
- to be an ambassador for and the public face of the Firm in the business community and when dealing with regulators.

Should a matter arise which gives rise to a conflict of interest for the CEO, they will not be permitted to opine, direct or conclude on that matter. The matter will be dealt with by the Executive Committee in consultation with the Chair of the Risk Committee.

Executive responsibilities:

Executive Board

The Executive Board is made up of three partners: Richard Kleiner, Deval Patel and Carl Lundberg.

A key element of the Executive Board's activities is being responsible for the Firm's overall System of Quality Management ("SoQM") – necessary to ensure ongoing compliance with ISQM1. Although operational responsibility has been delegated to the Firm's newly appointed Head of Quality, Atul Atri, the Executive Board and the Audit Compliance Principal ("ACP") reviews, challenges, and when satisfied, approve:

- the Firm's quality objectives and associated risk assessment;
- the proposed responses to the assessed risks as embedded in the Firm's SoQM;
- the proposed monitoring plan;
- proposed remedial action (when necessary);
- interim and annual evaluation of the Firm's SoQM, and
- evaluation of the Firm's monitoring and remediation activities.



Operational Management Board

The OMB is made up of three partners – Carl Lundberg, Joanna Loizidou and Hemen Doshi – and responsible for evaluating and making key operational decisions based on a combination of management information provided by key sub-committees and other key postholders who report to the OMB.

The OMB also discusses and evaluates emerging opportunities. To support the OMB in making effective and informed decisions, they have access to a range of internal and external specialists, who can provide expert views on matters arising.

Remuneration Committee

The Remuneration Committee is comprised of the members of the Executive Board, who with input from the Head of Quality and Risk, appraise the performance of all partners in the Firm. In their appraisal of the Firm's partner group, the Remuneration Committee considers:

- individual contributions to the Firm and the Firm's clients;
- the quality of their work, based on reviews of the work performed (hot and cold file reviews), Engagement Quality Review (EQRs) and regulatory feedback;
- balanced scorecards – financial metrics, team and self-leadership skills, positive behaviours and culture; and,
- behaviours that complement the Firm's Purpose, mission, Vision and values.

Risk Committee

The Risk Committee is chaired by Atul Atri and comprises of Executive Board members and other senior partners of the Firm.

The principal activities of the Risk Committee are to independently and objectively support the CEO in managing the Firm's risk exposure, be it commercial or other operational business threats.

In addition to its own horizon scanning, the Risk Committee works closely with key committees and strategic posts to ensure it is aware of reasonably

probable threats which could adversely impact the Firm commercially and reputationally, and in respect of its overall quality objective.

We reported last year, in recognition of achieving registration with the FRC as a PIE registered auditor, that we had established a PIE Committee. That committee was tasked with evaluating the Firm's ongoing compliance with the specific laws and regulations relevant to the specialised market segment and evaluating our acceptance and continuation decisions in respect of engagement opportunities. The activities of the PIE Committee remain fundamental to our activities in this segment.

However, following a strategic review and in recognition of the skills we have within the wider Risk Committee, these activities have been subsumed as a sub-committee of the Risk Committee. This revision enhances oversight and shortens reporting lines for more efficient and effective decision-making.



Each service line is led by a partner with deep rooted experience and a passion for quality, growing their teams and delivering exceptional client service.

Heads of Departments

Each service line is led by a partner with deep-rooted experience and a passion for quality, growing their teams and delivering exceptional client service. Each Head of Department has a responsibility to:

- communicate and reinforce the quality culture of the Firm across their team;
- perform horizon scanning of emerging issues relevant to their service line;
- ensure:
 - their teams understand and adhere to the Firm's SoQM;

- the Risk Committee is kept up to date proactively on any topical and emerging issues;
- their teams only take on work within the Firm and their personal skill set and capacity; and
- the team has the required resources (people and other) to properly complete their engagement obligations.

Heads of Functions

The Firm's Governance and Leadership team require timely access to reliable management information.

Key central service champions across HR, Marketing, Technology and Finance report to the Operational Management Board on performance against targets and other agreed metrics.

Money Laundering Reporting Officer ("MLRO")

Our MLRO is Stephen Coleman. His is a legally required role to ensure ongoing compliance with our obligations under the Proceeds of Crime Act. Stephen ensures the Firm's policies and procedures are up-to-date and consistent with relevant laws, regulations and best practices.

Alongside that, regular updates are shared with partners and staff.

Stephen is also available to partners and staff to discuss any matters arising to help them understand what required actions may be needed.

Ethics Committee

Our Ethics Committee is chaired by our Ethics Partner, Richard Kleiner, and is comprised of our Head of Quality ACP, Deputy MLRO and MLRO.

