Impact for a fair society and sustainable world

Annual Report & Financial Statements 2023

By Royal Charter

About BSI

BSI exists to have a positive impact on society. Our work helps businesses deliver better products, governments enact better regulation, and people agree standards that address society's biggest challenges. Our stakeholders and clients value our neutrality, global reach, and leading-edge expertise.

BSI has been at the heart of industry competitiveness, innovation, and consumer protection since our foundation in 1901. Across all Divisions and services, we deliver our purpose by helping everyone we work with fulfil theirs.

Our independence is rooted in our Royal Charter, granted in 1929. The Charter sets out our objectives: to simplify, standardize and improve business performance, and our role as a provider of British and international standards, accredited training, consulting, product approvals and certification. It also underpins our appointment by UK government as the National Standards Body, responsible for all British Standards. We are the proud owner of the Kitemark, a word now in common usage, and were a founder member of the international (ISO and IEC) and European standards systems.

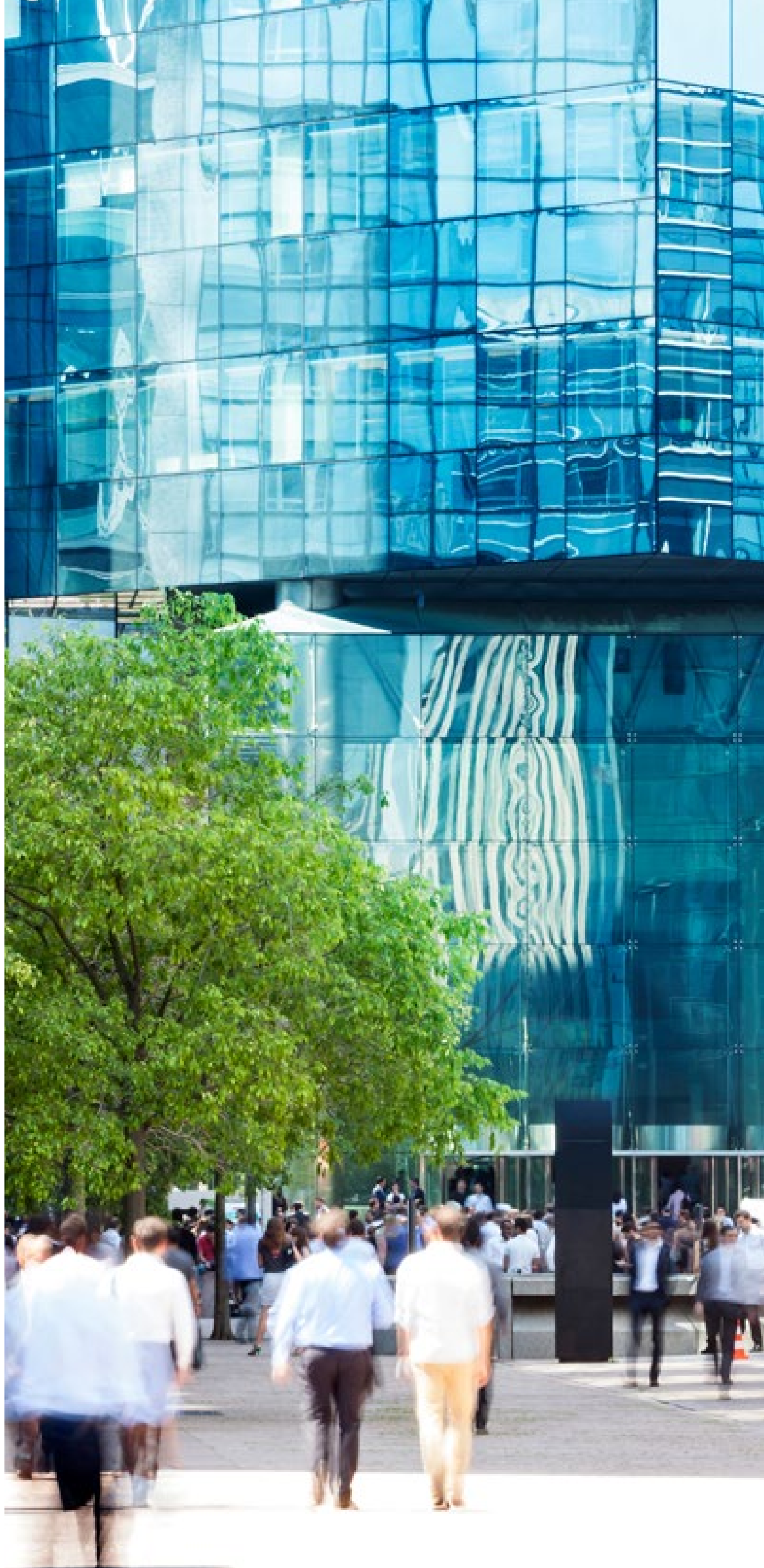
Today, we offer policy, standards, training, assurance, certification, and consulting services all over the world. We form strong collaborations and partnerships with experts, businesses, governments and non-governmental organizations to deliver a positive impact.

As an organization without shareholders, we can re-invest our profits to achieve the difference we want to see in the world. Our purpose-led approach attracts other organizations and thought-leaders to work with us.

We operate through four business Divisions, supported by group corporate functions:

- Knowledge Solutions
- Assurance Services
- Regulatory Services
- Consulting Services

Our work improves businesses, enhances lives, and generates trust for a sustainable world. We give organizations of all sizes and in all sectors the confidence to explore, grow and prepare for the challenges of the future.



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Financial highlights

Revenue
£727.7m
+8.2% (2022: £672.8m)

Operating profit*
£54.2m
+41.9% (2022: £38.2m)

Underlying operating profit*
£54.2m
-3.2% (2022: £56.0m)

Transformation investment
£37.0m
+33.6% (2022: £27.7m)

Capital expenditure
£8.8m
+23.9% (2022: £7.1m)

* Operating profit and underlying operating profit are stated after the transformation investment of £37.0m (2022 £27.7m).

Key facts

Colleagues
6,316
2023 average

Clients
77,500+
in 180+ countries, offices in 30 countries

Committee Members
13,865
in 1,607 Standards Development Committees

Assessed more than
4,500
British Standards for their climate impact

In this report the 'Company' refers to The British Standards Institution, a Royal Charter Company, Companies House number ZC000202, which is the parent company for the financial statements. 'BSI', 'BSI Group' or 'Group' means the Company and its subsidiaries. The BSI logo, Kitemark™ and the 'Kitemark™' device are registered trademarks of The British Standards Institution in the UK and are registered, or in the process of registration, in other jurisdictions. Throughout this report the word 'underlying' is defined as 'before exceptional items'. This is defined in Note 7 to the consolidated financial statements.

BSI impact story

Society

Making the workplace work for all

More than 7,000 copies of BSI's landmark guidance Menstruation, menstrual health, and menopause in the workplace (BS 30416) have been downloaded since the standard launched in May 2023. The standard is designed to help organizations retain talent and experience, by setting practical recommendations for workplace adjustments and strategies to sit alongside existing wellbeing initiatives.

It has already been adopted by organizations across society, including Virgin Media O2 and the Welsh Parliament. "It changes the conversation, moving our activity from ambition to action," said Vanessa Kilburn, Co-Chair of Virgin Media's O2 Women's Network.

In March 2024 work on an international version began after BSI led the proposal to take the standard into ISO. Representatives from 20 countries have already stepped forward to be involved, including representatives from South and North America, Europe, Africa, and Asia.

As Anne Hayes, Director of Sectors, BSI, explains, "there are a myriad of benefits to be realized from providing support around menopause and tackling the departure of women from the workforce."

Read more online:
bsigroup.com/bs30416

Chairman's statement

John Hirst

Chairman

We have a purpose defined not in financial or shareholder value terms, but in terms of our impact on business and wider society.

One of the special things about BSI stems from its status as a Royal Charter company. We have no shareholders setting our goals and holding us to their priorities. That gives us a degree of flexibility to act for the longer term, and the freedom to concentrate on our purpose rather than on the short term and on solely financial goals. Rather than making the role of the Board and senior management less onerous, this makes the responsibility for setting direction and targets even more challenging; our responsibility is heavier and undiluted. Moreover, the fact that we have a purpose defined not in financial or shareholder value terms, but in terms of our impact on business and wider society makes it even more important that we articulate that purpose and define our objectives more carefully and clearly. The enterprise needs to be profitable just as we need to run it efficiently, but neither of those imperatives are aims in themselves. Rather, they facilitate and provide the funds so we can direct more of our efforts to fulfilling our purpose. We therefore keep our purpose, its expression, and our achievement against it, under constant review, aiming always to ensure it is tempered to current and future challenges rather than problems of the past.

This year we have again refined the expression of our purpose and aligned our strategy behind it, and you will find more about this in Chief Executive Susan Taylor Martin's report. We have also continued to challenge our management teams to deliver excellent performance. The financial results are again extremely good and they provide the resilience and foundation for our wider work.

I am particularly pleased with the progress that has been made on some key social challenges, publishing standards on menopause and menstrual health, and seeing our published standard on modern slavery begin to take hold and influence behaviours. Like so many of the standards we publish, they provide real guidance in areas where there is often much discussion, but little practical clarity on what can be done.

Because BSI, as the UK's National Standards Body, represents the UK in international forums – notably the International Organization for Standardization (ISO) where Scott Steedman our Director-General, Standards occupies the UK's permanent seat in the governing council – we are able to see the impact of our work and contribution on a global scale. It reinforces our conviction that BSI as a whole has a real opportunity – even a responsibility – to be a force for good in the world.

Over recent years much effort has gone into refreshing and strengthening the Group's capabilities, refining its direction and building processes and skills so that we might fulfil our purpose even better.

Whilst that work is never finished – there is always room for improvement – we are intensifying our efforts to increase our impact for good and, indeed, defining measures that can evidence our contribution. Whilst I look back at the considerable progress we have made over the last year, I am focusing with my colleagues on what we can achieve in the future.

It is my strong belief that in BSI we have the vision, the talent and resources, and not least, the conviction and drive to make a real difference in the world.

John Hirst
Chairman
28 March 2024

Chief Executive's review

Susan Taylor Martin

Chief Executive

Driven by our purpose and business focus, BSI has once again delivered a strong performance in 2023. We have performed well both financially and in terms of positive impact.

Impact for a fair society and sustainable world

2023 was another strong year for BSI; we continued to drive long-term growth globally, unlocking value for our clients and stakeholders; and we built solid foundations for the future by embracing new technology and embedding new ways of working.

In the three years that I have been with BSI – like so many organizations and communities – we have experienced the challenges of a global pandemic, economic pressures, geopolitical upheaval, and worldwide supply chain disruption. Increasingly, organizations are faced with complex challenges that require agility and a willingness to continually adapt. I have been impressed by how quickly and effectively our teams have responded, again and again, to the demands of the rapidly changing environment in which we operate.

2023 performance

Driven by our purpose and business focus, BSI has once again delivered a healthy performance in 2023. We have performed well both financially and in terms of positive impact, demonstrating the resilience and influence of our business.

Group revenue of £727.7m represents an increase of 8% year on year at reported rates, and 10% on a constant currency* basis, which is in line with our planned performance targets. Our Regulatory Services and Knowledge Solutions Divisions delivered double-digit revenue growth (15% and 11% respectively), and our Assurance Services Division grew revenue by 7%. The Consulting Services Division saw a decline in revenue of 6% year on year, as we intentionally refocused the business to align it better with our strategy and place it on a long-term sustainable growth footing. Reported operating profit of £54.2m is an improvement of 42% versus 2022, primarily due to one-off impairment charges taken in 2022.

Our underlying operating profit of £54.2m shows a small decrease year on year of £1.8m. We have increased our investment in our transformation programme by £9.3m year on year, which is the main driver for the reduction in the underlying operating profit and has been mostly offset by improved business performance.

* Constant currency retranslates 2022 reported financial information at 2023 exchange rates

Chief Executive's review continued

Being purpose-led means we attract people who are genuinely committed to being part of our mission.

In 2023, we continued our multi-year investment in BSI as we transform our business for the long term, building out our enterprise-wide capabilities to support our growth ambitions, and accelerating our investments in our foundational digital infrastructure. This perfectly positions us to deliver greater client and stakeholder impact in the future. The transformation investment is significantly weighted to operating expenditure, and we increased the level of investment to £37.0m in 2023 from £27.7m in 2022. Before this investment cost, our reported operating profit grew by 9% year on year to £91.2m.

Our transformation actions continue to target our core technology and digital needs for the future. This is building the platform to securely grow our business. In addition in 2023, we invested in enhancing our finance capabilities, delivering additional interest income and working capital improvements. We also invested in our brand refresh which will be launched in 2024, and notably delivered our new Artificial Intelligence (AI) offering in Regulatory Services.

I am confident that this investment will enable BSI to continue to support our colleagues, clients and stakeholders for the long term. We are seeing our business transformation investments start to deliver positive returns and impact, and these should grow over time. As we are non-profit distributing, we have been able to use our positive returns to broadly maintain our underlying operating profit, whilst increasing our year on year investment levels to further drive our transformation and grow our business.

Accelerating progress towards a fair society and sustainable world

Our collaborative culture is at the heart of our success. By bringing together expertise across our organization, and working with our stakeholders and partners, our teams have innovated to deliver an even greater positive impact and increase our competitiveness.

Drawing on our extensive range of services and our expertise in standards development, certification, assessment, training, and consulting, we partner with our clients and stakeholders to tackle society's biggest challenges. With over 77,500 clients in over 180 countries, ranging from global brands to local enterprises, we know that our actions impact not just these organizations but also local communities and millions of consumers worldwide.

To reinforce our responsibility to society and the world, we have refreshed the expression of our purpose as 'impact for a fair society and sustainable world'. Our purpose reaches back to the ambitions of our founders: BSI has been making a difference to people's lives since 1901.

With our unique structure, we are able to reinvest our profits in our capabilities and so amplify the impact we have. This profit-for-purpose focus allows us to direct our resources and capabilities towards important issues that might not be addressed by commercially-focused organizations. In the past year, for example, we have published a groundbreaking Menstruation, menstrual health and menopause in the workplace standard (BS 30416). These guidelines are free to access and provide business leaders, employers, and managers with the tools to eliminate the workplace stigma of menstruation and menopause and implement practical measures that will deliver more positive outcomes for women at work. I'm delighted that the guidance has been downloaded in over 80 countries.

Another initiative of which I am particularly proud is protecting people and the planet from the dangers of antimicrobial resistance (AMR). Classed as a global public health threat by the World Health Organization, AMR occurs when microbes such as bacteria develop a resistance to the antibiotics designed to combat them. Poorly managed disposal of by-products from the manufacture of antibiotics is a contributing factor to AMR. BSI is working closely with the relevant stakeholders, including healthcare professionals and bio-pharma organizations, to draw attention to the challenges and develop solutions. In 2022, we published the first AMR standard and, in 2023, we launched a certification programme for individual antibiotic products, enabling pharmaceutical organizations to ensure that they – and their suppliers – are manufacturing responsibly.

Being purpose-led means we attract people who are genuinely committed to contributing to our mission. In 2023, all our teams participated in our worldwide culture programme, unlocking the potential of our shared purpose and values. To engage our teams with our journey we introduced 'The BSI Story', a global storytelling campaign, setting out our ambitions and sharing our impact stories.

Chief Executive's review

continued

A culture of collaboration

Our collaborative culture is at the heart of our success. By bringing together expertise across our organization, and working with our stakeholders and partners, our teams have innovated to deliver an even greater positive impact and increase our competitiveness.

More on our strategy on page 10

More on our people from page 26

More on sustainability from page 33

Digital transformation

In last year's report, I stated our ambition to have the majority of our products and services digitally enabled by 2027, as well as to complete the multi-year digital transformation within our own business. Our investment in systems and technology upgrades has continued in 2023. We are ensuring they are future-ready and will enable our teams to work effectively with our clients and stakeholders, delivering impact for years to come.

We are also investing heavily in the digital delivery of our services; technologies such as smart wearables, AI-powered adaptive learning, and augmented reality are enabling hybrid, remote and immersive solutions. These investments have improved efficiency and predictability, while supporting our shared sustainability agenda by reducing carbon emissions and creating a more sustainable workplace and society.

In December 2023, we launched a re-imagined digital experience through our UK website. This not only supports our digital transformation, but also represents the first large-scale, public deployment of our refreshed brand. The website is the product of over two years of extensive client and user research and testing. It provides an overall experience that is more relevant and will drive greater impact. This enhanced digital experience will be rolled out across our other markets throughout 2024.

Artificial Intelligence

AI is a transformational technology, and we are proud to be at the forefront of ensuring AI's safe and trusted use across society. BSI was instrumental in the development of the first AI management system standard (ISO/IEC 42001), which was published at the end of 2023 and is designed to enable the safe, secure, and responsible use of AI. We are developing a comprehensive package of training and certification aligned to the new AI management system standard, including AI training courses to equip individuals and organizations with the knowledge and skills necessary to navigate the complex landscape of AI standards and regulations. In addition, we are in the process of becoming a Notified Body under the EU AI Act, which became law in March 2024 and will come into force over the next few years. Providing standards and guidelines for AI will enable organizations, and ultimately consumers, to have greater trust in AI tools and encourage their responsible use.

Sustainability within BSI

Sustainability in our own operations is important to us because it is essential that BSI demonstrates its purpose in action through our own journey. Our organization is committed to following sustainability best practice and becoming our own best-in-class case study – utilizing standards and BSI's own commercial sustainability solutions wherever possible to lead the way in our sector and beyond.

Chief Executive's review continued

For example, we achieved certification to the energy management system standard (ISO 50001) at our Hemel Hempstead Laboratory, which is now also BSI's first zero carbon building.

In addition to supporting our clients with their decarbonization ambitions, we are committed to an ambitious target to achieve net zero in our own operations by 2030, reducing 90% of our Greenhouse Gas (GHG) emissions from our operations (Scopes 1 and 2) against our 2022 baseline. We also aim to reduce our Scope 3 emissions by 42% in the same timeframe. 2023 marked the first year of implementation against this ambition. Thanks to the launch of the Carbon Allowance Model and the efforts of our leaders and their teams, we achieved a significant decrease in our Scope 1 and Scope 2 emissions in 2023 compared to 2022. Though Scope 3 emissions have slightly increased, we are encouraged by a decrease in the Scope 3 intensity ratio (tCO_2e/£m), highlighting a meaningful improvement in our GHG emissions efficiency.

Our people are invested in our aims to positively impact the communities and environment around them, committing their time to support others through our volunteering programme, and donating to charitable causes, boosted by our Match Fund programme. In total, BSI gave £378,000 in 2023 for charitable donations, and our total Purposeful Investment fund for 2023 amounted to £1.2 million. The Purposeful Investment fund is used for a portfolio of projects specifically funded to deliver on BSI's purpose and its strategic outcome to 'increase societal impact'.

Looking ahead

We are excited about the positive impact that we can have on the world. Working collaboratively with our clients and stakeholders, we believe we can accelerate change and we are proud of the progress we're making. We will continue to strengthen the value we bring by working at the forefront of innovation and helping our clients and stakeholders solve their most urgent challenges, with a focus on their digital transition and sustainability.

With the strategic alignment undertaken in 2023, and the ongoing efforts to simplify our processes and advance our digital transformation, we are confident that we will deliver even greater impact to our clients and the communities in which they operate, helping them strengthen their sustainability and resilience, and accelerate their growth.

Susan Taylor Martin
Chief Executive
28 March 2024

Key performance indicators

Financial

Revenue

£727.7m

+8.2% (2022: £672.8m)

Operating profit

£54.2m*

+41.9% (2022: £38.2m)

*Operating profit is stated after the transformation investment of £37.0m (2022: £27.7m) and in 2022 an impairment charge in relation to goodwill and acquired intangibles (£16.6m) and the exit of our Russian business (£1.2m)

Non-financial

Standards

Number of published and amended standards delivered

2,634

+5.0% (2022: 2,508)

Voice of the Client

Clients highly satisfied with product/service received

68.8%

+2.3% (2022: 66.5%)

Voice of the Colleague

Colleague survey engagement score

69%

+2% (2022: 67%)

BSI impact story

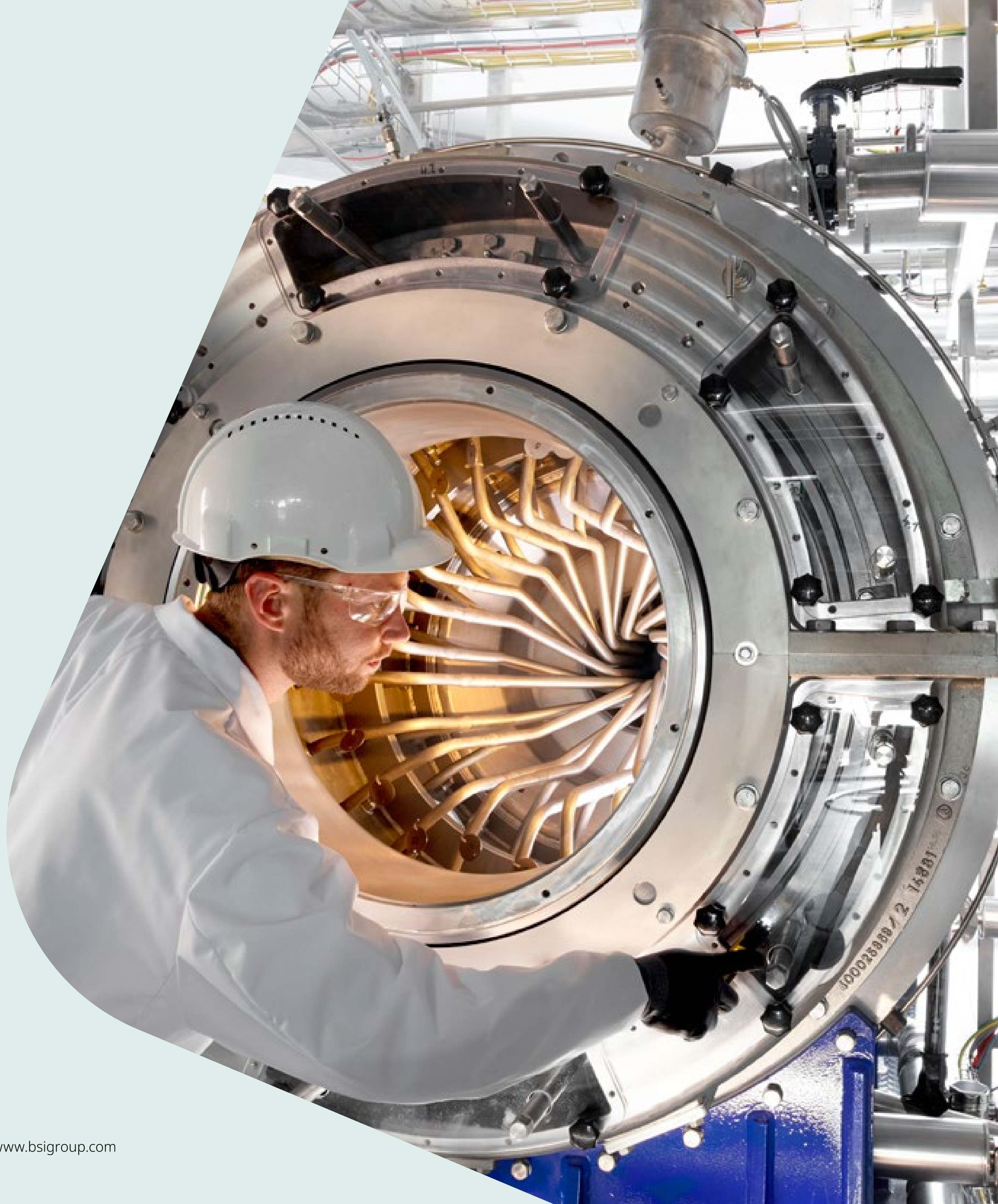
Innovation

Minimizing the risk of Antimicrobial Resistance

Sandoz (pictured) and TEVA became the first organizations to be certified to meet BSI's new international industry standard on the Minimized Risk of Antimicrobial Resistance (AMR), demonstrating they are making positive strides to ensure antibiotics are made responsibly, helping to minimize the risk of aquatic toxicity in the environment and the spread of AMR.

"Controlling waste discharge of antibiotics from manufacturing can help retain the long-term effectiveness of antibiotics to treat infections, keeping medicine effective, boosting patient safety, and supporting a cleaner ecosystem," explained Courtney Soulsby, BSI Global Director, Healthcare Sustainability. "Taking this critical step forward to address the growing threat from AMR and reduce discharge into the environment can help us accelerate progress towards a sustainable world."

Boumediene Soufi, Head of Sandoz AMR Program, said: "This first-of-a-kind certification demonstrates that Sandoz, the global leader in generic antibiotic medicines, is taking the necessary steps to ensure responsible manufacturing of these critical medicines – a key pillar of the global AMR response strategy."



Read more online:
bsigroup.com/innovation

Our purpose

Impact for a fair society and sustainable world

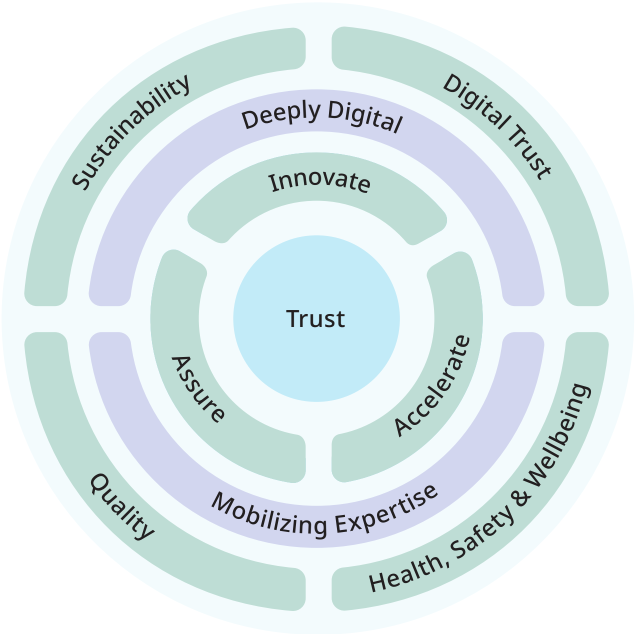
We have set a new purpose for BSI to reflect our ambition to make a positive impact, not only on the products and services in the market, but also in the way that organizations operate and the outcomes that result for people and planet. We want this purpose to guide us – and inspire what we do – over the years and decades ahead.

We see a world where there is tremendous innovation, but also where change is challenging and often resisted. Corporate practices are not always fair or sustainable. Great advances are being made, for example in Artificial Intelligence and human capital, and we would like everyone to be able to share in the benefits. All over the world, countries face huge challenges to implement better ways of doing business and we want to help accelerate positive action.

We believe progress needs guardrails: agreed standards, evidence of compliance, transparency, and integrity. Consumers, industry and governments need assurance that they are on a pathway to a brighter future. In our role as a leading global standards organization, consultancy, and accredited certification and regulatory approvals body, we maintain those guardrails to accelerate the right kind of progress for everyone.

That is why our new purpose is as clear and simple as possible: impact for a fair society and sustainable world.

Our strategy



To deliver on our new purpose – Impact for a fair society and sustainable world – we have evolved our strategy. We are expanding into new, relevant domains, providing better solutions that add more value, and increasing awareness and engagement. Our whole strategy is designed to deepen trust at every level.

Last year, we announced the launch of two new domains, Sustainability and Digital Trust, alongside our core focus areas of Quality and Health, Safety & Wellbeing. The climate and biodiversity crises, together with the opportunities offered by advances in renewable energy and new modes of transport, make Sustainability a critical consideration for any organization. The remarkable breakthroughs we've witnessed recently in Artificial Intelligence, and the risks it presents such as disinformation, election rigging and cybercrime, mean that Digital Trust is an urgent issue for almost everyone. We will continue to develop these new domains in 2024, alongside Quality and Health, Safety & Wellbeing.

As we develop capabilities and standards in these areas of vital interest to the public, we will make greater efforts to engage more people in the work we do and underscore the importance of the standards we help shape. Through greater awareness and engagement, we will attract the talent we need to grow in these new domains, and extend our impact to a much wider community of stakeholders.

To further increase our impact, we want to develop more powerful solutions that deliver even more value to our clients and stakeholders. We will do this by becoming 'Deeply Digital' and by 'Mobilizing Expertise'. These are the two strategic drivers that will unlock our purpose.

We are investing heavily in new digital technologies to give clients easier access to our knowledge and insight. We are equipping our people with the digital tools to innovate and work more efficiently. Also, in order to run our business more effectively, we are using new digital technologies to improve our consistency, collaboration, speed, and data-led decision-making.

Expertise has always been the lifeblood of BSI, and there is extraordinary expertise right across the organization. We need to recognize and harness that expertise for the benefit of all our clients and stakeholders. That means more joined-up working and better use of systems and databases to curate our internal expertise. We also want to expand and strengthen our network of external experts. Because of our structure and the Royal Charter, we are uniquely well-positioned to convene experts from across the world for the public good.

Finally, it's vital that we set a good example and practice what we preach. We have set ourselves challenging sustainability targets, as can be seen on pages 47 to 50. We will continue to drive down our Greenhouse Gas (GHG) emissions and reduce our impact on the environment, while enhancing our contribution to the clients, stakeholders, and communities we serve.

By expanding further into these new domains, raising awareness, investing in our digital capabilities, expanding our expertise and improving our own sustainability, we will accelerate progress towards a fair society and a sustainable world. We will be the go-to partner for anyone who wants to spur growth and drive progress. We will forge enduring relationships with clients and stakeholders, and widen our network of relationships to deliver ever more impact. Our innovations will benefit both business and society. We will assure our stakeholders' investments, and strengthen trust between people and organizations everywhere.

Our business model

Our purpose

Impact for a fair society and sustainable world

Our Business Model is the way we deliver our strategy. Driven by our purpose, we aim to grow our business and increase its beneficial impact by being recognized for helping our clients and other stakeholders achieve the outcomes they want.

We want to be valued as a relevant, impactful and sustainable organization by all our stakeholders and to do this we need to increase BSI's societal impact, become a more sustainable organization, and we need to deliver profitable growth.

For this to be true, we need our clients to consider us as continually adding value – supporting them by being future -ready, forming long-term relationships, and working with them to deliver solutions that drive the outcomes they in turn need to thrive. We target these efforts through our four Divisions – Knowledge Solutions, Assurance Services, Regulatory Services, and Consulting Services – each bringing specific areas of expertise and offerings.

Business priorities that inform and guide us to achieve these outcomes are focused around creating a Deeply Digital business, delivering Impactful Solutions and Mobilizing our Networks for Progress.

Being Deeply Digital is about how we digitize our products and services and transform our infrastructure in a way that allows us to become a more adaptive and relevant organization.

Our value proposition defines how we can establish our core offerings of Sustainability, Digital Trust, Quality and Health, Safety & Wellbeing and provide the Impactful Solutions our clients need.

Creating effective solutions that meet or exceed client and stakeholder needs requires a multitude of skills, knowledge and expertise. Mobilizing our Networks helps us bring the right people together, curate communities and ensure we can always provide the very best services and advice.

Ultimately, all efforts across the business are driving towards our purpose and underpinned by our values which sit firmly at the heart of everything we do.

Our business Divisions

We deliver our strategy through four business Divisions that have different value propositions, clients, and revenue streams. All of our Divisions succeed through a common focus on long-term relationships, trust, and objective expertise.

Knowledge Solutions

The core of our business is the knowledge that we create and impart to our clients as services or information solutions. We continue to build our reputation, shaping standards at national, regional, and international levels, and delivering standardization services and technical assistance projects worldwide.

Read more on page 13

Assurance Services

We provide independent assessment of the conformity of a process or product to a particular standard that enables an organization or a product to be trusted in a supply chain or by a consumer. We also provide enterprise training and e-learning solutions for clients.

Read more on pages 14 and 15

Regulatory Services

We provide independent assessment of the conformity of a process or product, in the Medical Devices industry, to a particular standard to bring trusted, life-saving technologies to market safely.

Read more on page 15

Consulting Services

We provide technical advisory services to help our clients and other stakeholders ensure ongoing compliance with standards, regulation, and best practice to enable them to accelerate delivery of their business goals.

Read more on page 16

Division reviews

Knowledge Solutions

Our Knowledge Solutions Division combines two major business lines: the Solutions business, which provides British, European, and international standards to UK and some international clients; and the Services business, which provides consulting and advisory services to help develop standardization approaches around emerging topics, as well as international development support for standards. The Division delivered a strong performance in the year, with revenue of £78.4m, a growth of 11% on the prior year. This was predominantly driven by the expansion of the Services business, which grew c.50% year on year.

Solutions

In 2023, our Solutions business published over 2,600 new and revised standards. These are blueprints for excellence, helping organizations minimize risk, ensure safety, and champion sustainability.

Thank you to our Committee Members and Chairs

We would like to express BSI's enormous appreciation and gratitude to our more than 13,000 Committee Members and Chairs who give their time and expertise so selflessly, and without whom the national and international standards system would not function. Attracting and retaining Committee Members and Chairs from a diverse range of backgrounds and experiences is vital to the quality of the standards we produce, and we have seen record attendance at our 2023 Committee Member conferences.

Focusing on impact

In 2023, we continued to focus on the impact of our standards, and made those standards which we believe can make a huge positive difference freely available. For example, in January 2023 we launched the world's first national standard to help eradicate modern slavery (BS 25700). The standard guides organizations on how they can identify the risks, and potential victims of modern slavery in their supply chain, and take action. This guidance has now received overwhelming support to become an international standard, helping to tackle the scourge of slavery globally. Modern slavery is estimated to impact 50 million people, a number that has increased by 10 million (25%) in the last five years.

Digital enablement & SMART standards

Critical to our future success is how we embrace technology to improve our standards development and distribution processes, and how we participate in the future of digital standards internationally. In 2023, we invested in the automation and Artificial Intelligence (AI)-enablement of our standards processes, which we will continue to test and evolve in 2024, with the aim of driving efficiency and speed, and making it easier for clients to find the information and insights they need.

We have also accelerated our involvement in the international collaborative effort towards SMART standards across the Organization for Standardization (ISO) and International Electrotechnical Commission (IEC). SMART standards are digitally-enabled standards which are machine-applicable, readable and transferable. This means that they can be used, and interpreted more easily by computers.

Services

Over the last few years, we have expanded our service proposition to help government and industry respond more effectively to the challenges they face in new and developing sectors in driving innovation and building trust.

We are increasingly asked to support government and industry in undertaking broad programmes of work researching the current landscape, to engage with stakeholders, and to develop a suite of standards around critical issues within our new Sustainability and Digital Trust domains. Examples include our work on the future of flight, zero emissions road freight, nature investment, and helping small and medium-sized enterprises to safely adopt AI technology.

We also provide international development support, working with the UK's Foreign, Commonwealth & Development Office and other international development bodies such as the World Bank, Asian Development Bank and the United Nations Industrial Development Organization, to help countries improve their economic infrastructure and trade opportunities. In 2023, we provided this support in countries across Africa, South America, Asia, and the Caribbean. We also supported a project to deliver the sustainable economic reconstruction of Ukraine.

Division reviews continued

Assurance Services

Our Assurance Services Division is a global leader in the independent and impartial certification of management systems, products, services and processes, and the delivery of training to maximize the benefits of standards.

In 2023, we supported more than 50,000 Assurance clients globally, who employ nearly 20 million people, and we trained more than 150,000 delegates, giving organizations and their teams a competitive edge in the marketplace and helping them improve performance and make a positive impact.

The Division delivered a robust performance in 2023, with a 7% increase in revenue to £333.5m. Growth was driven by the expansion of our Sustainability and Digital Trust service offerings, by the acceleration of Internal and Supplier Audit (ISA) solutions, and the continued growth of our core services in Quality, Environment, and Health, Safety & Wellbeing. We deliver on our purpose by helping our clients solve critical societal and organizational challenges, and this year saw us once again winning large contracts with global clients in strategic sectors, including transport and mobility, aerospace, the built environment, and information communications technology.

Assessment and System Certification

Assessment and System Certification delivered solid revenue growth and improved profitability, supporting clients in over 180 countries. This growth was fuelled by a robust performance in our core System Certification services, and an increased demand for our Sustainability and Digital Trust solutions, in particular Greenhouse Gas (GHG) Verification, Sustainability Report Assurance, Carbon Neutrality, and Information Security & Privacy. During the year we launched several new strategic solutions, including the BSI Net Zero Pathway, built on international standards and best practice, which provides a clear and robust framework for organizations to demonstrate their commitment and plans for achieving net zero.

We are on a mission to support our clients in becoming future-ready, through the digital transformation of our services and by providing technology to help our clients on their own digital journey. In 2023, we launched a new hybrid audit solution, enabling virtual and on-site delivery of our expertise. This sustainable delivery format is already in use in over a third of our audits, enabling BSI and our clients to reduce GHG emissions while improving the work-life balance for our auditors. We extended the use of immersive auditing technology, with hands-free equipment such as smart glasses and video headsets that provide a live data feed to our augmented reality platform for verification by our experts.

ISA solutions are a growing part of our offering. They help clients bring transparency and trust to their value chains across key sectors such as food, retail and healthcare. Our supplier audit solutions span a range of domains, including Health, Safety & Wellbeing, Digital Trust, and Environmental, Social & Governance (Sustainability). Our expert team provides clients with real-time insights that help them make decisions, through efficient, technology-enabled audits across the globe.

Training

Our on-demand e-learning, enterprise training solutions, and qualification services are growing to meet client demand, and we now offer over 100 digital courses. Training course development is focused on our key growth areas of Digital Trust, Sustainability, Quality, and performance improvement, Medical Devices, Food Safety, and Health, Safety & Wellbeing. We have also embraced AI and adaptive learning techniques, which customize the learning experience based on individual knowledge levels.

Our BSI Academy Personal Qualifications help delegates build their own knowledge and skills as part of their professional development, while adding value to their organization and driving positive outcomes. This service offering grew significantly in 2023, and we now offer close to 80 qualifications, of which Management Standards is the most in demand.

Product Certification

We provide a range of testing and certification services that allow our clients to build consumer confidence in their products and services, and gain access to markets through Conformité Européenne (CE) marking, UK Conformity Assessed (UKCA) marking for the UK market, and our own BSI Kitemark. Last year, we celebrated 120 years of the BSI Kitemark, which has been recognized as a symbol of outstanding quality, safety, and trust across a wide range of products and services.

In 2023, our Product Certification business continued to grow profitably, focusing on emerging opportunities and solving our clients' biggest challenges. We increased our relevance and impact with the introduction of a new BSI Kitemark for Accessible Electric Vehicle (EV) Chargers that checks the accessibility of public EV charge points.

Division reviews continued

This Kitemark has been endorsed by the Motability Foundation, a registered charity that supports research and innovation so that all disabled people can make the journeys they choose. In 2023, BSI also delivered the first-of-its-kind BSI Kitemark for fire extinguishers for lithium fires. This important milestone is part of an ongoing BSI journey to support fire suppression management for all products that contain lithium batteries.

Our UK test facility is now the first accredited lab for evaluating the safety, performance, interoperability, and digital security of EV approved (EVA) supply equipment. With our focus on sustainability, the new EVA testing rig recovers 96% of the electricity it uses. Our Hemel Hempstead testing laboratory achieved certification to the Energy Management System standard (ISO 50001), demonstrating our commitment to carbon-neutral testing and certification goals.

At the end of 2023, we decided to bring together our complementary expertise in product testing, product certification and Regulatory Services, offering an exciting opportunity for a strong and cohesive portfolio and a unified voice to the market and regulators, therefore, in 2024 we will see the Product Certification business join with Regulatory Services.

Regulatory Services

As well as certifying the top twenty-five global medical device manufacturers, we work with some of the most innovative small and medium-sized enterprises around the world. Over 6,500 manufacturers work with our Regulatory Services Division, because they trust the depth and rigour of our assessments, underpinned by the deep technical expertise and experience of our people.

We are the market leader across a wide range of regulatory frameworks, and we are an EU Notified Body and UK Approved Body for medical devices and in vitro diagnostic devices. Our Regulatory Services Division has delivered double-digit revenue growth of 15% year on year with a revenue of £231.7m (17% growth on a constant currency basis), driven by (Conformité Européenne) CE and Assessment volumes as we continue to scale our business to support our clients.

The regulatory landscape, particularly in Europe, is undergoing significant shifts, with the introduction of new regulations and testing requirements such as the new EU AI Act and the new Circular Battery Act. These developments present exciting opportunities for BSI to offer new services to clients across multiple sectors.

Artificial Intelligence and the AI Act

The safe and ethical use of AI is of critical concern to governments, companies, and citizens around the world, and BSI can play a key role. We aim to apply for AI Notified Body designation in early 2025. To this end, we are building a team of exceptional AI experts, as well as investing in tools and technology to ensure that we remain at the forefront of AI safety.

2024 will see a suite of new BSI services offered in the AI space. We are assessing our clients' AI-enabled medical devices against state-of-the-art practices and have developed services for a wide range of industries to certify AI management systems (against ISO/IEC 42001) – and AI algorithms themselves – against standards such as those relating to bias. We also offer a range of on-demand and in-person training. In this way, we can continue to support our medical device clients, whilst also servicing other sectors impacted by the AI Act.

Strong performance driven by regulatory change

The EU transition to the Medical Device Regulation (MDR) and In Vitro Diagnostic Regulation (IVDR) continues to challenge all stakeholders across the medical device and in vitro diagnostic sectors. Through our investment in operational and technical expertise, we can help our clients navigate this transition successfully. This investment has allowed us to expand our client base, driving strong growth and demonstrating our commitment to our critical role in the EU regulatory system. As one of nine UK Approved Bodies, we continue to lead the market with the highest number of UK Conformity Assessment (UKCA) certificates issued to clients, providing manufacturers with ongoing access to the UK market.

Division reviews continued

Consulting Services

Our Consulting Services Division enables clients to work towards more sustainable ways of working by strengthening their physical and digital assets. We provide Health, Safety & Wellbeing training services. We also strengthen their physical assets by managing their supply chain risks and environmental impacts. We strengthen their digital assets by making them more resilient to cyber breaches, developing secure systems, and evidencing Digital Trust.