The principal terms of reference of the Ethics Committee are:

- ensuring the Firm has an appropriate ethics policy and framework in place which ensures compliance with the relevant ethical requirements;
- periodically identifying and considering changes in ethical requirements as issued by the ICAEW and FRC, impacting **each key service line** and the practice as whole;
- providing guidance notes to ensure the relevant service lines are up to date with respect to changes impacting their service line and complementary areas;





- setting up a mechanism to transparently deal with ethical queries, including maintaining the register of queries raised and how they were resolved;
- maintaining the breaches register and reporting breaches to the relevant competent authority;
- working with the Head of Quality to ensure the Firm’s quality control procedures comply with all relevant standards including ISQM1; and
- considering the output from the annual monitoring programme and making appropriate remediation actions.

An overview of the Firm’s ethics and independence policies and procedures is set out on page 15.



Stephen ensures the Firm’s policies and procedures are up-to-date and consistent with relevant laws, regulations and best practices.

Head of Quality

Our Head of Quality, Atul Atri, joined us in November 2023. This is a new role and has the specific objective of ensuring the Firm has a set of policies and procedures in place that are aligned with the requirements of ISQM1.

The current core focus of this role is our Assurance and Advisory Services, specifically relating to Statutory Audit and Assurance Services. Alongside that, a project has commenced to put processes in place to measure, monitor and improve quality across all departments, functions and service lines.

Atul also works with Heads of Departments and Functions to share best practices and support service line initiatives.

Atul is responsible for the operational responsibility of the Firm’s SoQM, as agreed with the Executive Board, and for ensuring an effective monitoring and remediation plan is in place.

Audit Compliance Principal

The role of the Audit Compliance Principal is formally required under our audit registration with the ICAEW.

For reasons of consistency, effectiveness and efficiency, our ACP, Hemen Doshi, is also our lead contact with the FRC’s PIE Registration team. As ACP, Hemen works closely with the Head of Quality to:

- ensure the Firm complies with audit regulations;
- promote and reinforce the need for consistent and sustainable delivery of high-quality auditing with regard for the wider stakeholder and public interest;
- ensure the audit service line has appropriate resources in terms of staff numbers and technical and sector expertise;
- ensure audit teams embrace and exhibit a culture of scepticism and challenge;
- ensure the Firm has an audit methodology which is up to date; and
- implement appropriate policies, processes and safeguards to ensure International Standards on Auditing (“ISA”), the Ethical Standards and any additional procedures are followed.

An overview of how we deliver high-quality audits is set out on pages 17-20.

The effectiveness of each senior post holder within our governance and leadership structure and the committees is subject to annual evaluation. During 2024, we will be formalising the annual evaluation.

3. Our resources

In an increasingly complex business and regulatory world, the level of resources we need to deliver high-quality advice and opinions continues to evolve. The pace of change is unabating, with advances in technology and delivery platforms. These provide fantastic opportunities, but also threats.

As a professional services firm, it remains the case that people are the heart of our business and our clients value personal interactions. However, our people need access to a range of resources, including technology and intellectual. To get the best out of our resources, it is essential we invest in technical, practical and soft skills training.

Our people: our greatest asset

Our people are our greatest asset, and we recognise the important part they play in the affairs of our clients and how their time at work is a big part of their lives.

We want our people to have a career and life at Gerald Edelman that is rewarding and enriching.

Our investment in our people starts at the recruitment phase, making sure there is alignment of skills and values. We see this as crucial to building a cohesive team with diverse views and ideas and maximising value to our Firm, clients and their stakeholders.

As reported last year, our business continues to grow and our need to attract and retain high-calibre people remains important. While some of the resourcing challenges we reported last year have abated, there remains a skills shortage across the profession. For those people we already have and attract, there is an ongoing need to refresh their skills, whether it is for changes in laws and regulations, or to adapt to new and emerging technologies. This is why our Purpose is so important to us – to create an environment where people want to come to work, be valued and grow. We have a Talent Committee within our Firm whose main purpose is to attract, nurture and retain talent.

There is no overnight solution to the profession's resourcing challenges. Therefore, we have retained our multi-layered response. Dealing firstly with the medium term, we remain focused on the importance of growing our future talent. We have an active apprenticeship programme attracting graduates who are supported throughout their training contracts and post-qualification. We have several senior managers and partners who have come through this route.

In addition, we offer agile working so we can appeal to a more diverse cohort of experienced professionals who may otherwise feel uncomfortable returning to work in the traditional practice setting. We also have an active lateral hire campaign, with several successes attracting great people with different perspectives who add to our professional gene pool.





Complementing these activities and adding additional resilience, we have partnered with specialist service providers who can provide additional resource demand on a remote working basis. We carry out due diligence on such service providers, and the people they provide are subject to a formal induction process, ensuring they understand Gerald Edelman’s values, quality objectives and working practices. Furthermore, all such people are subject to the same quality monitoring, ethics and confidentiality obligations as the rest of the Gerald Edelman team. The success of this solution is measured by the fact our clients have not noticed a difference.



Our people are our greatest asset, and we recognise the important part they play in the affairs of our clients and how their time at work is a big part of their lives.

As we continue to invest in our people, we have achieved major successes throughout the Firm. We have implemented a variety of initiatives including summer Fridays, the Mental Health Committee and new joiner inductions, to further enhance the employee experience and engagement. We also have a number of committees people can join across areas such as sustainability, plus social events and the Talent Committee, which focuses on implementing processes to develop and retain high performers within the Firm.

In our employee engagement survey conducted in October 2023, employees were asked to describe the Firm’s culture. Among the responses, some of the most commonly used words were “friendly”, “supportive” and “inclusive”. Employees rated their work-life balance as 7 out of 10 on average.

Supporting and growing our people

The working world can throw many challenges at people. We also recognise that people have a life outside of work which can create its own challenges. The wider world is probably the most unstable it has

been for some time. Against this backdrop, we want Gerald Edelman to be a safe place where people want to come to work and know they will be supported and respected by their colleagues and be able to realise their ambitions, no matter how big or small. Everybody contributes, and we are stronger together.

Quality and rewards aligned

All personnel

We have a well-defined and clearly communicated set of values where quality is central and non-negotiable.

Regardless of experience and seniority, we encourage all staff to embrace, live, promote and adhere to the Firm’s values and the policies and procedures that have been developed to support their delivery. Our appraisal framework rewards those who follow our values and consistently deliver high-quality work through career advancement, appropriate bonuses and other recognition.

Our routine quality control procedures, supported by our monitoring and remediation activities, seek to be proactive and identify issues before they become problems. This allows partners and our wider team the opportunity to resolve issues in good time and learn from feedback.

However, where we identify instances of persistent non-compliance or non-adherence to our values, policies and procedures, it remains a feature of the contract of employment and partnership deed that proportionate action may be taken to address and make sure rewards and quality are aligned.

Partner remuneration

Partners are remunerated according to a number of factors. All partners’ remuneration is based on a minimum (notional) salary with a discretionary award, while full equity partners’ remuneration also includes a profit share based on a points system. The Firm’s Remuneration Committee, with input from the Head of Quality, determines the discretionary amounts payable to all partners.

The Firm recognises the importance of audit quality. As a result, when awarding a discretionary bonus to the Audit Partners, the Remuneration Committee takes the results from regulatory inspections and cold file reviews relating to the Audit Partners into account.



The Firm considers that no partner or team remuneration is contingent upon any basis that would compromise the independence of any audit, including the sale of Non-Audit Services.

Diversity and inclusion

Based on a recent internal survey, the Firm currently has a gender split ratio of c. 50.4% male and c. 49.6% female. Of the 43 managers across the Firm, 27 are male and 16 are female. In the last four years, we have added three female partners to the Firm, and following the establishment of the OMB, there is now female representation on a management board.

On the Firm's career progression plan, rolled out across all departments, there was an equal 50% split of male and female employees chosen for the scheme, and of the nine promotions last year, five were male and four were female.

Other resources

To support our personnel in delivering their roles as effectively and efficiently as possible, we invest in appropriate technologies and intellectual resources.

Our IT team has expanded and the IT and Innovation Committee has been formed to address all strategic and operational aspects of IT and innovation, plus management of external relationships concerning IT, including service providers.



On the Firm's career progression plan, rolled out across all departments, there was an equal 50% split of male and female employees chosen for the scheme.



4. Ethics and independence

Our advice and opinions are only as good as our demonstrable objectivity.

During 2023, under the direction of the Ethics Partner and Risk Committee, we undertook a major refresh of our policies and procedures which are central to preserving the independence and objectivity of the Firm and its client service.

These revised policies and procedures are embedded in:

- our overarching quality management manual;
- a new and comprehensive ethics manual;
- acceptance and continuance procedures; and
- a refreshed gifts and hospitality policy.

The new policies and procedures are supported by practical guidance, documentation requirements and consultation procedures.

The core principles of our revised policies and procedures are to ensure the Firm maintains independence from its clients, and that any actual or potential conflicts of interest are dealt with appropriately and on a timely basis. We adopt a hybrid approach which considers not only the application of specific rules and guidance in the Ethical Code, but also the application of the “informed third party test”.

Our independence procedures and practices are under constant internal review and updated as necessary to take account of regulatory and professional developments – for instance, any changes to the FRC’s Ethical Standard, the International Ethics Standards Board for Accountants (IESBA) or ICAEW’s Codes of Ethics.

Key elements of our policies and procedures

Understanding

All our partners and personnel are required to:

- attend annual ethics training; and
- complete an annual declaration confirming their independence and continued understanding of the Firm’s current relevant policies and procedures.

Where circumstances are identified that impact their independence (or have the potential to), these are reviewed by ACP and escalated as necessary to our Ethics Committee for consideration and direction on required actions. This consideration can trigger a formal consultation exercise.



The core principals of our revised policies and procedures are to ensure the firm maintains independence from its clients.