The Division delivers this proposition through three strategic lines of business: Environmental, Health & Safety (EHS), Digital Trust Consulting (DTC), and Supply Chain & Sustainability (SCS).

Impact on our clients and society

We are committed to providing our clients with professional and independent advisory services that deliver positive impact for their customers and society.

Our Consulting Services teams have been at the forefront of the endeavour to develop solutions to protect world health against antimicrobial resistance (AMR). We have partnered with several BioPharma companies to limit the risk of antimicrobial resistance by monitoring and reducing the by-products resulting from the manufacture of antibiotics. We have helped companies be more sustainable by monitoring and reducing harmful emissions from their operations and their wider supply chains, and by developing plans to deliver on their net zero targets. We have enabled clients to keep their people healthy and their physical and digital assets safe. In 2023, we launched Connect Climate, a new platform that empowers organizations to tackle their environmental impact through a wealth of resources, expert practitioners, and invaluable sustainability expertise. We have also worked with several governments to block the import of goods produced by workers subjected to Modern Slavery – implementing the free standard launched by BSI in January 2023.

2023 was a challenging year for the whole consulting industry, even in the mission-critical areas that are our focus. Consulting Services revenues of £84.1m were down 6% on the prior year. Our EHS business experienced significant challenges, driven by the economic headwinds in 2023, and specifically their impact on the US Technology sector. Our DTC business, which works with organizations and governments to reduce cyber security risk and improve data privacy, achieved an improved performance compared with 2022. We continue to see strong demand for our Supply Chain & Sustainability services, aimed at helping clients proactively manage their supply chain risks and delivering safe, secure, and sustainable supply chains, free from forced labour.

BSI impact story

Artificial Intelligence

A pioneering approach to AI

Through our global leadership in digital standards development, BSI has driven the world's first robust certifiable standard on Artificial Intelligence (AI) Governance: BS ISO/IEC 42001 AI Management System. This will empower organizations to safely and responsibly provide or utilize AI-based products and services to harness the transformative potential of AI. BSI is also offering training and assessments against this standard.

Our consensus-based approach to mobilizing expertise has placed BSI in a prime position to gather the UK's leading industry stakeholders and develop a shared approach with UK Government. We have leveraged these capabilities to establish the AI Standards Hub which provides practical and educational tools for businesses to understand and reap the benefits of global AI standards.

BSI's Regulatory Services team has separately been developing the capabilities, processes, and expertise to meet the future needs of AI regulation. In advance of its publication, BSI has been delivering reviews against the 'state of the art' for AI in medical devices helping clients to demonstrate their best practice in AI by offering Algorithm Auditing/Dataset Testing and Technical Design Assessments.

Read more online:
bsigroup.com/AI

Director-General, Standards review

Scott Steedman

Director-General, Standards

A highlight of our government engagement in 2023 was recognition for the role of standards in technological innovation.

Celebrating the impact of standards

Key highlights

- Maintaining and growing a strong voice for standards with government departments
- Strengthening the UK's leading role in the international standards community
- Spearheading climate action and net zero transition, nationally and internationally
- Pioneering standards for Artificial Intelligence
- Increasing engagement with consumers and SMEs

2023 continued the pattern of recent years with rising awareness of the potential for standards across government and a further escalation of our activity in standards to support the digital economy.

Following the Machinery of Government changes in February 2023, which saw the creation of the Department for Business and Trade (DBT), the Department for Energy Security and Net Zero (DESNZ), and the Department for Science, Innovation and Technology (DSIT), we built our engagement with all three of these new departments.

The government's policy interest in standards remained with the Office for Product Safety and Standards, now within DBT, and we saw significant support from the minister responsible for standards, Kevin Hollinrake MP, Minister for Enterprise, Markets and Small Business, who supported several of our events.

A highlight of our government engagement in 2023 was recognition for the role of standards in technological innovation. The government's International Technology Strategy included strong support for the role of standards and international multi-stakeholder cooperation. Similarly, the Science and Technology Framework, published by DSIT in March highlighted the importance of international relationships to secure influence over regulations and technical standards. Over the year, BSI further strengthened its relationship with DSIT which we will take forward in 2024.

The role of standards was also reflected in the report on digital technologies by the outgoing Government Chief Scientific Adviser, Sir Patrick Vallance, as part of the Pro-innovation Regulation of Technologies Review. The report recognized that "well-designed regulation and standards can have a powerful effect on driving growth and shaping a thriving digital economy." It recommended that regulators "collaborate with standards bodies to consider where standards could act as an alternative or underpin outcome-focused regulation". This was followed by Professor Dame Angela McLean's review on pro-innovation regulation for advanced manufacturing, which made strong reference to standards. Government's response included a commitment to working with BSI and recognized the importance of the National Quality Infrastructure (NQI) to shape global technical standards.

BSI continued to be active on a number of government advisory groups in areas such as trade, telecommunications, Artificial Intelligence (AI), energy, aviation, and the built environment.

NQI collaboration

2023 was a year of strong collaboration with United Kingdom Accreditation Sevice (UKAS) and the National Physical Laboratory (NPL) as we look for new ways to frame the capabilities of the NQI to deliver in the national interest.

We were delighted to see that the UK Government, via DSIT, renewed its interest

Director-General, Standards review continued

in the Standards for the Fourth Industrial Revolution project. As a collaboration between BSI, NPL, UKAS and Innovate UK, together with government interest from DBT and DSIT, the partners reframed the original action plan from 2021 in light of the UK Government's Science and Technology Framework, published by DSIT in March, which recognized the pivotal role of standards in supporting innovation and the importance of UK leadership in standards. This resulted in BSI and Innovate UK launching the Standards Challenge Fund to support Small and Medium-Sized Enterprises (SMEs) in the development and scale-up of their products, services and markets, through the identification and development of standardization activities.

International leadership and influence

The vast majority of British Standards published in 2023 were the adoption of international and European standards developed in the International Organization for Standardization (ISO), International Electrotechnical Commission (IEC), European Committee for Standardization (CEN) and European Committee for Electrotechnical Standardization (CENELEC), with UK expertise leading and contributing to their development. As well as our leadership at both the governance and technical levels in ISO and IEC, we remain a full and active member of the European standards system, CEN and CENELEC, significantly contributing at the governance level and supporting our committees in the development of standards that will reduce trade barriers and enable innovation. An example of our continued leadership was the proposal for, and assignment of, the Secretariat to the new CEN/CENELEC Joint Technical Committee on Horizontal topics on Personal Protective Equipment (PPE).

BSI continued its membership of European Telecommunications Standards Institute (ETSI) and will chair the ETSI National Standards Organizations Group. We led the ISO, IEC and International Telecommunication Union – Telecommunication (ITU-T) coordination group to ensure a coherent international standards system, and supported DSIT in the planning for the first meeting of the ITU Council since the UK's re-election.

In 2023 I was elected to the IEC Board, and BSI and industry colleagues were elected to other IEC governance groups. The UK is now, for the first time, represented across all governance boards and advisory committees in the IEC. This has strengthened our position in the organization and our ability to continue to improve the governance of the IEC and the impact of the standards it publishes.

Throughout 2023 we have been planning the 2024 IEC General Meeting which will be hosted by BSI in Edinburgh, the first time the UK has hosted this prestigious event in 35 years. A major focus of the planning in 2023 has been on the delivery of a sustainable event, in accordance with (and planned certification to) ISO 20121 (Event sustainability management systems).

We lead the implementation in ISO of the London Declaration, the organization's

Standards highlights

During 2023, BSI:

Published

132

British Standards out of a total of 2,634 standards delivered

Managed

2,367

public consultations on our standards

Welcomed

1,174

new Committee Members to our total of 13,865 Committee Members

Find out more about the role of BSI as the UK National Standards Body online: bsigroup.com/nsb

Director-General, Standards review continued

climate commitment to align standards with an equitable net-zero transition. In 2023, as a result of considerable engagement with international technical committees, 30% of new ISO standards now address climate considerations. A unique and innovative approach has seen the introduction and onboarding of external climate advisors to committees, and the decision that all ISO Management System Standards will include a new requirement clause on climate action.

BSI proposed the creation and secured the secretariat of the new ISO/IEC Joint Technical Committee on Quantum Technologies, the first joint ISO/IEC technical committee since 1987. In November 2023 we launched a UK Quantum Standards Network Pilot to ensure the UK is at the forefront of establishing global standards for quantum technologies. The pilot is a collaboration involving NPL, BSI, DSIT, UKQuantum, the National Cyber Security Centre (NCSC) and the National Quantum Computing Centre (NQCC).

BSI continues to invest in the digital transformation of standards. In 2023, we led the Online Standards Development project at CEN and CENELEC to deliver an online environment for standards developers to collaborate and build consensus more efficiently and effectively. BSI has played a key role in the design of the digitalization of standards, working closely with ISO, IEC and CEN and CENELEC. 2023 saw the delivery of customer-focused pilots providing an improved user experience for customers by digitizing standards content. The pilots aim to improve the discovery and usability of standards through automated linking of standards to their normative references, requirements identification and extraction, and the relationship of standards with regulations and patents. 2024 will see an expansion of the innovation work begun in BSI and we will continue to support the joint ISO/IEC and CEN/CENELEC SMART programmes.

Consumer engagement

At the end of the year, Sadie Dainton of BSI concluded her term as chair of ISO's policy development committee on consumer policy, (COPOLCO). Sadie has been instrumental in refocusing BSI's consumer team since she joined BSI and the COPOLCO chair has been the culmination of her work. BSI has invited ISO to hold its annual COPOLCO plenary meeting in the UK in 2025.

The Consumer and Public Interest Network (CPIN) and Consumer Forum are vital channels for engagement and focus on standards domestically and internationally, and CPIN's strong influence played a significant part in the development of the international requirements standard on privacy by design for consumer goods and services (ISO 31700-1), published in 2023.

AI

We were delighted to host BSI's 'AI for All' event in Milton Keynes, a DSIT endorsed event before the UK's AI Safety Summit that contributed to the government's position, bringing together industry, academia, regulators and civil society groups to discuss the safe adoption of AI systems.

With AI technologies becoming ever more prevalent, impacting the way that we live, work and play, BSI has a key role in helping organizations embed safe and responsible use.

Director-General, Standards review continued

The AI Standards Hub which we established in 2022 now has over 1,600 users. The Hub, which is supported by the UK Government and is delivered in partnership with the Alan Turing Institute and the NPL, provides information and training on standards to inform and strengthen AI governance practices. Its observatory provides information on more than 350 relevant standards and brings together stakeholders to promote the use of standards to support responsible AI.

The world's first management system standard for AI BS ISO/IEC 42001 was published at the end of 2023. The standard, which provides the first certifiable AI management system framework, helps organizations develop or use AI systems responsibly.

Climate action and net zero transition – global influence

In 2023, we continued our considerable effort across the breadth of the Knowledge Solutions Division to accelerate net zero in the UK and internationally.

At the national level, we have made great progress in implementing the London Declaration's objectives in our national standards activity, including revision to our standards development decision-making processes, placing climate at the core. I am pleased to report that 50% of BSI's technical committees are now incorporating climate action in their standards development activities and are frequently leading the way internationally with this new focus.

We have continued to influence the governance of the net zero transition internationally. In 2023 we focused on promoting the role of the quality infrastructure organization to support the delivery of regulatory policies, raising BSI's profile and influence through participation in important climate community events such as New York Climate Week and UN Climate Change Conference of Parties (COP) 28, and working with major corporations such as General Motors to adopt the ISO Net Zero Guidelines and create credible net zero strategies.

Our approach has been endorsed through independent analysis of the ISO Net Zero Guidelines by the Carbon Trust and its inclusion in the COP Yearbook of Global Climate Action of the United Nations Framework Convention on Climate Change (UNFCCC).

I participated at COP28 in Dubai, along with BSI colleagues from our Policy and Sector teams and UK expert standards-makers. Around 21 of our fellow national standards bodies, ISO, IEC and other standards organizations participated, further strengthening the role of standards within the climate community and future economy. The BSI team supported eleven events including two panels with Reuters featuring organizations who have implemented the ISO Net Zero Guidelines. Videos of the panels' discussions have been viewed over 500,000 times and generated significant media attention.

SMEs

BSI began a close marketing arrangement with the Federation of Small Businesses (FSB) which allowed us to communicate the benefits of standards to its members. This will continue into 2024 with the piloting of a new commercial offer to give low-cost access to standards for small businesses.

Commonwealth Standards Network and Standards Partnership

We secured funding from the UK Foreign, Commonwealth and Development Office (FCDO) to develop the third phase of activity under the Commonwealth Standards Network (CSN), an initiative that promotes the implementation of international standards to support low- and middle-income countries across the Commonwealth to increase trade volumes, building economic prosperity and contributing to poverty alleviation. The CSN, which was established in 2018, has membership from 53 of the 56 Commonwealth states and is co-chaired by BSI and the Rwanda Standards Board. The programme has developed and delivered guidance, training, and collateral to support countries across the Commonwealth to increase participation in ISO and IEC, and to use international standards to support their economic futures. The latest phase of activity focuses on supporting Commonwealth member states to realize sustainability and digital trade outcomes.

The FCDO also supported BSI in delivering a series of capacity-building initiatives across Africa. The Standards Partnership Programme, which follows a successful pilot, aims to strengthen trade, investment, and business between African countries and the UK, as well as globally, by strengthening quality infrastructure organizations and systems.

International engagement

BSI signed three memoranda of understanding (MoU) in 2023. The agreements with the Caribbean Regional Organization for Standards and Quality (CROSQ), the African Organisation for Standardisation (ARSO), and the national standards body of the United Arab Emirates (MOIAT), aim to strengthen ties with the UK on standards and quality issues.

As part of our international engagement, we participated in the UK ASEAN Standards Dialogue, represented the UK in the fourth G20 Standards Summit, and joined United Nations Conference on Trade and Development (UNCTAD) eWeek to promote the digitization toolkit, a collection of resources to help promote digital trade in developing countries that BSI is delivering through UK Government funding.

Our committees

Our work to build the standards which help our stakeholders to thrive, would be impossible without the expert contributions of over 13,000 standards makers, Committee Members and Chairs who participate in BSI's technical committees. I thank them for their ongoing commitment.

Dr Scott Steedman
Director-General, Standards
28 March 2024

Financial review

Sara Dickinson

Chief Financial Officer

We have continued the investment in this multi-year transformation programme to build out enterprise-wide capabilities and support our foundational digital infrastructure.

2023 has seen strong business performance while continuing to deliver significant transformation

I am pleased to report another year of strong trading performance in 2023 with revenues up 8% at reported rates to £727.7m (10% on a constant currency basis). In an environment of continued macroeconomic challenges, BSI has proven our capabilities to continue to deliver strong top-line revenue growth and improve unit economics, with underlying operating margin before investments in line with the prior year and operating margin before investments improving year on year. This is meaningful as it demonstrates the value we are starting to see from the transformation programme which we initiated in 2022. Our continued growth enables us to both grow our delivery of impact aligned with our purpose, and to further transform our business ensuring the relevancy and impact delivery for the future.

We have continued the investment in this multi-year transformation programme to build out enterprise-wide capabilities and support our foundational digital infrastructure, setting up both BSI and our clients for success in the long-term. Whilst our underlying operating profit has shown a marginal decline of £1.8m to £54.2m, this includes significantly increased levels of investment expense in our transformation of £37.0m in 2023 (2022: £27.7m) as we build momentum and deliver meaningful change in line with our expectations. Returns from these investments are helping us drive topline growth and fund the ongoing investment we are making.

Our transformation investments have been focused again in 2023 on our digital and technology infrastructure, building our essential platform for the future. Also on our core functions including Finance, Marketing, People, and Strategy creating fit for future processes and delivery mechanisms. We see the impact in our improved free cash flow, brand refresh, successful culture work, sustainability delivery, and progress on our new Artificial Intelligence (AI) certification in Regulatory Services.

Excluding this investment, our underlying operating profit before investment at reported rates increased from £83.7m to £91.2m reflecting in-year efficiency improvements partly offset by inflationary pressures. This is a 9% year on year improvement in our profit before investments, pacing 1% higher than our revenue growth.

Financial review continued

2023 Financial Performance

	2023 £m	2022 £m	Change £m	Change
Revenue	**727.7**	672.8	54.9	8%
Underlying operating profit*	**54.2**	56.0	(1.8)	-3%
Exceptional items	**–**	(17.8)	17.8	-100%
Operating profit	**54.2**	38.2	16.0	42%
Net finance income (cost)	**3.3**	(0.6)	3.9	650%
Profit before tax	**57.5**	37.6	19.9	53%
Income tax expense	**(23.7)**	(18.3)	(5.4)	30%
Profit for the year	**33.8**	19.3	14.5	75%
Effective tax rate	**41.2%**	48.7%	-7.5%	
Net assets	**363.4**	345.9	17.5	5%
Cash and deposits	**191.0**	164.6	26.4	16%

*Underlying operating profit is defined in Note 7 to the consolidated financial statements

The above table sets out the headline financials for 2023 and the year on year movements at reported rates. The improvement in operating profit of £16.0m from £38.2m to £54.2m principally reflects the one-off impacts in 2022 of the impairment charge in relation to our Consulting business (£16.6m) and the costs of exiting our Russian business (£1.2m). Our improved treasury strategy has delivered an incremental improvement of £3.9m of net finance income, and after a tax charge of £23.7m, the Group delivered £33.8m of profit for the year which is an improvement of 75% year on year.

Revenue from our business Divisions

We saw good overall revenue growth of 8% on a reported basis. On a constant currency basis our revenue grew by 10%, the difference primarily reflecting the weakening of the British Pound against the US Dollar. Our Regulatory Services Division has delivered double-digit growth of 15% revenue year on year (17% constant currency) driven by Conformité Européenne (CE) and Assessment volumes as we continue to scale our business to support our clients. In Knowledge Solutions, we also saw double-digit revenue growth of 11% (11% constant currency) largely due to organic growth in the Services business and a number of significant multi-year deals in Solutions. The Assurance Division delivered solid revenue growth of 7% (10% constant currency) across all business lines. In Consulting Services, revenue was down from prior year by 6% (4% on a constant currency basis) reflecting our strategy to refocus the business on improved margin delivery including a planned exit of certain low margin contracts and enhancing our go to market sales actions. This shortfall in revenue was mitigated by cost management actions. Our Division reviews on pages 13 to 16 provide additional context to our Divisional performance.

Financial review continued

	2023			2022			Variance			
	Reported	**Transformation Investment**	**Reported before Transformation**	**Reported**	**Transformation Investment**	**Reported before Transformation**	Reported		Reported before Transformation	
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**	**£m**	**%**
Revenue	**727.7**		**727.7**	672.8		672.8	54.9	8.2%	54.9	8.2%
Gross Profit	**369.0**	**(1.8)**	**370.8**	337.7	–	337.7	31.3	9.3%	33.1	9.8%
Gross profit margin	**50.7%**		**51.0%**	50.2%		50.2%				
Selling & distribution	**(95.1)**	**(3.6)**	**(91.5)**	(86.8)	(0.9)	(85.9)	(8.3)	9.6%	(5.6)	6.5%
Administration	**(219.7)**	**(31.6)**	**(188.1)**	(194.9)	(26.8)	(168.1)	(24.8)	12.7%	(20.0)	11.9%
Expenses	**(314.8)**	**(35.2)**	**(279.6)**	(281.7)	(27.7)	(254.0)	(33.1)	11.8%	(25.6)	10.1%
Underlying operating profit	**54.2**	**(37.0)**	**91.2**	56.0	(27.7)	83.7	(1.8)	2.7%	7.5	9.0%
Underlying operating profit margin	**7.4%**		**12.5%**	8.3%		12.4%				
Exceptional items	**–**	**–**	**–**	(17.8)	–	(17.8)	17.8	-100.0%	17.8	-100.0%
Operating profit	**54.2**	**(37.0)**	**91.2**	38.2	(27.7)	65.9	16.0	42.0%	25.3	38.0%
Operating profit margin	**7.4%**		**12.5%**	5.7%		9.8%				

In 2023, we reported underlying operating profit of £54.2m, a slight reduction against 2022 of £1.8m. This principally reflects the continuing and significant investment that we are making in our transformation programme with a 34% increase (£9.3m) in investment year on year as our transformation efforts accelerate and start delivering returns. As the above table illustrates, excluding the investment in transformation, underlying operating profit would have increased by £7.5m. Operating margin excluding the investment would have improved by 2.7% to 12.5% (2022: 9.8%).

Gross margin improved from 50.2% in 2022 to 50.7% in 2023 reflecting efficiency improvements offset by salary and cost inflation. Excluding transformation costs, our gross margin improved to 51% in 2023 up from 50.2% in 2022.

Selling and distribution increased by 9.6% reflecting £3.6m of investment in our brand and website together with further investment in our delivery models.

Administration costs increased by 12.7% reflecting both the annualised impact of inflation-related salary increases in 2022 and the ongoing uplifts and additional investment we made in 2023 as we continued to support our colleagues through challenging economic times. In addition, we saw an increase in transformation investment of £4.8m as we continue to further evolve our digital platforms and focus on process improvement across our functions.

Overall, we are confident that the investment in our transformation programme will enable BSI to continue to support our colleagues, clients and stakeholders for the long-term, and deliver future margin improvements.

Exchange rates

The international nature of our business means our reported financial performance is impacted by movements in global exchange rates, most notably in our major trading currencies of Euro and US Dollar. Note 4 to the consolidated financial statements indicates the sensitivity of the Group's operating profit to movements in the major trading and operating currencies.

Financial review continued

Balance sheet and cash flow

The net assets of the Group increased year on year by £17.5m, driven by the retained profit for the year of £33.8m, offset by currency translation differences (£9.0m) and pension plan remeasurements (£7.3m). Total cash and deposits increased by £26.4m from £164.6m to £191.0m, primarily from net cash generated from operations of £48.6m, including interest earned as a result of a new cash concentration programme and an improvement in our debtor days position reflecting our focus on understanding and improving our working capital position. This improvement was offset by transformation capex spend (£8.8m), purchases of fixed and intangible assets (£3.8m) and the principal element of lease payments (£10.6m).

Treasury

We have further improved our teasury capability in 2023. During the year, we have implemented a physical cash sweep to enable the concentration of cash within the Group. To date, over forty bank accounts are participating in the sweep arrangement across twelve countries. The implementation of cash concentration has allowed BSI to earn £3.9m in interest during the year as it moved from fixed-term deposits to improved money market fund returns. In line with our treasury policy, we endeavor to mitigate 80% of our exposure risk. The Group will continue to focus on driving further value from our cash reserves in 2024.

Financial control environment

As we prepare for the forthcoming changes to the Combined Code and continue to strengthen our financial control environment, in 2023 we have built dedicated controls expertise within the Group finance team and are in the process of further developing skills and capabilities across the finance function. Alongside a number of key process and control improvements, we will be rolling out an enhanced global financial control framework during 2024.

Taxation

The Group Effective Tax Rate (ETR) on profit before income tax was 41.2%. This is after the inclusion of irregular items including provision for uncertain tax positions taken in the year of £3.3m and irrecoverable Withholding Tax (WHT) of £2.7m. Therefore, we consider the ETR on profit before these irregular items of 27.8% to be a better indicator of the underlying tax rate for the Group.

Pensions

As reported last year, we completed the triennial valuation of the BSI Retirement Benefits Plan (the 'Plan') as at 31 March 2022 which revealed a technical provisions shortfall of £20m. Given the estimated improvement in the position of the Plan since 31 March 2022, BSI agreed with the Trustee that the remaining deficit remediation of £7.5m due to be paid by June 2023 could be paid into an account governed by an escrow agreement. The balance on this account at 31 December 2023 was £7.5m and BSI recognizes this balance as restricted cash within current assets in line with IAS 7. The next funding valuation is due by no later than 31 March 2025.

As there have been no changes to the Trust deeds and rules of the Plan during the year, the Directors continue to recognize the pension surplus. As at 31 December 2023, the IAS 19 accounting valuation of the Plan was a net pension asset of £11.3m (2022: £20.1m). The present value of the defined benefit obligation increased from £298.3m to £303.8m driven by the decrease in year on year discount rates, partially offset by a decrease in inflation. The fair value of the Plan assets has also decreased from £318.4m to £315.1m. For further information see Note 15b.i of the consolidated financial statements.

Accounting policies

Details of all the principal accounting policies we use appear in the notes to the consolidated financial statements.

Looking forward to 2024

In summary, 2023 was a year of strong performance which enabled us to continue our transformational investment activities. As we look forward to 2024, we expect to continue to deliver strong performance and transformational change while managing our ongoing commitments to the business and our stakeholders. Our focus on our purpose of being a positive impact for a fair society and sustainable world is unwavering.

Sara Dickinson

Chief Financial Officer
28 March 2024

Our people

Alison Sharp

Chief People Officer

The continued success and impact of BSI is reliant upon the talent, expertise and commitment of our people.

People, culture and progress

Our culture is an important enabler of our purpose – 'Impact for a fair society and sustainable world' – and our people are BSI's primary source of competitive advantage. Having a People strategy aligned to our purpose sets BSI apart.

We exist to make a positive impact on society through our work with businesses, governments, and other stakeholders, and we drive progress through our people. In turn, that demands we create a culture that empowers our people to deliver our purpose and create a high-performing organization that attracts and retains talented individuals.

An impactful culture

BSI has a unique culture; focused on creating a psychologically safe environment in which our people can perform at their best even when the external environment remains uncertain and challenging. The nurturing and shaping of our culture is intentional, creating the right environment enabling all of us to contribute our best work and deliver sustainable high performance. Our people are proud of our purpose and the impact we can make.

In 2021, our most senior leaders went through our culture programme. in 2022 the focus was around our management levels and in 2023 we completed the final phase of this work resulting in all teams globally participating in an immersive culture workshop in their own language. We established in-house capability to ensure we are set up to maintain this cultural focus. In 2024, our work on culture will be integrated into how we onboard, develop, and progress our people to support our future business needs.

Enabling and celebrating equity, diversity, inclusion, and wellbeing

Through our 'human connections' series, we have continued to mature our approach across equity, diversity, inclusion, and wellbeing, encouraging open conversations among our people and giving them the opportunity to share their perspectives on topics they care about deeply.

Since beginning this series in late 2020, we have seen growth in the number of affinity groups established by individuals who are passionate about equity, diversity, and inclusion. These communities create broader opportunities to seek improvements which are most impactful for their specific group, highlight education opportunities across the business and build greater levels of inclusion through events, community meet ups and sharing of stories. We are continually evolving this approach by recognizing broader aspects of inclusion. These communities are an integral part of establishing a high-performance environment for all our people.

Attracting, developing, and retaining talent

The continued success and impact of BSI is reliant upon the talent, expertise, and commitment of our people. Attracting them and providing them with the opportunity to build meaningful careers with us is a priority. We recognize that remuneration must be competitive, and we monitor the relevant markets to ensure we are able to attract and retain the talent we require to deliver our purpose.

Our people continued

Our compensation and reward philosophy is aimed at rewarding the right kind of performance to deliver our purpose, while simultaneously balancing the short- and long-term financial interests of BSI. Following extensive review, all our people now have a form of performance-based and competitive variable pay as part of their total remuneration.

Supporting career satisfaction and growth

We want BSI to be a great place to work, where people can build their careers and thrive. In 2023, our careers strategy focused on achieving two foundational elements:

1. Improving colleague engagement related to career development experience through upskilling individuals to proactively manage their own career progress, and raising the visibility and importance of BSI careers through enhanced and engaging communications.
2. Retaining talent through the identification, development, and progression of our talent at a greater scale and pace, building upon the work developed in 2022 around our talent management practices.

Supporting this focus saw the creation of a digital site to explore 'owning your career' with tools to generate career activity, a relaunch of our Learning Hub, and the design and launch of new courses. We also expanded our digital communications with the launch of our 'I Am Bold' podcast.

When people, culture, and purpose are truly intertwined, great things happen. 2023 has been another year of purposeful progress.

Alison Sharp

Chief People Officer
28 March 2024

Section 172 report

Stakeholder engagement

S172(2) of the Companies Act recognizes that the Directors must promote the success of the Company for its purpose and, while doing so, have regard under S172(1) to its stakeholders.

This report explains how BSI has engaged with its key stakeholders and established dialogues which help the Directors to understand better stakeholders' needs and expectations and incorporate them into the Board's decision making process.

Subscribing Members

BSI has a range of ways to engage with Subscribing Members which include monthly newsletters, dedicated content on the website, and a Member portal which includes the ability to provide feedback and submit enquiries. Member satisfaction surveys are also carried out.

All Subscribing Members are invited to the Annual General Meeting (AGM) where they can vote on resolutions in person or by proxy, ask questions, and meet the members of the Board and Group Leadership Team. The AGM is now also online as a hybrid event, and the 2023 event was held as part of the BSI Standards Conference, which had a significantly increased level of participation from Subscribing Members. We plan to follow the same approach in 2024. The Director-General, Standards reports to the Board on engagement with Subscribing Members.

The UK Government

Timely and constructive engagement with the UK Government remains a high priority across BSI, which has a dedicated government engagement team. There are regular meetings with ministers and with many government departments to discuss issues relevant to their portfolios and BSI's responsibilities as the UK National Standards Body. Meetings are also held with officials from the Scottish Government, Welsh Government, and the Northern Ireland Executive.

Regular meetings with officials take place at our lead department, the Department for Business and Trade (DBT), which is represented on our Standards Policy and Strategy Committee (SPSC). A representative from DBT is invited to the AGM. Input from the DBT representative at SPSC meetings and the AGM influences BSI decision-making in accordance with our own constitutional documents. BSI has focused its engagement on other departments relevant to BSI's activities following the 2023 'machinery-of-government' changes.

The Director-General, Standards regularly meets with Parliamentarians and gives evidence to House Committees. BSI frequently participates in two All-Party Parliamentary Groups (APPG). In addition to frequent informal contact, regular meetings are held between senior officials and the Director-General, Standards and other senior BSI colleagues, and the Chief Executive attends key meetings. Reports of meetings are provided through the Director-General, Standards' monthly reports to the Board.

Clients

In 2023, BSI had a full year of a new consistent Voice of the Client satisfaction methodology across all of BSI, which has improved the quality and timeliness of client feedback and BSI's responsiveness to it. This survey is the broadest channel of feedback that BSI utilizes. The metrics measured at a Group level are 'client satisfaction', 'ease of doing business', and Net Promoter Score (NPS). For 2023 all three metrics were above target: client satisfaction score of 8.78 vs a target of 8.7 with 68.8% reporting highly satisfied; ease of doing business score of 8.67 vs a target of 8.65; and NPS of 59.6 vs a target of 58.7. Low scores and comments are highlighted to responsible individuals for action and follow-up with the clients.

BSI actively includes senior leaders in global key account roles in meetings to add greater perspective and insights into the market and BSI's services.

We continued to host roundtable discussions around the globe on Sustainability, Digital Trust, Health, Safety & Wellbeing with senior leaders in industry and cross-industry groups to gain insights into market challenges and drive potential BSI solutions. These meetings and outcomes are highlighted in monthly reporting through the Divisions and the commercial teams.

BSI senior leadership is involved in client meetings as a matter of practice, and as executive sponsors for Global Accounts. As executive sponsors, BSI leaders are able to have regular contact with the BSI teams across Divisions and markets that also engage directly with the client. These team meetings are held regularly under the leadership of Global Account Directors who actively manage account relationships and opportunities. Meetings are tracked and reported as a KPI for partnership activities within the reporting of the Global Key Account team. That report is distributed to

Section 172 report continued

commercial leaders on the global sales counsel and the Division Group Directors as senior leaders in addition to the broader BSI key account community.

BSI has a regular programme of events for clients, including training academies, and webinars and workshops across a range of topics within BSI's chosen domains. In addition to subjects to benefit the client, BSI also contacts clients and potential clients in surveys to validate and develop working propositions and tools.

Colleagues

For engagement with colleagues, BSI uses the alternative arrangements path set out in the Financial Reporting Council (FRC) UK Corporate Governance Code by pursuing a multi-stranded approach to workforce engagement. Mechanisms in place consisted of:

Culture and engagement

In January 2023, BSI ran a Culture Impact Survey to establish a baseline against which we could measure progress on our multi-year culture shaping work. This survey was repeated in January 2024. We measure engagement through pulse surveys, and these provided insight into colleagues' views about working for BSI and show us where we could take targeted action to positively impact their experience of working for us.

The 'Shaping BSI's Culture' programme commenced in Q4 2021 and we are delighted to have achieved 95% participation of our colleagues by the end of 2023. We now deliver the work on culture as part of onboarding for new hires, our day-to-day work, and take culture into account when managing promotions to leadership roles.

Human connections

Through our 'human connections' series, we have continued to mature our approach across diversity, inclusion, equity and wellbeing, encouraging open conversations among our people.

In support of this, affinity groups have been established in every region.

We are continually evolving this approach by recognizing broader aspects of inclusion such as neurodivergent conditions like dyslexia and autism. Continuing to broaden our understanding of the communities across BSI enables us to create a highly inclusive environment.

Information and dialogue

A regular cadence of global calls with the leadership population and with all colleagues has been established. These allow management to keep the workforce updated and to receive live feedback directly from colleagues.

A key stakeholder engagement mechanism for the Board is the SPSC, which is the senior independent advisory committee to the Board on BSI's activities as the National Standards Body and oversees the standards development process on behalf of the Board.

Section 172 report continued

In 2023, the Board undertook a visit to the Milton Keynes office as well as to BSI's offices in Phoenix, USA, and opportunities were created to meet with colleagues and hear directly from them. In addition, our affinity group leaders and members met with the Board in December 2023 to share progress and agree focus areas for 2024.

Standard-Makers and Committee Members

A key stakeholder engagement mechanism for the Board is the Standards Policy and Strategy Committee (SPSC), which is the senior independent advisory committee to the Board on BSI's activities as the National Standards Body and oversees the standards development process on behalf of the Board. The SPSC engages with the Knowledge Solutions Division leaders and Board members on the identification and representation of industry sectors, academia, government regulators and civil society. It provides advice on their active involvement in committees, identifies priority areas and new solutions to meet stakeholder needs, and monitors changes in business or society which could impact the National Standards Body. The SPSC seeks active communication with stakeholders to understand their views. There is a regular focus in SPSC meetings on Standards-Makers' issues. These issues also feature in the Director-General, Standards' report to the Board.

The SPSC regularly updates the Board on its activities and has a representative Director on the Committee who updates the Board at every meeting. Other Directors occasionally attend SPSC meetings.

As the National Standards Body, BSI has an obligation to provide all interested stakeholders with the opportunity to influence the content of the standards that affect them. Participation by Committee Members and their Nominating Bodies is critical to BSI's standards development activities, and BSI works to ensure mechanisms are in place so that Committee Members are able to participate effectively in standards development.

BSI engages with current Standards-Makers and Committee Members through a variety of channels. These include the BSI Committees platform, regular contact with BSI committee managers, Standards Development Managers, monthly newsletters, BSI Standards Conferences, webinars, specific events with Committee Chairs and Nominating Bodies, the Committee Member Survey, meetings with Nominating Bodies, and the Annual Report. BSI also seeks to engage potential new Standards-Makers through direct outreach to organizations and individuals, webinars, the annual Standards Conferences, social media campaigns (for example International Women's Day), establishing partnerships (such as The 93% Club), and speaking at, exhibiting at, or attending external events.

BSI maintains formal relations with governmental and non-governmental Accreditation Bodies around the world.

We also engage with both current and potential future Standards-Makers through sector-specific projects and events and stakeholder networks (including BSI's Sustainability Standards Network and the Consumer and Public Interest Network).

Standards Developing Organizations

BSI representatives sit on almost every board and strategic committee in the International Organization for Standardization (ISO), International Electrotechnical Commission (IEC), European Committee for Standardization (CEN), and European Committee for Electrotechnical Standardization (CENELEC), including at Council or Board level. BSI is also the National Standards Organization and a corporate member of the European Telecommunications Standards Institute (ETSI). BSI prepares proposals to create new International and European standards often based on existing British Standards or Publicly Available Specifications. BSI sits on the UK steering group, guiding UK input into the International Telecommunication Union – Telecommunication (ITU-T). BSI participates in the coordination group of ISO, IEC and ITU-T technical programmes and has regular meetings with the Secretaries-General of ISO and IEC and many other National Standards Bodies, National Committees of the IEC and other standards organizations to discuss strategic issues.

Insight from other Standards Developing Organizations is a key input into the development of BSI's Knowledge strategy. BSI has National Committees to mirror the work programmes of ISO, IEC and CEN/CENELEC. Every Board meeting has a report from the Director-General, Standards which includes an update on engagement with the international and European regional standards system.

Accreditation bodies and competent authorities

BSI maintains formal relations with governmental and non-governmental Accreditation Bodies around the world. The Company holds accreditations for all its certification businesses, wherever located. This ranges from international accreditation for key services to the more specific, local, accreditation to meet the requirements of domestic specialisms. BSI is designated as an Approved Body in the UK and a Notified Body in the EU.

Section 172 report continued

BSI has a regular programme of events for clients, including training academies, webinars, and workshops across a range of topics within BSI's chosen domains.

Engagement activities include BSI's attendance at the United Kingdom Accreditation Service (UKAS) Policy Advisory Council as well as regular meetings and joint initiatives with Accreditation Bodies and competent authorities. The Board receives regular reports on BSI's engagement with Accreditation Bodies and competent authorities from the Group Director, Assurance Services and the Chief Executive.

Consumers, civil society and UK industry

BSI carries out engagement activities with the consumer stakeholder through its provision of the Secretariat to the Consumer and Public Interest Network (CPIN). CPIN supports engagement with a regular programme of meetings, conferences and events.

BSI maintains links with many other societal organizations and launched the Sustainability Standards Network in 2022 to build better connections with Non-Governmental Organizations (NGOs) active in this domain. BSI promotes these activities at BSI Standards Conferences.

BSI attends consumer stakeholder conferences, like the Electrical Safety First and the Chartered Trading Standards Institute (CTSI). Consumer engagement activities are included in regular reports to the Board.

Engagement with trade unions and other labour organizations had recently been limited to discussions around specific standards but in 2024, we will be launching new engagement initiatives with the Trades Union Congress to encourage more participation in BSI's standards development.

BSI also works closely with many industry bodies, associations, institutions, and companies to better understand their needs and works with industry on standards strategies and roadmaps, and fast track consensus solutions.

BSI is collaborating with the Federation of Small Businesses (FSB) on a pilot to provide access to standards for micro-enterprises at a vastly reduced rate. Initially available to a limited number of FSB members, if successful, the pilot will be extended to other micro-enterprises.

Industry has broad representation on Standards Committees and is invited to join meetings and events such as the BSI Standards Conferences and regional stakeholder events. The Confederation of British Industry (CBI) is represented on SPSC and there is key account management for major trade associations who are Nominating Bodies.

Likely consequences of any decision in the long term

During the year the Board approved the long term strategy, the long range and annual financial plans developed by the Group Leadership Team. Progress is monitored using financial and non-financial performance measures. The long-term strategy is reviewed and revised each year in light of changing business needs and geo-political trends.

Core to the long-term approach is the work of the Board in ensuring the Group retains strong, long-lasting relationships with all stakeholders based on understanding the impact BSI has on each of them, as well as the impact they have on BSI.

BSI's corporate purpose of impact for a fair society and sustainable world drives BSI's long-term view. Our purpose is at the heart of the Board's thinking and BSI's long-term strategy involves helping our clients and other stakeholders make a beneficial difference to the world.

Section 172 report continued

The impact of the Company's operations on the community and the environment

Sustainability is core to BSI's purpose and BSI actively engages with its stakeholders regarding sustainability through the channels described above.

The Board's Sustainability Committee oversees the governance of sustainability on its behalf. The Chair of the Committee updates the Board on its activities, including sustainability engagement activities, after every meeting. Other Directors frequently attend Sustainability Committee meetings.

This document sets out how we build sustainability into the work BSI does with our clients, with other stakeholders, and how BSI itself seeks to operate in a sustainable way. See pages 33 to 51.

The desirability of the Company to maintain a reputation for high standards of business conduct

BSI's business is founded on its reputation for high standards of business conduct.

BSI adheres to the Financial Reporting Council (FRC) UK Corporate Governance Code, a key source of best practice in governance.

The BSI Code of Business Ethics encompasses workplace behaviours, anti-bribery and corruption practices, business responsibilities, sustainable practices, and responsible use of information. It embodies the high standards of business conduct that are fundamental to the way in which the Group operates, as well as the high standards of behaviour required from all colleagues in the Group. It is reviewed every year and needs to be read and accepted by every colleague annuallly.

The need to act fairly as between members of the Company

BSI, as a Royal Charter Company, does not have shareholders so the Board recognizes the importance of the Company's stakeholders and the need to have regard to them in its decision making process. Stakeholders are central to the delivery of BSI's public interest purpose.

Each year the Board undertakes a stakeholder identification and prioritization process. This is to ensure that the Board understands the organization's stakeholders and its engagement with them, and that it maintains an appropriate balance between those stakeholders in its decision making.

The Board takes the requirements of Section 172 into account in its decision making.

Sustainability – our clients

Driving change with impact

BSI's strategic commitment to help build a sustainable world manifests itself across all our business Divisions and in our engagement and policy work. To deliver our purpose we see the issues facing our stakeholders, our clients, civil society, regulators and government, through a lens where companies balance profit with the needs of society and the planet, and where colleagues trust their employers to create an environment that is safe and respectful, open and transparent. By shaping, sharing, implementing and certifying against standards, regulations, and consensus best practices, we help our clients innovate, accelerate the achievement of their business objectives, and assure that their businesses are as sustainable as possible, resilient, and trustworthy. In this, BSI is privileged to work with a breadth of organizations, from well-known brands to the smallest of companies, academic institutions, government departments and agencies who look to BSI to help them deliver positive impact.