Acceptance

When approached to act for a new prospective client or provide additional services to an existing client, our team is required to complete an opportunity evaluation form which considers a number of key factors, including independence and objectivity. A formal conflict check is performed, and evidence is retained should the opportunity progress.

Where additional services are being provided to an existing audit client:

- the Audit Engagement Partner must be consulted and give their approval; and
- a cross-check is made to ensure there are no prohibited services or the resulting non-audit to audit fee ratio (having regard to all other Non-Audit Services) does not fall outside a reasonable benchmark.

Continuance

Embedded within the Firm’s audit methodology is a requirement for Audit teams to reassess independence at the pre-planning phase of every audit. This includes considering whether any Non-Audit Services provided by the Firm to audit clients may have an adverse impact on our actual or perceived independence and need to be agreed with the Audit Engagement Partner before any work is undertaken.



Rotation

The rotation of Key Audit Partners and people is conducted in accordance with the requirements of the Ethical Standard, including rotation of Audit Engagement Partners on listed company audits every five years and Engagement Quality Reviewers every seven years.

In addition, where a manager has been involved in the audit of a listed company for seven years or more, consultation with the Ethics Partner is required and either suitable safeguards are put in place, or the manager is rotated out of the audit.

The Audit Department assesses the Audit Engagement Partner and Engagement Quality Reviewer rotation at least annually, as part of the audit planning procedures. Where applicable, threats are reviewed, and appropriate safeguards are put in place to address the threats or reduce them to an acceptable level.

Breaches

Where breaches are identified, full disclosure is provided when required. Furthermore, we perform a root cause analysis to learn from the findings.



Where applicable, threats are reviewed, and appropriate safeguards are put in place to address the threats or reduce them to an acceptable level.





Hemen Doshi

Hemen Doshi, Audit Compliance Principal

5. Audit governance and delivery

We are passionate about quality. We are acutely aware the new narrative places emphasis on the sustainable delivery of high-quality audits and regard for the public interest. We reinforce this objective throughout all our activities and people engagement to ensure it's embedded in our culture of quality.

I was delighted to be asked to take on the role of Audit Compliance Principal and become the partner responsible for the Firm's FRC PIE registration. In doing so, I took over from Engin Zekia in November 2023.

Historically, as a relatively small firm, we have managed our audit service line through constructive Audit Partner meetings on a collegiate basis – quite common for firms of our size. The new narrative on audit quality requires us to refresh our approach. My role as ACP and taking on the PIE responsibilities is a step change for the Firm. I do not underestimate the responsibility that comes with this role.

Firstly, I would like to thank Engin for his help and direction over the years and his counsel on the technical and regulatory requirements that need to be embraced.

The key to the success of this new role will be preserving the collegiate working relationship our audit group has enjoyed over the years. This will ensure I have the pulse of the practical issues and challenges they face, so I can provide clear, practical and decisive leadership that supports the team deliver high-quality auditing.



I was delighted to be asked to take on the role of Audit Compliance Principal and partner responsible for the Firm's FRC PIE registration.

As explained in Carl's introductory comments, we have made, and continue to make, significant investment in our people and other resources as we continue to work with the FRC and the ICAEW's Quality Assurance Department ("QAD") to respond to their constructive feedback.

We have made good progress, but we are not complacent – there is always more that can be done. We are also seeking to manage change in a dynamic

environment. Not only are auditing standards changing, but business models and the environments in which they operate continue to evolve. If that was not enough, we are all living and trading in challenging times.

We endeavour to remain agile and innovative. The key to agility and an innovative mindset is being professionally sceptical and having the confidence to constructively challenge, internally and externally. These are attributes we require our audit teams to carry with them and apply – for example, just because we may have done something last year, that may not be sufficient to warrant repeating it this year.

The main pillars of our strategy for delivering sustainable audit quality are:

- robust acceptance and continuance procedures;
- engagement allocation;
- recruitment;
- Continuous Professional Development (CPD);
- aligning rewards and career advancement to quality (see pages 4 and 7);
- clear, practical and up-to-date audit methodologies;
- maintaining relevant technology and other intellectual resources to support audit delivery;
- a robust and supportive framework for facilitating consultation and resolving differences of opinion; and
- robust quality monitoring activities with a feedback loop, so we can recalibrate our policies and procedures as necessary.

Acceptance and continuance

Robust acceptance and continuance procedures are fundamental to our quality objectives. While we all want to help who we can, and this is not a bad philosophy to have, we are keen to make sure:

- we only take on engagements where we have the required objectivity, relevant skills and resources to deliver; and
- we work with businesses and management teams who respect and value our objective opinion.

Engagement allocation

We firmly believe it is the **right people, with the right experience and the right amount of time** who are best placed to deliver objective and high-quality audits that add value.

Regardless of the source of a referral, we allocate engagements to Engagement Partners who have relevant sector experience. Where we cannot get the perfect fit, we provide supplementary training and additional oversight.

Recruitment

We have referred to the ongoing resource challenges already within this report. We still think it is important to take time to make sure the people we recruit share our values and commitment to quality, and have demonstrated their ability in previous roles applying their skills. We have a multistage interview process that seeks to ensure we get this right. We have also refined our onboarding process to make sure new hires understand our policies and procedures and are delivering as expected.

Continuous Professional Development

During the year, we increased the level of practical and technical training we provided our Audit team. Periodic training is supplemented by ad hoc training on thematic and emerging issues, which also provides an opportunity for teams to share best practices. As part of our training, we have now introduced mandatory quizzes to evidence attendance and understanding. This also allows us to evaluate the effectiveness of our training. Our CPD monitoring has also been updated to ensure compliance with the new ICAEW CPD requirements.

Aligning rewards and career advancement to quality

To ensure the team develops and reaches its full potential, our people's performance is evaluated on each assignment, where verbal and written feedback is provided. Each year, our people have a formal appraisal, where training needs are considered and arranged. In addition, a less formal half-year appraisal is also undertaken for the whole team. Both appraisals focus on performance and quality of work. We have refreshed our appraisal process to better embed the importance of quality, professional scepticism and public interest obligations.



Clear, practical and up-to-date audit methodologies

In common with firms of our size, we have not developed our own methodology; we have chosen to subscribe to a respected and accredited audit methodology. That said, we don't just "plug and play": we evaluate the methodology and identify potential gaps or weaknesses in the context of our diverse client base. Where gaps or weaknesses are identified, we provide supplementary guidance and work programmes that are subject to critical review and internal approvals.

Maintaining relevant technology and other intellectual resources to support audit delivery

Similar to our approach to an audit methodology, to support audit delivery, we have brought in a range of accredited technology-based audit tools and intellectual resources such as technical databases, work programmes and checklists.

Before rolling out, each piece of technology or intellectual resource is evaluated and training provided.

We periodically review the effectiveness of these resources.

Consultation process

Our firmwide quality management manual identifies situations and circumstances where consultation is mandatory and how it is conducted. Our Ethics Partner helps ensure the Consulting Partner or panel are independent.

Similar procedures are in place to deal with differences of opinion.

Where consultation is required or a difference of opinion arises, there are follow-up procedures to ensure the required actions have been followed. Even when mandatory consultation is required, we have an open culture and actively encourage consultation on new or emerging issues or where teams or individuals feel uncomfortable.

During the consultation or difference of opinion process, the Firm has access to experienced and independent external specialists who can assist with the evaluation.



To ensure the team develops and reaches its full potential, our people's performance is evaluated on each assignment.



Robust quality monitoring activities and feedback loop

Our quality monitoring activities take place at an engagement and firmwide level.

- Our quality management manual sets out the roles and responsibilities of each team member and their obligations in respect of quality. Our policies and procedures also require a “four eyes” review by someone with appropriate experience and seniority.
- We have mandated situations where an Engagement Quality Review (“EQR”) Partner is required, which extends beyond just PIE engagements.
- The appointment of an EQR is controlled centrally, with follow-up procedures. The expectations, scope and documentation of the EQR are set out in a separate policy document.

Our central quality monitoring activities are explained in the section **“Audit quality, monitoring and remediation”** on page 21.

Technical and Training Committee (“TTC”)

To ensure the standard of audits, accounting and other technical areas are maintained at a high level and kept up to date, the Firm also has a Technical and Training Committee. The TTC has several members made up of partners and managers.

The TTC monitors the level of skill and knowledge across the Audit, Business Services and other departments, and where relevant, arranges appropriate training. External professional training facilitators are engaged where it is viewed the necessary skills, experience or availability are not held internally within the Firm.

Public interest entity engagements

In recognition of the special needs of PIE audits and the associated public interest obligation, we established a specific PIE Committee in 2022 which is now a sub-committee of our Risk Committee.

The primary role of the PIE Committee is to ensure:

- all independence and ethical requirements specific to PIE audits have been adhered to;
- we only accept engagements where the Firm has the relevant expertise and resources;
- only partners and staff with the relevant skills, experience and quality rating are involved with PIE engagements;
- all enhanced quality assurance procedures relevant to PIE audits have been adhered to; and
- communications with those charged with governance are clear, relevant and consistent with the findings of the audit and compliant with the requirements of the International Standards on Auditing.

In addition, the PIE Committee is there to support its PIE Audit teams, ensuring they are free of pressures either internally or externally, so they can issue an appropriate audit opinion with confidence.

Working with the Firm’s Head of Quality, the PIE Committee takes account of the findings from internal and external quality monitoring activities, and where appropriate, commissions a root cause analysis so appropriate remedial action can be taken.

The PIE Committee is also charged with leading communications with the FRC.





6. Audit quality, monitoring and remediation

It is great to have joined a firm that recognises the importance of quality and the value of continuous improvement.