During 2023, we used our convening capability to address a range of challenging new topics, bringing together technical experts, stakeholders, and industry representatives to agree how standards and assurance could be used to accelerate more sustainable outcomes. The publication of a new British Standard on Menstruation, menstrual health and menopause in the workplace (BS 30416) will help employers create a better working environment for their people. The launch of the Nature Investment Programme in February 2023, funded by the Department for Food, Environment and Rural Affairs, will create a framework that governs the landscape of codes and standards across the UK, standardizing the key principles for the operation of high integrity nature markets and aiming to unlock the full potential of nature to maximize positive environmental outcomes.

In response to strong interest from a range of organizations, we convened a group to draft a new standard on purpose-driven organizations (PAS 808), which presents agreed worldviews, principles, and behaviours for delivering sustainability. Our Assurance Services Division is now auditing companies to the new standard, developed to help governing bodies, and executive managers evolve their understanding of purpose and determine the level of challenge for their organization in becoming a purpose-driven business, and helping them develop their strategies and approaches to enacting and embedding purpose in their policies, processes, practices, products, services, and value chains.

"We have acted as lead sponsor alongside BSI to create a new Publicly Available Specification (PAS) for embedding purpose in organizations. It is the bar by which we will hold ourselves to account, reporting against it to continue to embed our purpose in all we do.

We have started by conducting an initial assessment against the seven principles, considering to what extent we demonstrate the behaviours associated with each. We expect this to evolve as we continue the process, engaging with our internal Sustainability Centre of Excellence, Customer Board, and Independent Challenge Group."

Peter Simpson, Executive Director and CEO of Anglian Water

Sustainability – our clients continued

Beyond our products and services, we are committed to the shaping of new ideas and thought leadership. Our work on the "Thirst for Change" campaign in 2023 aimed to support a move from ambition to action on water stewardship. This research, which attracted international media attention, found that two-thirds of consumers and 80% of small business leaders identified clean water and sanitation as part of the important debate on a sustainable future, while half of the former placed it in the top five issues on which to focus global resource and effort.

"A lot of things come across my desk at the UN, but the Waterwise-BSI report 'Thirst for Change' is the best I've seen in 10 years for explaining to a non-technical audience about water scarcity and what we need to do about it – whilst also containing an impactful level of detail. I run UN-Habitat's work on wastewater, and during my 30 years with the UN, I have worked on water demand management and pollution abatement worldwide. I couldn't agree with you more on the fact that the water crisis is not central enough to the climate crisis. Many congratulations on such a fantastic report."

Dr Graham Alabaster, Head of UN-Habitat, United Nations, Geneva

Sustainability

Embedding sustainability in sport

Aston Martin Aramco Formula One® Team, Liverpool Football Club and Edgbaston Cricket Ground were just some of the organizations BSI worked with in 2023 to support the embedding of sustainability measures across sporting events.

In the case of Aston Martin Aramco Formula One® Team (pictured), the team achieved certification to the Environmental Management standard ISO 14001- the first of six environmental international standards they are implementing with BSI for the the Fédération Internationale de l'Automobile (FIA) Environmental Accreditation Programme. The other standards focus on energy management, delivering sustainable events, occupational health and safety, as well as carbon footprint verification and carbon neutrality standards. These are clear signs of Aston Martin Aramco Formula One® Team's commitment to change, supported by BSI's growing expertise in sustainable sport.

Simon Randall, Aston Martin Aramco Formula One® Team's Head of Safety, Sustainability and Facilities said "Sustainability is a crucial part of business today and an increasingly important focus for motor sport."

He added: "We wanted to be at the forefront of the industry in delivering more efficient and sustainable solutions – and we wanted to do it quickly. BSI has helped us achieve that. We can rely on BSI's knowledge and ongoing support to enable us to fulfil our commitment to operating as a responsible business."

Read more online:
bsigroup.com/iso14001

Sustainability – working together

Mobilizing expertise for progress

As pressure grows on organizations, and through them their supply chains, to become more sustainable, our strategy is to engage the widest possible community to accelerate change. In 2023, we further stepped up our collaboration with our counterpart National Standards Bodies, our Accreditation Bodies, the Testing Inspection and Certification (TIC) associations and their members, clients, industry bodies, universities, consumer bodies, regulators and government. Our aim is to change perceptions of the role of standards and assurance to accelerate progress towards a net zero world.

Standards and conformity assessment play a vital role in defining best practice and measuring progress. In November our policy experts, who are leading work on the International Organization for Standardization (ISO) London Declaration, secured international agreement for the introduction of requirements on climate action into all the ISO management systems standards, which will impact more than two million certifications worldwide. With Canada and Brazil, we have led the strategic approach on Environment, Social and Governance (ESG) in ISO, and have proposed an International Workshop Agreement (IWA), a fast track ISO open engagement consensus building approach, to develop a framework for implementing ESG principles. The ESG IWA will also support organizations in the measurement and reporting under existing frameworks to enable consistency, comparability, and reliability of ESG reporting and practices globally. Our work with Accreditation Bodies has investigated net zero assessments and scoped how to integrate hybrid audits into accreditation schemes.

Across the Standards Policy team, our Knowledge Solutions Division, and in Consulting, Assurance and Regulatory Services, we invest substantial resource, time and expertise through our people to further our close business relationships with the express intent of accelerating change across the globe.

BSI has been providing governance support for the Integrity Council for Voluntary Carbon Markets (ICVCM) since 2021 with the aim of aligning global standards for the accreditation of the voluntary carbon market. In July 2023, ICVCM released a full global benchmark for high-integrity carbon credits, called the Core Carbon Principles (CCP), which sets out ten fundamental principles for high-quality carbon credits that create real, verifiable climate impact based on the latest science and best practice. Alongside the principles, an assessment framework defines the rigorous criteria ICVCM will use to assess whether carbon-crediting programs and categories of credits meet the CCP quality threshold. Immediately prior to the publication of the CCP, the ICVCM announced that it will work with the Voluntary Carbon Markets Integrity Initiative (VCMI), bringing together supply and demand side for the first time and further evidencing the impact of BSI's standards governance work.

At the United Nations Climate Change Conference (COP) 28 in Dubai, BSI's delegation secured multiple speaking opportunities to promote the ISO Net Zero Guidelines, which BSI originated in 2022, and led an important session with banks, regulators, and other standards bodies to discuss the alignment of non-financial reporting and disclosure standards with the International Organization for Standardization (ISO), International Electrotechnical Commission (IEC), and European (EN) standards. Organizations such as the Fédération Internationale de l'Automobile (FIA), and General Motors have provided case studies of how they are using the ISO Net Zero Guidelines in their policies. BSI Assurance experts continue to work with the United Nations Framework Convention on Climate Change (UNFCCC) on the legacy for future COPs from the certification of COP28 to the international sustainable events standard, ISO 20121.

Our Assurance team has partnered with the Fédération Internationale de l'Automobile (FIA), the governing body of motorsport, to drive their Accreditation Programme. Our efforts were rewarded in June when the FIA announced that all Formula 1 teams had achieved the FIA Three-Star Environmental Accreditation, which follows the principles of ISO 14001, with many teams going further, adopting the full standard to realize the benefits of both the standard and the assurance process. In 2023 we launched an outreach programme aimed at civil society organizations to help us better understand their experience with the standards system, identify barriers to participation, and generate additional participation. This will support our commitment under the London Declaration to facilitate the involvement of civil society and underpins the UK commitment to the ISO goal of 'All voices heard' in the development of standards.

Throughout 2023, we have worked to strengthen our close working relationships with the Non-Governmental Organization (NGO) community in sustainability. The direct engagement of sustainability organizations in our standards development and policy activity takes place through the Sustainability Standards Network (SSN), which we established in 2021 and which now has more than 70 member organizations. The SSN has several work strands including a focus on sustainable nutrition and smart parks. Our experience with the network led to engagement with TechUK's Climate Council to ensure sustainability standards become embedded in their work. Greener National Health Service (NHS) is working with us to utilize standards to support the environmental transformation of the NHS. The SSN has established an online hub for members to share resources, discuss concerns, and explore new ways of extending understanding and adoption of sustainability and sustainable actions with BSI.

Sustainability within BSI

In our efforts to make progress towards a sustainable world, it is essential that BSI demonstrates its purpose in action through our own journey.

Our organization is committed to following sustainability best practice and becoming our own best-in-class case study – utilizing standards and BSI's own commercial sustainability solutions wherever possible to lead the way in our sector and beyond.

We are delivering our Operational Sustainability Excellence strategy, which was defined in 2022 based on a robust and comprehensive materiality review. This enabled us to identify the planet, people, and governance issues that were most critical to us and our stakeholders. Our strategy comes with three years of implementation plans and priorities to ensure successful execution. Our first year of implementation was 2023 and we have made progress, although there is still much for us to do.

The Operational Sustainability Excellence (OSE) team has worked diligently to ensure the organization is primed to meet all our environmental and social impact targets, and these efforts are being noticed.

This year, we put ourselves forward for some selected sustainability awards and we're pleased and proud to have been shortlisted for a number of them: Top 5 United Nations Sustainable Development Goals (UNSDG) pioneer of the year for a large national and multinational company; Sustainability Team of the Year – World Sustainability Awards; Sustainability Leader of the Year – World Sustainability Awards; and net zero Transition – Reuters Responsible Business Awards.

2023 also saw the launch of our first, annual sustainability engagement survey. In keeping with our diligent commitment to listening and proactively responding to our people, this survey will run each year as one of the ways we listen to our colleagues. The results from this first outreach have been positive, setting a solid baseline against which to track our future progress, as well as providing essential data to help us further target our engagement plans for 2024.

Planet

Net zero – progress in year one

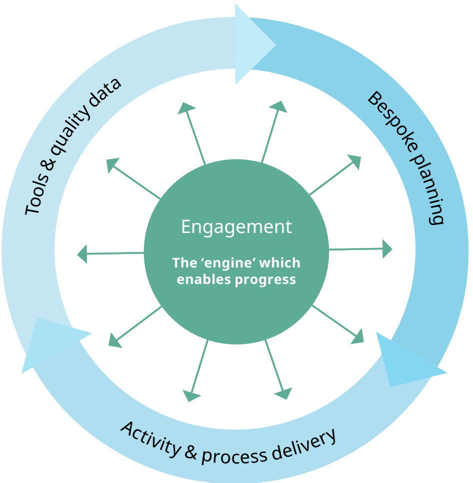
2023 marked the first year of implementation against our net zero strategy – with the goal of achieving net zero in our own operations by 2030. To deliver on our pledge, our organization will need to reduce Greenhouse Gas (GHG) emissions (Scopes 1 and 2) by 90% of our baseline measurement. We are also committing to reducing our Scope 3 emissions (Fuel and Energy, Business Travel, and Upstream Leased Assets) by 42% in the same timeframe and in line with the Paris Agreement. Our baseline was agreed as 2022, because that was the first year we had reliable data, although it was understood that our travel was still much lower than pre-pandemic travel, making our target more challenging especially for Scope 3 emissions.

In order to support our clients to reach their own decarbonization ambitions, we released a brochure detailing the challenges we have faced on our net zero journey and how we are tackling them. This is because we believe transparency and shared knowledge is the key to achieving the best sustainability outcomes. Our impact is relatively small compared to other industries, but nonetheless we take this seriously and we created a model that we will use and that is also available to our clients.

In 2023, the first implementation year of our decarbonization strategy, BSI decreased total Scope 1 and Scope 2 emissions against the 2022 baseline. Though Scope 3 emissions have slightly increased, the Scope 3 intensity ratio (tCO_2e/£m) has decreased, showing a meaningful improvement in our GHG emissions efficiency. For more details please refer to our GHG disclosures section on pages 47 to 50.

Sustainability within BSI continued

Our net zero engine



With seven years to reach our net zero target, we know we need to evolve quickly, bringing everyone within the organization along the journey. We focus on quality data, collaborative planning, and activity that drives impact. The engine that powers innovation has engagement at its core, ensuring that every person within our global team understands how a sustainability lens can be applied to their decisions as we work towards our goals together.

Tools and quality data

Quality data is an essential foundation that underpins successful sustainability programmes. In 2023, we adopted two new digital tools to enable the reduction of our carbon footprint.

We now utilize BSI's own data solution, Connect Climate, to track our emissions data. This tool was the winner of our BSI 2022 Innovation Challenge and has subsequently become a useful measurement tool for our clients as well. Implementing this GHG tracking tool has enabled us to establish global consistency for our reporters, and reduce the time requirements.

We also launched the BSI carbon web app, designed with BSI's own Innovation team, to allow our people to easily calculate the environmental impact of travel decisions. The app is also supporting the BSI OSE team in forecasting global staff travel emissions data quickly and efficiently, regardless of mode of transport and length of journey.

Bespoke Planning

In 2023 we implemented our Carbon Allowance Model. This model provides an innovative approach to the traditional financial-based targets structure, giving each business leader their own carbon 'budget' for the year – the success of which is linked directly with their bonus remuneration. Not only does this serve to distribute sustainability ownership throughout the organization, but also allows our leaders to make autonomous and creative decisions to guide their teams' success. Coupled with the carbon web app, our teams now have the drive and the tools to start implementing decisions with a much smaller GHG footprint.

Activity & Process delivery

Events

We launched our internal Sustainable Events Guidelines, a practical, user-friendly framework (based on ISO 20121 principles) to help our teams make more responsible, lower-carbon decisions when organizing events and client conferences. The UK marketing team is using the guidance to conduct a full review of their events process, to reduce GHG emissions across all event touchpoints. Moreover, the 2024 IEC General Meeting in Edinburgh (hosted by BSI) will be delivered under certification for ISO 20121.

Facilities

Across our own buildings and operations, sustainability is influencing major changes in our processes and practice. Last year, BSI achieved global certification for ISO 14001 (Environmental Management Systems) and ISO 45001 (Occupational Health and Safety Management). This year, our Hemel Hempstead site (our only fully-owned premises) has been certified against ISO 50001 (Energy management), and we are proud to announce this is BSI's first zero carbon utilities building. Renewal of energy contracts, exploration of solar-voltaic solutions at our Hemel Hempstead and Milton Keynes offices, removal of single-use plastics, and monitoring food waste are all changes that have been prioritized to reduce our environmental impact. Sustainability is embedded in our facilities improvement plan, how leases are approved, the design process in our lab testing facilities and in specific developments we undertake.

Supply chain

In 2023, Group Procurement completed Phase 1 of a collaboration with BSI Consulting Services, reviewing the BSI procurement process against both Sustainable Procurement (ISO 20400) and Modern Slavery (BS 25700). Recommendations cover policy and procedure enhancement, effective communication / training, clear designation of implementors' roles and responsibilities, and corrective action monitoring plans. Moving on to Phase 2, the focus will be on materials and tools development to address identified enhancement opportunities against ISO 20400 and BS 25700 guidelines, followed by Phase 3 – a finalized roll-out plan to fully implement best practice guidelines.

Fleet

In the UK, we are making strides to electrify our fleet of employee-leased vehicles. EV and Hybrid vehicles now make up 87% of our fleet, a 40% increase from 2022. We recognize that a transition to electric vehicles requires some adjustment and support, and now offer an interest-free loan to install a home charging station, as

Sustainability within BSI continued

well as providing guidance and training material during the transition.

Engagement

We know that change can be challenging, so the OSE team has members specifically dedicated to communication, training, and support to drive comprehension and adoption of a new way of working. Our live, monthly, web-series 'Sustainability Snacks' is designed to break difficult sustainability topics into easy-to-digest conversations, and it has one of the highest attendance rates of all BSI digital events. We are committed to embedding sustainability into the business as usual operations for every team at BSI, so the OSE team makes it a priority to get in front of as many teams as we can each month, as we know personal connection leads to the highest engagement. We are customizing and targeting our training programmes, as well as consistently updating our intranet site with the latest resources.

Beyond net zero

During 2023, we sought to deepen our understanding of our own sustainability impacts beyond carbon. We also worked on increasing our positive impact on biodiversity, with several actions, especially in our Milton Keynes site, including enhancing biophilic design elements inside the office and promoting biodiversity in the surrounding area.

People

Social impact is a key focal point for our organization, and 2023 has been a very busy year implementing a streamlined Global Giving approach with impact at its heart. Our approach to social sustainability is deeply aligned with our overall sustainability and growth strategy. At an organizational level, we are committed to social change in two key pillars:

1. **Digital empowerment:** One of the consequences of the COVID-19 pandemic was uncovering the significant size of our ever-widening digital divide. Widening gaps in digital literacy risk creating a digital underclass. The digital exclusion of billions of workers worldwide increases the risk of livelihood crises and social cohesion erosion. To help close this gap, BSI has entered into a three-year partnership with two NGOs focused on improving lives through digital access and educational support:

ComputerAid International: Since Computer Aid's founding in 1997, the organization has brought access to technology to over 14.5 million people. BSI donated £70,000 in 2023, and will continue this annual investment through 2025, to enable at least 200 students in three global locations to gain access to equipment, connectivity, and training.

Dreams Come True: A wish-granting charity serving disabled children in the most impoverished areas of the UK, Dreams Come True received £30,000 from BSI in 2023, and this annual donation will continue through 2025. These funds will support investment in Community Dreams. Our partnership will provide life-changing technology (such as braille-enabled iPads and Eye Sight computers) to schools and educational centres, bringing opportunity to thousands of children in need.

2. **The human face of carbon:** One of the reasons why climate change remains a very difficult challenge to tackle is because people feel disconnected from the carbon concept – it can be hard to understand how individual choices make a difference. We believe philanthropic partnership can help us make carbon more personal and give our people opportunities to learn and develop more responsible carbon consumption habits.

Trees for Cities: In 2023 BSI donated £94,000 to this game-changing organization, and this level of investment will continue annually through 2025. Together with our people, we will plant at least 30,000 trees around the world at BSI-focused tree planting events, build knowledge and confidence through engaging workshops, and improve team connectivity on how individual actions can change the world.

Colleague fundraising

In addition to our organizational charity partners, BSI believes it is vitally important to support the causes our people care the most about. BSI offers up to £50k per annum, through the BSI Match Fund programme, in an effort to boost the fundraising power of our colleagues. This programme has had a rapid rise in popularity and participation in 2023. We are very proud to have increased participation by 197% over last year during a severe cost of living crisis. To date, BSI has matched £38,000 of colleague donations, compared to £13,000 in 2022. The remaining funds were distributed amongst our BSI Global Giving partners named above.

Within the UK, we have also matched £16,088 through our 'Give as you earn' reward, an offer we are looking forward to building and evolving in different regions around the world.

Crisis response

The devastating earthquakes in Turkey and Syria are another reminder why emergency relief through charitable organizations is so vital. In 2023, BSI donated £75,000 to the Disasters Emergency Committee to support efforts on the ground. We also matched £2,000 of colleague-raised crisis relief efforts through the BSI Match Fund programme.

In total BSI gave £378,000 in 2023 for charitable donations.

Sustainability within BSI continued

Giving our time and talents

Fundraising is not the only way that our people give to their communities and causes; pro-bono work is an important way for us to give our time, energy, and expertise to build a more sustainable world.

BSI offers all colleagues a paid Volunteer Day, to give their time and expertise to a charitable organization of their choice. We are pleased to have doubled participation in our Volunteer Day for 2023. To date, 360 people have utilized their Volunteer Day, giving 2,308 purposeful hours to their chosen causes.

In September 2023, we dedicated an entire month to celebrating Volunteer Day activities for our people. This led to a significant spike in engagement within our intranet and internal social media channels, and the inspiration was infectious, spurring even more participation in the programme.

Earthshot: The Earthshot Prize is an ambitious global environmental prize which aims to discover and help scale the world's most innovative climate and environmental solutions to protect and restore our planet. In 2023 we began our collaboration with this organization by becoming an Earthshot Collective Member. BSI will support The Earthshot Prize by working closely with specially selected finalists to help them scale their innovations by providing support with standards and verification.

Future focus

We are proud of the progress we have made in our first year of implementing our net zero strategy, and we are looking forward to continuing to innovate and collaborate in every Division and function around the world to collectively achieve our decarbonization goals in the year ahead.

Next year we will also determine our broader environmental strategic pathway, clearly defining our targets for water usage, waste/circular economy and biodiversity.

In 2024, we will embark on an effort to deepen our commitment to the United Nations Sustainable Development Goals, with a re-alignment exercise across all of our operational activity – wherever possible, linking our sustainability activities with specific targets and indicators – in an effort to identify and measure our scalable impact activities.

Early in 2024, we will also be launching our new Global Giving platform (powered by Benevity). We are looking forward to providing our people with even easier ways to utilize their Volunteer Day, participate in our Match Fund programme, and deepen their own personal commitments to creating a more sustainable world together.

Remaining neutral along the journey

Whilst we are actively working to achieve our GHG reduction goals 20 years ahead of the UK Government guidelines, we believe that responsible investing in carbon markets is a positive tool on the path to ultimate decarbonization – a way to claim ownership of current GHG emissions, while supporting the development of essential innovation, technology and programmes. We have maintained our carbon neutrality since 2020 by investing in high quality carbon credits to offset the emissions from our operations. The two case studies below highlight specific Gold Standard projects in which we are investing – projects that help improve lives and reduce GHG emissions. We used guidance on Carbon Neutrality (PAS 2060), Greenhouse gas management and related activities (ISO 14068), and the Oxford Carbon Offset Principles to develop robust carbon offsetting principles that ensure transparency and accountability. Now that the Integrity Council for the Voluntary Carbon Market (ICVCM) Core Carbon Principles (CCP) Assessment Framework has been released, we will prioritize CCP labelled credits as they become available.

Case studies

ORB Rooftop Solar, India – Gold Standard

Businesses can now operate for longer and more consistently with a solar energy system. Household solar water heating reduces electricity bills by more than 50% and lighting at home means greater opportunity for children to study after the sun goes down. Indoor air pollution is also avoided by replacing kerosene lamps previously used to light homes.

Circle Gas Smart Meters, Kenya – Gold Standard

The goal of the project is to accelerate access to gas cookers especially among low-income households which will significantly reduce GHG emissions, and other negative health and environmental effects associated with use of traditionally unsustainable fuels such as wood, charcoal, and kerosene.

Task Force for Climate-related Financial Disclosures (TCFD) Report

Making an impact on sustainability is key to our purpose.

Introduction

BSI supports the principles of the Task Force on Climate-related Financial Disclosures (TCFD). We are pleased to present full mandatory disclosure. Supporting the goals of The Paris Climate Agreement. TCFD was created by the Financial Stability Board to provide a framework for companies and other organizations to improve the reporting of climate-related risks and opportunities.

This report is structured around the four TCFD elements of Governance, Strategy, Risk Management, and Metrics and Targets.

Core elements of recommended climate-related financial disclosures

Governance: the organization's governance around climate-related risks and opportunities

Strategy: the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management: the processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets: the metrics and targets used to assess and manage relevant climate-related risks and opportunities

Climate-related Opportunities & Risks	Physical Risks		Transition Risks				Opportunities			
	Acute	Chronic	Policy & Legal	Technology	Market	Reputation	Energy Source	Products & Services	Market	Resilience

TCFD Report continued

Governance

The Board's oversight

Sustainability is a core element of BSI's purpose. The Board ensures that sustainability and carbon reduction-related issues are built into BSI's strategy and that progress is being made towards the goals it sets.

The Board is supported by its dedicated Sustainability Committee advising it on climate and other sustainability issues, which is in turn supported by the Group Operational Sustainability Excellence (OSE) Team.

The Standards Policy and Strategy Committee (SPSC) provides strategic advice and oversight on BSI's work as the UK National Standards Body (NSB). As the NSB, BSI is at the core of several UK and international initiatives around climate action, such as the London Declaration.

Additionally, other Committees of the Board provide oversight for specific sustainability matters relating to their roles, such as the Remuneration Committee aligning incentive awards with Greenhouse Gas reduction.

Management's role

The Group Leadership Team (GLT) is charged with putting the sustainability strategy into effect in accordance with BSI's business model. The GLT leads business operations, so that BSI fulfils its sustainability purpose while successfully generating profit to be invested back into BSI. The GLT is supported by the Sustainability and Health, Safety and Environment teams in monitoring existing and emerging regulatory requirements relating to climate change.

For further information on Governance see from page 60

Strategy

Sustainability lies at the heart of BSI's strategy and our future focus. Upholding our Royal Charter, BSI has always been dedicated to creating a positive impact on people and planet. BSI has made a public commitment to reach net zero in our own operations by 2030. We use our influence as one of the world's leading NSBs to drive the development of standards that will help the world meet the challenging targets necessary to mitigate the impact of climate change.

Methodology

Physical and transition risks and opportunities were analysed to assess the actual and potential impact to BSI's business operations, activities, and financial planning. They are assessed through short (1–3 years), medium (4–9 years), and long-term (10–100 years) time horizons.

Our climate modelling technology used two scenario analysis approaches aligned to the Intergovernmental Panel on Climate Change (IPCC):

1. **Representative Concentration Pathways** (RCPs), which describe greenhouse gas concentration trajectories that might occur in the future.
2. **Shared Socioeconomic Pathways** (SSPs) which look at the different ways in which the world might evolve in the absence of climate policy and how different levels of climate change mitigation could be achieved when the mitigation targets of RCPs are combined with the SSPs.

These two approaches were designed to be complementary. The RCPs set pathways for greenhouse gas concentrations and, effectively, the warming that could occur by the end of the century, whereas the SSPs set the stage on which reductions in emissions may be achieved.

The three specific scenario pathways included in the physical risk assessment were:

SSP1 & RCP2.6: Low emissions scenario to represent the 1.5°C goal of the Paris Agreement

SSP2 & RCP4.5: Intermediate scenario – CO_2 emissions around current levels until 2050, then falling but not reaching net zero by 2100

SSP5 & RCP8.5: High emissions (business-as-usual scenario) – fossil fuel-based development

For the transition risk assessment, our scenario planning process involved assessing climate-related impacts across the two medium-term (2030) and long-term (2050) business horizons of operational and strategic planning. The medium-term scenarios were used to stress test impacts on our costs and revenue, while the long-term scenarios were used to test impacts on our business model and strategy.

TCFD Report continued

Medium term

Reflective of the unlikely socio-economic divergence of scenarios before 2030, we have utilized the Network for Greening the Financial System (NGFS) climate scenarios for macro-economic and policy shifts, aligned to SSP2, to test operational impacts in the medium term. The NGFS medium-term scenarios are:

Current Policies: Assumes that only currently implemented policies are preserved, leading to high physical risks and low transition risks.

Nationally Determined Contributions: Assumes that the moderate climate ambition reflected at the beginning of 2021 continues over the 21st century. Transition risks are relatively low.

Divergent net zero: Assumes that climate policies are more stringent. Emissions are in line with a 50% chance of limiting global warming to below 1.5°C leading to higher transition risks.

Our medium-term transition impact analysis was undertaken by applying the 2030 impacts of the NGFS scenarios on BSI's 2022 costs compared to the impact of the IMF's forecast GDP growth rates out to 2030. We combined quantitative and qualitative analysis, using scenario data where available, and used market and industry data to create informed assumptions where data gaps existed.

Long term

For longer-term analysis, BSI has adopted three of the IPCC Sixth Assessment Report (AR6) climate scenarios:

Demand Driven (SSP1-RCP2.6): A scenario that tests demand side enablers of strong decarbonization driven by a unified desire to create an equitable world with high wellbeing for all.

Middle of the Road (SSP2-RCP4.5): A scenario that tests the effectiveness of technology and policy in a decarbonizing world where current socio-economic trends continue.

Supply Driven (SSP3-RCP7.0): A scenario that tests supply-side drivers of nationalism and resource protectionism resulting from increased regional physical climate change impacts.

Identified climate-related risks and opportunities and their impacts

We have identified climate-related risk and opportunities through a multi-disciplinary company-wide risk management process that assesses all organizational activities that could give rise to a potential substantive financial or strategic impact. Financial impacts are categorized as significant (>4%), material (2-4%) or neutral (0-2%) effects on revenue or profitability.

Physical risks

Physical risks from climate change can be classified as acute risks, which are event-driven or chronic risks, which account for longer-term consequences. BSI's risk management team used a variety of relevant and credible resources to assess the actual and potential physical risks that could impact BSI's global facilities and operations.

Physical risks in our operations are managed using our internal controls and risk management policies such as Business Continuity Plans, remote working technologies, safe systems of work, global communications systems, and colleague training.

Based on our climate risk modelling, under high-emissions scenarios BSI assets and facilities may be exposed to more severe and compound risks, however, due to the low reliance on physical assets in our operations, and the ability to service clients remotely, we believe the impacts of extreme weather events are likely to be local and not material at Group level.

TCFD Report continued

Climate variables	Potential impact	Financial implication
Access to BSI facilities	BSI sites may be vulnerable to interruption from extreme weather events. If any disaster were to occur, our ability to access BSI facilities could be impaired.	Operations may be disrupted or impaired, resulting in a loss of revenue.
Travel to client sites	BSI worldwide operations are vulnerable to interruption by extreme weather events. If any disaster were to occur and prevent travel to client sites, our ability to service those clients could be impaired.	Delivery of services to clients may be impaired, resulting in a loss of revenue.
Colleague health and welfare	As a global business, our workforce is at risk of extreme weather. Any impact on the health and safety of our workforce could impair our ability to service our clients.	Revenue may be reduced and higher costs from negative impacts on the workforce.

Transition risks

Companies and investors may be exposed to risks that arise from the transition to a low-carbon economy. These risks are called 'transition risks'. The transition will entail changes to policies, legal requirements, technological changes, shift in market behaviours and preferences, and reputational considerations. Based on the pace, nature, and focus of these changes, transition risks represent varying levels of financial and reputational risk to organizations. Climate change risks have emerged across all sectors and are likely to impact the services that we provide to our clients.

Physical risks in our operations are managed using our internal controls and risk management policies such as Business Continuity Plans, remote working technologies, safe systems of work, global communications systems, and colleague training.

Based on our climate risk modelling, under high-emissions scenarios BSI assets and facilities may be exposed to more severe and compound risks, however, due to the low reliance on physical assets in our operations, and the ability to service clients remotely, we believe the impacts of extreme weather events are likely to be local and not material at Group level.

Climate variables	Climate-related issue	Potential impact	Financial implication
Policy & Legal	Enhanced emission reporting obligations/ exposure to litigation.	Changes to government policy or relationships, in any of the jurisdictions in which we operate, could affect our ability to deliver our objectives or provide services to clients.	BSI could face legal action if it fails to meet climate-related regulations, resulting in loss of revenue due to potential fines.
Market	Change in revenue mix and sources, resulting in decreased revenues.	Many of BSI's clients work in sectors and/or geographies that could be negatively impacted by regulatory, market, or technological changes if they are unable to transition to a low-carbon economy. This impact could cause them to face financial losses and terminate or reduce services procured from BSI.	Reduction in diverse clientele could result in decreased revenue streams.
Reputation	Increased stakeholder concern or negative stakeholder feedback.	Failure to meet stakeholder expectations on increasing environmental and/or social governance obligations could lead to reputational or commercial risk for the Group. This includes risks arising from increasing client expectations and social attitudes towards the environmental impact of our standards which may impact our ability to market them.	Impact on BSI's reputation could result in loss of revenue from clients.

TCFD Report continued

Transition risks are managed by our framework of functional and Divisional leadership teams as part of their emerging risk reviews and may include engagement with clients to understand their current and future needs, and innovation of new services and delivery models. Significant new product development and projects are reviewed by the Group Leadership Team for alignment with Group strategy.

In the medium-term, BSI's total cost of operations are unlikely to be materially different from forecast global GDP growth impacts. Revenue impacts may be affected across BSI's operational regions due to slower-than-average growth in the UK and the US, and higher-than-average growth in South-East Asia and other developing regions. In the long term, BSI is projected to see an increase in revenue across all Divisions under a "Demand Driven," low-emissions pathway. Our qualitative long-term analysis showed a neutral outcome to our business model and strategy from a 'Middle of the Road' pathway due to it being a continuation of current socio-economic trends. A 'Demand Driven' pathway may be more favourable to BSI due to an increase in global collaboration and knowledge sharing, protection of nature and biodiversity, and demand for transparency and privacy associated with increased equality. A 'Supply Driven' pathway could be less favourable to BSI due to the impacts of a breakdown in global collaboration and increased national protectionism. This scenario could also hold opportunity for BSI if an increased demand for local goods and services was harnessed.

Climate-related opportunities for BSI

Based on our analysis, we have identified potential high impact climate-related opportunities for BSI as it transitions towards a low-carbon economy.

To achieve the goals of BSI's sustainability strategy and achieve the impact we want, BSI will seek to collaborate with and influence others in our industy to help it transform to enable a net zero world.

BSI Hybrid Audit Programmes combine physical face-to-face audits, remote audits, and integrated technology to optimize and deliver the best solutions for clients across the breadth of their audit programme. Hybrid auditing helps to realize time efficiencies through more rigorous and detailed planning, which helps our clients maintain productivity, optimize and consolidate insights, and reduce carbon footprints at a global level.

Opportunity	Description of climate-related issue	Potential impact	Financial implication
Resource efficiency	Use technologies such as hybrid audits and immersive auditing.	Use of technologies will help us reduce our GHG emissions related to business travel.	Operational costs are lowered, helps achieve cost saving, and reduces our exposure to fossil fuel prices.
Products and services	Development of new products to provide sustainability and climate change-related services and solutions.	For our clients, climate risks and impacts are key driving factors behind purchases. BSI has seen an increase in demand for its sustainability products and services as more and more consumers are actively looking to procure these services to address their business needs.	Increase in revenue through demand for sustainability services and innovative solutions to address climate risks.
Markets	Access to new markets.	Market demand driven by regulatory requirements provides an opportunity for BSI to venture into new and emerging markets and sectors, and drives innovation to create new products and services that address market needs.	Market demand driven by regulatory requirements provides an opportunity to increase revenue through access to new and emerging markets and sectors.

TCFD Report continued

Resilience of our strategy

BSI is committed to following sustainability best practice and becoming our own best-in-class case study – utilizing standards and BSI's own sustainability solutions wherever possible to lead the way in our sector and beyond.

We consider that our strategy is resilient under Demand Driven, Middle of the Road or Supply Driven scenarios due to the nature of our services and operations, in particular:

- Delivery of many of our services are flexible with respect to onsite or remote;
- Our client-base is quite diverse geographically and by sector; and
- As a professional services business, we do not operate in a sector likely to be impacted significantly by mandatory decarbonization regulations.

We will continue to develop our climate scenario analysis to improve our overall resilience to climate risks. This will be reviewed annually to ensure our strategy remains resilient to these risks. We will also be building resilience by improving data quality in these areas.

For further information on Strategy see page 10

Risk management

Our process for identifying, assessing and managing climate-related risks, and their integration into our overall risk management

Climate-related risks and opportunities are identified through a multi-disciplinary, company-wide risk management framework that assesses all organizational activities that could give rise to a potential substantive financial or strategic impact.

Climate change is not currently categorized by the Board as a 'Principal Risk' in its own right, as it is unlikely to have a material financial impact on BSI in the next five years. It has, however, been identified as an element of our ESG Principal Risk. As with all Principal Risks, this is reviewed by the Group Risk Committee and approved annually by the Board. Climate-related risks are assessed and managed in the same way as all Enterprise-level risks in accordance with the methodology set out in our risk management framework. An initial assessment of existing and emerging climate-related risks and opportunities was performed by subject matter experts within the business. These assessments were further supported by risk reviews that are conducted with Divisional and functional leadership teams to ensure ongoing relevance and accuracy and to assess the effectiveness of their risk mitigation activities.

Once risks have been identified, the causes and consequences of these potential risks are clearly defined and recorded. Where a risk is highlighted, roles and responsibilities are defined to identify, quantify, and monitor risk according to impact and likelihood of occurrence, and to develop and implement action plans for risk mitigation.

For further information on Risk management see pages 52 to 59

Metrics and targets

BSI has made a public commitment to reach net zero in our own operations by 2030. We use GHG emissions (Scope 1, 2 and 3) as our primary metric for setting targets to enable us to track our progress against our climate-change related action plans. In 2022, we set the strategy to achieve our 2030 GHG reduction commitment, enabling us to be net zero in our own operations (Scopes 1 and 2) and to achieve a science-aligned target for our Scope 3 emissions (reaching a 42% reduction in our Scope 3 emissions by 2030). We have been carbon neutral in our operations since 2020 through the use of carbon credits, and we intend to retain this status going forward while we navigate our 2030 GHG reduction commitment, allowing us to progressively reduce our reliance on carbon credits each year.

Metrics and targets used to assess climate-related risks and opportunities

For further information on our Carbon Management approach see page 50

Scope 1, Scope 2 and appropriate Scope 3 Greenhouse Gas emissions

BSI's Global Greenhouse Gas disclosures follow.

Global Greenhouse Gas (GHG) disclosures for 2023

To facilitate the most efficient path towards our target, BSI is prioritizing, developing and implementing the BSI Net Zero Pathway, using ISO 14064-1 and key elements of the ISO Net Zero Guidelines.

We have adopted the 'operational control' approach and use a combination of international and UK Government 'GHG Conversion Factors for Company Reporting – 2023' emission factors to calculate our GHG emissions across the globe. Emissions are reported as tonnes of carbon dioxide equivalent (tCO_2e), and energy emissions have been reported as 'location-based'. 'Market-based' emissions are also calculated, to review and track the progress towards our GHG targets. For specific details on how we report our GHG emissions please refer to the BSI GHG Emissions Reporting Framework: bsigroup.com/ghgmeasurement23

We continually seek to improve the way we collect and analyse our emissions data. In 2023, we sought limited assurance – provided by KPMG LLP – over selected location-based emissions metrics as described below. The limited assurance report is available at bsigroup.com/ghgreport23, and we recommend that it is read in full.

Our total Scope 1 and Scope 2 location-based emissions have decreased by 8.5% from 2022 and our location-based intensity has decreased by 12.5%.

Global GHG disclosures for 2023 continued

Our 2023 data includes Scopes 1 & 2 emissions for all our global operations. These include natural gas, electricity, heat and fuels (where BSI contracts directly with utilities and fuel suppliers). It also includes gases used for testing in our laboratories in the UK and refrigerant gases from our global operations (where BSI has the operational control over the equipment containing refrigerant gases). Finally, Scopes 1 & 2 emissions also include emissions from vehicles owned or leased by BSI around the globe (both Scope 1 for fuels and Scope 2 for electric).

Global Scope 3 emissions in all BSI's operating locations for 2023 include natural gas, electricity, and heat usage where BSI does not have operational control (Scope 3, Category 8), fuel & energy related emissions (Scope 3, Category 3) and business travel emissions from road mileage (colleague-owned vehicles), air travel, hotel stays and other travel, including rail and public transport (Scope 3, Category 6).

We continually seek to improve the way we collect and analyse our emissions data.

There haven't been any changes of boundaries since our 2022 assured measurements. Overall we continue to monitor our emissions in both location-based and market-based calculations, using market-based calculations to track our performance against our targets. Our total location-based emissions have increased by 4.1% from 2022, and our market-based emissions have increased by 4.4% from 2022 (considering Scope 1 & 2 market-based instruments). In contrast with the increase in absolute emissions, our location-based intensity ratio (tCO2e/£m revenue) has decreased by 3.7%, and our market-based intensity ratio (tCO2e/£m revenue) has decreased by 3.4%, meaning that BSI has improved its performance, emitting less GHG per million pounds of revenue generated.

Our total Scope 1 and Scope 2 location-based emissions have decreased by 8.5% from 2022 and our location-based intensity has decreased by 12.5%. This decrease can be attributed to 3 main factors:

1) Ongoing decarbonization of the property estate including the change of utilities contract in our laboratory in Hemel Hempstead to utilities supply fully covered by Renewable Energy Guarantees of Origin (REGOs)/Renewable Gas Guarantees of Origin (RGGOs).

2) Increase in hybrid/EV vehicles in our fleet, especially in the UK, where our fleet has surpassed 50.4% EV vehicles and a combined hybrid/EV 87.3% as of December 2023 (compared to 17.6% EV and 42.8% combined hybrid/EV in December 2022).

3) Hybrid audit delivery has reached 38.3% in UK and Continental Europe.

Our Scope 3 emissions have increased by 5.5% from 2022; however, our Scope 3 intensity ratio has decreased by 2.7%. Business travel remains our main source of emissions due to the nature of BSI's activities travelling to work with our clients. BSI's Divisions and functions have made concerted and definite efforts to travel more efficiently in 2023, by eliminating unnecessary travel, consolidating trips, increasing usage of trains, and/or managing travel class where possible/appropriate, thus reducing the GHG emissions necessary to fulfil operational requirements.

We have been carbon neutral in our operations since 2020 through investment in high-quality carbon credits. We intend to retain this status going forward while we navigate our 2030 GHG reduction commitment, allowing us to progressively reduce our reliance on carbon credits each year. Our 2023 emissions have been 100% offset.

2023 was our first year implementing the strategy to achieve our 2030 GHG reduction commitment, enabling us to be net zero in our own operations (Scopes 1 & 2) and to reduce our Scope 3 emissions by 42% (a science-aligned target). BSI has set its Greenhouse Gas (GHG) targets in alignment with the Paris Agreement (limiting global warming to 1.5 degrees Centigrade above pre-industrial levels). Our decarbonization commitments are set against our 2022 emissions as baseline, and this presents a significant challenge. Many of our markets were still in lockdown during parts of 2022, indicating our travel levels were still much lower than average in that year for BSI.

To facilitate the most efficient path towards our target, BSI is prioritizing, developing and implementing the BSI Net Zero Pathway, using ISO 14064-1 and key elements of the ISO Net Zero Guidelines. The Net Zero Pathway is designed to provide a structured framework to help organizations achieve their net zero goals. This implementation is intended to enable BSI to set science-aligned, ambitious, and achievable targets, and then take the necessary actions of designing and deploying impactful GHG reduction initiatives.

The following tables show our GHG emissions data for 2023, 2022 and 2021. We report our total emissions tonnage as well as an intensity ratio per million pounds of global revenue to enable year on year comparison.

Global GHG disclosures for 2023 continued

Table 1: Global GHG emissions (tCO_2e)*

	2023	2022	2021
Total Scope 1 emissions	854^A	1,021	689
Total Scope 2 location- based emissions	628^A	599	605
Total Scope 3 emissions (Categories 3, 6 & 8)	15,533^A	14,726	8,853**
Total (location-based)	**17,015**	16,346	10,147
Total (market-based)***	**16,712**	16,011	

Table 2: Global intensity ratio (tCO_2e/£m revenue)

	2023	2022	2021
Total Scope 1 emissions	**1.2**	1.5	1.2
Total Scope 2 location- based emissions	**0.9**	0.9	1.0
Total Scope 3 emissions (Categories 3, 6 & 8)	**21.3**	21.9	15.1
Total (location based)	**23.4**	24.3	17.3
Total (market-based)	**23.0**	23.8	

* KPMG LLP has provided independent limited assurance over selected Global GHG emissions metrics (indicated by the symbol "A") for the year ended 31 December 2023 in accordance with International Standard on Assurance Engagements (UK) 3000 Assurance Engagement Other Than Audits or Reviews of Historical Financial Information and the International Standard on Assurance Engagements 3410 Assurance of Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. The limited assurance report is available at bsigroup.com/ghgreport23, and we recommend that it is read in full.

BSI strives for continual improvement; therefore, we have revised the set of combined international and UK Government factors used to estimate our 2023 GHG emissions. We have not fully assessed the impact of the improvements on our previously reported GHG emissions and therefore the prior year comparatives have not been restated. It is possible that the impact of the revised factors could have an impact of more than 5% on the prior year comparatives. We will consider fully assessing the impact of the improvements in the future alongside with the need for restating these emissions. For further details of our approach, please refer to the BSI GHG Emissions Reporting Framework: bsigroup.com/ghgmeasurement23

** In preparing the Scope 3 emissions data for 2022, management further reviewed the 2021 calculation in relation to business travel and identified a calculation error which has resulted in the restatement of 2021 Scope 3 emissions data from 14,333tCO_2e to 8,853tCO_2e. Total GHG emissions in 2021 has therefore reduced to 10,147tCO_2e from 15,627tCO_2e.

*** Market-based emissions have not been part of the scope of KPMG LLP's independent limited assurance process. During 2021, market-based emissions or market-based intensity have not been collated.

Definitions for Tables 1 & 2

Total Scope 1 emissions: These arise directly from sources that are owned or controlled by BSI, and include natural gas and fuels where BSI contracts directly with utilities and fuel suppliers. They also include gases used for testing in our laboratories in the UK and refrigerant gases from our global operations, where BSI has the operational control over the equipment containing refrigerant gases. Finally, Total Scope 1 emissions also include emissions from fuel and hybrid vehicles owned or leased by BSI around the globe.

Total Scope 2 location-based emissions: These arise indirectly from the off-site generation of electricity and heat purchased by BSI or used in BSI owned or leased electric vehicles.

Total Scope 3 emissions

These comprise:

- Scope 3, Category 3: fuel and energy-related emissions (upstream well-to-tank and transmission and distribution-related emissions from energy purchased by BSI or used in BSI owned or leased electric vehicles);
- Scope 3, Category 6: business travel emissions from road mileage (colleague-owned vehicles), air travel, hotel stays, and other travel (including rail and public transport) in all BSI's operating locations; and
- Scope 3, Category 8: natural gas, electricity, and heat usage where BSI does not contract directly with utilities suppliers.

We account for emissions from our significant Scope 3 categories as defined in the GHG protocol where feasible to do so. We are constantly improving our data collection capability to bring our remaining emissions sources within the scope of our reporting.

Global GHG disclosures for 2023 continued

Streamlined Energy and Carbon Reporting (SECR)

In compliance with SECR requirements for businesses operating in the UK, we report our UK-based carbon emissions (location-based) and UK-based carbon intensity ratios. This is the fourth year we have reported our UK emissions in this way.

Energy efficiency actions taken in the year

In 2023, BSI undertook several activities to reduce energy usage and emissions. We improved energy efficiency at our offices by implementing ISO50001 – Energy Management System standard at our Hemel Hempstead lab facilities, receiving certification in late 2023. This included the installation of a complex electricity monitoring system that enabled analysis and action to reduce energy consumption in key areas. The increase in EVs and hybrid cars within our fleet continues to move quickly, with 83% of the UK fleet now EV or Hybrid at the end of 2023, in comparison to 43% at the end of 2022.

BSI plans to scale utilization of the ISO 50001 management system, and implementation in our Loughborough laboratory will commence in 2024.

Table 3: Streamlined Energy and Carbon Reporting (SECR)

	2023		2022		2021	
	UK GHG emissions (tCO_2e)	UK intensity ratio (tCO_2e/£m revenue)	UK GHG emissions (tCO_2e)	UK intensity ratio (tCO_2e/£m revenue)	UK GHG emissions (tCO_2e)	UK intensity ratio (tCO_2e/£m revenue)
Scope 1	557	2.19	567	2.46	319	1.52
Scope 2 location-based	527	2.07	371	1.61	390	1.86
Scope 3	866	3.41	748	3.25	824	3.94
Total	1,950	7.67	1,686	7.32	1,533	7.32
Total energy use (kWh)	8,785,492		8,193,144		7,477,024	

Definitions for Table 3

Scope 1: Emissions associated with directly purchased fuel including transport fuels, natural gas, LPG and propane.

Scope 2: Emissions associated with directly purchased electricity.

Scope 3: Emissions associated with gas and electricity usage in BSI locations where we do not operationally control the utility and colleague-owned vehicles.

UK energy use (kWh): From on-site combustion, road transport and electricity use.

UK CO_2e intensity ratio (tCO_2e/£m gross UK revenue): total UK GHG emissions (tCO_2e) produced per gross UK revenue in £ million.

Not included: Emissions from air travel and other bottled gases.

Our Scope 1 UK-based emissions have decreased in 2023 compared to 2022 due to a significant increase in company-owned fleet migration to hybrid/EV.

Our Scope 2 UK emissions have increased in 2023 compared to 2022 due to higher electricity usage. Most of the UK-based Scope 2 emissions are from our UK laboratories.

Our UK Scope 3 has increased, mostly driven by the increase in energy consumption in sites where BSI does not control the utility contract.

Non-Financial & Sustainability Information Statement

This section of the strategic report constitutes BSI's Non-Financial and Sustainability Information Statement (NFSIS), produced to comply with sections 414CA and 414CB of the Companies Act 2006.

The information listed is incorporated by cross reference.

Reporting requirement	Policies and standards which govern our approach	Information necessary to understand our business and its impact, policy support, and outcomes
Environmental matters	Sustainability Code BSI Code of Business Ethics – Our Sustainable Practices section	S172 Stakeholder Engagement Report, page 28 Report of the Sustainability Committee, page 82 Sustainability Reporting – Our Clients, pages 33 and 34 – Working together, page 36 – Within BSI, pages 37 to 40 Task Force on Climate-related Financial Disclosures (TCFD) Report, pages 41 to 46 Greenhouse Gas (GHG) Report, Pages 47 to 50
Colleagues	BSI Code of Business Ethics – Our Workplace Responsibilities section Health Safety Environment & Quality (HSEQ) Policy HSE Risk Management Framework Respect at Work Policy Serious Incident Reporting Policy	People Report, pages 26 and 27 S172 Stakeholder Engagement Report, pages 28 to 32 Directors' remuneration report, pages 87 to 97 Directors' Report, pages 98 to 101

Reporting requirement	Policies and standards which govern our approach	Information necessary to understand our business and its impact, policy support, and outcomes
Respect for human rights	BSI Code of Business Ethics – Our Business Responsibilities section	Anti-Modern Slavery Statement on bsigroup.com S172 Stakeholder Engagement Report, pages 28 to 32
Social matters	BSI Code of Business Ethics Charitable Donations Policy Volunteering Policy	About BSI, on the inside front cover Division reviews, pages 13 to 16 S172 Stakeholder Engagement Report, pages 28 to 32 Sustainability Reporting – Within BSI, pages 37 to 40
Anti-corruption and anti-bribery	BSI Code of Business Ethics – Anti Bribery & Corruption section Anti-Bribery and Corruption Policy	S172 Stakeholder Engagement Report, pages 28 to 32
Additional disclosures		About BSI, on the inside front cover Strategy and Business Model, pages 10 and 11 Key Performance Indicators, page 7 Risk Management Report, pages 52 to 59

Risk management

Effective risk management is an integral part of business operations

The identification, evaluation, and mitigation of risk are integrated into key business processes from strategic planning to day-to-day performance management. We have a continual and dynamic process for identifying, evaluating, and managing the risks in the business, based on ISO 31000 (Risk Management). Risks identified are maintained within risk registers for all business Divisions, functions, and, countries.

Management is accountable for managing risks within their area of responsibility and for sharing information relating to these risks with their colleagues, to ensure there is a coordinated response to risks identified across BSI. Our Group Risk Committee, comprised of the Group Leadership Team, sets clear expectations of risk management performance for each Division and function. This includes regular risk reviews by each Divisional/functional leadership team.

The Board agrees the risk appetite for the organization, and through the Audit and Risk Committee, will monitor the effectiveness of the risk management system and supporting internal control system. The Board understands that it is responsible for the risk management system and for reviewing its effectiveness on an ongoing basis, and considers the risk management system to be effective.

What we did in 2023

Key activities undertaken in 2023 included the identification of Key Risk Indicators across all Principal Risks. These indicators are now embedded and tracked within the Group's automated Enterprise Risk Management (ERM) tool and reported at every Group Risk Committee and Audit and Risk Committee meeting.

Throughout 2023 all Divisional and functional leadership teams maintained comprehensive risk registers for their areas of responsibility. Our network of risk champions continued to meet throughout the year, and with support of the Internal Audit and Risk team, took part in a series of workshops and training to remain up to date with risk management best practice.

Changes to principal risks during 2023

Principal risks are kept under review by the Board, which is responsible for setting risk appetite. As part of its review, the Board also considers whether these risks are being managed within appetite. As part of our risk governance, the Board undertook a robust assessment of the current risks facing BSI, and these are identified in the Principal Risk Register on pages 53 to 59.

We have renamed 'Macroeconomic Uncertainty' as 'Geopolitical Instability and Macroeconomic Uncertainty' to better reflect the impact geopolitical instability may have on our business. We consider 'Reputation' risk to have been sufficiently captured across our Principal Risk Register and every principal risk impact assessment considers the possibility of adverse effects on reputation. As such we have removed 'Reputation' as a standalone Principal Risk.

We have revised the risk previously described as 'Brand' to 'Evolving Market Needs' to capture more clearly the risk that our products and services are not updated or enhanced to reflect the changing needs of our stakeholders.

What we will do in 2024

A key area of focus in 2024 will include further development of BSI's assurance map to align monitoring and assurance responsibilities across the organization. Risk registers will be kept under review throughout the year and our principal risks will continue to be reviewed in depth at each Group Risk Committee meeting.

Risk management continued

▲ Increased ◀▶ no change ▼ Decreased

Type of risk	2023 update	Mitigating actions
1. Government policy Changes to government policy or relationships, in any of the jurisdictions in which we operate, could affect our ability to deliver our objectives, shape standards or provide services to clients.	◀▶	We engage with the UK and other governments to ensure that our voice is heard during policy debates. Our business model is kept under review, to anticipate and adapt to changes in policy as necessary across the jurisdictions in which we operate. Relationships are built with our stakeholders and standards bodies, so that they are aware of, and value, our contribution and input on topics in focus such as those in relation to making standards more accessible.

Type of risk	2023 update	Mitigating actions
2. NSB appointment BSI is appointed by the UK Government as the National Standards Body (NSB). This status is formally codified in a Memorandum of Understanding (MoU) between the Government and BSI. Our NSB appointment is central to our purpose. Failure to comply with the requirements set out in the MoU could put this at risk.	◀▶	BSI maintains close relations with the UK Government to ensure we have a common understanding of our responsibilities as the NSB. A regulatory framework is in place across BSI to ensure we comply with the requirements of the MoU. We review our performance as the NSB through discussions at the Board and Executive Committees including the Standards Policy and Strategy Committee (SPSC), which is an advisory committee to the Board comprising independent members representing industry, government and civil society. We continue to invest in our systems and in the digitization of the services we offer (e.g. digital standards).

Risk management continued

▲ Increased ◀▶ no change ▼ Decreased

Type of risk	2023 update	Mitigating actions
3. Accreditation compliance A large percentage of global business is dependent on BSI maintaining accreditation or recognition with various accreditation bodies, recognition bodies and scheme owners. Loss of such accreditation or recognition may damage BSI's reputation, have serious business impact to such business and potentially trigger contractual claims.	◀▶	Continual dialogue is maintained with all of BSI's accreditation bodies, recognition bodies and scheme owners. BSI has a strict regulatory framework, with teams dedicated to the management of BSI's compliance. This regulatory framework operates through continuous global reporting procedures, regular training to all relevant personnel, and legal support experienced in the subject matter of this business. Risk to BSI's accreditation is further mitigated through systematic oversight, which includes internal audits from the Technical & Compliance team, regular analysis on accreditation and scheme performance, a whistleblowing hotline, and a thorough complaints and appeals procedure.

Type of risk	2023 update	Mitigating actions
4. Designation compliance The conduct of BSI's regulated businesses relies on statutory authority and accreditation in the relevant jurisdiction in which the Group company conducting such business is incorporated. Statutory authority is specific only to the relevant Group company and cannot be assigned. Loss of statutory authority would cause BSI to cease all associated trade. Any failure to meet professional obligations or an actual or perceived conflict of interest could cause loss of relevant authorities on a temporary or permanent basis. This would damage BSI's reputation and cause BSI to suffer contractual claims as well as the possibility of exposure to tortious liability.	◀▶	BSI maintains strong relations with the authorizing authority relevant to each Group company concerned. BSI has a strict regulatory compliance framework, with dedicated officers to manage BSI's compliance, with various methods of reporting leading to that team, supported by continued training to all connected personnel, as well as having dedicated legal support qualified in the subject matter of this business. BSI remains in close dialogue with clients within this business, particularly those with their own regulatory departments. BSI is a subject matter expert in the regulations governing this business and leads various trade associations that include its competitors, proposing interpretation and clarification of governing regulations.

Risk management continued

▲ Increased ◀▶ no change ▼ Decreased

Type of risk	2023 update	Mitigating actions
5. Fraud and unauthorized transactions Risk could arise from the actions of a Group entity, colleague or a third party with whom we do business. Failure in financial controls either on their own or via a fraud could result in financial loss and/or misstated financial reporting.	◀▶	A global financial controls framework is in place, supported by strong reporting lines and levels of delegated authority. We continue to enhance our internal control framework through our Finance Evolution Programme. Regular assessments of financial controls are undertaken to ensure they remain fit for purpose and aligned to the organizational structure. We have an internal audit team that performs risk-based audits, supported by an annual external audit of our financial results by our appointed external auditors. A key enhancement delivered in 2023 was obtaining global certification to ISO 37001 Anti-bribery Management. Our anonymous whistleblowing hotline reporting allows colleagues and third parties to 'Speak Up' and report their concerns to the highest level of management.

Type of risk	2023 update	Mitigating actions
6. Litigation Failure to adequately comply with legislation in a country where we trade could result in legal action against us. We could be held directly or indirectly liable for third party claims arising at client sites or businesses.	◀▶	Our Legal team operates globally and maintains relationships with specialist external law firms to ensure we are aware of forthcoming changes to legislation. We maintain a detailed risk analysis of all our global legal entities and use this to apply a proportionate and targeted approach to management of risks relevant to the different jurisdictions in which we operate. Key colleagues receive relevant training and compliance policies and procedures are in place.

Risk management continued

▲ Increased ◀▶ no change ▼ Decreased

Type of risk	2023 update	Mitigating actions
7. Change management The Group's ability to deliver change initiatives on time and within budget is key to enabling our strategic ambitions. Failure to execute such programmes effectively and efficiently could result in significantly increased costs and impede our ability to deliver change sustainably. The pace of change may expose BSI to execution risk as multiple initiatives are delivered across processes and systems that serve our operations and clients. The impact on our people of the wide-ranging change agenda could lead to engagement challenges with the potential to negatively impact benefits realization.	◀▶	Governance and change management processes are in place to ensure the successful implementation of new initiatives. This includes the establishment of a Change Board responsible for portfolio-level decision making and prioritizing efforts that underpin the strategic plan. Our approach to change management actively engages and empowers colleagues to shape the change experience. This engagement enables teams to define the desired experience for the changes being implemented and ensures business capacity for the absorption of change. A centre of excellence for change capability is in place to oversee and manage the set-up, resourcing and ongoing delivery of initiatives. Delivery progress is monitored at an enterprise level to ensure we implement changes carefully and pragmatically, so as not to impact service delivery to clients. The change governance process involves a series of stage gates. Change Delivery Assurance reviews are completed, guiding programme focus and ensuring only programmes that are running effectively progress through these stages.

Type of risk	2023 update	Mitigating actions
8. Talent and wellbeing An inability to develop, recruit or retain the right skills and diverse workforce in the Group could mean that business performance may suffer, or opportunities are not exploited. The mental and emotional wellbeing of our workforce is of continued focus. Failure to give colleague wellbeing due consideration could result in increased absence, reduced productivity and lowered colleague engagement.	◀▶	Globally we continue to focus on strengthening communication with our people. As part of our Engagement and Communication Strategy, we continue to undertake Group-wide engagement pulse surveys. Based on feedback, actions are formulated to address key engagement opportunities contributing to strong engagement. We have focused development interventions, including dedicated development conversations at the mid-year, complemented by proactive support for our people around managing their career. Our commitment to diversity, equity, and inclusion is woven throughout our ways of working, and the approach we take to enhancing our operational processes. We engage with our people throughout the year, working closely with BSI affinity groups, to gather input to support us in promoting diversity, equity and inclusion. Alongside this, we maintain an ongoing focus on providing market-competitive pay and benefits. We celebrate the diversity of our people and this underpins our workplace culture. We continue to enhance our company culture by connecting what colleagues do every day with our values and our purpose, by improving the ways we work together and advancing smarter working. By the end of 2023 we had enabled 95% of our global population to experience a highly interactive session around culture over a two-day workshop, and separately we rolled out 'The BSI Story' which brings our strategy to life and clarifies the opportunity for each of our people in contributing to the purposeful work BSI delivers to our clients and stakeholders.

Risk management continued

▲ Increased ◀▶ no change ▼ Decreased

Type of risk	2023 update	Mitigating actions
8. Talent and wellbeing continued		Succession planning is in place across senior and critical roles across the organization and we have undertaken work to identify pipelines of talent as part of the focus on development. Attracting and retaining talent requires appropriate reward interventions in line with business performance and market expectations and we continue to focus on a range of pay and broader reward and wellbeing interventions in support of our people globally. We have enhanced our ability to draw upon data insights with regard to attrition, through delivering improvements in data capture as part of our exit processes. These insights are leveraged in strengthening our talent proposition. We place flexibility as a core dimension of workplace wellbeing. We have a flexible framework to support all teams across BSI in developing their ways of working with a focus on wellbeing and work-life balance. Ergonomic risk assessments and training have also been extended to incorporate flexible working.

Type of risk	2023 update	Mitigating actions
9. Evolving market needs Our business depends on client demand for our services and solutions and stakeholder confidence. This may require adaption and expansion of our offering in response to changes in technology and market trends. Failure to stay relevant, to invest in and evolve our services and solutions to meet changing market, regulatory and client needs could lead to poor business performance.	◀▶	Through continued investment in our services and solutions offering, and our focus on strategic themes like sustainability, digital trust, quality, health and safety & wellbeing, we are recognized as thought shapers, helping organizations navigate increasingly complex landscapes and giving them the confidence to grow. Through our strategy and planning processes, we incorporate insights from a wide range of stakeholders, including clients, to ensure we understand their needs and opportunities. Our policy engagement and close working with government, industry, and consumer organizations, our many technical committees, and our international relationships are fundamental to maintaining the relevance of our services and solutions. Our sector experts and Group innovation team, including our innovation labs, provide insights into trends in emerging technologies and AI. We engage directly with clients and partners to understand a wide range of markets and issues and explore new ideas and opportunities that align with our strategy and capabilities. We monitor the relevance of BSI services through client feedback mechanisms and the level of response to our website content and communications in traditional and social media.

Risk management continued

▲ Increased ◀▶ no change ▼ Decreased

Type of risk	2023 update	Mitigating actions
10. Information security BSI is dependent on IT systems for day-to-day operations. Failure to protect against cyber breaches or other security incidents, whether from state-sponsored, criminal or other sources, could result in disruption or suspension of IT services, impacting our trading operations and loss of data. Failure to protect against inadvertent loss of our, or our clients' or other stakeholders' data could result in BSI receiving fines, a loss of client confidence, adverse impact to our reputation, and/or litigation.	▲	We continue to invest in our cybersecurity programme which includes mitigation and risk reduction activities across people, process and technology. Our Information Security team capabilities are complemented by access to third party cybersecurity expertise. This includes a Global Security Operations Centre (SOC) that provides 24x7x365 monitoring, detection, alerting and response. BSI is globally certified to ISO 27001 Information Security. Regular vulnerability and penetration testing is conducted for all external facing and business critical Group services, applications, and websites. IT disaster recovery and back-up plans are in place and tested regularly. Other measures include enhanced endpoint protection, encryption of data, network firewalls, web, and email content protection. Multi-factor authentication for remote access and cloud-based services is in place and cybersecurity awareness training is undertaken by all colleagues. The Group has a data protection compliance programme, which includes key measures to ensure the processing of personal data is conducted in compliance with data protection laws, and risks associated with privacy and data protection regulations are effectively managed.

Type of risk	2023 update	Mitigating actions
11. Health and safety The health and safety of our colleagues is of the highest priority for the Group. Failure to meet safety standards in the workplace, or safeguard colleagues whilst travelling on company business, could result in injury or death and lead to adverse financial, legal or reputational consequences.	◀▶	We have a Health and Safety Management System and are certified globally to ISO 45001. As part of the management system, we have in place a comprehensive hazard identification and risk assessment process covering activities across the business. This is supported by a comprehensive suite of health and safety guidance and training that is available to all our colleagues. Further enhancements delivered in 2023 include the rollout of an ergonomics training and assessment tool across the territories in which we operate.

Risk management continued

▲ Increased ◀▶ no change ▼ Decreased

Type of risk	2023 update	Mitigating actions
12. Environmental, Social and Governance (ESG) ESG issues are becoming increasingly fundamental for all companies. Failure to meet stakeholder expectations on increasing environmental and/or social governance obligations could lead to reputational or commercial risk for the Group. This includes risks arising from increasing client expectations and social attitudes towards the environmental effect of our standards which may affect our ability to market them. Increasing stakeholder and client demand to reduce and report out BSI's global emissions is another important market-related transitional risk. Additionally, challenges in this area may impact our ability to attract and retain talent, given increasing colleague focus on sustainability-related topics.	◀▶	Sustainability is one of BSI's top strategic priorities. We have a sustainability strategy that is underpinned by an implementation plan. The Board receives regular updates on progress against specific operational sustainability targets, including climate mitigation in our own operations, community engagement and the development of sustainability-related products and services across the Group. As the UK National Standards Body, BSI is at the core of several initiatives centred around climate action. The London Declaration, which BSI signed with ISO, will help ensure climate science is fully considered in all new and existing international standards. We are globally certified to ISO 14001 Environmental Management System and as such are subject to both internal and external audits. We are carbon neutral and have a target to be net zero in our own operations by 2030. Our reporting on global emissions is subject to limited assurance procedures by a third party. The Board is committed to the highest standards of corporate governance. BSI applies the principles of the Financial Reporting Council (FRC) UK Corporate Governance Code where applicable and has established internal governance procedures that reflect best practice.

Type of risk	2023 update	Mitigating actions
13. Geopolitical instability and macroeconomic uncertainty As a global business, changes to global economic conditions have the potential to impact us and how we service our clients. Failure to anticipate or adapt to global events and macroeconomic uncertainty may impact our financial performance. This may arise in the form of inflationary pressures, exchange rate variations or geopolitical instability.	▲	Business continuity planning is undertaken across our global footprint to prevent interruptions to essential functions. We maintain a focus on our crisis management capabilities and undertake preparedness activities to build resilience. Throughout the year the Board also considers specific geopolitical and macroeconomic events and any potential impact to BSI. The breadth of BSI's service offering, innovation capabilities and its diversification across sectors and geographies provides resilience against the potential impact of economic downturns. The economic environment is monitored as part of our financial planning cycle. This includes regular cost and pricing reviews to manage inflationary pressures across our footprint. We conduct regular strategic business reviews looking at the trading environment and local economic conditions that each business unit operates in. Treasury activities are conducted in accordance with policies approved by the Board. This includes active management of financial risk arising from the international nature of our business, particularly in terms of cash management and interest rate impacts. We look to natural hedging wherever possible and prompt settlement to mitigate FX risk.

Governance structure

Board Committees

The Board has established Committees to help ensure that BSI meets best practice in corporate governance. Other than the Standards Policy and Strategy Committee, which has a specific advisory role, the Board delegates certain responsibilities to these Committees.

Audit and Risk Committee

Read the report of the Committee on pages 73 to 79

Nominations Committee

Read the report of the Committee on pages 80 and 81

Sustainability Committee

Read the report of the Committee on pages 82 and 83

Remuneration Committee

Read the report of the Committee on pages 84 to 86

Standards Policy and Strategy Committee

Read about the work of the Committee in the Director-General, Standards review on pages 18 to 21

The Board

Chairman

Role and responsibilities

- Leads and manages the Board. Sets the agenda, style and tone of discussions and promotes open debate, effective, decision making and a unitary culture.
- Ensures that the Group does business in a highly ethical way worldwide and that its Code of Business Ethics is maintained and observed.
- Provides a sounding board for the Chief Executive and leads objective setting for, and the appraisal of, the Chief Executive.

Executive Directors

Role and responsibilities

- With the Chief Executive, responsible for the operational implementation of the Group's strategy.
- Bring their knowledge of the operations of the organization and its business environment to the deliberations of the Board.
- Help to set the longer-term strategy and shorter-term goals of the organization as part of the unitary Board.

Chief Executive

Role and responsibilities

- Leads the Group Leadership Team and is accountable for the Group's performance, consistent with the strategy, controls, culture, and risk appetite agreed by the Board.
- Sets a clear vision and strategy for the Group, working with the Group Leadership Team, positively communicating that vision and strategy.
- Develops and maintains effective management systems and internal controls.

Non-Executive Directors

Role and responsibilities

- Contribute to the development of the organization's strategy.
- Scrutinize and constructively challenge the performance of management in the execution of strategy.
- Advise and contribute to Board debate based on their broad business experience and professional skills.

Senior Independent Director

Role and responsibilities

- Provides a sounding board for the Chairman and appraises the performance of the Chairman in the Board evaluation process.
- Acts as intermediary for other Directors if needed.
- Leads the recruitment of a new Chairman when required.
- Deputizes for the Chairman if necessary.

Company Secretary

Role and responsibilities

- Supports the Board agenda with clear information flow.
- Advises the Board on governance matters.
- Provides the Board and Non-Executive Directors with administrative support.

Executive Committees

These Committees report to, and support the work of, the Chief Executive.

- **Group Leadership Team**
- **Impartiality Oversight Committee**
- **Information Security Steering Committee**
- **Group Risk Committee**

Corporate Governance – Chairman's introduction

John Hirst CBE

Chairman

Consistent with our purpose, we are committed to demonstrating the highest standards of Corporate Governance.

BSI is a company founded on public-interest principles and incorporated by Royal Charter. We have served society since our inception and are now a globally recognized expert in best practice with a unique status as the UK National Standards Body.

Our corporate purpose expressed as 'Impact for a fair society and sustainable world' reflects BSI's intention of making a beneficial difference to the world; it drives what we do and underlies the way we do business.

Consistent with our purpose we are committed to demonstrating the highest standards of Corporate Governance. This is a commitment and responsibility by which everybody involved with BSI's governance policies and practices stands.

Governance is one of the three pillars of Environmental, Social and Governance (ESG) which, supports sustainability. BSI's governance is at the heart of making us a well-run business. As a non profit-distributing company, we re-invest our profits back into the business so that the more successful we are, the more we are able to fuel the growth of our organization and thus deliver the beneficial impact of BSI's purpose.

While we are not a stock exchange-listed company, and therefore not required to apply the Financial Reporting Council (FRC) UK Corporate Governance Code 2018 (the Code), we have selected the Code as our chosen code of governance, so ensuring our governance is based upon a world-class source of best practice.

Ultimate responsibility for governance lies with our Board of Directors, the majority of whom are Independent Non-Executive Directors (NEDs), and can collectively call on a very broad range of experience across many business areas to provide the guidance that is required.

The Board is in turn supported by the Audit and Risk, Remuneration, Nominations and Sustainability Committees, all of which are chaired by NEDs, with NEDs also making up the majority of membership. We also have the Standards Policy and Strategy Committee, an advisory body that gathers and distils information for the Board on standardization matters.

I believe this strong core of governance at the heart of our organization has once again served BSI well as I reflect on a very busy and highly successful year, during which we have made every effort to engage with our stakeholders to increase our beneficial impact on society.

The BSI Code of Business Ethics (available at: bsigroup.com/ethics), continues to underpin our internal controls, financial management and governance framework. This sets out the ethical values and high standards of integrity that are embedded in our organization and that apply to every aspect of the way we operate.

John Hirst CBE

Chairman
28 March 2024

Board of Directors

Committee Membership

- Committee Chair
- A Audit Committee
- N Nomination Committee
- S Sustainability Committee
- R Remuneration Committee
- SP Standards Policy and Strategy Committee

John Hirst CBE

Chairman

Committees: N S

Skills and experience

John Hirst was appointed to the Board in October 2018 as Non-Executive Director and became Chairman in January 2019. John has a wealth of experience leading and transforming complex organizations. His early career was with ICI, beginning in finance before progressing into various leadership roles and serving on the Group leadership team as Chief Executive of the speciality chemicals Division. He became Group Chief Executive of Premier Farnell, a FTSE 250 electronics distribution company, and in 2007 he joined the UK's Met Office as Chief Executive until 2014. John was Chairman of Anglian Water Services from 2015 until early 2024.

Other appointments

SMi Drug Discovery, IMIS Global Limited, and the epilepsy charity SUDEP Action. He is a Director of Afon Technology Limited.

Susan Taylor Martin

Chief Executive

Committees: N S

Skills and experience

Susan Taylor Martin joined the Board and was appointed Chief Executive in January 2021. Susan has led a range of information, publishing and software businesses, first at Reuters and then at Thomson Reuters. Most recently, as President of its Global Legal Business, based in New York, she led the transformation of its online information service into an AI-enabled suite of digital and SaaS offerings. She has experience of the consumer, leisure, and hospitality sector having been a Non-Executive Director of Whitbread PLC.

Other appointments

Susan is a Non-Executive Director of the University of Cambridge Press & Assessment Board.

Sara Dickinson

Chief Financial Officer

Skills and experience

Sara was appointed and joined the Board in January 2022. Sara has over 25 years of financial experience as well as significant knowledge of scaling B2B businesses and digital transformation, most recently as Senior Vice President of Finance responsible for corporate finance functions at Expedia Group Inc, a global travel tech company, and as Chief Finance Officer of Expedia Partner Solutions, the worldwide B2B Division within Expedia for four years prior to this. Sara has undertaken numerous finance roles including Commercial Finance & FP&A Director at Costa Coffee, Group Financial Controller for Sage Group PLC, and Vice President and European CFO of Orbitz WorldWide Inc.

Other appointments

Sara is a Non-Executive Director and Audit Committee Chair of Aptitude Software Group PLC.

Board of Directors continued

Committee Membership

- ● Committee Chair
- (A) Audit Committee
- (N) Nomination Committee
- (S) Sustainability Committee
- (R) Remuneration Committee
- (SP) Standards Policy and Strategy Committee

Dr Scott Steedman CBE

Director-General, Standards

Committees: S

Skills and experience

Dr Scott Steedman joined the Group in January 2012 and was appointed to the Board in October 2012. An engineer by profession, he started his career as a Fellow and Lecturer at the University of Cambridge before moving to industry where he spent over 20 years as a consultant working in the built environment sector. He was a Non-Executive Board Member of the Port of London Authority from 2009 to 2015 and served as Vice-President (Policy) for the European Committee for Standardization (CEN) from 2013 to 2017 and the International Organization for Standardization (ISO) from 2017 to 2021.

Other appointments

Scott is a Council Member of the International Organization for Standardization (ISO) and Board member of the International Electrotechnical Commission (IEC) and of the European Committee for Standardization (CEN).

Dame Polly Courtice

Non-Executive Director

Committees: N S (Chair)

Skills and experience

Polly Courtice joined the Board as Advisor in June 2020 and was appointed a Director on 1 September 2022. Polly was Founder Director of the University of Cambridge Institute for Sustainability Leadership (1988-2021) and has been the recipient of numerous awards for her contribution to sustainability. She is a Non-Executive Director on the Board of Anglian Water Services Limited and is a member of its Nomination and Remuneration Committees. She is a member of the Supervisory Board of Mercedes-Benz Group AG and serves on its Legal Affairs Committee. She is a sustainability Advisor to Terra Firma Capital Ltd, a member of the judging panel for the King's Award for Sustainable Development, and a Trustee of Cambridge Past, Present and Future, a local charity dedicated to protecting and enhancing the Cambridge area and its green landscapes.

Other appointments

Polly is Chair of the Faculty Board of Engineering, University of Cambridge, and is a Deputy Lieutenant for Cambridgeshire.

Douglas Hurt FCA

Non-Executive Director

Committees: A (Chair) N R

Skills and experience

Douglas Hurt joined the Board in November 2015 as Non-Executive Director. Douglas started his career at PwC, where he qualified as a Chartered Accountant. From there he joined the GlaxoSmithKline Group, where he held many senior roles including Managing Director, Glaxo Wellcome UK. In 2006 he joined IMI PLC and was Group Finance Director until February 2015. He was Senior Independent Director and Chair of the Audit Committee of Countryside Partnerships PLC and became Chair of the Company during 2022 until the sale of the business.

Other appointments

Douglas is Senior Independent Director and Chair of the Audit Committee of Vesuvius PLC. He is Non-Executive Director and Chair of the Audit Committee of Hikma Pharmaceuticals PLC.

Board of Directors continued

Committee Membership

- Committee Chair
- (A) Audit Committee
- (N) Nomination Committee
- (S) Sustainability Committee
- (R) Remuneration Committee
- (SP) Standards Policy and Strategy Committee

Tim Livett

Non-Executive Director

Committees: A N R

Skills and experience

Tim Livett joined the Board as a Non-Executive Director in January 2024. He was formerly Chief Financial Officer of Caledonia Investments plc. Prior to that Tim was Chief Financial Officer of the Wellcome Trust and previously held senior financial positions at Virgin Atlantic and British Airways.

Other appointments

Tim is Audit Committee Chair and serves as Non-Executive Director of Worldwide Healthcare Trust plc as well as of Oxford University Endowment Management.

Ian Lobley

Non-Executive Director (Senior Independent Director)

Committees: A N S

Skills and experience

Ian Lobley joined the Board as a Non-Executive Director in May 2019. Ian is a Managing Partner at 3i Group PLC, the FTSE 100 international investor. With over 30 years of experience in private equity, he has been an active investor in and board member of portfolio companies in many countries and sectors. He graduated in Chemical Engineering from the University of Birmingham and, prior to 3i, worked as an engineer for BOC Speciality Gases.

Other appointments

Ian is Non-Executive Director of AES Engineering, Tato Holdings and Cirtec Medical within 3i Group's global portfolio.

Robert MacLeod

Non-Executive Director

Committees: A N R

Skills and experience

Robert is a Non-Executive Director of Vesuvius plc and of Balfour Beatty plc, as well as serving as a Non-Executive Director and Chairman of the Remuneration Committee of RELX PLC. He is also the organization's Group Finance Director and played a key role in the group's strategy and business development. Prior to that he worked for WS Atkins, latterly serving as Group Finance Director.

Other appointments

Robert serves as Non-Executive Director of Vesuvius plc and is a Non-Executive Director and Chairman of the Remuneration Committee of RELX PLC. He is also a Non-Executive Member of the Defence Science and Technology Laboratory (DSTL) Board and the Chair of its Audit, Risk and Assurance Committee.

Board of Directors continued

Committee Membership

- ● Committee Chair
- (A) Audit Committee
- (N) Nomination Committee
- (S) Sustainability Committee
- (R) Remuneration Committee
- (SP) Standards Policy and Strategy Committee

Dr Stephen Page

Non-Executive Director

Committees: N R S SP

Skills and experience

Stephen Page joined the Board in September 2015 as Non-Executive Director. Stephen has a wealth of boardroom experience in the opportunities and risks of the digital age, including cyber, AI, and data. At Accenture he held European and global leadership roles including worldwide Managing Director, Strategic IT Effectiveness. For the past seventeen years he has held a portfolio of board positions including TSB Banking Group, the National Crime Agency, The British Library, and Nominet.

Other appointments

Stephen is a Non-Executive Director of the British Army and member of the Independent Audit Committee of Thames Valley Police.

Alison Wood

Board Advisor

Committees: A N R (Chair)

Skills and experience

At the end of August 2023, Alison Wood stepped down from the Board after nine years as a Non-Executive Director and was appointed as Board Advisor. She spent nearly 20 years at BAE Systems plc in a number of strategy and leadership roles, including that of Group Strategic Director, and was the Global Director of Strategy and Corporate Development at National Grid PLC from 2008 to 2013. She has held Non-Executive Director positions with BTG PLC, Thus Group PLC, e2v PLC, Cobham PLC, and Capricorn Energy plc.

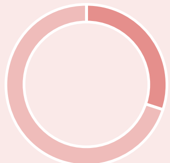
Other appointments

Alison is Chair of Galliford Try Holdings PLC and Non-Executive Director and Chair of the Remuneration Committee at TT Electronics PLC, and Oxford Instruments PLC.

Leigh Grant FCG

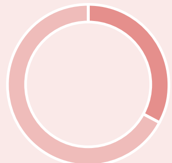
Company Secretary

Board gender diversity



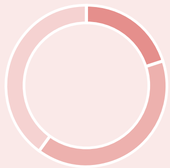
- 30% Female Directors
- 70% Male Directors

Board composition



- 30% Executive Directors
- 70% Non-Executive Directors

Board Director tenure



- 20% <1 Year
- 40% 1-5 years
- 40% >5 years

The Group Leadership Team

The Group Leadership Team has many years of experience successfully managing all aspects of complex global businesses.

Susan Taylor Martin
Chief Executive

Alison Sharp
Chief People Officer

The Group Leadership Team is chaired by the Chief Executive. It comprises the Director-General, Standards, the leaders of the four global business Divisions, the Chief Financial Officer, the Chief People Officer, the Chief Strategy & Transformation Officer, the General Counsel, the Chief Information Officer, and the Chief Commercial Officer.

Sara Dickinson
Chief Financial Officer

Dr Scott Steedman CBE
Director-General, Standards

Magdalena Duke
General Counsel

The Group Leadership Team continued

Neil Musk
Group Director,
Knowledge Solutions

Harold Pradal
Group Director,
Assurance Services

Dr Manuela Gazzard
Group Director,
Regulatory Services

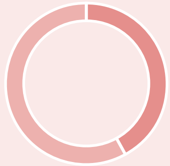
Sergio Nogueira
Group Director,
Consulting Services

Phil FitzMorris
Chief Information Officer

Jonathan Chocqueel-Mangan
Chief Strategy & Transformation Officer

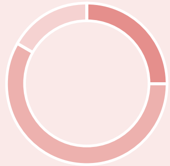
Tim Wren
Interim Chief Commercial Officer

Group Leadership Team gender diversity



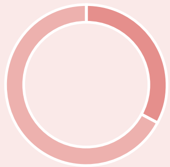
- **42%** Female
- **58%** Male

Group Leadership Team tenure



- **17%** <1 Year
- **58%** 1-5 years
- **25%** >5 years

Management Team* gender diversity



- **47%** Female
- **53%** Male

*Direct reports to Group Leadership Team

Corporate governance report

Governance Framework

Corporate Governance in BSI

The Board of The British Standards Institution is committed to the highest standards of corporate governance, which it considers fundamental to the organization's success.

The British Standards Institution is governed by its Royal Charter and Bye-laws and, in addition, continues to apply the Financial Reporting Council (FRC) UK Corporate Governance Code 2018 (the Code), which is available on their website. BSI is required by law to specify the governance regime it follows, and BSI has selected to adhere to the Code which is globally recognized as representing best practice in corporate governance.

Board leadership

The role of the Board

The Board is the governing body of BSI and leads the organization through a framework of effective controls that enable risk to be assessed and managed. It sets the organization's strategy and is collectively responsible for the long-term sustainable success of the Company, working to ensure BSI's public interest responsibility is fulfilled in accordance with BSI's Royal Charter.

The Board operates within the terms of a schedule of matters that are reserved for its decision, with specific responsibilities delegated to the Board's Committees, each of which has clear written terms of reference. Other decisions are delegated to the Chief Executive who leads the Group Leadership Team.

The Matters Reserved to the Board and the terms of reference for the Audit and Risk, Remuneration, Nominations and Sustainability Committees are reviewed annually and are available on the Company's website at bsigroup.com.

The Board establishes the Company's culture, values and ethics and, leading by example, works to ensure the Company's long term strategy and daily operations are aligned with its ethos.

Board balance and independence

The Board continues to maintain an appropriate balance of skills, knowledge and experience.

The Board has determined that the Chairman was independent on his appointment and that all the Non-Executive Directors are considered independent for the purposes of the Code. BSI's Bye-laws require that the total number of Executive Directors may not exceed the total number of Non-Executive Directors. Accordingly, at least half the Board comprises Non-Executive Directors, which is also in accordance with the Code.

The Senior Independent Director meets regularly with the other Non-Executive Directors without the Chairman being present. Alison Wood was Senior Independent Director until 28 February 2023. Ian Lobley was appointed Senior Independent Director from 1 March 2023.

Board meetings

The Board met six times during the year ended 31 December 2023. In addition, the Board attended an Annual Strategy Review meeting and travelled with the Group Leadership Team to BSI's offices in Phoenix, USA.

Directors are provided with meeting papers in advance of each Board or Committee meeting. If a Director is unable to attend a meeting, they are provided with the meeting papers to review and provide any comments to the Chairman or Committee Chair prior to the meeting.