As part of the Firm’s ISQM1 post-implementation review, which preceded my involvement with Gerald Edelman, the Firm identified a need to refresh, enhance and build capacity into quality-related activities – generally and specifically across audits. They created a new role, Head of Quality, which has a firmwide remit. I am delighted to have joined the Firm in November 2023 in this exciting and transformational role. I bring with me a wealth of knowledge and experience I gained in a regulatory role, focusing on audit quality inspections, and practical audit experience from my time at one of the big four firms.



It is great to have joined a firm that recognises the importance of quality and the value of continuous improvement.

I am grateful for the warm reception I have received from the partners and wider team, how receptive they are to change, and their focus on quality.

While my role is firmwide, my immediate focus has been and continues to be on Audit and other Assurance Services.

As I have been settling into the role, my immediate focus has been understanding how the Firm responded to ISQM1 requirements, reviewing the output of its ISQM1 post-implementation review, and understanding the results of internal and external monitoring work and what remediation has been taken.

It is clear the Firm has invested heavily in enhancing its quality, people and infrastructure to support the sustainable delivery of high-quality audits. Significant progress has been made against a dynamic environment of changing standards, evolving best practices and a challenging market for the audit profession.

While significant progress has been made, it will take time to derive full value from the changes. Additionally, some have been slower to implement due to resource constraints within the market. Where the desired changes could not be made as planned, the Firm has put in place alternative safeguards.

As reported last year, the Firm achieved its PIE audit registration status, and with this comes additional oversight. To ensure the Firm is well placed to deliver in this segment, we are participating in the FRC's "Scalebox" programme, which is designed to aid small – and mid-tier firms to embrace the audit in the PIE market. It is great to be involved and learn from this programme.

ISQM1 update

As reported last year, like many firms, we were focused on reviewing the system of quality management as we transitioned to ISQM1 (and its sister standards ISQM2 and ISA 220).

The transition to ISQM1 was no small task. In February 2023, we commissioned an ISQM1 post-implementation review, which was the kickstart of our monitoring and remediation activity. This review had the benefit of independent oversight by an experienced external consultant. While good progress has been made, we continue to develop and improve as we learn and take advice.

We have now substantially addressed all the key findings and:

- implemented a new quality management manual;
- introduced a new ethics guideline and associated reporting and consultation procedures;
- enhanced our acceptance and continuance procedures;
- enhanced our EQR policies and procedures; and
- formalised consultation and differences of opinion policies and procedures.

We have also trained our partners and team regarding the above.

Additionally, we have:

- expanded the annual ethical independence declaration to include confirmation that partners and the team are up to date with the Firm's policies and procedures;
- introduced a structured monitoring plan;
- introduced root cause analysis, where significant issues are identified;

- ensured there is a feedback loop between monitoring findings and an evaluation of the effectiveness of policies and procedures, which will extend to the annual appraisal system to ensure quality and rewards are aligned;
- begun providing structured reporting to the Executive Board on ISQM1-related matters and what is being proposed to address any findings; and
- introduced an interim and annual evaluation of our system of quality management.



It is clear the Firm has invested heavily in enhancing its quality, people and infrastructure to support the sustainable delivery of high-quality audits.

Quality monitoring and remediation

The Firm's audit quality is subject to internal and external quality monitoring. Internal quality monitoring takes place in respect of firmwide activities and at engagement level.

Earlier in this report, our ACP, Hemen Doshi, referred to engagement-level quality review procedures. Set out below are our firmwide activities and complementary engagement-level activities (with a focus on audits).

Firmwide

For 2023, our firmwide activities focused on implementing our responses to the key findings arising from our ISQM1 post-implementation review. Areas covered included:

- ethics and independence;
- training and CPD; and
- acceptance and continuance.

As noted above, good progress was made, with many findings addressed and new procedures introduced. The effectiveness of changes introduced will be evaluated as part of our 2024 monitoring programme.



Engagement-specific

We have engaged a leading external provider to undertake cold file reviews of our non-PIE audits on a bi-annual basis and a separate external consultancy for PIE audits.

Statement on the effectiveness of the internal quality control system

As required by ISQM1, we performed an annual evaluation of the Firm's system of quality management, relevant to audits, which was completed by 15 December 2023.

The standard gives three possible opinion options. After careful consideration of all available information, the Executive Board concluded the middle option was most appropriate, namely:

"Except for matters related to identified deficiencies that have a severe but not pervasive effect on the design, implementation and operation of the system of quality management, the system of quality management provides the Firm with reasonable assurance that the objectives of the system of quality management are being achieved".

We are disappointed not to have certified the top opinion but consider this a fair reflection of the progress we have made.

External monitoring

The Firm is subject to periodic external monitoring by the Quality Assurance Department of the ICAEW and the Audit Quality Review ("AQR") of the Financial Reporting Council. The Firm's last Audit and Practice Assurance reviews by the QAD took place in December 2022 and October 2021 respectively, and the last AQR review took place in March 2021.

Following these recent reviews, the AQR and QAD have given us feedback and made various recommendations to improve our audit quality, and the Firm has taken steps to make the necessary changes. The actions taken include running internal training sessions to highlight the findings, making changes to our standard audit procedures and enhancing our audit documentation process.

In January 2024, the FRC's AQR team announced it will be conducting an audit quality inspection of one of our PIE audit clients. This inspection remains ongoing. At the date of issuing this report, we have one PIE audit subject to constructive engagement with the FRC.





7. Public interest audit clients

Public interest entities for whom the Firm carried out a statutory audit during the year ended 31 December 2023 are listed below. Where an audit client is a parent undertaking, the list excludes any of its subsidiaries.

- Wellington Pub Company PLC**
- Premiartel PLC
- Hydrogen Utopia International PLC
- URA Holdings PLC

Financial information

The transparency regulations require financial information to be provided that shows the importance of statutory audit work to the Firm.

	31 December 2023 (£m)	31 December 2022 (£m)
Audit services*	5.5	3.5
Non-audit services to audit clients	2.4	2.3
Non-audit services to non-audit clients	11.2	9.3
Total revenue	19.1	15.1

*The audit fees in respect of public interest entities were £260K (2022: £80K).

**Wellington Pub Company PLC is planning to delist, with a view to taking the company private and ceasing to be a PIE. However, the delisting process has not initiated, and the entity remains a PIE for the year ended 31 March 2024.



8. Corporate Social Responsibility

We aspire to have a positive impact on our people, clients, community and planet. Our Corporate Social Responsibility strategy focuses on:

- improving the positive impact on the communities we live and work in through our charity initiatives and supporting our team with their own philanthropy;
- minimising our impact on the environment and inspiring stakeholders to be sustainable;
- the wellbeing of our team;
- diversity, equality and inclusion initiatives to create an inclusive culture;
- developing partnerships with responsible suppliers and ensuring their Environmental, Social and Governance (ESG) commitments align with our own; and
- continuous development of our governance and transparency.

Focus on community

The Gerald Edelman Foundation’s objective is to have a positive impact on children and young people, helping them reach new heights. We believe all children and young people should have access to the same opportunities and be given the very best chance to achieve their goals and aspirations.

To turn our vision into reality, we partner with local charities, focusing our efforts on fundraising and volunteering. London Youth, our chosen partner since 2022, aligns perfectly with our mission. By supporting them, we directly impact young people in our community, helping them bridge the gap to achieving their aspirations. This collaboration takes shape through four key initiatives: fundraising, donations, volunteering and employability days.

The Gerald Edelman Foundation



Focus on sustainability

Our objective is to lead the way to a more sustainable future, inspiring stakeholders to make changes that have a positive impact on the planet.

Below we outline our objectives, progress and achievements in the last year.

Objectives

Zero waste to landfill: we are committed to diverting all our waste from landfills. This means finding responsible ways to reuse, recycle or compost our materials.

Net-zero emissions: aligned with the Paris Agreement, we aim to achieve net-zero emissions. This means reducing our greenhouse gas emissions as much as possible and offsetting any remaining emissions through high-quality carbon removal projects.



We partner with local charities, focusing our efforts on fundraising and volunteering.

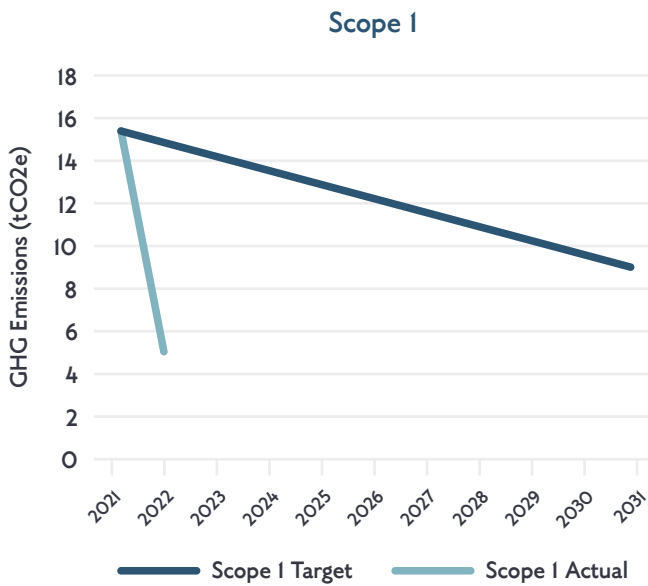
Progress

Science Based Targets initiative-approved: we have secured approval from SBTi – a significant step. Their framework ensures our emissions reduction targets align with the Paris Agreement’s goals, putting us on a clear path to achieving sustainable growth.

Carbon footprint tracking and monitoring: we take accountability for our environmental impact. Our annual carbon footprint reports (2021 and 2022 completed) act as a crucial tool to track and monitor greenhouse gas emissions, allowing us to identify areas for further improvement.