Members of the Group Leadership Team and other members of senior management are regularly invited to attend Board meetings to present on their specific area of responsibility. Meetings between the Non-Executive Directors, in the absence of the Executive Directors, are regularly scheduled at the end of Board meetings to provide the Non-Executive Directors with an opportunity to continually assess the performance of management.

Re-election of Directors

In accordance with the Company's Bye-laws, Non-Executive Directors are required to submit themselves for re-election at the next Annual General Meeting following their first appointment by the Board. Additionally, one-third, rounded down, of the other Directors are required to retire by rotation and stand for re-election at each Annual General Meeting. The Bye-laws also require the Chairman to be elected annually by the Board. Details of Non-Executive Directors subject to re-election and rotation at the 2024 Annual General Meeting can be found on page 98.

Board effectiveness

Board evaluation

An evaluation process is carried out annually to support continuing improvement in the effectiveness of the Board and Board Committees and, in accordance with the Code, this process is led by an external facilitator at three-year intervals. BSI had facilitated the review internally in 2021 and 2022 and recognizing the value of conducting the exercise, notwithstanding that Board membership was in a process of transition, undertook an externally facilitated evaluation in 2023. The Chartered Governance Institute UK and Ireland, Board Evaluation Unit (CGIUKI) facilitated the evaluation. CGIUKI is an independent provider of Board evaluations and has no other connection with BSI or individual Directors. The process was based upon structured individual interviews of Board, and Board Committee Members as well as regular participants at their meetings and was completed in December 2023. A report on

Corporate governance report continued

Board Attendance

Attendance	Jan	Mar	May	Jun	Sep	Dec
John Hirst	●	●	●	●	●	●
Susan Taylor Martin	●	●	●	●	●	●
Sara Dickinson	●	●	●	●	●	●
Dr Scott Steedman	●	●	●	●	●	●
Dame Polly Courtice	●	●	●	●	○	●
Douglas Hurt	●	●	●	●	●	●
Ian Lobley	●	●	●	●	●	●
Dr Stephen Page	●	●	●	●	●	●
Alison Wood	●	●	●	●	Ⓐ	Ⓐ

● Attended   Ⓐ Attended as Board advisor   ○ Did not attend

the results was presented to the Board that month when it was discussed and adopted. Overall, the Board and its Committees were considered effective and rated 'Good'. The process reinforced the understanding that the Board had an obligation to be a high performing unit as much as the business, and every team within it. The process identified some useful administrative improvements and two principal recommendations which were that:

- The Board should review the composition, working, and effectiveness of the Nomination and Remuneration Committees. > These are being addressed during 2024 in line with the renewal of the Committee membership .
- The members of the Audit and Risk Committee should be independent NEDs and the Board Chairman should no longer be a member. > John Hirst, Chairman stepped down as a member of the Committee at the end of 2023.

No evaluation of individual NEDs took place due to imminent Board and Committee membership changes.

Board induction, training and development

Compliance training, including training on BSI's Code of Business Ethics, Information Security and Anti-Bribery and Corruption, is made available to all Directors. When appointed, new Directors are provided with a full and tailored induction in order to introduce them to the business and management of the Group. Throughout their tenure, Directors are given access to the Group's operations and staff, and receive updates on relevant issues as appropriate, taking into account their individual qualifications and experience. This allows the Directors to function effectively with appropriate knowledge of the Group.

The Company Secretary facilitates any other professional development that Directors consider necessary to assist them in carrying out their duties.

The Board is satisfied that each Director has sufficient time to devote to discharging their responsibilities as a Director of the Company.

Support and independent advice

The Board is supported by the Company Secretary, who is available to give ongoing advice to Directors on Board procedures and corporate governance.

The Directors may take independent professional advice, if necessary, at the Company's expense. None was taken in 2023.

Directors' conflicts

The Board has a formal process for the Directors to disclose any conflicts of interest, and any decision of the Board to authorize a conflict of interest is only effective if it is agreed without the conflicted Director(s) voting or without their votes being counted. In making such a decision, the Directors must act in a way they consider in good faith will be most likely to promote the success of the Group.

Code Compliance Statement

BSI has applied the Code throughout 2023, wherever possible under our constitution as a Royal Charter Company without shareholders and where relevant to our organization.

The Code operates on a 'comply or explain' basis and the Company provides an explanation with regard to the following provisions:

- Provision 3 – The Chair should seek regular engagement with major shareholders. > BSI's Subscribing Members are not directly comparable with shareholders and separate arrangements exist for the Board and the Chairman to engage with BSI's Subscribing Members and other stakeholders.

Corporate governance report continued

- Provision 4 – Actions to be taken regarding votes cast against Annual General Meeting resolutions. > While BSI's Subscribing Members are not directly comparable with shareholders, transparency is important – the resolution to increase fees received more than 20% of votes against, so a detailed explanation was provided on fee increases in the annual report 2022. For 2023 a full explanation was provided in the notice of meeting for the AGM in 2023 and presented by the Chief Executive at the AGM in 2023.
- Provision 18 – Directors should be subject to re-election at the Annual General Meeting each year. > In accordance with BSI's constitution, Directors are proposed for re-election at the AGM following their appointment and one-third, rounded down, of the remainder must stand for re-election at each Annual General Meeting.
- Provision 21 – There should be a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chair and individual Directors. > While an externally facilitated evaluation process was carried out in 2023, no evaluation of individual NEDs took place due to imminent Board changes.
- Provision 24 – The Chair should not be a member of an Audit Committee. > John Hirst, Chairman of BSI was a member of the Audit and Risk Committee because of the significant financial and business expertise his membership brings. He stepped down from that membership on 31 December 2023.
- Provision 32 – 'The Board should establish a Remuneration Committee of Independent Non-Executive Directors'. > Membership of the Committee complied with the provision until 31 August 2023 when Alison Wood stepped down as an Independent Non-Executive Director. As Board Advisor she has continued as Chair of the Committee to cover the role until her successor is appointed in 2024,
- Provision 36 – Director share schemes. > With no shareholders BSI cannot comply with this provision, however the Company does operate a Long Term Incentive Plan to help align a proportion of Directors' remuneration with long-term corporate performance.

Sustainability

Sustainability is a core element in BSI's purpose and is embedded into BSI's governance. BSI's success is strongly bound to how it effectively navigates the opportunities and risks of sustainability and climate change.

Climate change risk is captured as part of Environmental, Social and Governance risk in the Principal Risk Register, and in the Task Force on Climate-related Financial Disclosures (TCFD) reporting, which is reviewed by the Board.

The Board sets various policies relating to sustainability and climate change, and in particular the Group Sustainability Code, which was developed with reference to:

- BS ISO 26000: Guidance on Social Responsibility;
- BS ISO 20400: Guidance on Sustainable Procurement;
- The UN Universal Declaration of Human Rights;
- The ILO Declaration on Fundamental Principles and Rights at Work;
- The UN Guiding Principles on Business and Human Rights;
- The International Labour Organization (ILO) Core Conventions;
- The UN Global Compact; and
- The Ethical Trading Initiative (ETI) Base Code, as well as the BSI Code of Business Ethics and relevant BSI internal policies.

The Sustainability Code sets the foundational principles from which we work and the expectations we place on our business partners. The Board receives regular updates on progress against specific operational sustainability targets including climate mitigation in our own operations, community engagement, and the development of sustainability-related products and services across the Group.

The Board's work on sustainability is supported by its Committees, especially the Sustainability Committee chaired by Dame Polly Courtice, the Founder Director of the University of Cambridge Institute for Sustainability Leadership. Directors' understanding of sustainability issues was included in the annual Board evaluation. Sustainability measures have been built into Executive remuneration performance targets.

The Report of the Sustainability Committee can be found on pages 82 and 83.

Internal Control

Control Framework

The Board has overall responsibility for establishing and maintaining oversight over the entire system of internal control for the Company and for reviewing its effectiveness. There is a written schedule of matters reserved to the Board and clearly documented delegations of authority. The organization's control framework addresses operational, compliance, and financial risks as well as financial reporting. The Board has delegated regular review of the organization's risk management to the Audit and Risk Committee which regularly reports to the Board. The Board regularly reviews the Company's principal risks and its internal controls. No significant failings or weaknesses have been identified.

The Group's internal control system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. There is an

Corporate governance report continued

ongoing process, established in accordance with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting 2014, for identifying, evaluating and managing the significant risks faced by the organization, which has been in place during the year under review and up to the date of approval of this Annual Report and financial statements.

The principal risks and uncertainties the Group faced during the year are set out on pages 52 to 59 of the Strategic report.

Identification and evaluation of key risks

There is a formal and ongoing process of risk management review in each area of the Company's activities. The Group Risk Committee is chaired by the Chief Executive and is comprised of the entire Group Leadership Team and the Head of Internal Audit and Risk. It is responsible for the effective operation of risk management activities within the Group and to communicate the status of risk, controls and mitigation actions to the Board, and the effectiveness of the risk management process to the Audit and Risk Committee. It is the Group Risk Committee's responsibility to focus and co-ordinate risk management activities throughout the Group to facilitate the appropriate identification, evaluation, mitigation and management of all key business risks.

Monitoring and corrective action

A process of control, self-assessment and regular management reporting on control issues provides assurance to management and to the Board. Controls are reviewed, applied and updated whenever appropriate throughout the year.

The risk management process is supported by BSI's internal audit and compliance functions. There is a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and delivery of the Company's activities.

All BSI colleagues have access to the Group risk management framework on the organization's intranet.

The process of requiring senior levels of management to provide an annual Letter of Assurance provides formal confirmation that governance and compliance matters have been properly addressed.

Information and financial reporting systems

Financial reporting procedures include detailed financial plans for the year and management accounts are produced monthly. These are reviewed in detail by the Group Leadership Team and are reported at each Board meeting. The Board also regularly reviews progress towards the achievement of key business objectives, targets and outcomes.

BSI Code of Business Ethics

Underpinning the Group Risk Management Framework is the BSI Code of Business Ethics which was most recently updated in December 2022. This sets out the ethical values and high standards of integrity that the Group aims to put at the forefront of all its activities. It also includes policies covering the prevention, detection and reporting of fraud, bribery or money laundering, and any instances of which are reported to the Audit and Risk Committee. The Company seeks to maintain the highest standards of ethics and integrity in the way it conducts its business with relevant policies adopted by the Board and implemented in the Company.

Stakeholder engagement

In order for the Company to meet its responsibilities to stakeholders, the Board has to ensure effective engagement with them and encourage their participation. Details and examples of BSI's engagement with stakeholders is set out in the Section 172 statement on pages 28 to 32.

By Order of the Board

John Hirst CBE

Chairman
28 March 2024

Statement of Directors' responsibilities in respect of the financial statements

Leigh Grant FCG

Company Secretary

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 102 have been followed for the parent company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and parent company's auditors are aware of that information.

By Order of the Board

Leigh Grant FCG

Company Secretary
28 March 2024

Report of the Audit and Risk Committee

Douglas Hurt FCA

Chair of the Audit and Risk Committee

During the year, the Committee maintained its focus on ensuring the integrity of the Group's financial reporting by maintaining strong oversight over the adequacy and effectiveness of the Group's internal financial controls and the internal control and risk management system.

Audit and Risk Committee Attendance

The Committee met three times in the year ended 31 December 2023

Attendance	Mar	May	Nov
Douglas Hurt (Chair)	●	●	●
John Hirst	●	●	●
Ian Lobley	●	●	●
Alison Wood	●	●	A

● Attended   A Board Advisor – attended as Committee Member

On behalf of the Board, the Audit and Risk Committee (the Committee) has responsibility for overseeing the Group's financial integrity and addressing its risk. It works with the Chief Financial Officer and the finance team, and is aided in its work by BSI's Internal Audit department and the external auditors, to ensure areas of financial risk are being identified and mitigated. In a developing environment of governance and regulation, the Committee helps BSI make sure that financial reporting is compliant as well as ensuring that the Annual Report is fair, balanced and understandable.

During the year, the Committee maintained its focus on ensuring the integrity of the Group's financial reporting by maintaining strong oversight over the adequacy and effectiveness of the Group's internal financial controls and the internal control and risk management system.

The Committee is responsible for the remit of the Internal Audit function and for monitoring the effectiveness of its work. The Committee reviews the work of the department with its head to ensure non-conformities and other issues are detected by applying appropriate investigatory rigour and then properly addressed with lessons learnt for the future.

The Committee oversees the work of the external auditors, PricewaterhouseCoopers LLP (PwC), and, prior to its audit, discussed and agreed with it the nature and scope of the audit. The 2023 audit continued to apply a risk-based approach to the audit plan designed to address the profile of the Group. During the year the Committee led the regular process to re-tender for an external auditor and, after careful consideration, Ernst & Young (EY) was chosen to be the Group's auditor from financial year 2024. BSI looks forward to working with EY in the future. I would like to take this opportunity to thank the PwC team for their diligence and hard work for many years.

In 2023, the Committee continued to focus on risk. It received reports from management on current and potential risks and ensured processes were in place to adequately address and contain them within the Board's defined risk appetite.

While the Committee operates to a pattern of work around the Group's annual reporting cycle, it also regularly considers matters in areas that could create risk, such as reviewing anti-bribery measures, fraud protection activity, and other financial compliance matters, as well as reviewing the whistleblowing process on behalf of the Board.

The effectiveness of the Committee's performance, considered as part of the Board evaluation process, is reported on pages 68 and 69. A recommendation of the process was that the Board should keep the composition, working and effectiveness of the Committee under review and also recommended that, in accordance with the Code, the members of the Audit and Risk Committee should be independent NEDs and the Board Chairman should no longer be a member. As noted, John Hirst, Chairman, stepped down as a member of the Committee at the end of 2023.

Report of the Audit and Risk Committee continued

The Committee

Committee Membership

The Committee is established by the Board under the terms of reference which are reviewed annually. A copy of the Committee's terms of reference is available on the BSI Group website.

During the year ended 31 December 2023 the Committee comprised:

Douglas Hurt

John Hirst (to 31 December 2023)

Ian Lobley

Alison Wood

In determining the composition of the Committee, the Nominations Committee and the Board have selected Non-Executive Directors who bring an independent mindset to their roles as well as the necessary range of skills, experience and knowledge.

During 2023, John Hirst was a member of the Audit and Risk Committee even though the appointment of a company chairman to an audit committee is not in compliance with the recommendations of the FRC UK Corporate Governance Code, as it was considered that John's membership was of benefit to the Committee due to his experience as a Chartered Accountant and the significant financial and business expertise his membership brought. With new members joining the Committee in 2024, John stepped down from it on 31 December 2023.

The Chief Executive, Chief Financial Officer, Deputy Chief Financial Officer, Head of Internal Audit and Risk, and Head of Compliance and Ethics along with the external auditors, are invited by the Committee to attend its meetings as appropriate.

Douglas Hurt is a Chartered Accountant and was Finance Director of IMI PLC for nine years until 2015 and also chairs the Audit Committees of Hikma Pharmaceuticals PLC, and Vesuvius plc, and is deemed to have recent and relevant financial experience. Members of the Committee have broad experience in international business to business organizations and in many of the sectors in which BSI concentrates. As such, the Committee as a whole is deemed to have relevant competence in the sector in which the Company operates.

Tim Livett, a member of the Chartered Institute of Management Accountants, joined the Committee on 1 January 2024 and Robert MacLeod, a Chartered Accountant, joined the Committee on 1 March 2024. Both have recent and relevant financial experience.

Key responsibilities of the Committee

The Committee focuses its agenda on financial reporting risk and reviewing the validity of critical accounting judgements and estimates. It considers risk in its broader sense to ensure that appropriate financial controls are in place. The Committee reviews the annual Internal Audit plan to ensure appropriate focus and resource. The Committee provides challenge and support to the Chief Financial Officer and Group Finance team. The Committee receives any required information from management in a timely manner and in formats which are comprehensible and sufficient to fulfil its responsibilities.

The key responsibilities of the Committee include:

- monitoring the integrity of the financial statements of the Company and the Group including consideration of the appropriateness of accounting policies and material assumptions and estimates adopted by management;
- reviewing the content of the Annual Report to advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary to assess the Group's performance, business model and strategy;
- considering the remit of the Internal Audit function, monitoring its effectiveness and reviewing and approving the internal audit plan;
- reviewing the Company's internal financial controls and internal controls and risk management systems, reviewing procedures for detecting fraud, and systems and controls for the prevention of bribery, and to ensure that a review is conducted of all alleged instances of fraud;
- overseeing the relationship with the external auditors and assessing the effectiveness of the audit process and the independence, expertise and judgement of the external auditors;
- agreeing the scope of the Audit with the external auditors;
- making recommendations to the Board about the appointment, reappointment and removal of the external auditor;
- approving the remuneration and terms of engagement of the external auditor;
- monitoring the risk exposures of the Company, including risk to the Company's business model, and solvency and liquidity risks;
- overseeing the ability of the Company's risk management and internal control systems to identify the risks facing the Company and enable a robust assessment of principal risks;
- advising the Board on the Company's overall risk appetite, tolerance and strategy;
- overseeing the Company's policy on non-audit services from the external auditors; and
- reviewing the adequacy and effectiveness of the Company's compliance function as well as, on behalf of the Board, reviewing whistleblowing processes and reports.

Report of the Audit and Risk Committee continued

Activities of the Committee

There is an annual work plan in place that specifies the key agenda items for each scheduled meeting of the Committee to ensure that all formal matters have been addressed.

Items reviewed at Committee meetings in 2023 included:

- the Annual Report and the consolidated and parent company financial statements;
- internal audit reports, the results of completed audits and follow-up activity;
- the internal audit plan for 2023 and agreement of the proposed plan for 2024;
- the Group's risk management framework and an update on enhancements in progress through the delivery of the risk management strategy;
- an update on risk management;
- the findings from the previous year's management Letter of Assurance exercise and agreement of the format for the following year;
- the stress testing scenarios to be used in connection with the Viability Statement in the 2023 Annual Report and financial statements;
- overseeing compliance with the reporting recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD);
- updates from the Chief Financial Officer on key hires in the Finance function;
- consideration of cyber ransomware risks and protections;
- review of Assurance Services third party due diligence processes;
- a report on Group tax strategy and recent key tax reviews;
- an update from the Head of Treasury regarding treasury activity and a review of the operation of the new global cash pooling arrangement;
- a report on compliance with the financial obligations under the Memorandum of Understanding with the UK Government and with other project-related financial reporting obligations;
- an update on the strategy and funding of the Company's defined benefit pension scheme;
- the external auditor's fees for consideration and approval;
- reports from the external auditor, including the audit plan, the key audit risks, and the auditor's assessment of the Group's key accounting judgements and disclosures;
- a review of the effectiveness of the external audit;
- the re-tender of the external audit and the recommendation for the appointment of EY;
- an update on audit and corporate reform developments;
- reports from the Head of Compliance and Ethics on how the function oversaw the prevention of fraud and bribery; and
- on behalf of the Board, a review of the Group's whistleblowing processes and the whistleblowing reports received.

Financial reporting

The Committee's primary responsibility in relation to the Group's financial reporting is to review, with management and the external auditors, the appropriateness of the annual financial statements. The Committee focuses on:

- the quality, acceptability and consistency of the accounting policies and practices;
- the clarity and consistency of the disclosures, including compliance with relevant financial reporting standards and other reporting requirements.
- Significant issues where management judgements and/or estimates had been made that were material to the financial statements or where discussions had taken place with the external auditors in arriving at the judgement or estimate; and
- in relation to the overall Annual Report, whether the Annual Report and financial statements as a whole are fair, balanced and understandable and provides the information necessary to assess the Company's position and performance, business model and strategy.

Significant issues and material judgements

The Committee has power delegated by the Board, under its terms of reference, to maintain oversight over critical accounting judgements and estimates and it discusses with the external auditors, where appropriate, the proper application of accounting rules and compliance with disclosure requirements.

The significant accounting judgements considered by the Committee when recommending the 2023 Annual Report to the Board are summarized below.

Impairment review

Management undertakes an annual review, or at other times if circumstances indicate a possible issue, to determine if the carrying value of goodwill and other intangible assets is impaired. This impairment review requires the exercise of judgement and application of assumptions by management including estimates used in deriving future cash flows and discount rates applied to these cash flows. The estimation process is complex due to the inherent risks and uncertainties associated with long-term forecasting.

In 2022 there was an £11.9m impairment of goodwill in the Digital Trust Consulting (DTC) Cash Generating Unit (CGU) and an additional £4.7m impairment of acquired finite lived intangible assets within the Consulting Services Division.

Report of the Audit and Risk Committee continued

As a result of the recognition of these impairment charges in the prior year, for the year ended 31 December 2023, the Committee further challenged the assumptions in calculating the Value in Use calculations for the DTC and Environmental, Health & Safety (EHS) CGUs. This included a review of future cash flows, discount rates and growth rates applied, together with the application of sensitivities representing reasonably possible changes, to determine if they could potentially lead to a material adjustment to goodwill in the next financial year.

After discussion with Management and the external auditors, the Committee agreed with Management's conclusion that no impairment charge was required for the year ended 31 December 2023.

Retirement benefit surplus

BSI operates a funded defined benefit pension scheme in the UK, administered by independent trustees. As at 31 December 2023, the scheme had assets and liabilities of £315.1m and £303.8m respectively. Pension liabilities remain a significant source of estimation uncertainty and judgement. Given the judgements associated with the pension assumptions used to calculate the scheme surplus, including the discount rate, mortality rates and future salary increases, management engages an independent and qualified actuary to undertake the accounting valuation.

As at 31 December 2023, the scheme had a surplus of £11.3m (31 December 2022: surplus £20.1m). There have been no changes to the scheme deed or rules during the year. As a result, in compliance with IFRIC 14, the Group continues to recognize the economic benefit that would arise from a refund of the surplus, assuming the gradual settlement of the plan over time.

The Committee reviewed and challenged the assumptions used in the calculation of the surplus contained in the independent actuarial report. The Committee also considered the external auditor's review of the pension assets and liabilities, including the views of PwC's in-house expert valuations and actuarial teams (in respect of key assumptions and methodologies applied in the valuation of the liabilities and certain assets).

Following the review, the Committee was satisfied as to the accuracy and accounting treatment of the defined benefit pension scheme's reported accounting position and impact on the financial statements.

Taxation

Recognition of deferred tax

At 31 December 2023, BSI is recognizing a net excess of deferred tax assets over deferred tax liabilities of £7.9m (31 December 2022: net excess of deferred tax assets over deferred tax liabilities of £5.7m). Included in that net amount is the value of tax losses, principally in the UK, amounting to £9.3m (31 December 2022: £4.5m). There are also other losses with a non-material value which are not being recognized. Recognition of deferred tax losses and other attributes is a matter of judgement. The Committee has reviewed and challenged the assumptions used in the recognition of losses in particular and is satisfied that the tax value of losses and other attributes are recognized appropriately in the financial statements.

Provision for uncertain tax positions

During 2023, an increase in the provision for uncertain tax positions has been recognized in the financial statements in the amount of £6.3m (31 December 2022: £3.0m). The increase in the provision has been made by management having regard to the multinational nature of BSI's business and continuing developments in the international tax environment which place increasing compliance burdens on multinational enterprises. Provision for uncertain tax positions is a matter requiring considerable judgement involving interpretation of tax laws when filing tax returns and associated information returns with tax administrations. The Committee has reviewed and challenged management in relation to the calculation of the uncertain tax positions' provision and is satisfied that the level of provision in the financial statements is appropriate.

Following discussions with management and the external auditor, the Committee approved the disclosures required in the 2023 Annual Report and financial statements.

Fair, balanced and understandable

The Committee reviewed early drafts of the 2023 Annual Report and financial statements to enable input and comment and considered the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements.

The Committee assessed whether the 2023 Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the Company's position and performance, business model and strategy.

This work enabled the Committee to provide positive assurance to the Board to assist them in approving the 2023 Annual report and financial statements.

Report of the Audit and Risk Committee continued

Going concern statement and viability statement

The Committee considered BSI's going concern statement and challenged the nature, scale and effects of the combination of the severe but plausible threats to the business model, future performance, solvency, and liquidity of the Group.

As a result of its review, the Committee was satisfied that the going concern statement and viability statement had been prepared on an appropriate basis. The 2023 going concern statement and the 2023 viability statement are contained within the Directors' report on pages 99 to 101.

External audit

The Committee is responsible for the relationship with the external auditors and their quality, expertise, and judgement as well as for assessing the effectiveness of the audit process. The Committee is responsible for ensuring that possible conflicts of interest with the external auditors are identified and adequately mitigated, including by monitoring the operation of the Group's policy on the engagement of the external auditors to supply non-audit services.

Audit tender

The Committee undertook a re-tender exercise in 2023 to select a new external auditor for appointment in 2024. This was a year longer than the ten year period that is recommended, but the Committee decided to defer the process due to management changes in the finance function. As PwC had been re-selected at the previous re-tender, they were not invited to participate during the latest process due to the length of their tenure.

A comprehensive process was carried out to select a new auditor. This began by seeking expressions of interest from the three other largest audit firms as well as a number from the next tier. Firms expressing interest were provided with a detailed Request For Proposal (RFP) document which included information about BSI and requested the key deliverables required, matters to be included in the proposal and the fee structure, as well as detailing the evaluation process and selection timetable. A virtual data room of information was provided to the firms tendering and they were offered the opportunity of asking follow-up questions.

Once the RFPs had been received, three firms were shortlisted and each presented to the Committee at its June 2023 meeting. The firms were rated, with the assessment of audit quality being the most heavily weighted element.

The Committee agreed to recommend to the Board the appointment of EY as the Group's external auditor. The Board agreed to the recommendation, and a resolution to that effect will be tabled at the 2024 Annual General Meeting.

2023 Audit Plan

PwC's 2023 year-end audit plan was agreed in advance with the Committee based on agreed objectives. The audit focused on areas identified as representing significant risk and requiring significant judgement. PwC maintained a dialogue with the Committee throughout the year providing regular updates, including commentaries on significant issues and its assessment of consistency and appropriateness in the judgements and estimates made by management. The Chair of the Committee met with PwC on a number of occasions to monitor the progress of the audit and address questions that arose.

The Committee held meetings with PwC without management being present and PwC confirmed that its work had not been constrained in any way and that it was able to exercise appropriate professional scepticism.

The Independent Auditors' Report from PwC on pages 102 to 111 includes PwC's assessment of the key audit matters which have been discussed in the significant issues and material judgements section above.

The report also summarizes the scope, coverage, and materiality levels applied by PwC in its audit. As part of the audit planning process, and based on a detailed risk assessment, the Committee agreed an overall Group materiality figure of £2.9m (2022: £3.1m) and is based on 5% of the three year average profit before tax of the years ended 2021, 2022 and 2023. Any misstatement at or above £0.30m (2022 £0.31m) was reported to the Committee.

There were no significant changes this year to the coverage of the audit which stood at 73% of the Group's revenue (2022: 73%) and 90.6% of profit before tax (2022: 80%). This coverage was considered to be sufficient by the Committee.

Independence

There are a number of robust policies in place, all of which aim to safeguard the independence of the external auditors. There are no contractual obligations that restrict the Company's choice of external auditors.

Matthew Mullins led the 2023 external audit process, taking over from Owen Mackney, who had rotated off the engagement after five years in accordance with Auditing Practices Board standards.

Report of the Audit and Risk Committee continued

External auditors' effectiveness

The Committee reviews and monitors the effectiveness of the external audit process on an annual basis. An Auditors' Effectiveness Checklist, which examined the robustness of the audit process, quality of delivery, quality of reporting and quality of people and service, was completed by management and members of the Committee.

The results were analyzed, and a full report was submitted for review by the Committee. The report was discussed with PwC, and the Committee concluded that PwC provided an effective, independent and objective audit.

Non-audit services

The fees paid to the external auditors for audit and non-audit work are set out in Note 7 of the financial statements. The external auditors provided no non-audit services during the year.

Any proposed provision of non-audit work by the external auditors that is not immaterial is subject to thorough review by the Chief Financial Officer, in conjunction with the external auditors, to ensure there is no threat to the independence or objectivity of the external auditors and is then approved by the Committee, subject to a de minimis delegation to the Chief Financial Officer.

Internal Audit

Throughout 2023, BSI's Internal Audit function performed an extensive programme of audits in accordance with a plan agreed in advance with the Committee and constructed using a risk-based approach to cover the Group's control environment. The function also undertook additional audits in response to matters of concern. In 2023, a total of 27 audit assignments were undertaken (25 in 2022).

The Group's Internal Audit function operates on a global basis through professionally qualified and experienced individuals. The Internal Audit team reports to the Group Head of Internal Audit and Risk who reports to the Chair of the Committee.

At each of its meetings, the Committee received a report from Internal Audit detailing progress against the agreed plan, key trends and findings and an update on the progress made towards resolving issues identified.

Internal Audit has responsibility for ensuring that remediation has been appropriately assigned and it monitors the progress made towards closing those outstanding items by engaging with management to ensure those items are properly resolved with underlying concerns addressed.

The Committee involves senior management as necessary to provide an update against any high-priority actions. Internal Audit undertakes follow-up reviews as required. It monitors actions taken in response to situations where audit findings require longer-term solutions and oversees the process for ensuring that adequate mitigating controls are in place.

The Committee considered the work of the Internal Audit function during 2023, including progress against the 2023 Internal Audit plan, the quality of reports provided to the Committee and concluded that the Internal Audit function was operating effectively.

Risk management

The Board has ultimate responsibility for the organization's risk management and internal control systems. On its behalf, the Committee keeps under review the adequacy and effectiveness of those systems.

During the year the Committee received regular reports from management reviewing the Group's principal risks and considered whether the mitigating actions were adequately addressing the risks in order to contain them within the Board's defined risk appetite. Details of the organization's Principal risks and ongoing mitigating actions are given on pages 53 to 59.

The Committee monitored delivery of the Risk Management Roadmap previously agreed with the Group Risk Committee to ensure it was on track.

A new Enterprise Risk Management tool has been rolled out which will help highlight to the Committee where risk is operating outside of the Board's risk appetite. The Committee also reviewed the work of the internal audit function where it was assessing aspects of the Group's risk management framework.

The Committee believes that the Group's process for identifying and understanding its principal risks and uncertainties remains robust and appropriate.

Internal control

The key features of the Group's internal control system, which provides assurance on the accuracy and reliability of the Group's financial reporting, are detailed in the Corporate governance report on pages 70 and 71.

The Group Head of Internal Audit and Risk provided the Committee with a summary overview of the assurance provided by the Group's control framework and the testing of these controls by the Internal Audit function during 2023.

Report of the Audit and Risk Committee continued

Any control issues identified during Internal Audit reviews are addressed appropriately. Internal Audit agree remediation actions with an action owner and monitor those actions to ensure they are closed by a set date. Any overdue actions are escalated appropriately with management and reported at Committee meetings.

The external auditor also reports if there are any significant control deficiencies identified during the course of their audit.

A key aspect of the Group's internal control framework is to mitigate the risk of fraud. The risk of fraud remains a key focus area for both Internal Audit and External Audit.

At each meeting of the Committee, the Head of Compliance provides a report setting out the Group's systems and controls for preventing and detecting fraud and bribery and receives reports of any non-compliance. The importance of ensuring the workforce is properly trained to identify and combat such activity is recognized by the Committee which receives regular reports from the compliance function on the status of compliance training across the Group.

On behalf of the Board the Committee ensures the adequacy of the Group's whistleblowing arrangements. During the year the Committee received details of whistleblowing reports received through those arrangements, ensuring that, where appropriate, the necessary investigations and corrective actions took place.

In 2023, as is carried out each year, senior financial, operational and functional leaders provided a Letter of Assurance to self-certify that governance and compliance matters have been properly addressed for the areas of the business under their responsibility, as well as to confirm the existence of adequate internal control systems throughout the year. The Committee reviewed the reported exceptions.

The Group's internal control framework is regularly reviewed by management to determine areas for improvement.

The work undertaken during the year indicated the existence of an appropriate control environment. Accordingly, the Committee was able to provide assurance to the Board on the effectiveness of internal financial control within the Group, and on the adequacy of the Group's broader internal control systems.

Committee activities in 2024

An External Quality Assessment (EQA) of the internal audit function was carried out at the beginning of 2024, overseen by the Committee. The results of this were presented to it in March 2024 and the Chartered Institute of Internal Auditors, which carried out the EQA, concluded that BSI had an effective Internal Audit function.

During 2024, the Committee will maintain its rigorous oversight over the Group's financial reporting and in particular the internal control framework. It will support the Internal Audit function to continue to ensure BSI's assurance frameworks are suitably comprehensive.

The Committee will continue to oversee the external audit process and will pay particular attention to how well EY performs in its first full year as our external auditors. It will also continue its work in ensuring that reporting on the Group's performance, business model and strategy is provided in a clear and informative way.

By Order of the Board

Douglas Hurt FCA

Chair of the Audit and Risk Committee
28 March 2024

Report of the Nominations Committee

John Hirst CBE

Chair of the Nominations Committee

In 2023, the Committee retained Russell Reynolds Associates to advise on the appointment of new Non-Executive Directors to the Board.

Nominations Committee attendance

The Committee met five times in the year ended 31 December 2023

Attendance	Mar	May	Sep	Sep	Oct
John Hirst (Chair)	●	●	●	●	●
Dame Polly Courtice	●	○	●	●	●
Douglas Hurt	●	●	●	●	●
Ian Lobley	●	●	●	●	●
Dr Stephen Page	●	●	●	●	●
Susan Taylor Martin	●	●	●	●	●
Alison Wood	●	●	●	A	A

● Attended A Board Advisor – attended as Committee Member ○ Did not attend

The Code sets out that Non-Executive Directors with more than nine years on the Board may no longer be considered as 'independent'. Alison Wood reached that milestone on 31 August 2023, and retired as a Director, and Stephen Page and Douglas Hurt will also retire as they reach nine years of service as Directors during 2024. Accordingly, during 2023, the focus of the work of the Nominations Committee (the 'Committee') was on the recruitment of Non-Executive Directors.

The Committee carried out its annual rolling review of the Board and Board Committee succession plan and undertook to ensure that, as Directors retired and were appointed, there would be no gaps in the collective expertise of the Board and its committees.

The effectiveness of the Committee's performance, considered as part of the Board evaluation process is reported on pages 68 and 69. A recommendation of the process was that the Board should review the composition, working, and effectiveness of the Committee and that will be addressed during 2024 in line with the renewal of its membership as new Non-Executive Directors join the Board.

Committee membership

The Committee is established by the Board under its the terms of reference which are reviewed annually. A copy of the Committee's terms of reference is available on the BSI Group website.

During the year ended 31 December 2023 the Committee comprised:

John Hirst

Dame Polly Courtice

Douglas Hurt

Ian Lobley

Dr Stephen Page

Susan Taylor Martin

Alison Wood

The Chairman of the Board is also the Chair of the Committee.

Alison Wood stepped down as a Director on 31 August 2023 but remained on the Committee in her role as a Board Advisor.

Key responsibilities of the Committee

- keep under review the Board's structure, size and composition, and ensure it has the appropriate balance of skills, expertise, and experience;
- give full consideration to succession planning for the Board in the course of its work;

Report of the Nominations Committee continued

- keep under review the leadership needs of the Board, both Executive and Non-Executive members;
- assess the time commitment required from Non-Executive Directors; and
- keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.

Activities of the Committee

An annual work plan is in place that specifies the key agenda items for each scheduled meeting of the Committee to ensure that all responsibilities of the Committee have been addressed.

During the year, the main activities of the Committee included:

- the recruitment of new Non-Executive Directors and recommending their appointment to the Board;
- discussing inclusion and diversity in relation to the Board's composition and reviewing its current appointment policy;
- reviewing the Board Skills Matrix; and
- determining the Directors subject to re-election at the Annual General Meeting.

Non-Executive Director recruitment

In 2023, the Committee retained Russell Reynolds Associates to advise on the appointment of new Non-Executive Directors to the Board. Russell Reynolds Associates has no other connection with BSI or individual Directors. The Committee was mindful of the need to recruit NEDs who could also serve as Committee Chairs and so, for those roles, would need to have specific role-related skills, as well as being able to meet the additional criteria set out in the Code. The Committee also bore in mind the benefits of diversity when considering candidates, and that was included as a key criterion.

A comprehensive recruitment process was undertaken. A long list was drawn up from candidates provided by Russell Reynolds Associates and a detailed selection process was carried out which included interviews with Directors and members of the Group Leadership Team. A shortlist was then drawn up and the remaining candidates were interviewed by the Committee. One candidate was known to a Committee member and so he did not interview that individual. Following that process recommendations made to the Board. The Board agreed to the recommendations of the Committee, appointing Tim Livett and Robert MacLeod as Independent non-Executive Directors of the Company with effect from 1 January and 1 March 2024, respectively.

Diversity

The Board fully understands the important benefits that diversity brings.

The BSI Group uses job-related objective criteria in the selection of candidates and includes in the consideration the value of diversity and inclusion. The Board applies the same policy to its own composition. When nominating new Directors, the Nominations Committee will carefully consider the necessary skills, knowledge, and experience required for the Board and its Committees to discharge its duties which include the benefits that diversity can bring.

At all times the Board and its Committee comply with the Group Equality and Diversity Policy. The Board reports annually on diversity. The gender diversity statistics of the Board as at the date of the Annual Report and financial statements are presented on page 65.

Areas of focus for 2024

For 2024, the Committee will:

- take a long-term view on Board composition, diversity, and succession planning in light of strategy.
- ensure a continuing focus on succession planning for the Board.
- undertake Board recruitment to maintain the strength of the Board, bearing in mind diversity considerations.

By Order of the Board

John Hirst CBE

Chair of the Nominations Committee
28 March 2024

Report of the Sustainability Committee

Dame Polly Courtice

Chair of the Sustainability Committee

The Board's Sustainability Committee oversees the governance of sustainability at BSI. Support is provided by the Group Operational Excellence Sustainability Team.

Sustainability Committee Attendance

The Committee met three times in the year ended 31 December 2023

Attendance	Mar	May	Sep
Dame Polly Courtice (Chair)	●	●	●
John Hirst	●	●	●
Ian Lobley	●	●	●
Dr Stephen Page	●	●	●
Dr Scott Steedman	●	●	●
Susan Taylor Martin	●	●	●

● Attended

BSI exists to have a positive impact on society. We work with clients and stakeholders to deliver solutions to society's biggest challenges, accelerating progress towards a sustainable world.

The Board's Sustainability Committee oversees the governance of sustainability at BSI and reviews and challenges the Group's sustainability strategy, policies, and services and practices. It acts as a champion for sustainability to the Board, encouraging it to raise its level of ambition continuously. Support is provided by the Group Operational Excellence Sustainability Team.

On behalf of the Board, the Committee oversees the three aspects of sustainability in BSI's strategy:

- To help our clients and stakeholders tackle their own sustainability challenges;

Read more on pages 33 and 34

- To work with others on a global scale to mobilize expertise to enable progress toward a sustainable world for everyone; and

Read more on page 36

- How we apply sustainability in our own operations so we can be an example of an organization that seeks to achieve the most sustainable performance possible.

Read more on pages 37 to 40

Committee Membership

The Committee is established by the Board under its terms of reference which are reviewed annually. A copy of the Committee's terms of reference is available on the BSI Group website.

During the year ended 31 December 2023 the Committee comprised:

Dame Polly Courtice (Chair)

John Hirst

Ian Lobley

Dr Stephen Page

Dr Scott Steedman

Susan Taylor Martin

The Chief Strategy and Transformation Officer as well as the Director of Group Sustainability and other internal and external guests are invited by the Committee to attend its meetings as appropriate.

Key responsibilities

These include:

- assisting the Board in its review of major and future sustainability trends, making recommendations on what is relevant to BSI;
- reviewing and challenging performance against agreed sustainability targets and KPIs from data and information supplied from within the Group;

Report of the Sustainability Committee continued

- keeping under review, based on information supplied from within the Group, the Group Sustainability Code, the Group Procurement Policy, the Group Charitable Donations Policy, and the Group Volunteering Policy;
- advising the Board, which is responsible for these policies, regarding responsibilities and procedures within the Group for ensuring compliance with them;
- approving the sustainability elements of the Annual Report and Greenhouse Gas disclosures, including the Group's Modern Slavery Statement, the Task Force on Climate-related Financial Disclosures (TCFD) report, and other formal sustainability reports, and presenting them to the Board for final approval prior to publication in the Group's Annual Report and Financial Statements.

Activities of the Committee

During the year Committee activities included:

- Reflecting on key sustainability trends and how they impact BSI and its stakeholders;
- Deep dives into the three aspects of BSI's sustainability strategy:
  - commercial solutions (products and services);
  - purposeful investments; and
  - Internal operations.
- Reviewing:
  - proposed external corporate sustainability memberships and partnerships;
  - BSI's Diversity, Equality, and Inclusion (DEI) activities; and
  - activities undertaken by BSI in support of social mobility.
- Consideration of global giving activity:
  - a review of the past year's activities and spend;
  - ongoing review of current year activities and spend; and
  - approval of the global giving plan and budget for the forthcoming year.
- Receiving:
  - the Sustainability Advisory Forum (SAF) annual update; and
  - the Net Zero Strategic Advisory Group (NZSAG) annual update.
- Reviewed and agreed:
  - Annual Report 2022 sustainability content (Committee Report, Sustainability-related sections and GHG disclosures);
  - BSI's Modern Slavery Statement;
  - BSI Group sustainability-related policies;
  - the Committee's Working Model and annual pattern of work 2024 and associated Committee Terms of Reference changes; and
  - the Committee's evaluation review.

Charitable donations

The Committee oversees charitable donations made by the Group on behalf of the Board. BSI is entering into partnership with a handful of esteemed charities that can help it make a positive impact on social and environmental issues that are very important to BSI and its people. The Company has set its direction of travel with NGO partners in the Human Face of Carbon and Digital Empowerment topics. BSI is pioneering an active partnership model that is grounded in social impact goals, additional pro-bono giving, and measurement against the United Nations Sustainable Development Goals.

In total, BSI gave £378,000 in 2023 as charitable donations. BSI's Match Fund programme has seen an increase in participation of 197% over 2023. To date, BSI has matched £38,000 of colleague donations, compared to £13,000 in 2022. In 2023, BSI donated £75,000 to the Disasters Emergency Committee to support efforts on the ground following the Turkey/Syria earthquake. BSI also doubled participation in their Volunteer Day for 2023.

The broader Group community contribution in 2023 is set out on pages 39 and 40.

Committee priorities for 2024

A new working model will be implemented for the BSI Sustainability Committee in 2024. This will focus on key sustainability topics that are material to BSI and its stakeholders. The Committee will examine how BSI can positively and measurably impact these topics across its operations, commercial solutions, standards co-creation and purposeful investments, to achieve desired outcomes. These topics are:

- climate stability, energy transition and offsetting;
- resource security and ecosystem health; and
- DEI, health and wellbeing, and labour practices (such as modern slavery).

A special session will also be convened to allow functions and Divisions across BSI to showcase how they have embedded sustainability in their activities, products and services and strategies.

During the forthcoming year, the Committee will continue to advise the Board on major trends and influence the shape of the Group's strategy, policies, services and practices, encouraging BSI to continuously raise its level of sustainability ambition as it is core to its purpose.

By Order of the Board

Dame Polly Courtice

Chair of the Sustainability Committee
28 March 2024

Report of the Remuneration Committee

Alison Wood

Chair of the Remuneration Committee

Transparency in remuneration reporting is an important aspect of good governance and this report aims to reflect developing best practice to the extent practicable for a Charter company.

Remuneration Committee attendance

The Committee met five times in the year ended 31 December 2023

Attendance	Jan	Feb	Mar	Sep	Dec
Alison Wood (Chair)	●	●	●	A	A
Douglas Hurt	●	●	●	●	●
Dr Stephen Page	●	●	●	●	●

● Attended A Board Advisor – attended as Committee Chair

To deliver its positive impact on society and sustainability in line with its purpose, BSI must be commercially successful in a competitive business environment. In setting Executive Director remuneration, the Remuneration Committee (the 'Committee') fully recognizes that the quality of the Executive leadership team is a key factor in achieving success.

The Committee has therefore established a remuneration policy for BSI based upon the need to attract, retain, and motivate Executive Directors with the necessary drive, leadership, and management skills in a competitive international market for such individuals, while providing them with the incentive to deliver on challenging financial and non-financial targets.

The Committee seeks to align Executive remuneration with best practice and good reward governance of listed companies, where appropriate. The Committee also advises on the reward structure for the wider organization and gives particular focus to ensuring that overall remuneration levels are appropriate to the ethos of a Royal Charter company. In that regard, the Committee considered the remuneration of the workforce generally, making sure it was fair and reasonable in the context of the organization as a whole.

Transparency in remuneration reporting is an important aspect of good governance and this report aims to reflect developing best practice to the extent practicable for a Charter company.

Aligning remuneration to the delivery of BSI's purpose

The Executive Directors are responsible for implementing the Group's strategy so that BSI can carry out its purpose. They must strike a careful balance between managing the Group to achieve immediate goals while making strategic investments to secure longer-term ambitions and deliver on BSI's wider purpose as a public-interest organization contributing toward a fair society and sustainable world.

Over the last two years, we have reviewed our incentive plans to be more market competitive, and to include measures aligned to three strategic pillars, providing a balanced framework for performance assessment in a purpose led business. These are:

- Prosperity – revenue, profit and the long-term financial health of the Group.
- People – relationships with the workforce, clients, and other stakeholders.
- Planet – the physical environment, including the workplace, impacted by the Company.

In 2023, the Prosperity measures were Group Profit and Revenue. For People, the focus was on Culture and the impact of our culture-shaping programme. For Planet, the measure was the % reduction in Greenhouse Gas (GHG) emissions aligned to our journey to net zero.

Performance measures for 2024 will be aligned to the same strategic pillars.

To create greater focus and to ensure BSI's cash-settled Long-Term Incentive Plan (LTIP) remains competitive against share-based schemes, performance under the LTIP is measured annually, with payment based on performance for each year

Report of the Remuneration Committee continued

deferred until the end of the three-year period.

Awards made under the Annual Bonus Plan during 2023 and LTIP awards made in 2023 have been based upon the BSI Remuneration Policy which is set out on pages 96 and 97.

Addressing wider workforce remuneration

The Committee maintains oversight over wider workforce remuneration which it takes into account when setting executive reward.

We continue to focus on shaping a wider workforce reward proposition that reflects our purpose, attracts, and retains talent and rewards the performance and behaviours that enable us to remain resilient, relevant and competitive in the marketplace.

Executive reward outcomes in 2023

2023 was a year of strong financial performance which enabled us to continue our transformational investment activities. We saw good overall revenue and profit growth, driving above target performance on the prosperity measures.

Performance against the people and planet measures has not been as strong. Although progress was made in some areas, the threshold targets for both measures were not met.

Mobilizing an organization behind a new set of priorities can take time. There are lessons learned on the extent and pace to which the impact of culture change is realized, along with maturity and readiness to embed changes to travel behaviours. Tracking and measuring progress towards these strategic goals continues to be important. The timeframes and how to determine success have been taken into consideration by the Committee in 2024 target setting.

The Committee acknowledges the personal contributions made by the Executive Directors in delivering a strong set of financial results, coupled with key strategic developments and progress on transformation in 2023, that will strengthen BSI's resilience and accelerate delivery of its strategy.

Salary

The Committee has reviewed the salaries for the Executive Directors and has approved increases effective from 1 April 2024 aligned to the performance related guidance ranges applied to the wider workforce. Further details are set out on page 88.

2023 Annual Bonus

The Committee approved the formulaic outcome of the annual bonus scheme for the Executive Directors. Further details are set out on page 88. The Committee is satisfied that this is an appropriate outcome for 2023 given the overall performance of the Group and individual contributions of the Executive Directors.

Long Term Incentive Plan (LTIP) 2021

Our 2021 LTIP was designed as a three-year performance plan. The grants under this plan matured on 31 December 2023 and will be paid in 2024. The Group achieved Revenue, Profit and Client Satisfaction measures above target performance levels for this plan. Although Colleague Engagement scores have shown consistency and stability over the three-year performance period and in the face of transformational change underway at BSI, the threshold target for this measure was not met. Leadership action plans will continue to focus on leadership and development, culture and communications to drive performance to targets.

The Committee approved the formulaic outcome of LTIP 2021 for the Executive Directors at an overall outturn of 80%. Further details are set out on page 89.

Committee Membership

The Committee is established by the Board under its terms of reference which are reviewed annually. A copy of the Committee’s terms of reference is available on the BSI Group website.

During the year ended 31 December 2023 the Committee comprised:

Alison Wood (Chair)

Douglas Hurt

Dr Stephen Page

When appropriate, John Hirst, Susan Taylor Martin, Sara Dickinson and other Directors as well as the Chief People Officer, Alison Sharp, and Reward and Performance Director, Suzanne Pestereff, have been invited to attend Committee meetings. Directors do not attend meetings where their own remuneration is under consideration.

I stepped down as an Independent Non-Executive Director on 31 August 2023 and was appointed Board Advisor. I agreed to continue as Committee Chair in that capacity and, while not in compliance with the Code, I am pleased to remain as Chair until Robert MacLeod is appointed as my successor during 2024.

Tim Livett joined the Committee on 1 January 2024 and Robert MacLeod joined on 1 March 2024. Robert is Chairman of the Remuneration Committee of RELX PLC.

Report of the Remuneration Committee continued

Key responsibilities of the Committee

The Committee is delegated by the Board to determine and oversee the operation of the Group's remuneration policy relating to senior management, excluding the Non-Executive Directors.

The key responsibilities of the Committee include:

- setting the remuneration policy for the Executive Directors considering all factors the Committee deems necessary, including relevant legal and regulatory requirements;
- determining policy for the remuneration of the Group's Leadership Team and other key staff;
- reviewing the continuing appropriateness and relevance of the remuneration policy;
- reviewing and having regard to the remuneration trends across the Company and Group;
- reviewing Executives' approach to establishing a baseline for the wider workforce remuneration strategy;
- approving the design of, and determining targets for, any Director's performance related pay schemes operated by the Group and approving the total annual payments made under such schemes;
- setting, each year, targets for both the Annual Bonus Plan and LTIP; and
- setting the Chairman's fee and recommending any changes for approval at the AGM.

The Committee has access to specialist advice from consultants when required. Willis Towers Watson benchmark data continues to be deemed fit for purpose, providing that data which supported the 2023 Executive salary review process.

Activities of the Committee

During the year the Committee, among other things:

- agreed salary increases for the Executive Directors and the Group Leadership Team;
- reviewed and confirmed the targets for the 2023 Annual Bonus Plan and 2023 LTIP awards;
- approved the Directors' remuneration report in the Company's 2022 Annual Report;
- reviewed and agreed an uplift to the Chairman's fee to be approved at the AGM;
- considered and agreed payments under the 2022 bonus plan and the LTIP awards granted in 2023; and
- reviewed the wider workforce remuneration.

An annual work plan is in place that specifies the key agenda items for each scheduled meeting of the Committee. This largely revolves around the annual financial results and the payments and awards which are related to them. Other matters are included to ensure that the Committee acts in compliance with its terms of reference.

The effectiveness of the Committee's performance was considered as part of the Board evaluation process reported on pages 68 and 69. A recommendation of the process was that the Board should review the composition, working, and effectiveness of the Committee and that is being addressed during 2024 in line with the refreshment of its membership as new NEDs join the Board.

Agenda for 2024

The Committee will continue to monitor the design and operation of the Group's variable pay elements to make sure they are effective in providing incentives to the Executive Directors to execute the Group's strategy successfully and to achieve the Group's objectives. It will also keep the fixed pay elements under review to make sure the Executive Directors remain a stable and motivated team as they work towards the achievement of the strategic plan and BSI's public interest purpose. The Committee will maintain its oversight over wider workforce remuneration.

In 2024, I have been pleased to welcome two new Non-Executive Directors to the Committee – Tim Livett and Robert MacLeod. Robert will succeed me as the Remuneration Committee Chair. Both are highly experienced Directors, with Robert also serving as Chair of the Remuneration Committee of a listed company.

By Order of the Board

Alison Wood

Chair of the Remuneration Committee
28 March 2024

Directors' remuneration report

2023 remuneration single figure total (audited information)

	Salaries and fees		Taxable benefits		Pension benefits*		Bonus		LTIPs		Total fixed remuneration		Total variable remuneration		Total remuneration	
Director	Year ended 31 Dec 2023 £'000	Year ended 31 Dec 2022 £'000	Year ended 31 Dec 2023 £'000	Year ended 31 Dec 2022 £'000	Year ended 31 Dec 2023 £'000	Year ended 31 Dec 2022 £'000	Year ended 31 Dec 2023 £'000	Year ended 31 Dec 2022 £'000	Year ended 31 Dec 2023 £'000	Year ended 31 Dec 2022 £'000	Year ended 31 Dec 2023 £'000	Year ended 31 Dec 2022 £'000	Year ended 31 Dec 2023 £'000	Year ended 31 Dec 2022 £'000	Year ended 31 Dec 2023 £'000	Year ended 31 Dec 2022 £'000
Executives																
Susan Taylor Martin	573	548	10	2	0	0	676	433	470	0	583	550	1,146	433	1,729	983
Sara Dickinson	411	374	2	1	0	0	321	194	0	0	413	375	321	194	734	569
Dr Scott Steedman	372	360	2	2	9	4	253	189	187	74	383	366	440	263	823	629
	1,356	1,282	14	5	9	4	1,250	816	657	74	1,379	1,291	1,907	890	3,286	2,181
Chairman																
John Hirst	181	174	2	2	0	0	0	0	0	0	183	176	0	0	183	176
Non-Executives																
Dame Polly Courtice	52	48	1	1	0	0	0	0	0	0	53	49	0	0	53	49
Douglas Hurt	52	47	0	0	0	0	0	0	0	0	52	47	0	0	52	47
Ian Lobley	51	44	0	0	0	0	0	0	0	0	51	44	0	0	51	44
Dr Stephen Page	52	50	0	1	0	0	0	0	0	0	52	51	0	0	52	51
Alison Wood (to 31 August 23)	36	56	4	6	0	0	0	0	0	0	40	62	0	0	40	62
Total	1,780	1,701	21	15	9	4	1,250	816	657	74	1,810	1,720	1,907	890	3,717	2,610

* Contributions made by the Company outside of salary sacrifice arrangements.

Salaries and fees shown above are before any reduction in respect of salary sacrificed pension contributions made by the Company. None of the Directors waived emoluments in respect of the year ended 31 December 2023 (2022: none).

Former Directors have been excluded and comparatives for 2022 have been restated accordingly.

Directors' remuneration report continued

Discretionary decisions made in 2023

No exercise of the Committee's discretionary powers was required during 2023.

Fixed pay

Base salary during 2023

Per annum base salary	From 1 April 2023	to 31 March 2023
Susan Taylor Martin	£514,332	£492,184
Sara Dickinson	£366,750	£350,000
Dr Scott Steedman	£326,006	£311,968

Variable pay

Annual bonus for 2023

Annual bonuses for the year ended 31 December 2023 were provided under the Group Annual Bonus Plan to Susan Taylor Martin, Sara Dickinson and Dr Scott Steedman by the Committee, in accordance with the current Policy. Personal goals are set and measured by the Chairman for the Chief Executive and by the Chief Executive for the other Executive Directors. All are reviewed by the Committee.

The table below sets out the basis upon which potential 2023 annual bonuses were determined:

	Proportion of award			
Basis of annual bonuses	On-target BSI Performance	On-target personal objectives	On-target award as a % of base salary	Maximum award possible as a % of base salary
Susan Taylor Martin	75%	25%	60%	150%
Sara Dickinson	75%	25%	40%	100%
Dr Scott Steedman	75%	25%	40%	100%

The target levels set for 2023 were Group Profit of £104.1m and Group Revenue of £752.6m at budgeted exchange rates. Group profit for annual bonus purposes is defined as management operating profit before change and transformation investments and exchange differences arising from centralized funding and Group charges.

Actual Group Profit at Budget exchange rates achieved for 2023 was £118.6m (113.9% of Group Profit target). Actual revenue target achieved for 2023 was £759.6m at budget exchange rates (100% of Group Revenue Target which is capped at target). The threshold targets for People and Planet measures were not met.

2023 Annual bonus targets

Prosperity Measures	Threshold	Target	Maximum	Actual 2023
Group Revenue	£677.3m	£752.6m	–	£759.6m
Group Profit	£93.7m	£104.1m	£114.5m	£118.6m

People Measure	Threshold	Target	Maximum	Actual 2023
Culture Impact	1.5%	2.5%	4.0%	0.6%

Planet Measure	Threshold	Target	Maximum	Actual 2023
GHG Emissions Reduction	-2%	-3%	-3.5%	4.4%

2023 Annual bonus payments (unaudited information)

	Actual award as a % salary							
	On-target	Group Profit	Group Revenue	People	Planet	Personal Objectives	Total actual award	Total award
Susan Taylor Martin	60%	92.5%	9%	0%	0%	30%	131.5%	£676,341
Sara Dickinson	40%	61.7%	6%	0%	0%	20%	87.7%	£320,638
Dr Scott Steedman	40%	61.7%	6%	0%	0%	10%	77.7%	£253,196

Directors' remuneration report continued

Long Term Incentive Plan 2021 (LTIP 2021) due to payout for 2023 (audited information)

The target levels for 2023 for the LTIP awards made in 2021 are set out in the table below. The target levels for 2023 Group Profit for LTIP purposes was defined as Underlying Operating Profit before LTIP charges, the amortization of acquired intangibles and all foreign exchange adjustments which may be adjusted for elements beyond the control of management or material post-LTIP Award Date approved projects at the discretion of the Remuneration Committee.

2021 LTIP targets	Weighting	Threshold	Target	Maximum	Actual 2023	Payment
Group Revenue	40%	£652.6m	£687.0m	£755.7m	£759.6m	100%
Group Profit	20%	£79.9m	£84.2m	£92.6m	£117.2m	100%
Colleague Engagement	20%	71%	72%	73%	69%	0%
Client Satisfaction	20%	64%	65%	66%	68.6%	100%

2021 LTIP	Awarded 2021	Paid-out	Paid-out in 2024
Susan Taylor Martin	£587,500	80%	£470,000
Dr Scott Steedman	£233,996	80%	£187,197

Note: The Chief Financial Officer was not eligible for LTIP 2021 due to a start date in 2022.

Long Term Incentive Plan 2023 (LTIP 2023) (audited information)

In 2023 awards were made to the Executive Directors under the LTIP. This was done in accordance with the policy set out in the Annual Report 2022 Directors' remuneration report. One third of the maximum award is earned in 2023 based on achievement against 2023 Group prosperity, people and planet targets, and personal objectives. Amounts earned are deferred for vesting at the end of the three year performance period, i.e. for the year ended 31 December 2025. Payment of deferred awards is subject to still being employed by BSI as at 31 March 2026.

Maximum awards granted under the LTIP in 2023 were:

			Vesting as a % of salary			
2023 LTIP awards	Base salary multiple	Awarded 2023	At threshold performance	At on-target performance	At maximum performance	End of performance period
Susan Taylor Martin	125%	£615,230	25%	62.5%	125%	31 December 2025
Sara Dickinson	80%	£280,000	16%	40%	80%	31 December 2025
Dr Scott Steedman	80%	£249,574	16%	40%	80%	31 December 2025

Directors' remuneration report continued

Total LTIP awards held

	LTIP awards granted at maximum			Vesting as a % of maximum award granted			
LTIP awards held	Susan Taylor Martin	Sara Dickinson	Dr Scott Steedman	At threshold performance	At on-target performance	At maximum performance	End of performance period
Awarded 2023	£615,230	£280,000	£249,574	20%	50%	100%	31 December 2025
Awarded 2022	£587,500	£280,000	£238,325	25%	50%	100%	31 December 2024
Total held	£1,202,730	£560,000	£487,899				

Pension contributions

The Company paid the equivalent of 11% of Susan Taylor Martin’s base salary and 11% of Sara Dickinson’s base salary as salary supplements in lieu of pension contributions. The Company paid a total of 15% of Dr Scott Steedman’s base salary into the BSI UK Pension Plan and as a salary supplement in lieu of pension contributions. Salary supplements were calculated as the equivalent cost to BSI, taking into account the National Insurance paid.

Loss of office payments (audited information)

No payments for loss of office were made in 2023 (2022: Nil).

Payments to past Directors (audited information)

Craig Smith was eligible to receive £39,149 under the rules of the LTIP scheme, with respect to pro-rated payments for 2021 LTIP award payable in 2023.

Executive Directors’ Non-Executive Directorships

In order to encourage professional development, Executive Directors may, with the agreement of the Board, take on an external Non-Executive Directorship. Susan Taylor Martin is a Non-Executive Director of the University of Cambridge Press & Assessment Board and Sara Dickinson is a Non-Executive Director of Aptitude Software Group PLC.

Statement of implementation of Directors’ remuneration policy

During 2023 all Directors’ remuneration was awarded within the policy set out in the Directors’ remuneration report in the Annual Report and financial statements 2022.

Directors' remuneration report continued

Remuneration of the Chief Executive

Table of historic data (audited information)

		Chief Executive single figure remuneration total £'000	Annual bonus payout against maximum	LTIP vesting rates against maximum
2023	Susan Taylor Martin	1,729	88.0%	80.0%
2022	Susan Taylor Martin	983	59.0%	–
2021	Susan Taylor Martin (from 20.01.21)	1,238	100.0%	–
2021	Howard Kerr (to 20.01.21)	121	–	25.0%
2020	Howard Kerr	1,069	98.0%	6.7%
2019	Howard Kerr	792	49.7%	30.0%
2018	Howard Kerr	1,043	50.0%	100.0%
2017	Howard Kerr	1,156	92.2%	100.0%
2016	Howard Kerr	1,151	98.7%	100.0%
2015	Howard Kerr	1,119	97.8%	100.0%
2014	Howard Kerr	765	95.3%	–

Chief Executive Pay Ratio

Year	Method	25th Percentile pay ratio	Median Pay Ratio	75th Percentile Pay ratio
2023	Option B	27.39	19.84	15.02
2022	Option B	36.24	26.27	19.27
2021	Option B	13.79	10.35	7.98

Notes:

2023 Median pay for BSI was £52,801.

To calculate the CEO pay ratio, we looked at the most recent hourly rate gender pay gap information, collected at April 2023 and to be officially reported in April 2024.

Option B has been selected by BSI as the method to review pay data, to determine the total Full Time Equivalent (FTE) colleague population remuneration of all BSI's UK colleagues; rank all those colleagues based on their total FTE remuneration from low to high; and identify the colleagues whose remuneration places them at the 25th, 50th (median) and 75th percentile points of this ranking.

Methodologies:

Option A: Calculates the pay of UK colleagues in the same way as for the Chief Executive and determining the lower quartile, median and upper quartile staff values from this sample.

Option B: Uses UK gender pay gap data to determine the best equivalents for the quartile and median staff pay levels.

Option C: Uses other available pay data to determine the same three statistics.

Directors' remuneration report continued

Fees

Effective 1 May annual Board fees were as follows:

Role	2023	2022
Chairman's fee	£183,000	£176,000
Non-Executive Director base fee	£46,330	£44,540
Senior Independent Director, Committee Chair and Board representative fee	£6,760	£6,650

As recommended by the Board, the Members agreed at the Annual General Meeting (AGM) on 25 May 2023 to increase the fees payable to the Chairman and the Non-Executive Directors of the Company, including supplementary fees paid for performing additional duties. The Company recognizes that it has individuals of stature and experience in those roles and is aware that, in order to retain and recruit individuals of appropriate quality, it must ensure their remuneration reflects the skills and knowledge they bring to the Board, as well as being comparable with the fees paid in similar organizations. The increase of approximately 4% for each category was 1% lower than the average increase for the BSI wider workforce and positioned the Chairman's fee between the median and upper quartile of listed small cap companies, and aligned the fee proposed for the NEDs with lower quartile fees for listed companies.

Remuneration policy 2024

The Directors' remuneration policy is set out in the table below on pages 96 and 97. It applies to remuneration awards made from 1 January 2024 and is set for a period of one year. There are no changes from 2023. The Committee aims to maintain a Directors' remuneration policy that is stable and clearly defined but which evolves, over the longer term, to remain relevant to the needs of the Group's business and to reflect the wider employment market. The policy establishes demanding performance targets that align incentives with the Group's short and long term objectives. The Committee reviews the policy in advance of the remuneration policy year to ensure it is appropriate and effective in meeting these requirements.

Policy discretion

The Committee retains discretionary power with regard to certain areas of Directors' remuneration. For variable pay, the Committee retains the discretion to adjust payments up or down in exceptional circumstances. If employment ceases during a vesting period, LTIP awards will normally lapse in full, however, the Committee reserves the discretion to allow some or all of the Awards to subsist in appropriate circumstances. In addition, the Committee reserves the right to apply discretion in exceptional circumstances, as it sees fit, regarding payments on appointment and for termination payments.

Statement of principles for new Executive Director recruitment

The Committee oversees the setting, within the Directors' remuneration policy, of the total remuneration package of new Executive Directors. This comprises the fixed pay elements of base salary, benefits and pension plan contributions and the variable pay elements of annual bonus and Long Term Incentive Plan awards, all of which are internally and externally benchmarked. The maximum level of variable pay is set within the Directors' remuneration policy. BSI does not normally either offer 'sign-on' awards or compensate recruits for forfeited amount, however, the Committee reserves the right to apply discretion in this area as it sees fit.

Policy on notice periods

No Director has contractual rights for compensation on early termination beyond payment of the contractual notice period. Executive Directors have rolling contracts setting out notice periods as shown in the following table:

	Appointment commenced	Notice period provided for
Susan Taylor Martin	1 January 2021	12 months by either party
Sara Dickinson	24 January 2022	6 months by either party
Dr Scott Steedman	1 October 2012	6 months by either party

Directors' remuneration report continued

The Chairman is re-appointed by the Board each year upon the recommendation of the Nominations Committee. Except where indicated, the appointment of Non-Executive Directors is for periods of three years but is subject to re-appointment at AGMs in accordance with the Bye-laws. The Non-Executive Directors do not have service contracts. Details of their letters of appointment are as follows:

	Date of original appointment	Role
John Hirst	15 October 2018	Chairman
Douglas Hurt	1 November 2015	Non-Executive Director
Dame Polly Courtice	1 September 2022	Non-Executive Director
Tim Livett	1 January 2024	Non-Executive Director
Ian Lobley	1 May 2019	Non-Executive Director
Robert McLeod	1 March 2024	Non-Executive Director
Dr Stephen Page	1 September 2015	Non-Executive Director

Note: Dr Stephen Page and Douglas Hurt will have served nine years as Directors on 31 August and 31 October 2024, respectively and are expected to retire from service by those dates.

Approach of the Company in setting Non-Executive Director fees

BSI is justifiably proud of the calibre of the Non-Executive Directors on its Board. In order to retain and, when the need arises, recruit Non-Executive Directors of high quality, the Company must ensure their remuneration recognizes the knowledge and experience they bring to the Board, their time commitment as well as being comparable with the fees paid in similar organizations. Their fees are determined by the Board (with the Non-Executive Directors not present) on the recommendation of the Chairman and Chief Executive. The Chairman's fee is determined by the Committee.

Policy on termination payments

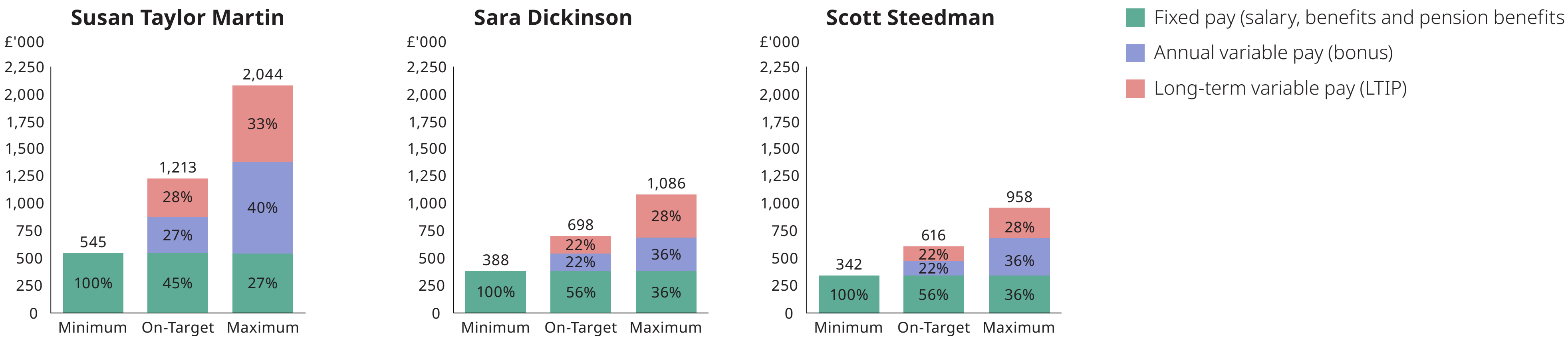
The Company may, at its absolute discretion, terminate the employment of Executive Directors by paying a sum equal to the salary and benefits to which they would have been entitled during their notice period. Alternatively, an individual may be asked to work some or all of the required contractual notice period. Ancillary payments such as those to cover out-placement consultancy may also be made.

Redundancy payments are made based on the local employment legislation and prevailing terms in force within the Company at that point in time. Compensation for any outstanding bonus payments is determined by reference to the terms of the individual's current bonus letter. Non-Executive Directors have no right to any termination payments other than in the case of one month's fee paid in lieu of notice. The Board is responsible for any such Non-Executive Director termination arrangements. The Committee, overseen by its Chairman, is responsible for the setting of any termination payments for the Chairman and Executive Directors and it reserves the right to apply discretion as it sees fit in relation to the above.

Directors' remuneration report continued

Illustration of the application of the Directors' remuneration policy for 2024

The charts below provide an illustration of what could be received by each Executive Director for 2024, which is the year of application of the stated remuneration policy:



Notes:

Minimum means fixed pay only (i.e. base salary, benefits and pension benefits), i.e. below the payment threshold for variable pay awards.

On target means, fixed pay, an award equivalent to 60%, 40% and 40% of base salary to Susan Taylor Martin, Sara Dickinson and Scott Steedman, respectively under the Annual Bonus Plan and vesting of 50% of the LTIP Awards granted, 62.5%, 40% and 40% of base salary respectively to Susan Taylor Martin, Sara Dickinson and Scott Steedman as a % of total on-target opportunity.

Maximum means, fixed pay, an award equivalent to 150%, 100% and 100% of base salary to Susan Taylor Martin, Sara Dickinson and Scott Steedman, respectively under the Annual Bonus Plan and vesting of 100% of the LTIP awards granted, 125%, 80% and 80% of base salary respectively to Susan Taylor Martin, Sara Dickinson and Scott Steedman as a % of total maximum opportunity.

For the purpose of this illustration pay is based on base salary at 1 April 2024 and actual 2023 benefit and pension amounts; annual bonus awards with potential payment with respect to the 2024 financial year calculated on base salary as at 1 April 2024 and LTIP' based on the 2024 awards potentially vesting for the performance period ending 31 December 2026.

Directors' remuneration report continued

Consideration of employment conditions elsewhere in the Group

Salaries and benefits are regularly reviewed and compared to the general market (including FTSE 350 companies), economic indicators, and competitor businesses. The survey data is compiled from both generic third-party surveys and specific, targeted research. In considering the salary levels for the Executive Directors, the Committee also considers the employment market conditions and the pay levels across the UK Group. Performance related annual increases for Executive Directors are consistent with those offered at all levels across the UK Group.

The Committee receives regular updates from the Chief People Officer regarding remuneration elsewhere in the Group and these are considered during the review of the Directors' remuneration policy.

Relative importance of spend on pay

		2023	2022
Colleague expense	9.5%	£407.4m	£372.0m
Revenue	8.1%	£727.7m	£672.8m
Underlying Operating Profit	-3.2%	£54.2m*	£56.0m
Headcount	5.9%	6,316	5,965

*Operating profit is stated after the transformation investment of £37.0m (2022: £27.7m) and in 2022 an impairment charge in relation to goodwill and acquired intangibles (£16.6m) and the exit of our Russian business (£1.2m).

Audited information

The Directors' remuneration report is unaudited with the exception of the sections marked to show that they contain audited information.

By Order of the Board

Alison Wood

Chair of the Remuneration Committee
28 March 2024

Directors' remuneration report continued

Remuneration policy 2024

Element and how it supports long and short-term strategy	Operation and recovery	Maximum value	Performance metrics	Changes from 2023 policy
Salary and fees (Fixed) By attracting, retaining and motivating individuals of the quality required to further the interests of the Company.	The base salaries of Executive Directors are determined by reference to an individual's responsibility and performance and are reviewed annually. Consideration is given to remuneration in comparable organizations when appropriate and external benchmarking is carried out biennially. Executive Directors may, by agreement with the Board, serve as Non-Executive Directors of other companies and retain any fees paid for their services. Non-Executive Directors receive a fee for their services to the Company which is reviewed annually.	Not applicable.		None
Benefits (Fixed) By providing a benefits package appropriate to the role of the individual and competitive with similar organizations.	Benefits in kind for Executive Directors principally include, where appropriate, the provision of a company car and fuel, annual leave and medical and life insurance. The Non-Executive Directors do not receive benefits in kind except reimbursement of the costs of travel to meetings at the Company's principal office and grossed-up tax thereon.	Not applicable.		None

Directors' remuneration report continued

Element and how it supports long and short-term strategy	Operation and recovery	Maximum value	Performance metrics	Changes from 2023 policy
Pension benefits (Fixed) By providing a cost-effective retirement benefit as part of an overall remuneration package.	For Executive Directors the Company makes contributions into defined contribution pension arrangements or provides a cash alternative.	Not applicable.		None
Bonuses (Variable) By providing Directors with incentive to align their performance to the delivery of the shorter-term goals of the business.	Awarded to Executive Directors subject to the fulfilment of specific short-term criteria, determined with reference to BSI's objectives. Awards are subject to clawback provisions. The Remuneration Committee retains the discretion to adjust payments up or down in exceptional circumstances where it feels this course of action is appropriate.	Maximum bonus (for the Chief Executive) is 150% of base salary. 100% of base salary for Executive Directors.	Performance is assessed based on the achievement of financial and non-financial targets weighted as: Prosperity: Group Profit – 50%, Group Revenue – 15%; People – 5%; and Planet – 5% as well as Personal Performance: 25%	None
LTIPs (Variable) By providing Directors with incentive to align their performance to the delivery and execution of strategic aims and goals of the business and to retain senior Executive talent.	These are awarded to Executive Directors subject to the fulfilment of financial and non-financial performance criteria, determined with reference to BSI's strategic objectives. The targets are established annually and amended if necessary. Awards are subject to malus and clawback provisions. The Remuneration Committee retains the discretion to adjust payments up or down in exceptional circumstances where it considers this course of action is appropriate. If employment ceases during the vesting period awards will normally lapse in full.	Maximum LTIP (for the Chief Executive is) 125% of base salary. 80% of base salary for Executive Directors.	Performance is assessed based on the achievement of financial and non-financial targets weighted as: Group Profit – 50%, Group Revenue – 15%; People: – 5%; and Planet – 5% as well as Personal Performance: 25%	None

Directors' report

The Directors submit their report and audited financial statements for the British Standards Institution and its subsidiaries for the year ended 31 December 2023.

It is the Directors' responsibility to prepare the Annual Report and financial statements and they consider that the Annual Report and financial statements 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the Company's performance, business model, and strategy.

Strategic report

The Strategic report, set out on pages 3 to 59 includes:

- a description of the Group's business model and strategy;
- disclosure of the key performance indicators used to manage the business;
- an overview of the principal risks and uncertainties faced by the Group;
- factors likely to affect the Group's future development; and
- environmental, gender and human rights disclosures;

as well as details of other factors affecting the Group's performance, position and prospects.

The Group has capitalized £1.3m of development costs relating to new training courses and has not expensed any basic research or other development costs.

Corporate governance

The Corporate Governance report is set out on pages 61 to 102.

The Board

The members of the Board are as follows and held office throughout 2023 and to the date of this report except where indicated:

John Hirst CBE

Susan Taylor Martin

Sara Dickinson

Dr Scott Steedman

Dame Polly Courtice

Douglas Hurt

Tim Livett (appointed 1 January 2024)

Ian Lobley

Robert MacLeod (appointed 1 March 2024)

Dr Stephen Page

Alison Wood (resigned 31 August 2023)*

The Company Secretary is Leigh Grant.

*Alison Wood was appointed as a Board Advisor on 1 September 2023.

More information about the Directors can be found on pages 62 to 65.

The Directors may exercise all powers of the Company, subject to statute, relevant regulation and the restrictions set out in the Royal Charter and Bye-laws. The Bye-laws give the Directors the power to appoint additional or replacement Directors within the limits set out.

The Company's Bye-law 8 requires Directors to submit themselves for re-election at the next Annual General Meeting following their appointment by the Board. As new Directors, Tim Livett and Robert MacLeod will therefore be standing for election at the 2024 Annual General Meeting. In addition, under the Company's Bye-law 9, one-third (rounded down) of the other Directors are required to retire by rotation and stand for re-election and Douglas Hurt and Dr Stephen Page will be standing for re-election. at the 2024 Annual General Meeting.

Annual General Meeting

The 2024 Annual General Meeting will be held at 12 noon on Wednesday 22 May 2024 at Glaziers Hall, 9 Montague Close, London SE1 9DD, as well as online. The business to be considered at the meeting is set out in a separate Notice of Meeting dispatched to the members.

Independent auditors

PricewaterhouseCoopers LLP (PwC) acted as auditors throughout the year.

As set out in the Audit and Risk Committee Report on page 77, the Committee undertook a re-tender exercise in 2023 to select a new external auditor for appointment in 2024. The Committee agreed to recommended to the Board the appointment of Ernst & Young Global Ltd (EY) as the Group's external auditors and a resolution proposing their appointment will be tabled at the 2024 Annual General Meeting.

Directors' and officers' liability

The Group has maintained Directors' and officers' liability insurance cover throughout the year in respect of the acts or omissions of its Directors and continues to do so. Details of the policy are provided to new Directors on appointment. In common with other companies, the Group has made qualifying third-party indemnity provisions, for the benefit of its Directors, against liabilities incurred in the execution of their duties.

Colleagues

The Group communicates and consults with its colleagues on a wide range of subjects, including those that directly affect them, using email, websites, intranet, in-house publications and meetings both online and at business locations. The Group's workforce is instrumental in its success and the organization works hard to maintain good relationships with its colleagues around the world through continual communications and colleague forums.

Further details of the Group's engagement with its colleagues are set out in the Section 172 report on page 29 and the People report on pages 26 and 27.

Directors' report continued

The Group takes the issues of equality and diversity seriously. By using the talent and skills available in all groups and communities in the countries in which it operates, the organization is able to build the strong team it requires to deliver the strategy for its business. The Group uses job-related objective criteria in the selection of candidates and when considering development opportunities.

The Group is committed to providing a work environment free from harassment and discrimination. The organization accepts its obligations to people with disabilities and endeavours to treat them fairly in relation to job applications, training, promotion and career development.

If colleagues become disabled while employed, every effort is made to enable them to continue working either in their original job or some suitable alternative role.

Donations

The Company made no political donations during the year (2022: £nil).

Financial instruments

Details of the use and materiality of financial instruments are provided in Notes 4 and 23 to the consolidated financial statements.

Streamlined Energy and Carbon Reporting

BSI also publishes an annual Streamlined Energy and Carbon Reporting (SECR) disclosure in line with UK Government expectations. This details our UK-based Scope 1, 2 and 3 emissions. Please refer to page 50 for our SECR disclosure table and commentary.

Directors' interests

Apart from service contracts and Non-Executive Directors' letters of appointment, there was no contract with the Group, during or at the end of the financial year, in which a Director is or was materially interested and which is or was significant in relation to the Group's business during the period under review. No Director has any beneficial interest in the Company.

Post-balance sheet events

There were no post-balance sheet events.

Going concern

Despite an ongoing backdrop of macroeconomic challenges, the Group has again delivered a strong financial performance. The Group has ended the year with no debt and cash and cash equivalents, restricted cash, and fixed-term deposits of £191.0m (2022: £164.6m).

As discussed further in the Financial review, the year on year increase in cash and cash equivalents arises primarily from net cash generated from operations which reflects an improvement in debtor days and includes £3.9m of interest earned on cash reserves. This cash inflow was reduced by capital expenditure including £8.8m relating to the transformation programme.

The Group maintains an effective risk management framework and approach based on ISO 31000 (Risk Management) and the Board takes reasonable steps to manage the risks faced by the business. This includes managing and mitigating any liquidity risks that may arise, through a number of key controls, including a robust business planning cycle, formal cash management and financial reporting.

The Group's planning cycle comprises three in-year forecasts, a financial plan, and a long-term three-year strategic plan. These processes generate income statement and cash flow projections for assessment by Group management and the Board. Each forecast is analyzed to ensure key assumptions are valid and appropriate for the business, assisted by comparisons against prior forecasts, the previous year and actual results, so as to understand the drivers of the changes, their future impact on the business and allow management to take action where appropriate to manage risks.

The Group also operates a formal treasury policy, effectively managing the Group's cash balances and investing in AAA rated money market funds and short-term deposits with key relationship banks. Through weekly and monthly reporting, the Chief Financial Officer and Group treasury, monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs in all markets. These rolling forecasts enable visibility of the expected Group cash flow together with the Group's liquidity reserve, comprising cash and cash equivalents.

In assessing going concern, management used the Board-approved Financial Plan for 2024 and three-year strategic plan as a foundation. The plan shows trading is expected to continue the recent trends of revenue growth, profitability, and cash generation. Early trading in 2024 to date has been in line with these expectations. While we expect to invest in our discretionary Transformation programme, cash is expected to remain substantially above £175m throughout the remainder of 2024 and beyond the going concern assessment period ending March 2025.

Directors' report continued

Sensitivity analysis was performed using severe but plausible downside scenarios in line with the viability scenarios discussed below. In all scenarios, the Group maintains significant liquidity for at least twelve months from the balance sheet date and does not need to raise external funding. A reverse stress test was also reviewed to understand how severe a trading loss would need to be to eliminate our cash reserves but the conditions of the reverse stress test were considered implausible.

As a result of the financial position, controls in place, and current financial performance, the Directors have a reasonable expectation that the Group and the Company will have adequate resources to continue in operational existence for a period of at least twelve months from the approval of this Annual Report and financial statements. Accordingly, the Directors have adopted the going concern basis in preparing the Group and the Company financial statements.

Viability statement

The Directors have considered the ongoing viability of the Group. The preparation of this viability statement includes an assessment of the Group's long-term prospects and ability to meet future commitments and liabilities as they fall due over our long-term plan period of three years.

Viability assessment

Throughout the year, the Board has undertaken an assessment of the principal risks affecting the Group and also emerging risks, particularly those that could threaten the business model and the Group's viability over an extended period, including an assessment of the likelihood of them materializing. These risks, and the actions being taken to manage or mitigate the risks, are explained in detail on pages 52 to 59. This analysis has then been applied to allow the Board to assess the ability of the Group to continue in operation and have an adequate level of liquidity to meet its obligations.

Each year, the Board agrees a strategic plan for the business. The 2024 to 2026 plan was based on the expected economic environment across all our markets over the plan period together with the Group's updated strategic objectives, initiatives as agreed by the Board, and reflects the risk appetite also set by the Board. BSI has a long history of underlying revenue growth, operating profit stability, and investing short-term profits for the long-term benefit of the business. The latest strategic plan showed a continuation of these trends.

The viability assessment has been undertaken in line with the Group's planning horizon of three years (2022: three years). Although BSI is a mature business and the Directors have no reason to believe that the Group will not be viable over a longer period, the Board has chosen to conduct the viability assessment over a three-year period because:

– Significant investments are being made over the next three years to realize the Group's strategy over the medium to long term.