B Corporation Certification: our commitment to social and environmental responsibility extends to pursuing B Corp certification. Undertaking the B Impact Assessment helps us identify areas for improvement in our internal processes while highlighting our dedication to community and environmental wellbeing.

Near-Term Science Based Target Tracking: Scope 1 & 2



Graph explained

- Gerald Edelman’s Scope 1 emissions fell significantly since 2021. This was due to an increase in data quality regarding refrigerant leaks.
- The graph above demonstrates the trajectory using 2021 as a baseline year. Gerald Edelman’s Scope 1 emissions are tracking well below the 4.2% annual reduction trajectory.

Achievements

Renewable energy of 100%: we have transitioned to a 100% renewable energy tariff, ensuring the electricity powering our operations comes from clean, sustainable sources.

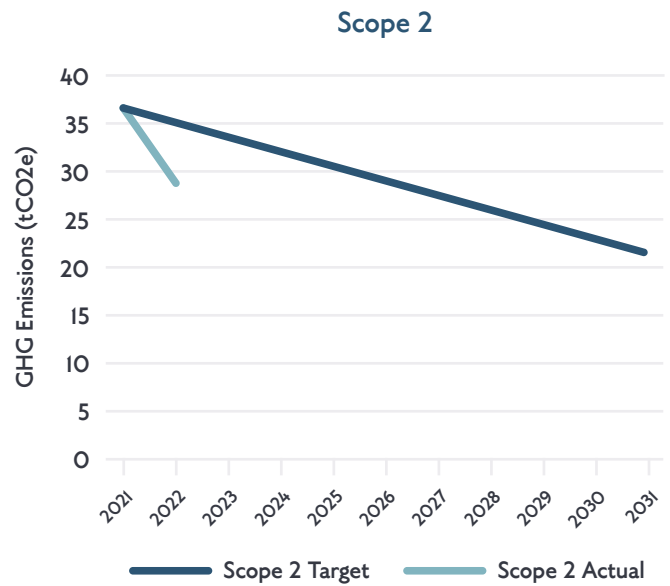
Increased energy efficiency: by regularly reviewing energy efficiency at our office, we have achieved a significant reduction in night-time energy usage. This past year, night-time energy consumption dropped from 41,500 kWh (2021-22) to 21,500 kWh (2022-23). Actions like turning off air conditioning units overnight have demonstrably reduced our environmental footprint.

Waste reduction and recycling: partnering with First Mile, we have achieved a recycling rate of at least 50% in the past year, diverting all waste from landfills.

Diversity, equality and inclusion

We have a strategy to “create a culture of inclusion that is supported by fair decision-making”.

This means all employees should feel included – regardless of gender, ethnicity or any other



Graph explained

- Due to changes in electricity tariffs in 2022 Gerald Edelmans Scope 2 emissions have reduced significantly.
- As these changes were made in the latter end of 2022, further reductions will occur over 2023. This will allow Gerald Edelman to stay below the Scope 2 reduction trajectory.

characteristic – and objective and unbiased decisions are made in all areas.

Our strategy launched in January 2024 and is supported by three pillars.

1. **Inclusive culture:** create an inclusive workplace, where all employees feel valued and included, boost employee retention, attract diverse candidates and build a positive culture within the Firm.



Partnering with First Mile, we have achieved a recycling rate of at least 50% in the past year, diverting all waste from landfills.



2. **Promotion and development:** ensure our promotion and development process is clearly communicated and underpinned by clear, robust and fair processes and decision-making, so all employees have an equal chance to progress.
3. **Data and measurement:** collect DEI data, so there is a clear understanding of where to focus attention, strengths and weaknesses are identified, and DEI progress on can be accurately monitored, driving transparency and accountability.

To bring our strategy to life, some of the areas we will be focusing on in 2024 include:

- DEI training for all leaders and team members;
- building greater clarity into the promotion process;
- analysing pay and team numbers across various grades, first by gender, with analysis using other characteristics to follow;
- collecting data on and feedback from our team, so we can carry out further analysis using other demographics and measure the success of our policies going forward;
- updating our policies around unacceptable behaviour; and
- introducing regular and informal HR clinics to give opportunities for open dialogue.

Mental health and wellbeing

The objective of Gerald Edelman's Mental Health Committee is to make employee mental wellbeing a priority through support, conversations and actions.

Objectives

- Create a safe, honest and open space for employees to discuss their mental wellbeing.
- Be a consistent group within the Gerald Edelman culture that employees recognise.
- Start honest conversations around mental health and how we can support others.




Progress

- We partner with Work Life Well, which provides access to an online academy and hosted 10 workshops for our team in 2023 on core issues like managing stress and dealing with conflict.
- We have four Mental Health First Aiders .
- We also have a dedicated room within our office to provide a safe space for our team, where people can have confidential conversations with a Mental Health First Aider, or take time to relax throughout their day if they need to.





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