– The Group's business model does not necessitate regular investment in large capital projects that would require a longer time horizon.

– The Group's business model means that it has the ability to respond in a timely manner to reasonably possible Group specific and market events, as evidenced by the COVID pandemic.

– Given the current volatility of the economic and geopolitical environment, implicitly it is harder to accurately forecast the latter years of a five-year plan.

The viability assessment consisted of stress testing the forecasts underlying the strategic plan by modelling severe but plausible downside scenarios in which a number of the Group's principal risks and uncertainties materialize within the viability period. These scenarios included external factors such as changes in UK regulation or public policy and internal factors such as our strategic change programme failing to deliver the level of digital transformation required to maintain our market share. In preparing these scenarios, consideration was given to the direct revenue and contribution impact of the affected Division and the potential halo effect on the wider business together with the likely time frame over which the scenario would affect the business. In relation to the digital transformation scenario, assumptions reflected the erosion of market share over time reducing revenue growth and contribution.

Directors' report continued

The main severe but plausible scenarios are set out in the table below including their linkage to the Group's principal risks.

Viability scenario	Linkage to risks on pages 53 to 59
Change in UK regulation or public policy could adversely affect BSI's National Standards Body activities	Changes to government policy
The Regulatory Services business suffers a material device failure and associated loss of business	Designation compliance, evolving market needs, legal
Our Assurance business suffers a loss of a significant accreditation, leading to suspension in key markets	Accreditation compliance, evolving market needs, legal
Our digital transformation fails to keep pace externally resulting in loss of market share	Change management, evolving market needs

Conclusion

The Board assessed the prospects and viability of the Group considering the Group's strategy and business model, and the principal risks to the Group's future performance, liquidity and reputation. As a result of the review of the strategic plan up to the end of 2026 and an assessment of the impact of severe but plausible scenarios on that plan, in addition to our current strong financial position, the Directors have a reasonable expectation that the Group will be able to continue to operate and meet its liabilities as they fall due at least to the end of the viability period to December 2026.

By Order of the Board

Leigh Grant FCG

Company Secretary
28 March 2024

Independent auditors' report

to the Board of Directors of The British Standards Institution

Report on the audit of the financial statements

Opinion

In our opinion:

- The British Standards Institution's Group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2023 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the consolidated and parent company balance sheet as at 31 December 2023; the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and parent company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- We performed full scope audits of BSI Standards Limited, BSI Assurance UK Limited, BSI Group America Inc. and BSI Group The Netherlands B.V. operations due to their financial significance to the Group, together with the parent company, The British Standards Institution, which contains the global head office Group function.
- We performed specified audit procedures at three further reporting locations with the Group engagement team directly performing these audit procedures over BSI Professional Services (UK) Limited, BSI Professional Services America Inc. (excluding Appsec) and BSI Management Systems Ltd. Local teams were instructed to perform work over BSI Management Systems Certification (Beijing) Co. Ltd and BSI Certification and Technical Training (Beijing) Limited in China.
- The total scope of work performed across both full scope audits audits and specified audit procedures accounted for 74% of the Group's external revenues and 85% of the Group's total assets; the full scope audits accounted for 69% of the Group's profit before income tax.

Key audit matters

- Assessing the valuation of the defined benefit pension scheme liability driven by the discount rates, RPI and CPI inflation rates and mortality rate assumptions (Group and parent).
- Impairment of goodwill and other acquired intangible assets (Group).

Independent auditors' report continued

Materiality

- Overall Group materiality: £2,932,000 (2022: £3,050,300) based on 5% of the three year average profit before income tax.
- Overall parent company materiality: £3,600,000 (2022: £1,800,000) based on 1.0% (2022:0.5%) of total assets, restricted for the purposes of the Group audit.
- Performance materiality: £2,199,000 (2022: £2,287,725) (Group) and £2,700,000 (2022: £1,350,000) (parent company)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Independent auditors' report continued

Key audit matter	How our audit addressed the key audit matter
Assessing the valuation of the defined benefit pension scheme liability driven by the discount rates, RPI and CPI inflation rates and mortality rate assumptions (group and parent) Refer to note 15 on page 148 of the consolidated financial statements and note 7 on page 170 of the parent company financial statements. The group operates a UK defined benefit pension plan with a net retirement benefit surplus of £11.3mm which is made up of plan assets of £315.1m (2022: £318.4m) and defined benefit obligations of £303.8m (2022: £298.3m). The liabilities are significant in the context of the overall balance sheet of the group and of the parent company and the valuation of the defined benefit obligation related to the UK pension scheme is sensitive to changes in assumptions and requires judgement in applying appropriate assumptions. In respect of the valuation of the defined benefit obligations the key assumptions are discount rates, RPI and CPI inflation rates and mortality rates. The Directors engage actuarial experts to assist them in identifying appropriate assumptions to apply to the valuation of the defined benefit obligation. Given the magnitude of the defined benefit obligation, changes in assumptions could potentially result in material changes to the liability recognised. In addition the defined benefit scheme is in a net surplus position. In assessing the group and parent company's ability to recognise the net surplus position there is subjectivity in the judgement over the right to any surplus position as the pension scheme trust deed is silent on the treatment of any surplus in the situation of gradual settlement.	To address this risk, we have performed procedures over the report issued to the Directors by the actuary. We have engaged our actuarial experts to assist in the assessment of the methodology and assumptions underpinning the valuation of the defined benefit obligation. The following procedures have been performed: – review of the methodology applied by the actuary, assessing its appropriateness and consistency with prior periods; – assessing the reasonableness of the assumptions around discount rates, mortality and RPI and CPI inflation rates by comparing them to our independently developed benchmarks; and – assessing the impact of changes in the assumptions referred to above on the valuation of the liabilities. In assessing the ability of the group and the parent company to recognise the net surplus we performed the following procedures: – we considered the judgements made by management in after consideration of the scheme rules and applicable accounting guidance – we considered the adequacy of the disclosures regarding the judgement made. All assumptions, methodologies, valuations and judgements subject to our procedures were supported by the work performed. The relevant disclosures were also considered adequate.

Independent auditors' report continued

Key audit matter	How our audit addressed the key audit matter

Impairment of goodwill and other acquired intangible assets (group)
 	
Refer to the accounting policies set out in note 2 from page 117 and note 13 on page 140 of the Consolidated Financial Statements.
 	
The group has £61.4m of goodwill as at 31 December 2023 (31 December 2022: £63.3m). The externally acquired intangibles were valued at £5.6m as at 31 December 2023 (31 December 2022: £11.7m). The carrying values of these assets are contingent upon future cash flows which may be impacted by external market developments and the success in executing the business strategy.
 	
As part of the annual impairment assessment management have not identified any impairments in the year (2022: £16.6m).
 	
The key assumptions in management's cash flow projections are: short to medium-term revenue growth and profitability, long-term growth rates and discount rates. Changes in these assumptions could potentially lead to an impairment in the carrying value of these assets.
 	
We consider this to be a key audit matter given the magnitude of the relevant balances and the significant judgement and estimation involved in the impairment assessments of these assets. The estimation of future discounted cash flows is inherently subjective and involves judgement. As a result, this assessment is also susceptible to management bias.
	To address this risk, we have designed and performed audit procedures over the impairment assessments prepared by management.
	
	Goodwill
	
	We have assessed the allocation of goodwill to the respective cash generating unit groups ("CGU groups") and the appropriateness of this approach.
	
	Through the following procedures we have tested the mathematical accuracy of the model and the reasonableness of management's key assumptions included in the discounted cash flows used to determine the Value in Use ("VIU"):
	
	– testing the mathematical accuracy of the spreadsheet used to model future cash flows; and
	– assessing the achievability of the revenue and margin forecasts, including an evaluation of the assumptions in management's forecast including understanding the following:
	  – opportunities for growth in the relevant markets;
	  – comparison of the historical trading with the forecast cash flows;
	  – consideration of the potential impact of climate change on the cash flows;
	  – understanding the key changes in strategies/operating models which are expected to drive profit growth;
	– we have utilised our valuations experts to evaluate the discount rate and long-term growth forecasts;
	– we performed an analysis of forecast costs based on current year expenses and budgeted margin growth; and
	– we recalculated management's sensitivities to verify the disclosure is accurate and we performed additional sensitivity analysis, including reducing cash inflows, to understand the impact that reasonably possible changes could have.
	
	In performing these assessments, the audit team focused on applying an appropriate level of professional scepticism when challenging the assumptions presented by management. As a result of above procedures we have not identified an impairment in any CGU's during the year.

Independent auditors' report continued

Key audit matter	How our audit addressed the key audit matter
	Other acquired intangible assets We have reviewed the customer lists and compared this to the revenue generated by these customers in 2023. We concur with management that the customer lists are still generating economic returns to the Group and no impairment is required in the current year.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

The British Standards Institution group is managed on a divisional basis, however its legal entity structure is based on geographical location. In line with prior years, we have scoped our audit at a legal entity level, which is consistent with the BSI group reporting and consolidation process. The significant components for the purposes of our audit were BSI UK Assurance Limited, BSI Standards Limited, BSI Group America Inc. and BSI Group The Netherlands B.V.; a full scope audit was performed for these components. We also brought smaller components into scope for specified procedures to gain comfort over specific accounts, including revenue; these were BSI Professional Services (UK) Limited, BSI Professional Services America Inc. (excluding Appsec), BSI Management Systems Ltd, and BSI Management Systems Certification (Beijing) Co. Ltd and BSI Certification and Technical Training (Beijing) Limited in China.

All audit work was performed by the group audit team, with the exception of audit work performed on BSI Management Systems Certification (Beijing) Co. Ltd and BSI Certification and Technical Training (Beijing) Limited in China which was performed by PwC component auditors. These auditors worked under our instruction and oversight. The group audit team was in contact, at each stage of the audit, with the component audit team through regular written communication including detailed instructions issued by the Group audit team, video conferencing at the planning, execution and completion phases along with a physical site visit.

The impact of climate risk on our audit

Climate change risk is not expected to have a significant impact on BSI. As explained in the Strategic Report, the group is mindful of its impact on the environment and focused on ways to reduce climate related impacts as they continue to develop their plans towards their road to Net Zero by 2030. In planning and executing our audit we considered the group's climate risk assessment process. This provided us with a good understanding of the potential impact of climate change on the financial statements.

The key financial statement line items and estimates which are more likely to be materially impacted by climate risks are those associated with future cash flows including the goodwill impairment assessment. The Board monitors the impact of climate change risk and opportunities on the group's strategy and business model. BSI has made a public commitment to reach Net Zero in its own operations by 2030. They are continuing to work on their pathway towards this and set targets to reduce their Greenhouse Gas (GHG) scope 1 and scope 2 emissions by 90% and scope 3 emissions by 42%. We discussed with management that the estimated financial impacts of climate change will need to be frequently reassessed; our expectation is that the climate change disclosures will continue to evolve as a greater understanding of the actual and potential financial impacts on the group's future operations are obtained. As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

Independent auditors' report continued

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – parent company
Overall materiality	£2,932,000 (2022: £3,050,300)	£3,600,000 (2022: £1,800,000) restricted for the purposes of the group audit
How we determined it	Based on 5% of the three year average profit before income tax	Based on 1.0% (2022: 0.5%) of total assets
Rationale for benchmark applied	The benchmark applied to determine materiality is based on a three year average of profit before income tax. Profitability has fluctuated in the past two years due to recent transformations and an impairment. Given the underlying business has not changed, we have concluded a significant change to materiality would not be appropriate and as a result we have used a three year average of profit before tax, consistent with the prior year approach.	The parent company's operations are that of a holding company; holding the group's pension scheme and investments in subsidiaries and acting as a group-wide corporate centre. The parent company is not profit focussed and as such a performance based benchmark is not considered appropriate. We consider the parent company's investment in subsidiaries and group pension scheme activities to be the most significant balances and we have therefore identified total assets as the most appropriate benchmark on which to base materiality. The materiality applied for the purpose of the group audit was restricted.

Independent auditors' report continued

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £267,000 and £2,600,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £2,199,000 (2022: £2,287,725) for the group financial statements and £2,700,000 (2022: £1,350,000) for the parent company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount in the middle of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £300,000 (group audit) (2022: £305,500) and £360,000 (parent company audit) (2022: £180,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- We reviewed cash flow forecasts prepared by management covering the 21 month period ending 31 December 2025.
- We have inquired with management as to the assumptions behind the going concern assessment and understood the process undertaken to perform the going concern assessment.
- We have assessed the reasonableness of the assumptions made in the cash flow forecasts prepared by management, considered management's historical accuracy of forecasting and checked the mathematical accuracy of the cash flow forecast.
- We have reviewed the downside scenarios prepared by management and considered the appropriateness of the severity of the assumptions applied in the context of our knowledge of the external trading environment, business developments and historical performance.
- We have considered external factors, reviewed the minutes of meetings and other reports such as internal audit reports and risk reports to assess if there is any information which would be contrary to the assessment presented by management.
- We have reviewed the latest available management accounts to identify if there are any unusual balances or trends, or indication of issues in the performance of the group and parent company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report continued

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Corporate governance statement

We have reviewed the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by auditors of premium listed companies, as if the parent company were a premium listed company. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- the directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- the disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the directors' explanation as to their assessment of the group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- the directors' statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and parent company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements

Independent auditors' report continued

and our knowledge and understanding of the group and parent company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and parent company's position, performance, business model and strategy;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- the section of the Annual Report describing the work of the audit committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the group maintaining compliance accreditation with national and international organisations, Employment law and Data protection regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, tax legislation in the jurisdictions in which the group operates. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of unusual journals outside the normal course of business and management bias in assumptions and judgements of significant estimates in order to manipulate the group's performance profit measures and other key performance indicators to meet remuneration targets. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

Independent auditors' report continued

- Inquiring with management, Internal audit and legal counsel to understand how the business complies with key frameworks. These inquiries were corroborated through review of Board minutes, internal audit reports and papers provided to the Audit and Risk Committee. We also attended all Audit and Risk Committee meetings.
- We considered performance targets and the potential to apply management bias to achieve bonuses.
- At a group level our procedures involved using: Computer Assisted Audit Techniques (CAATS) to analyse journals recorded centrally and at all in scope locations to identify certain unusual, unexpected or significantly material journals for specific follow up and testing.
- Challenging and testing assumptions and judgements made in significant accounting estimates for possible management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matter.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's directors as a body in accordance with the Royal Charter and Bye-laws ("the Royal Charter") and Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other voluntary reporting

Directors' remuneration

The parent company voluntarily prepares a Directors' remuneration report in accordance with the provisions of the Companies Act 2006. The directors requested that we audit the part of the Directors' remuneration report specified by the Companies Act 2006 to be audited as if the parent company were a quoted company.

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Matthew Mullins (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
28 March 2024

Consolidated income statement

for the year ended 31 December 2023

	Note	**2023 £m**	2022 £m
Revenue	5, 6	**727.7**	672.8
Cost of sales		**(358.7)**	(335.1)
Gross profit		**369.0**	337.7
Selling and distribution expenses		**(95.1)**	(86.8)
Administrative expenses		**(219.7)**	(194.9)
Underlying operating profit	5	**54.2**	56.0
Exceptional costs	7	**—**	(17.8)
Operating profit	7	**54.2**	38.2
Finance income	10	**4.9**	1.1
Finance costs	10	**(1.6)**	(1.7)
Profit before tax	5	**57.5**	37.6
Income tax expense	11	**(23.7)**	(18.3)
Profit for the year		**33.8**	19.3

All amounts in the consolidated income statement relate to continuing operations.

The accompanying notes on pages 117 to 162 form an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	Note	2023 £m	2022 £m
Profit for the year		**33.8**	19.3
Other comprehensive (loss)/income			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefit surplus, net of taxes	15b iii	**(7.3)**	(11.7)
		(7.3)	(11.7)
Items that may subsequently be reclassified to profit or loss			
Currency translation differences		**(9.0)**	10.7
		(9.0)	10.7
Total other comprehensive loss for the year, net of taxes		**(16.3)**	(1.0)
Total comprehensive income for the year		**17.5**	18.3

The accompanying notes on pages 117 to 162 form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Retained earnings £m	Translation reserve £m	Total £m
Balance at 1 January 2022	328.2	(0.6)	327.6
Profit for the year	19.3	—	19.3
Total other comprehensive (loss)/income for the year, net of taxes	(11.7)	10.7	(1.0)
Total comprehensive income for the year	7.6	10.7	18.3
Balance at 31 December 2022	**335.8**	**10.1**	**345.9**
Profit for the year	**33.8**	**—**	**33.8**
Total other comprehensive loss for the year, net of taxes	**(7.3)**	**(9.0)**	**(16.3)**
Total comprehensive income for the year	**26.5**	**(9.0)**	**17.5**
Balance at 31 December 2023	**362.3**	**1.1**	**363.4**

The accompanying notes on pages 117 to 162 form an integral part of the consolidated financial statements.

Retained earnings

Retained earnings are used to record the changes in retained profit/(accumulated loss), actuarial gains/(losses) relating to retirement benefit surplus, and the corresponding deferred tax.

Translation reserve

The translation reserve is used to record the foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and net investments.

Consolidated balance sheet

as at 31 December 2023

	Note	2023 £m	2022 £m
Assets			
Non-current assets			
Property, plant and equipment	12	**20.3**	22.5
Goodwill	13	**61.4**	63.3
Intangible assets	13	**29.0**	31.2
Right-of-use assets	14	**25.2**	23.7
Net retirement benefit surplus	15b i	**11.3**	20.1
Deferred tax assets	16	**13.5**	8.9
Trade and other receivables	17	**11.7**	10.2
Contract costs	18	**19.0**	18.3
Total non-current assets		**191.4**	198.2
Current assets			
Inventories	19	**0.1**	0.1
Trade and other receivables	17	**206.5**	198.8
Current tax assets		**17.1**	—
Fixed-term deposits	20a	**6.6**	53.0
Restricted cash	20b	**7.5**	—
Cash and cash equivalents	20c	**176.9**	111.6
Total current assets		**414.7**	363.5
Total assets		**606.1**	561.7

	Note	2023 £m	2022 £m
Liabilities			
Non-current liabilities			
Deferred tax liabilities	16	**(5.6)**	(3.2)
Net retirement benefit obligations	15b ii	**(2.6)**	(2.5)
Provisions	21	**(4.0)**	(4.0)
Trade and other payables	22	**(9.7)**	(8.6)
Lease liabilities	14	**(21.7)**	(23.2)
Total non-current liabilities		**(43.6)**	(41.5)
Current liabilities			
Trade and other payables	22	**(169.0)**	(156.9)
Lease liabilities	14	**(10.9)**	(9.8)
Derivative financial instruments	4	**(0.2)**	—
Current tax payables		**(18.7)**	(7.3)
Provisions	21	**(0.3)**	(0.3)
Total current liabilities		**(199.1)**	(174.3)
Total liabilities		**(242.7)**	(215.8)
Net assets		**363.4**	345.9
Reserves			
Retained earnings		**362.3**	335.8
Translation reserve		**1.1**	10.1
Total equity		**363.4**	345.9

The accompanying notes on pages 117 to 162 form an integral part of the consolidated financial statements. The consolidated financial statements on pages 112 to 116 were approved by the Board of Directors on 28 March 2024 and were signed on its behalf by:

Sara Dickinson

Chief Financial Officer
28 March 2024

Consolidated statement of cash flows

for the year ended 31 December 2023

	Note	2023 £m	2022 £m
Cash flows from operating activities			
Profit before income tax		**57.5**	37.6
Adjustments for:			
– Depreciation of property, plant and equipment	7	**5.7**	5.7
– Loss on disposal of tangible assets	7	**0.2**	0.1
– Loss on disposal of intangible assets	7	**0.3**	—
– Amortization of intangible assets	7	**8.5**	8.3
– Impairment of goodwill and acquired intangible assets	7	**—**	16.6
– Impairment of intangible assets	7	**1.4**	—
– Depreciation of right-of-use assets	7	**9.0**	9.0
– Gain on disposal of right-of-use assets	7		(0.1)
– Increase/(decrease) in loss allowance on trade receivables	7	**0.8**	(0.1)
– Bad debts written off to income statement directly	7	**1.6**	1.4
– Finance income	10	**(4.9)**	(1.1)
– Finance costs	10	**1.6**	1.7
– Retirement benefit charges (UK defined benefit plan)	15b i	**0.7**	0.6
– Retirement benefit charges (Other defined benefit schemes)	15b ii	**0.2**	0.2
– Net capitalization of contract costs	18	**(1.3)**	(0.7)
Changes in working capital (excluding the exchange differences on consolidation):			
– Increase in trade and other receivables		**(29.6)**	(42.3)
– Increase in trade and other payables		**18.6**	4.4
– Fair value movement in derivative financial instruments		**0.2**	—
– Increase in provisions		**—**	1.2
Retirement benefit payments	15b iv	**(0.7)**	(15.7)

	Note	2023 £m	2022 £m
Cash generated from operations		**69.9**	26.8
Interest received		**3.9**	0.6
Interest elements of lease payments	14	**(1.6)**	(1.7)
Income tax paid		**(23.6)**	(20.6)
Net cash generated from operating activities		**48.6**	5.1
Cash flows from investing activities			
Purchases of property, plant and equipment	12	**(7.6)**	(6.2)
Purchases of intangible assets	13	**(5.0)**	(11.7)
Decrease/(Increase) in fixed-term deposits	20a	**46.4**	(43.0)
Increase in restricted cash	20b	**(7.5)**	—
Net cash generated/(used) in investing activities		**26.3**	(60.9)
Cash flows from financing activity			
Principal elements of lease payments	14	**(10.6)**	(10.8)
Net cash used in financing activity		**(10.6)**	(10.8)
Net increase/(decrease) in cash and cash equivalents		**64.3**	(66.6)
Opening cash and cash equivalents		**111.6**	177.1
Exchange gain on cash and cash equivalents		**1.0**	1.1
Closing cash and cash equivalents	20c	**176.9**	111.6

The accompanying notes on pages 117 to 162 form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2023

1. Corporate information

The British Standards Institution is the ultimate parent company of the BSI Group and is a company incorporated by Royal Charter in the United Kingdom and domiciled in the United Kingdom. The address of its registered office is 389 Chiswick High Road, London W4 4AL, England.

The principal activities of The British Standards Institution (the 'Company') and its subsidiaries (together the 'Group') are the development and sale of private, national and international standards; second and third-party certification of management systems; testing and certification services both for products and services; provision of performance management software solutions; a range of training services in support of standards implementation and business best practice; and business consultancy services.

2. Principal accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

The consolidated financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006. The consolidated financial statements have been prepared on a going concern basis as set out on pages 98 to 101 of the Directors' report.

The consolidated financial statements are prepared on the historical cost convention basis, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are discussed in Note 3.

The consolidated financial statements are presented in British Pounds Sterling (£) and all values are rounded to the nearest £100,000 except when otherwise indicated.

b. Going Concern

The Directors have reviewed the in-year performance together with the Financial Plan for 2024 and longer-term Strategic Plan. The plan shows that trading is expected to continue recent trends in relation to revenue growth and profit and that we continue to retain significant cash reserves even after investment in our Transformation Programme. As a result of this analysis, the Group continues to adopt the going concern basis in preparing its financial statements.

In continuing to adopt the going concern basis when preparing the financial statements, the Directors have considered the activities of the Group, and the Principal Risks and Uncertainties in the context of the current operating environment.

The Group ended the year with no debt and cash and cash equivalents, restricted cash and fixed-term deposits of £191.0m (Year ended 31 December 2022: £164.6m).

In assessing the Group's viability the Directors have considered the sensitivity of the assumptions within its longer-term plans. Further details on the review of the going concern and viability of the Group are disclosed on pages 99 to 101.

2. Principal accounting policies continued

To support the going concern conclusion, the Group has developed several working capital financial models covering a period of at least twelve months from the signing of the year ended 31 December 2023 financial statements. The specific scenarios modelled are:

Scenario	Outcome
Base Case	
Based on the most recently Board reviewed and approved financial plan and strategic plan to FY 2026. These are the same forecasts used in the viability assessment as disclosed on pages 98 to 101.	The Group is able to meet all of its liabilities as they become due, without the need to consider additional sources of financing.
Sensitised Case	
A severe downside scenario, with a reduction in revenue and contribution across four different scenarios, impacting both Division and Group-wide revenues.	Despite the sensitivities applied (which were applied to reflect the Principal Risks facing BSI), the Group continues to be able to meet its obligations as they fall due.
Reverse Stress Test	
A scenario created to model the circumstances required to remove the Group's cash surplus within the going concern period.	The conditions of this reverse stress test were considered implausible.

c. Recent accounting developments

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2023:

- Definition of Accounting Estimates – Amendments to IAS 8.
- Amendments to IAS 12 – International Tax Reform Pillar 2 Model Rules

The amendments listed above did not have any material impact on the amounts recognized in the prior or current periods and are not expected to significantly affect the amounts recognized in future periods.

d. Other New Pronouncements

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments and interpretations are listed below:

- Leases on sale and leaseback – Amendment to IFRS 16 (effective for reporting periods commencing on 01 January 2024);
- General requirements for disclosure of sustainability-related financial information – IFRS S1; and
- Climate-related disclosures – IFRS S2.

IFRS S1 and IFRS S2 were issued by the International Sustainability Standards Board (ISSB) on 26 June 2023. The UK Government aims to make endorsement decisions on these first two ISSB standards by July 2024.

e. Basis of consolidation

i. Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de facto control.

De facto control may arise in circumstances where the size of the Group’s voting rights relative to the size and dispersion of holdings of other shareholders gives the Group power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred and the liabilities incurred to the former owners of the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and

2. Principal accounting policies continued

contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date and classified as a financial liability. Those amounts classified as a financial liability are subsequently re-measured to fair value, with changes in fair value recognized in profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii. Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii. Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

f. Foreign currency translation

i. Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in British Pounds Sterling, which is the Group's presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

iii. Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

2. Principal accounting policies continued

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate. Exchange differences are recognized in other comprehensive income.

No adjustments have been made to account for hyperinflation in Turkey as the impact is not material to the Group.

g. Fair value measurement

The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** — quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2** — valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- **Level 3** — valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Fair-value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Quantitative disclosures of fair value measurement hierarchy – Note 4b.
- Financial assets and liabilities – Notes 4b and 23.

h. Interest income

Interest income is recognized on a time-proportion basis using the effective interest method, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

i. Alternative performance measures

Alternative performance measures ("APMs") are used as supplemental measures in monitoring the performance of our business.

Underlying operating profit is the key measure used by BSI. The adjustments applied in calculating underlying operating profit reflect certain exceptional items that the Directors believe are not related to the underlying performance of the Group. A reconciliation of underlying operating profit to profit before tax is shown on page 133 and to operating profit on page 137.

In the view of the Directors, the underlying operating profit provides a meaningful supplement to the reported numbers to explain how the business is managed and measured on a day-to-day basis. Underlying results exclude certain irregular items because, if included, these items could distort the understanding of our underlying performance for the year and comparability between periods.

In determining whether an item is included in the reconciliation to underlying results, the Group considers items which are significant because of their size or their nature, and which are irregular. They are typically material amounts relating to costs, gains or losses that are not considered part of the core operations of the business. These may include

2. Principal accounting policies continued

costs directly related to acquisitions, costs related to restructuring programmes and significant impairment losses.

The Directors compare performance between reporting periods on a constant currency basis, whereby prior period financial performance is retranslated at current period exchange rates. The Directors consider the constant currency basis to be a valuable addition to reported performance as it eliminates the impact of fluctuations in exchange rates, providing insight into and understanding of the organic, comparable period on period movements.

j. Climate change

The Directors recognize climate change and the potential impact it may have on both the wider world and the success of BSI. The threat continues to evolve and businesses globally have a responsibility to take meaningful action to mitigate and prevent further climate change. The Directors are committed to reducing the impact of BSI on the environment. Climate-related risks have been identified within our assessment of Climate Risk (see pages 47 to 50) ; however, the Directors do not view them as a source of material estimation uncertainty for the Group.

The impact of climate change will evolve in future periods and the Group will continue to assess this.

3. Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3. Critical accounting estimates and judgements continued

a. Impairment of goodwill and finite-lived intangible assets

Critical accounting judgement or estimation	Sources of estimation uncertainty	Effect if actual results differ from assumptions
The Group performs an impairment test annually to determine whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 13. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as Cash-Generating Units (CGUs). Goodwill is allocated to the Group's CGUs. Impairment testing requires management to assess whether the carrying value of the CGUs can be supported by the higher of value in use and fair value less cost to sell. Per IAS 36, Impairment of Assets, external and internal sources of information are to be reviewed for potential triggers of asset impairment for each Cash Generating Unit ("CGU") in the business segments. External triggers include: – Observable indications of declining value of the CGU beyond normal use. – Adverse changes in the CGUs technological, market, economic or legal environment. – Increase in market interest rates which would affect the discount rate used in calculating the asset's value in use. Internal triggers include: – Evidence of obsolescence or physical damage of the CGUs assets. – Significant adverse changes which have changed or will change how the CGUs assets are used. – Indications, through review of internal reports, that the economic performance of a CGUs assets are or will be worse than expected. – Other specific risks within each CGU.	Value in use reflects the estimated future cash flows of each CGU discounted by an estimated weighted average cost of capital that represents the rate of return an outside investor would expect to earn. This discount rate is based on the weighted average cost of capital for comparable companies and is adjusted for risks specific to the CGU including differences in risk due to its size, geographic concentration and trading history. Future cash flows are determined using the latest available Board approved forecasts and strategic plans. These forecasts and strategic plans are based on specific assumptions during the planning period with respect to revenue, results of operations, working capital, capital investments and other general assumptions for the projected period. The forecast assumptions that derive future cash flows are based on the historical results of each CGU combined with external market information and defined strategic initiatives. Determining the estimated recoverable amount of a CGU is judgemental in nature. The key assumptions used in the estimation of value in use as at 31 December 2023 were revenue growth rates as included in the Group's Strategic Plan, long-term growth rates and discount rates. Revenue growth rates reflect macroeconomic activity, market growth forecasts and competitor activity. There is also significant judgement required to determine whether an external or internal trigger has been met. Uncertainties related to impairment triggers include: – The impact of continuing technological progess. – The impact of the future effects of climate change. – The impact of current and future changes to the political environments in which our the CGUs operate. – The impact on interest rates and discount rates of future changes to the macroeconomic environments in which our CGUs operate. An impairment loss is recognized when the carrying value of the asset for the CGUs exceeds its recoverable amount. Further details of key assumptions and a sensitivity analysis are disclosed in Note 13.	The carrying values of finite-lived intangible assets are reviewed for indicators of impairment annually or when events or changes in circumstances indicate the carrying value may be impaired. If the judgement applied in determining whether there was an impairment trigger was incorrect or the fact pattern on which it was based changes, this could result in an impairment test being required and, possibly, an impairment being reflected in the Consolidated Financial Statements. During the year, no impairment losses were recognized. However, in the prior year a trigger for impairment was identified in relation to certain client relationship intangible assets within Environment, Health, Safety, Sustainability and Security (EH3S) and Digital Trust Consultancy (DTC) businesses. As a result, the recoverable amount of finite-lived assets with a carrying value of £4.7m was reassessed based on the churn of client relationships identified at the point of acquisitions and the revenue and operating profit contribution of any remaining client relationships. As a result of the review, an impairment loss of £4.7m was recognized. See Note 13 for the sensitivities performed surrounding the key assumptions.

3. Critical accounting estimates and judgements continued

b. Deferred tax assets

Critical accounting judgement or estimation	Sources of estimation uncertainty	Effect if actual results differ from assumptions
Deferred tax assets are recognized for all unused tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses and temporary differences can be utilized. Management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits shown in the latest approved financial projections, together with future tax planning strategies. The deferred tax assets recognized and not recognized are detailed in Note 16.	The Group has recognized gross deferred tax assets of £27.0m (2022: £25.2m). See Note 16. The most significant element of the deferred tax assets relates to tax losses incurred by the British Standards Institution, the Royal Charter entity, in the UK. Management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits shown in the latest approved financial projections, together with future tax planning strategies. Losses can be carried forward indefinitely in the UK. However, there are restrictions in place, for example the amount that can be relieved using carried-forward trading losses is restricted to the amount of an allowance up to £5m plus 50% of remaining trading profits after deduction of the allowance. However, trading losses can be set against the profits of other members of the qualifying group. In the current year, the gross deferred tax asset balance has increased by £1.8m. This decision was based on projected profits.	If the Group's estimation of future profits is incorrect then the related deferred tax assets may be derecognized in future financial years.

3. Critical accounting estimates and judgements continued

c. Retirement benefit surplus

Critical accounting judgement or estimation	Sources of estimation uncertainty	Effect if actual results differ from assumptions
The Group operates a funded defined benefit scheme in the UK, administered by an independent Trustee. UK legislation requires that pension schemes are funded prudently. The last funding valuation of the plan was performed by a qualified actuary as at 31 March 2022 which revealed a funding shortfall (technical provisions minus the value of the assets) of £20m. The Group agreed to pay deficit contributions of £15.5m during 2022 which, along with investment returns from return-seeking assets, are expected to make good this shortfall by 31 March 2025. The next funding valuation is due no later than 31 March 2025, at which progress towards full funding will be reviewed. In addition, given the improvement to the scheme position, an account governed by an escrow agreement has been set up whereby remaining deficit contributions of up to £7.5m could be paid into the plan if underfunded on a technical provisions basis as at 31 March 2025. Contributions of £0.5m are expected to be paid by the Group for the year ending 31 December 2024 to cover the expenses of running the Plan.	The cost of defined benefit pension schemes is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates, and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The liabilities have been calculated by, and the assumptions have been set on the recommendations of, an independent qualified actuary. The liabilities allow for indexation of benefits in line with the Consumer Prices Index (CPI).	After review of the Trust deeds and rules of the pension scheme, the Directors recognized the pension surplus as at 31 December 2022. The Directors continue to recognize the pension surplus as at 31 December 2023 as there have been no changes to the Trust deeds and rules of the pension scheme during the year. In recognizing the surplus, we are being consistent in our accounting treatment, recognized the accounting value generated using the principal assumptions detailed in Note 15b i. The Directors have recognized the economic benefit considered to arise from either a reduction to future contributions or a refund of the surplus, assuming the gradual settlement of plan liabilities over time until all members and beneficiaries have left the plan. A sensitivity analysis is also included in Note 15b i.

3. Critical accounting estimates and judgements continued

d. Provision for uncertain tax positions

Critical accounting judgement or estimation	Sources of estimation uncertainty	Effect if actual results differ from assumptions
Provision for uncertain tax positions is a matter requiring considerable judgement involving interpretation of tax laws when filing tax returns and associated information returns with tax administrations.	Provision for uncertain tax positions as at 31 December 2023 has been recognized in the financial statements in the amount of £6.3m (31 December 2022: £3.0m). The provision has been made by management having regard to the multinational nature of BSI's business and continuing developments in the international tax environment which place increasing compliance burdens on multinational enterprises.	If the judgement applied in the interpretation of tax laws when filing tax and associated information returns with tax administrations was incorrect, or the fact pattern on which it was based changes, this could result in an additional tax charge or credit being reflected in the consolidated financial statements.

4. Financial risk management

Financial risk factors

The Group's principal financial liabilities, other than derivatives, comprise lease liabilities and trade and other payables. The Group's principal financial assets include trade receivables, cash, and fixed-term deposits. The group also enters into derivative transactions.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk. As part of an overall risk management programme, the Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Financial risk management is undertaken by a central treasury department (Group Treasury) under the Treasury policy approved by the Board of Directors. The Board provides written principles for overall risk management, foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, credit risk, and investment of excess liquidity. Operating within these guidelines, Group Treasury identifies, evaluates and, where appropriate, hedges financial risks in close co-operation with the Group's operating units.

a. Market risk

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the entity's functional currency.

To manage the foreign exchange risk arising from known future commercial transactions and material recognized assets and liabilities, the Group will transact the relevant swap and forward contracts, approved by Group Treasury.

The Group has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk. The Group does not seek to hedge these net assets and recognizes that an element of balance sheet volatility is inherent in managing foreign operations.

4. Financial risk management continued

The following table details the sensitivity of the Group's operating profit to movements in the major currencies in which it operates. This analysis considers the impact of the British Pound Sterling strengthening by 10% against the most significant foreign currencies used by operating units in the Group. The average movement in each currency during the previous annual reporting period is shown for comparison.

Currency	2023 average exchange rate	Absolute average exchange rate movement*	Adverse impact on operating profit of 10% rate movement	2022 average exchange rate	Absolute average exchange rate movement*	Adverse impact on operating profit of 10% rate movement
Euro	**1.15**	**1.8%**	**£4.0m**	1.17	1.9%	£3.0m
US Dollar	**1.25**	**6.8%**	**£2.1m**	1.22	6.3%	£1.7m
Japanese Yen	**176.24**	**8.8%**	**£0.3m**	161.51	6.3%	£0.5m
Chinese Renminbi	**8.84**	**4.5%**	**£0.3m**	8.30	2.3%	£0.2m

* These movements indicate the absolute average exchange rate movement over the last three years to indicate volatility, whether positive or negative.

Had the British Pound Sterling weakened by 10% against all currencies, the result would have been a favourable operating impact of £8.1m, before considering the impact of hedging activity.

In 2022, the British Pound strengthened against the above currencies and a similar strengthening of 10% in the British Pound Sterling against all of the currencies in which the Group has exposure would have resulted in an adverse operating profit impact of £5.9m.

There is no impact on equity as hedge accounting is not being applied to the derivative trades being placed and hence, they are not treated as designated, with all gains or losses reflected in the income statement.

4. Financial risk management continued

Interest rate risk
The Group has interest-bearing assets and liabilities arising from the operation of the cash pooling arrangement. Interest cash flow risk naturally offsets within the cash pooling arrangement. Furthermore, there is interest rate risk associated with the Group's cash deposits. The Group's overall objective with respect to holding these deposits is to maintain a balance between security of funds, accessibility, and competitive rates of return. The Group's deposits are liquid and therefore can be moved to an alternative counterparty should they offer more favourable rates. The following table details the sensitivity of the Group's profit before tax to the impact of a reduction in interest rates and demonstrates that profit before tax is not particularly sensitive to interest rate fluctuations.

Impact on finance income	**2023 £m**
1 percentage point increase/(decrease) in interest rates	**0.9/(0.9)**

Finance income in the prior year was not significant and the impact of fluctuations in the interest rate would have been minimal.

b. Credit risk
Credit risk arises from cash and cash equivalents, restricted cash, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to clients, including outstanding receivables. The Group considers its maximum exposure to credit risk at 31 December to be as follows:

	2023 £m	2022 £m
Cash and cash equivalents, restricted cash and fixed-term deposits (Note 20)	**191.0**	164.6
Trade receivables (Note 17)	**130.4**	123.4
Other receivables, prepayments and accrued income (Note 17)	**87.8**	85.6
Total credit risk	**409.2**	373.6

i. Risk management
The Group's credit risk from financial institutions is managed by the Group's central treasury department in accordance with the Group's policy. The risk is considered to be low. The maximum credit exposure associated with cash and cash equivalents and restricted cash is equal to the carrying amount, as disclosed per Note 20, except for derivative financial instruments. The Group's maximum exposure relating to financial derivative instruments is discussed in the liquidity risk section below. The majority of funds are held with relationship banks, in accordance with the Group counterparty exposure policy. The credit risk associated with these financial institutions has not increased significantly since initial deposits.

Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. New clients are reviewed for creditworthiness with credit terms amended as appropriate. The majority of the Group's trade receivables are due for payment within 14–60 days from invoice date. Concentrations of credit risk with respect to trade receivables are limited as the Group's client base is large and unrelated, and, where appropriate, individual accounts receivable are provided against. Due to this, management believes there is no further credit risk provision required in excess of the normal loss allowance on trade receivables.

ii. Expected credit losses
An allowance for expected credit losses is maintained for expected lifetime credit losses that result from the failure or inability of clients to make required payments. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics (i.e. by geographical region and business Division) and the days past due. The expected loss rates are based on the payment profiles of trade receivables over a period of 24 months to the balance sheet date and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information including economic and geopolitical factors such as interest rate and inflation forecasts that may affect the ability of clients to settle their receivables. On that basis, the loss allowance was determined as follows for trade receivables.

4. Financial risk management continued

At 31 December 2023	Current	More than 30 days past due	More than 90 days past due	More than 150 days past due	Total
Expected loss rate	**0.2%**	**1.2%**	**8.4%**	**28.1%**	**3.1%**
Gross carrying amount – trade receivables (£m)	**100.7**	**16.2**	**6.2**	**11.4**	**134.5**
Loss allowance (£m)	**0.2**	**0.2**	**0.5**	**3.2**	**4.1**

At 31 December 2022	Current	More than 30 days past due	More than 90 days past due	More than 150 days past due	Total
Expected loss rate	0.4%	2.1%	5.4%	27.7%	2.7%
Gross carrying amount – trade receivables (£m)	94.0	19.2	5.1	8.6	126.9
Loss allowance (£m)	0.4	0.4	0.3	2.4	3.5

The reconciliation of the closing loss allowance on trade receivables to the opening loss allowance is shown in Note 17.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage with the Company, a failure to make contractual payments for a period of greater than 365 days past due, and impending bankruptcy. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Expected credit loss provisions are assessed on the accrued income balance. The Group has considered the aged, accrued income balance in line with the trade receivables policy and the expected credit loss provision is considered immaterial for Group purposes.

Offsetting of financial instruments

The following table shows the amount recognized for financial assets and liabilities which are subject to offsetting arrangements on a gross basis, and the amounts offset in the balance sheet (2022: £nil).

At 31 December 2023	**Gross amounts of recognized financial assets (liabilities) £'000**	**Amounts set off**	**Total**
Derivative assets	**9**	**(9)**	**—**
Derivative liabilities	**(204)**	**9**	**(195)**
Total	**(195)**	**—**	**(195)**

c. Liquidity risk

Cash flow forecasting is performed by the operating entities of the Group and aggregated by Group Treasury. A number of subsidiaries pool their cash surpluses to Group Treasury, which in turn is used to fund other subsidiaries' requirements, or invest any net surplus in the market, while managing the group's overall net currency positions. Group Treasury monitors the Group's liquidity reserves ensuring appropriate headroom is maintained.

The Group invests surplus cash in interest-bearing current accounts, bank deposits and money market funds, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Group held total investments of £6.6m (2022: £53.0m).

4. Financial risk management continued

The table below analyzes the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. As the majority of the "Trade and other payables excluding deferred income" are short term in nature, their fair values approximate to their carrying values as the impact of discounting is not significant.

At 31 December 2023	**Less than 1 year £m**	**Between 1 and 5 years £m**	**Over 5 years £m**	**Total £m**
Trade and other payables excluding deferred income (Note 22)	**125.3**	**3.6**	**5.4**	**134.3**
Lease liabilities	**11.9**	**21.3**	**1.6**	**34.8**

At 31 December 2022	Less than 1 year £m	Between 1 and 5 years £m	Over 5 years £m	Total £m
Trade and other payables excluding deferred income (Note 22)	114.2	4.3	3.4	121.9
Lease liabilities	10.9	23.7	2.8	37.4

Discounted cash flows for lease liabilities, as reported under IFRS 16, are shown in the table below.

Lease Liabilities	Less than 1 year £m	Between 1 and 5 years £m	Over 5 years £m
At 31 December 2023 (Note 14)	**10.9**	**21.1**	**0.6**
At 31 December 2022 (Note 14)	9.8	20.6	2.6

The Group held net-settled derivative financial liabilities at 31 December 2023 of £0.2m (2022: nil). Each leg of the foreign currency trades is fixed at the point of inception, apart from non-deliverable forwards, and they are rolled monthly minimizing exposure to liquidity risk. Counterparty risk is managed via the Treasury policy, which sets out acceptable credit ratings and maps to maximum exposure.

5. Divisional information

Whilst the Group has not opted to voluntarily apply IFRS 8, these consolidated financial statements include the results presented by business Divisions and support functions, in line with management information provided to the Board and used for internal reporting and monitoring. The Board constitutes the chief operating decision-maker responsible for allocating resources and assessing performance of the business Divisions and support functions.

The business Divisions reported are:

- **Knowledge** Solutions – comprises Standards Development, Services and Information Solution businesses.
- **Assurance Services** – comprises Systems Certification, Product Certification and Training businesses.
- **Regulatory Services** – comprises Systems Certification and Product Certification into the Medical Devices industry.
- **Consulting Services** – comprises two businesses: an Environment, Health, Safety, Sustainability and Security (EH3S) Consultancy and a Digital Trust Consultancy (DTC).

Governance and support functions comprise those functions responsible for directional oversight and policy framework creation and compliance for the Group as well as support functions to the business Divisions, mainly Commercial and Sector Management, Finance, Information Technology, People, Facilities, Legal and Strategy & Transformation. These are not allocated to business Divisions.

The performance of these business Divisions is measured at underlying operating profit and that treatment is reported here. This measure excludes the financing costs and actuarial adjustments of the UK defined benefit pension scheme, finance income, finance costs, and income tax expenses.

5. Divisional information continued

The Divisional information provided to the Board for the years ended 31 December 2023 and 31 December 2022 is as follows:

2023	Knowledge Solutions £m	Assurance Services £m	Regulatory Services £m	Consulting Services £m	Support functions £m	Total £m
Revenue	**78.4**	**333.5**	**231.7**	**84.1**	**—**	**727.7**
Depreciation and amortization	**(2.2)**	**(3.8)**	**(1.0)**	**(0.4)**	**(15.8)**	**(23.2)**
Underlying operating profit/(loss)	**30.7**	**102.6**	**102.3**	**13.0**	**(194.4)**	**54.2**
Finance income	**—**	**—**	**—**	**—**	**4.9**	**4.9**
Finance costs	**—**	**—**	**—**	**—**	**(1.6)**	**(1.6)**
Income tax expense	**—**	**—**	**—**	**—**	**(23.7)**	**(23.7)**

2022	Knowledge Solutions £m	Assurance Services £m	Regulatory Services £m	Consulting Services £m	Support functions £m	Total £m
Revenue	70.6	311.3	201.5	89.4	—	672.8
Depreciation and amortization	(1.8)	(3.2)	(0.8)	(0.4)	(16.8)	(23.0)
Underlying operating profit/(loss)	27.4	94.7	82.1	13.3	(161.5)	56.0
Finance income	—	—	—	—	1.1	1.1
Finance costs	—	—	—	—	(1.7)	(1.7)
Income tax expense	—	—	—	—	(18.3)	(18.3)

The chief operating decision-maker is provided with the Group balance sheet. No Divisional balance sheet is reported.

A reconciliation of underlying operating profit to profit before tax is provided as follows:

	2023 £m	2022 £m
Underlying operating profit	**54.2**	56.0
Impairment losses on goodwill and acquired intangible assets (Note 7)	—	(16.6)
Closure of Russian operations (Note 7)	—	(1.2)
Finance income	**4.9**	1.1
Finance costs	**(1.6)**	(1.7)
Profit before tax	**57.5**	37.6

6. Revenue

a. Revenue Policy

Revenue is measured based on the consideration specified in a contract with a client net of sales-related tax, returns, rebates, discounts, and amounts collected on behalf of third parties and after eliminating inter-company revenue within the Group. The Group recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a client.

b. Nature of goods and services

The following is a description of the principal activities, separated by reportable segments, from which the Group generates its revenue.

i. Knowledge Solutions

The Group's Knowledge Solutions business Division comprises Standards Development, Services and Information Solutions businesses.

The main sources of external revenue and basis for revenue recognition in this segment are set out below:

– Document revenue

Document revenue originates from the sale of publications in hard and/or soft copy. Revenue is recognized at a point in time when control of the goods passes to the client.

6. Revenue continued

- Subscription revenue

  Subscription revenue mainly derives from providing access to BSI's intellectual property and support services, during the subscription period, e.g. BSI's digital information services and access to published standards information. In addition, BSI membership is sold as an annual subscription which gives access to newsletters, advisory and support services, discounts on BSI products, and invitations to events and seminars.

  Where there is an ongoing performance obligation for BSI to maintain the intellectual property being accessed, e.g. to keep it up to date and maintain its value to the client, revenue is recognized over the duration of the subscription period. Where there are no further performance obligations for BSI after granting a licence, revenue is recognized at the time the licence is granted.

- Copyright and royalties

  Copyright revenue relates to the grant of a licence to use Knowledge Solution's intellectual property over the licence period, e.g. to use all or part of a specific publication in a client document. Copyright revenues are recognized at the time the right-to-use licence is granted. Royalty revenue derives from the grant of licences allowing access to Knowledge Solution's intellectual property based on client usage. Revenue is recognized on a straight-line basis over the licence period where BSI has an obligation to ensure the IP is up to date, however revenue is recognized at the point of sale where a one-off grant of access is supplied.

- Services (commissioned content, research, advisory, consultancy and technical assistance).

  Standards Services activity within Knowledge Solution arises from contracts which vary in length, some of which are over a year in duration. Revenue is recognized as set out in the contract: contracts are a mixture of time and material-based contracts where revenue is recognized over time, and contracts where revenue is recognized at a point in time when the right to consideration is established based on project delivery or when project milestones have been achieved.

ii. Assurance Services

The Group's Assurance Services business Division comprises Systems Certification, Product Certification and Training businesses.

Assessment and certification services

These incorporate a number of more discrete services, the main constituents of which are:

- Application fee

  This covers administration and planning costs up to the date of the certification review and for advancing the client's application to the point of assessment. The fee is non-refundable and payable upon the client's signed acceptance of the proposal. Revenue is recognized at this point in time.

Assessment and certification

  Following the application and onbooarding process, assessment commences. These contracts are time and materials-based, generally delivered by a number of audit visits (on site and/or remote assessments) by appropriately qualified staff. Revenue is recognized over the period of delivery, with the performance obligations linked to the time worked by the staff delivering the audit.

- Annual management fee (AMF)

  The AMF grants access to a number of BSI's assessment and certification tools, ongoing planning and information. For example, the BSI Connect Portal allows BSI Testing and Audit clients to access information regarding their audit, testing, and certification programs. Clients can access reports and certificates, download logos, manage corrective action plans, analyze their findings against benchmarks, and track other BSI certificates relevant to their supply chain. BSI has an ongoing obligation to maintain the information and services being provided over the certification cycle that the AMF relates to. Revenue is recognized in a straight-line over the certification cycle that the AMF relates to.

Product testing and certification

- Kitemark licence fee

  The annual Kitemark licence once granted does not require any further obligation on BSI over the licence period. Revenue is recognized at the point the licence is granted.

- Provision of testing services

  This is to assess whether a product conforms to required specifications. Revenue will be recognized on a percentage of work completed, with performance obligations linked to time worked, hence revenue recognition is triggered by the submission of timesheets.

6. Revenue continued

- Provision of certification of conformity services (Notified and Approved Body)

  This is to assess and certify whether a product conforms to required schemes, regulations or directives. Revenue is recognized over the period of the testing to achieve certification, based on work completed. Revenue from AMF for ongoing management of the certification cycle is recognized evenly over a twelve-month period.

Training services
The revenue-generating activity comprises the delivery of both public and in-house training courses and conferences, utilizing both classroom and web and/or digital formats. Revenue is recognized on delivery of the training other than for on-demand digital products where revenue is recognized on sale.

iii. Regulatory Services
The Group's Regulatory Services business Division comprises Systems Certification and Product Certification to the Medical Devices industry.

- Regulatory assessment and certification services and the discrete constituent services within these are as set out above under 'Assurance Services – assessment and certification services'.

  In summary, revenue for the application fee is recognized once a client order has been processed and set up in the system. The revenue for the annual management fee is recognized over its annual period on a straight-line basis and the revenue for assessment and certification services is recognized over the period of delivery of the services based on time worked.

- Conformité Européenne (CE) marking – document and technical file reviews

  This comprises the audit review of document and technical files, and delivering a conclusion as to whether the requirements of the relative directives or regulations are met. Revenue is recognized based on time worked over the review period and thus recognition is triggered by the submission of timesheets.

iv. Consulting Services
The Group's Consulting Services business Division comprises two business lines, an Environmental, Health, Safety, Sustainability and Security (EH3S) consultancy and a Digital Trust consultancy (DTC).

- Environmental, Health, Safety, Sustainability and Security (EH3S) and Digital Trust consultancy (DTC)

  Services, such as environmental, health and safety or sustainability consulting, digital advisory and data governance reviews, penetration testing, and reviewing client systems are generally contracted on a time and materials or fixed fee basis. Revenue is generally recognized as services are performed or on a percentage of completion basis.

  Revenue is recognized on a contract-by-contract basis for services that involve the granting of software licences or the sale of software. Immediate recognition of the revenue is appropriate where BSI has no ongoing performance obligations following transfer of software or the granting of a licence. Revenue is spread over the duration of ongoing performance obligations arising under all other contracts.

  Training revenue is recognized when the training is delivered.

  Supply Chain Solutions include grants of licences to access BSI's Connect Screen supply chain related content, consulting and training services and the provisioning of Software as a Service. The business's BSI Connect Screen supply chain tools are typically sold as an annual licence and revenue is recognized evenly over the licence period.

- Other consulting

  Revenue is recognized over time where the contract relates to a time and materials type of contract, or when project milestones are achieved, and the contract indicates this best represents the transfer of value and control to the client.

BSI applies the practical expedient with regards to the disclosure of the allocation of transaction price in accordance with paragraph 120 of IFRS 15, permitted where the performance obligation is part of a contract less than a year in duration or where revenue is recognized from the satisfaction of performance obligations where the entity has a right to consideration from a customer in an amount that corresponds to the value of the entity's performance.

6. Revenue continued

c. Disaggregation of revenue

In the table below, revenue is disaggregated by business Division (see Note 5), primary geographical market and timing of revenue recognition.

2023	Knowledge Solutions £m	Assurance Services £m	Regulatory Services £m	Consulting Services £m	Total £m
Primary geographical markets					
EMEA	**78.2**	**153.2**	**77.1**	**17.1**	**325.6**
Americas	—	**53.7**	**138.1**	**64.7**	**256.5**
Asia Pacific	**0.2**	**126.6**	**16.5**	**2.3**	**145.6**
Revenue from external clients	**78.4**	**333.5**	**231.7**	**84.1**	**727.7**
Timing of revenue recognition					
At a point in time	**32.3**	**309.1**	**215.3**	**1.2**	**557.9**
Over time	**46.1**	**24.4**	**16.4**	**82.9**	**169.8**
	78.4	**333.5**	**231.7**	**84.1**	**727.7**

2022	Knowledge Solutions £m	Assurance Services £m	Regulatory Services £m	Consulting Services £m	Total £m
Primary geographical markets					
EMEA	70.4	139.2	63.1	16.6	289.3
Americas	—	50.7	122.3	71.2	244.2
Asia Pacific	0.2	121.3	16.2	1.6	139.3
Revenue from external clients	70.6	311.2	201.6	89.4	672.8
Timing of revenue recognition					
At a point in time	30.7	287.9	186.0	4.0	508.6
Over time	39.9	23.3	15.6	85.4	164.2
	70.6	311.2	201.6	89.4	672.8

As the Group transacts with a large number of diversified clients, no single customer accounts for 10% or more of revenues.

d. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with clients.

d.1 Contract assets

	31 December 2023 £m	31 December 2022 £m
Receivables, included in 'Trade and other receivables' (Note 17)	**134.5**	126.9
Contract costs (Note 18)	**19.0**	18.3
Accrued income (Note 17)	**53.2**	50.7

d.2 Contract liabilities

	31 December 2023 £m	31 December 2022 £m
Contract liabilities, included in 'Trade and other payables'	**(44.4)**	(43.6)

6. Revenue continued

d.3 Significant changes in the contract assets and the contract liabilities balances

	2023 Contract assets £m	2023 Contract liabilities £m
Revenue recognized that was included in the contract liability balance at the beginning of the period	**—**	**42.6**
Increases due to cash received, excluding amounts recognized as revenue during the period	**—**	**(43.4)**
Costs recognized that were included in the contract asset balance at the beginning of the period	**(5.1)**	**—**
Increases due to cash paid, excluding amounts recognized as costs during the period	**5.8**	**—**

	2022 Contract assets £m	2022 Contract liabilities £m
Revenue recognized that was included in the contract liability balance at the beginning of the period	—	40.2
Increases due to cash received, excluding amounts recognized as revenue during the period	—	(43.4)
Costs recognized that were included in the contract asset balance at the beginning of the period	(5.2)	—
Increases due to cash paid, excluding amounts recognized as costs during the period	5.9	—

7. Operating profit

Operating profit is stated after charging/(crediting) the following:

	Note	2023 £m	2022 £m
Employee expense	8	**407.4**	372.0
Depreciation of property, plant and equipment	12	**5.7**	5.7
Loss on disposal of tangible assets	12	**0.2**	0.1
Loss on disposal of intangible assets	13	**0.3**	—
Amortization of intangible assets	13	**8.5**	8.3
Impairment losses on goodwill and acquired intangible assets	13	**—**	16.6
Impairment losses on intangible assets	13	**1.4**	—
Depreciation of right-of-use assets	14	**9.0**	9.0
Loss or (gain) on disposal of right-of-use assets	14	**—**	(0.1)
Provision or (Reversal) of loss allowance on trade receivables	17	**0.8**	(0.1)
Bad debts written off to income statement directly		**1.6**	1.4
Other exchange losses		**5.5**	0.4
Expense relating to short-term and low-value leases	14	**0.5**	0.2
Movement in property provision	21	**(0.2)**	—
Charitable donations		**0.4**	0.1
Auditors' remuneration:			
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements		**0.8**	0.6
Fees payable to the Group's auditors and their associates for other services:			
– The audit of the Company's subsidiaries pursuant to legislation		**0.2**	0.1
– Other advisory services		**—**	0.1
Loss on fair value change in derivatives – unrealized		**0.2**	—
Loss on fair value change in derivatives – realized		**0.1**	—

A reconciliation of operating profit to underlying operating profit is provided as follows:

	2023 £m	2022 £m
Operating profit	**54.2**	38.2
Exceptional items (Note 5)	**—**	17.8
Underlying operating profit	**54.2**	56.0

Exceptional items, excluding the impact of tax, for the prior year ended 31 December 2022 were as follows:

- **Significant impairment losses**. Impairment losses in relation to goodwill attributed to the DTC CGU and certain acquired intangible assets in the DTC and EH3S CGUs of £16.6m; and
- **Restructuring costs**. Costs associated with the closure of our Russian operation following the invasion of Ukraine by Russia of £1.2m.

These items have been treated as exceptional and excluded from underlying operating profit to reflect performance in a consistent manner and are in line with how the business is managed on a day-to-day basis. For more information about exceptional items see Note 2i.

8. Employee expense

Employee benefits policies

i. Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as part of an offer made in respect of voluntary redundancy arrangements. Benefits falling due more than one year after the balance sheet date are discounted to their present value.

ii. Bonus plans

The Group recognizes a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

8. Employee expense continued

iii. Long Term Incentive Plan

The Group has a Long-Term Incentive Plan as referred to in the report of the Remuneration Committee. The costs of the plan are accrued and charged to the income statement over the period of the plan so as to accrue, on a pro-rata basis, the anticipated incentive payments that may vest.

Employee expenses comprise the following:

	Note	**2023 £m**	2022 £m
Wages and salaries (including termination benefits of £2.3m (2022: £3.2m))		**338.6**	312.5
Social security costs		**40.7**	36.4
Long Term Incentive Plan (LTIP) expense		**5.0**	2.3
Other pension costs – defined contribution plans	15a	**23.1**	20.8
Employee expense charged in arriving at operating profit	7	**407.4**	372.0
Net pension finance (income)/costs	10	**(1.0)**	(0.5)
Total employee expense charged in arriving at profit before income tax		**406.4**	371.5

The monthly average number of full-time equivalent individuals (including Board members) employed by the Group during the year was:

	2023 Number	2022 Number
Employees		
Production, assessment, training and laboratory	**3,560**	3,396
Sales and distribution	**1,056**	1,006
Administration	**1,228**	1,082
Total employees	**5,844**	5,484
External resource	**472**	481
Total headcount	**6,316**	5,965

External resource comprises assessors, tutors, and consultants operating under a services agreement to provide the capacity, geographic presence or specialist knowledge locally to deliver BSI's services to its clients.

9. Key management personnel

Key management of the Group includes the Directors (Executive and Non-Executive) and the other members of the Group Leadership Team.

Compensation for key management personnel is set out in the table below:

	2023 £m	2022 £m
Salaries and short-term benefits	**7.2**	6.6
Terminations	**0.1**	0.2
Post-employment benefits	**—**	0.2
Other long-term benefits	**1.0**	0.4
Total emoluments	**8.3**	7.4

Aggregate director remuneration in the year was £3.0m (2022: £2.5m) and other long term benefits was £0.7m (2022: £0.2m). Remuneration attributable to the highest paid Director in the year was £1,729,000 (2022: £983,000). Further information in respect of the Directors can be found in the Directors' remuneration report on pages 87 to 97.

10. Finance income and costs

	2023 £m	2022 £m
Bank interest receivable on cash, short and fixed-term deposits	**3.9**	0.6
Interest income on the UK net defined benefit pension surplus (Note 8 and Note 15b i)	**1.0**	0.5
Finance income	**4.9**	1.1
Interest on lease liabilities (Note 14)	**(1.6)**	(1.7)
Finance costs	**(1.6)**	(1.7)

11. Income tax expense

Income tax policy

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates the position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Group is subject to corporate taxes in the countries in which it operates. There are many circumstances in which the application of tax law is open to interpretation with the result that taxpayers and tax administrations may adopt legitimately different interpretations. Such differences in interpretation may result in additional tax liabilities compared to the positions taken by taxpayers when filing tax returns. This creates uncertainty and it is usual for multinational enterprises to establish provisions for tax risk arising from uncertain tax positions (UTPs). The Group recognizes liabilities from UTPs based on whether it is probable that there will be an outflow in relation to additional taxes payable. In doing so, the Group takes account of the requirement to recognize liabilities assuming full disclosure of all relevant facts to tax administrations in accordance with local tax laws and the availability of any mitigation such as mutual agreement procedures under the terms of relevant tax treaties.

	2023 £m	2022 £m
Current tax		
UK tax current year	**0.4**	2.9
UK tax prior years	**6.9**	(2.2)
Foreign tax current year	**21.8**	21.8
Foreign tax prior years	**(8.0)**	1.1
Withholding tax	**2.7**	2.2
Total current tax	**23.8**	25.8
Deferred tax (Note 16)		
Origination and reversal of temporary differences	**(2.2)**	(6.2)
Prior year deferred tax adjustments	**2.1**	(1.3)
Total deferred tax	**(0.1)**	(7.5)
Total income tax expense	**23.7**	18.3

The tax on the Group's profit before tax is higher (2022: higher) than the UK statutory tax rate of 23.5% (2022: 19.0%) applicable to profits of the consolidated entities as follows:

	2023 £m	2022 £m
Profit before income tax	**57.5**	37.6
Tax calculated at the UK statutory tax rate of 23.5% (2022: 19.0%)	**13.5**	7.1
Effects of:		
– Net expenses not deductible for tax purposes	**0.5**	5.5
– Tax losses and other temporary differences for which no deferred income tax asset was recognized	**0.6**	0.5
– Rate difference on deferred tax	**(0.4)**	(1.6)
– Higher tax rates on overseas earnings	**1.7**	4.0
– Withholding tax not recoverable	**2.7**	2.2
– Tax on restructuring of Taiwan branch	**1.2**	—
– Deferred tax on unremitted earnings	**1.4**	—
– Uncertain tax positions	**3.3**	3.0
Adjustments to tax charge in respect of previous periods:		
– UK	**(0.4)**	(3.5)
– Foreign	**(0.4)**	1.1
Total income tax expense	**23.7**	18.3

The Group effective tax rate (ETR) on profits before tax for the year is 41.2% (2022: 48.7%). The ETR comprises a current year tax charge of 39.5% and a prior year tax charge of 1.7% arising from net under-provided tax.

The ETR for the Group's underlying business operations is 27.8% after removing the tax impact of Taiwan branch restructuring of 2.1%, the provision for uncertain tax positions of 5.7%, deferred tax on unremitted earnings of 2.4%, irrecoverable WHT of 4.7%, and prior period credit (1.5)% (the prior period impact of provision for UTPs is included in the 5.7% above) .

11. Income tax expense continued

The underlying tax rate of 27.8% is reconciled to the UK statutory tax rate of 23.5% by the tax impacts of higher overseas tax rates of 3.0%, non-tax deductible items of 0.9%, current year deferred tax assets not recognized of 1.0%, and the benefit of valuing the future impact of current year timing differences at the future higher UK tax rate of 25% which gives rise to a 0.6% benefit.

The new global minimum tax rules (Pillar 2) will apply to the Group in 2024. We completed an impact assessment using our Country-by-Country report for the year ended 31 December 2022 and reviewed the position using 2023 results. We do not expect the rules to have a significant impact on the Group and are not aware of any planned changes in 2024 that would impact our position.

12. Property, plant and equipment

Property, plant and equipment policy

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Freehold land and assets under construction are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Freehold buildings	5–50 years
Leasehold improvements	Over the unexpired term of the lease
Plant, machinery and office equipment	3–10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal factors that the Group takes into account are the expected rate of technological developments, the intensity at which the assets are expected to be used and having due regard to climate risk.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 13 for detail regarding the impairment policy for non-financial assets).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within administrative expenses in the income statement.

The Group derecognizes property, plant and equipment: (a) on disposal; or (b) when no future economic benefits are expected from its use or disposal.

Depreciation charges are included within administrative expenses in the income statement. Depreciation is not charged on assets under construction.

12. Property, plant and equipment continued

	Land and buildings				
	Freehold £m	Leasehold improvements £m	Assets under construction £m	Plant, machinery and office equipment £m	Total £m
Cost					
At 1 January 2022	12.5	11.4	2.6	36.2	62.7
Additions	—	0.1	4.6	1.5	6.2
Disposals	—	(0.2)	—	(1.2)	(1.4)
Reclassifications	—	0.3	(1.9)	1.6	—
Reclassifications with intangible assets (Note 13)	—	—	(2.7)	—	(2.7)
Exchange differences	—	0.1	0.3	1.1	1.5
At 31 December 2022	**12.5**	**11.7**	**2.9**	**39.2**	**66.3**
Additions	**—**	**0.3**	**5.6**	**1.7**	**7.6**
Disposals	**—**	**(0.3)**	**—**	**(5.4)**	**(5.7)**
Reclassifications	**—**	**—**	**(3.1)**	**3.1**	**—**
Reclassifications with intangible assets (Note 13)	**—**	**—**	**(3.6)**	**—**	**(3.6)**
Exchange differences	**—**	**(0.1)**	**(0.1)**	**(1.0)**	**(1.2)**
At 31 December 2023	**12.5**	**11.6**	**1.7**	**37.6**	**63.4**
Accumulated depreciation and impairment					
At 1 January 2022	(4.7)	(6.9)	—	(26.9)	(38.5)
Charge for the year (Note 7)	(0.5)	(1.2)	—	(4.0)	(5.7)
Disposals	—	0.1	—	1.2	1.3
Exchange differences	—	—	—	(0.9)	(0.9)
At 31 December 2022	**(5.2)**	**(8.0)**	**—**	**(30.6)**	**(43.8)**
Charge for the year (Note 7)	**(0.4)**	**(1.2)**	**—**	**(4.1)**	**(5.7)**
Disposals	**—**	**0.2**	**—**	**5.3**	**5.5**
Exchange differences	**—**	**0.1**	**—**	**0.8**	**0.9**
At 31 December 2023	**(5.6)**	**(8.9)**	**—**	**(28.6)**	**(43.1)**
Net book value at 31 December 2023	**6.9**	**2.7**	**1.7**	**9.0**	**20.3**
Net book value at 31 December 2022	7.3	3.7	2.9	8.6	22.5

12. Property, plant and equipment continued

Capital commitments in respect of property, plant and equipment

Capital expenditure of £1.1m (2022: £1.7m) has been contracted for but not provided for in the consolidated financial statements.

13. Goodwill and intangible assets

Goodwill and intangible assets policies

i. Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree, and the fair value of the non-controlling interest in the acquiree.

ii. Computer software

Externally acquired computer software and licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Internally generated computer software comprises development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group, and development costs in respect of the application and infrastructure of product delivery websites. These development costs include the employee costs incurred on software development and are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense to the income statement as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Externally acquired and internally generated computer software assets are amortized from the point at which the asset is ready for use, on a straight-line basis over the asset's estimated useful economic life noted below, or the length of the licence, as appropriate.

Computer software	3–5 years

Costs incurred in customizing, configuring and implementing a Software as a Service (SaaS) arrangement are expensed to the income statement in the year in which they are incurred, as are costs associated with maintaining computer software programmes.

iii. Customer relationships and Intellectual Property

On the acquisition of a subsidiary undertaking, fair values are attributed to the acquired identifiable tangible and intangible assets, liabilities and contingent liabilities.

Acquired intangibles primarily include client relationships and intellectual property as well as the client order backlog, computer software and the value of sellers' non-compete agreements. These are capitalized based on valuations using discounted cash flow analysis and amortized on a straight-line basis over their estimated useful economic lives.

Customer relationships and Intellectual Property	1–15 years

iv. Internally generated product development costs

Product development costs, which include costs incurred on developing training courses, are capitalized only when specific criteria for capitalization, as set out in IAS 38, "Intangible Assets", are met including consideration of probable future economic benefit. Capitalized product development costs are amortized over the asset's estimated useful life on a straight-line basis.

Internally generated product development costs	3–5 years

The Group derecognizes an intangible asset: (a) on disposal; or (b) when no future economic benefits are expected from its use or disposal.

Impairment of non-financial assets policy

Goodwill

The useful life of goodwill is considered to be indefinite and as such is not subject to amortization and is tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable.

13. Goodwill and intangible assets continued

Other Non-Financial Assets

Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as Cash-Generating Units (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Client relationships and other acquired intangible assets consist of intangible assets acquired as part of business combinations.

The Group amortizes intangible assets over their useful economic life in accordance with the Group policy. Those charges are included within cost of sales or administrative expenses in the consolidated income statement, as appropriate.

13. Goodwill and intangible assets continued

		Computer software					
	Goodwill £m	Externally acquired £m	Internally generated £m	Asset Under construction £m	Client relationships and other acquired intangible assets £m	Internally generated product development costs £m	Total £m
Cost							
At 1 January 2022	77.7	24.1	20.1	4.4	33.2	5.4	164.9
Additions	—	—	—	10.8	—	0.9	11.7
Reclassifications with Property, plant and equipment (Note 12)	—	8.3	0.7	(6.3)	—	—	2.7
Exchange differences	4.0	0.1	0.4	—	2.4	0.1	7.0
At 31 December 2022	**81.7**	**32.5**	**21.2**	**8.9**	**35.6**	**6.4**	**186.3**
Additions	**—**	**—**	**—**	**3.7**	**—**	**1.3**	**5.0**
Reclassifications with Property, plant and equipment (Note 12)	**—**	**—**	**—**	**3.6**	**—**	**—**	**3.6**
Disposals	**—**	**(4.0)**	**(3.6)**	**(1.4)**	**—**	**(1.3)**	**(10.3)**
Exchange differences	**(1.9)**	**(0.1)**	**(0.2)**	**—**	**(1.6)**	**—**	**(3.8)**
At 31 December 2023	**79.8**	**28.4**	**17.4**	**14.8**	**34.0**	**6.4**	**180.8**
Accumulated amortization and impairment							
At 1 January 2022	(6.4)	(15.8)	(17.2)	—	(22.1)	(4.0)	(65.5)
Charge for the year (Note 7)	—	(4.9)	(1.1)	—	(1.7)	(0.6)	(8.3)
Impairment Loss (Note 7)	(11.9)	—	—	—	(4.7)	—	(16.6)
Exchange differences	(0.1)	(0.1)	(0.2)	—	(1.0)	—	(1.4)
At 31 December 2022	**(18.4)**	**(20.8)**	**(18.5)**	**—**	**(29.5)**	**(4.6)**	**(91.8)**
Charge for the year (Note 7)	**—**	**(5.8)**	**(1.0)**	**—**	**(1.1)**	**(0.6)**	**(8.5)**
Disposals	**—**	**3.7**	**3.6**	**1.4**	**—**	**1.3**	**10.0**
Impairment Loss (Note 7)	**—**	**—**	**—**	**(1.4)**	**—**	**—**	**(1.4)**
Exchange differences	**—**	**0.1**	**0.2**	**—**	**1.2**	**(0.2)**	**1.3**
At 31 December 2023	**(18.4)**	**(22.8)**	**(15.7)**	**—**	**(29.4)**	**(4.1)**	**(90.4)**
Net book value at 31 December 2023	**61.4**	**5.6**	**1.7**	**14.8**	**4.6**	**2.3**	**90.4**
Net book value at 31 December 2022	63.3	11.7	2.7	8.9	6.1	1.8	94.5

13. Goodwill and intangible assets continued

Analysis of goodwill by CGU

There are seven CGUs in total across four primary operating segments. The carrying value of each CGU has been determined by allocating all Group net operating assets, goodwill, and other acquired intangibles to the appropriate CGU. Goodwill acquired in a business combination is allocated to the CGUs that are expected to benefit from that business combination.

The goodwill allocation by CGU under the heading of the operating segments is presented below:

	Knowledge Solutions	Assurance Services			Regulatory Services	Consulting Services		Total
	Knowledge Solutions £m	System Certification £m	Product Certification £m	Training £m	Regulatory Services £m	Digital Trust Consulting (DTC) £m	Environmental, Health, Safety, Sustainability and Security (EH3S) £m	£m
31 December 2023	**5.3**	**24.4**	**2.0**	**1.8**	**0.4**	**4.4**	**23.1**	**61.4**
31 December 2022	5.3	24.9	2.0	1.8	0.4	4.4	24.5	63.3

Impairment tests for goodwill

The estimated recoverable amount of each CGU within the aggregation of units in the table above is determined based on value-in-use calculations using pre-tax cash flows. Determining the estimated recoverable amount of a CGU is judgmental in nature. The goodwill impairment testing was carried out on a VIU basis using the most recently approved management budgets for the year ended 31 December 2023 together with the most recent three-year strategic plan.

The key assumptions used in the estimation of value-in-use as at 31 December 2023 were as follows:

- Revenue growth rates as included in the Group's three-year strategic plan;
- Long-term growth rates; and
- Discount rates.

Revenue growth assumptions are based on historical experience adjusted for market trends, competitor activity, and the Group's strategic plan within the CGU.

Cash flows beyond the three year strategic plan period are extrapolated using a long-term growth rate for each of the CGUs based on a weighted average of rates obtained from the International Monetary Fund's World Economic Outlook Database for the countries in which the Group operates. The rate for each country is calculated based on the lower of:

- the average growth rates predicted for the three years 2024–2026;
- the predicted rate for 2026, which is the final year of the Group's three-year forecast; and
- the average growth rate of the past seven years combined with the predicted rates for the three years 2024–2026.

The discount rates applied to the cash flow forecasts are pre-tax, derived using the capital asset pricing model and obtained from an independent third party.

13. Goodwill and intangible assets continued

	Knowledge Solutions	Assurance Services			Regulatory Services	Consulting Services	
	Knowledge Solutions %	System Certification %	Product Certification %	Training %	Regulatory Services %	Digital Trust Consulting (DTC) %	Environmental, Health, Safety, Sustainability and Security (EH3S) %
31 December 2023							
Revenue (% annual growth rate across the three-year plan)							
Long term growth rate	**1.1**	**1.9**	**1.3**	**2.3**	**1.4**	**1.4**	**2.2**
Pre-tax discount rate	**14.1**	**14.2**	**14.7**	**14.3**	**15.4**	**15.4**	**14.4**
31 December 2022							
Revenue (% annual growth rate across the five-year plan)							
Long term growth rate	1.1	1.9	1.4	2.3	1.4	1.9	2.2
Pre-tax discount rate	13.2	14.1	14.0	13.9	14.7	14.6	14.4

The year on year movement in the pre-tax discount rates has been driven by an increase in certain market equity risk premiums partially offset by a decrease in risk-free rates reflecting underlying macroeconomic factors.

Result of the goodwill impairment tests

As a result of goodwill impairment testing, no impairment loss was recognized at 31 December 2023 (2022: £11.9m in relation to the DTC CGU).

Sensitivity to changes in key assumptions

The Group also undertook sensitivity analysis tests on the key assumptions for each of the 7 CGUs. The sensitivity analysis applied reasonably possible changes in key assumptions including discount rates and long-term growth rates. Under all reasonably possible change scenarios, the testing identified no reasonably possible changes in key assumptions that would cause the carrying value of each of these CGUs to exceed its recoverable amount, taking into account areas of estimation uncertainty in the underlying assumptions.

14. Right-of-use assets and lease liabilities

Leases policy

Each lease is recognized as a right-of-use asset with a corresponding liability for the full lease term at the date at which the leased asset is available for use by the Group.

The Group assesses at contract inception whether a contract is, or contains, a lease, that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes right-of-use assets representing the right to use the underlying assets and lease liabilities to make lease payments.

i. Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease liabilities include the present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (for example, changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

ii. Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease, which is the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful estimated life (UEL) and the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in the section 'Impairment of non-financial assets' in Note 13.

14. Right-of-use assets and lease liabilities continued

iii. Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor and the value of the options is considered immaterial to the Group.

iv. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases, being those leases that have a lease term of one year or less from the commencement date and do not contain a purchase option. The Group also applies the recognition exemption to leases where the underlying asset is of low value (less than £2,000). Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term. See the table below for the amount recognized in the income statement.

Lease Terms

The Group has lease contracts for properties, motor vehicles and other equipment used in its operations. Leases of properties generally have lease terms between two and fifteen years, while motor vehicles and other equipment generally have lease terms between two and five years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and sub-leasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	Properties £m	Motor vehicles £m	Other equipment £m	Total £m
Cost				
At 1 January 2022	60.4	7.5	0.2	68.1
Additions	0.2	1.7	—	1.9
Disposals	(0.7)	(2.3)	—	(3.0)
Exchange differences	2.3	—	—	2.3
At 31 December 2022	**62.2**	**6.9**	**0.2**	**69.3**
Additions	**3.6**	**7.6**	**—**	**11.2**
Disposals	**(3.4)**	**(2.7)**	**—**	**(6.1)**
Exchange differences	**(1.8)**	**—**	**—**	**(1.8)**
At 31 December 2023	**60.6**	**11.8**	**0.2**	**72.6**
Accumulated amortization and impairment				
At 1 January 2022	(34.3)	(4.0)	(0.2)	(38.5)
Charge for the year (Note 7)	(6.9)	(2.1)	—	(9.0)
Disposals	0.7	2.3	—	3.0
Exchange differences	(1.1)	—	—	(1.1)
At 31 December 2022	**(41.6)**	**(3.8)**	**(0.2)**	**(45.6)**
Charge for the year (Note 7)	**(6.5)**	**(2.5)**	**—**	**(9.0)**
Disposals	**3.4**	**2.7**	**—**	**6.1**
Exchange differences	**1.1**	**—**	**—**	**1.1**
At 31 December 2023	**(43.6)**	**(3.6)**	**(0.2)**	**(47.4)**
Net book value at 31 December 2023	**17.0**	**8.2**	**—**	**25.2**
Net book value at 31 December 2022	20.6	3.1	—	23.7

14. Right-of-use assets and lease liabilities continued

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2023 £m	2022 £m
At 1 January	**(33.0)**	(40.4)
Additions	**(11.2)**	(1.9)
Disposals	**0.1**	0.1
Accretion of interest (Note 10)	**(1.6)**	(1.7)
Payments	**12.2**	12.5
Exchange differences	**0.9**	(1.6)
At 31 December	**(32.6)**	(33.0)
Current	**(10.9)**	(9.8)
Non-current	**(21.7)**	(23.2)

The following are amounts recognized in the consolidated income statement:

	2023 £m	2022 £m
Properties	**6.5**	6.9
Motor vehicles	**2.5**	2.1
Depreciation of right-of-use assets	**9.0**	9.0
Interest expense (included in finance costs) (Note 10)	**1.6**	1.7
Expense relating to short-term and low-value leases (Note 7)	**0.5**	0.2
Total amount recognized in consolidated income statement	**11.1**	10.9

The total cash outflow for right-of-use asset leases in 2023 was £12.2m (2022: £12.5m).

15. Retirement benefit surplus and obligations

Retirement benefit obligations policy

i. Defined contribution pension schemes

The Group pays fixed contributions to an external pension provider and has no legal or constructive obligations to pay any further amounts. The contributions are recognized as employee benefit expense when they are due.

ii. Defined benefit pension schemes

The Group operates a defined benefit plan in the UK (the 'Plan') which provides benefits linked to salary on retirement or earlier date of leaving service. The Plan operates under the regulatory framework of the Pensions Act 2004. The Trustees have the primary responsibility for governance of the Plan. The Trustees comprise representatives of the Company, an independent Trustee and members of the Plan. Benefit payments are from Trustee-administered funds and Plan assets are held in a Trust which is governed by UK regulation.

The Group's net obligation or surplus in respect of the defined benefit pension scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the scheme up to 30 April 2010 (the date the scheme closed to the accrual of benefits). That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The valuation of the Group's net obligation or surplus is performed by an independent qualified actuary as appointed by the Group. Pension scheme assets are measured using market values for quoted assets. The Annuity Policy asset is valued at an actuarial estimate using the assumptions shown below. The pension scheme liabilities are measured using the projected unit actuarial method where estimated future cash flows are discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent duration to the liability.

The income statement charge is split between an operating expense and a net finance credit. The operating charge relates to the administration costs of operating the scheme. The net finance charge relates to the unwinding of the discount applied to the liabilities of the scheme offset by the expected return on the assets of the scheme using that same discount rate, based on conditions prevailing at the start of the year.

Actuarial gains and losses are charged or credited to equity in other comprehensive income in the period in which they arise.

After review of the Trust Deed and rules of the pension scheme the Directors have determined that there is an unconditional right to a refund of a surplus assets, assuming the full settlement of plan liabilities in the event of a plan wind-up. Furthermore, in the ordinary course of business the trustee has no rights to unilaterally wind up, or otherwise augment the benefits due to members of the plan. Based on these rights, any net surplus in the plan is recognized in full.

The Group operates the following retirement benefit schemes:

a. Defined contribution schemes

The group personal pension plan is offered to all new UK employees. The associated costs for the year were £17.3m (2022: £14.9m). This includes salary sacrificed contributions.

In addition, a number of other money purchase schemes are operated in overseas companies, with costs for the year totalling £5.8m (2022: £5.9m).

b. Defined benefit schemes

i. UK defined benefit plan

The Plan is closed to new entrants and closed to future accrual of pension, although the link to final salary remains whilst members are still employed by the Company.

The risks to which the Plan exposes the Group are as follows:

- **Asset volatility** – The Trustees hold an Annuity Policy valued at £53.3m (2022: £55.3m) which partly offsets movements in liabilities arising from changes in market conditions. Additionally, the plan holds a significant proportion of growth assets which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the plan's long-term objectives.
- **Inflation risk** – a significant proportion of benefits are linked to inflation and so increases in inflation will lead to higher liabilities (although in most cases there are caps in place which protect against extreme inflation).
- **Longevity** – increases in life expectancy will increase the period over which the benefits are expected to be payable, which increases the value placed on the Plan's liabilities.

Contributions in respect of future service benefits ceased on 30 April 2010.

15. Retirement benefit surplus and obligations continued

Balance sheet

The amounts recognized in the balance sheet on an accounting basis are as follows:

	2023 £m	2022 £m
Present value of defined benefit obligations	**(303.8)**	(298.3)
Fair value of plan assets	**315.1**	318.4
Net asset in the balance sheet	**11.3**	20.1

After review of the Trust deeds and rules of the pension scheme, the Directors recognized the pension surplus as at 31 December 2022. The Directors continue to recognize the pension surplus as at 31 December 2023 as there have been no changes to the Trust deeds and rules of the pension scheme during the year. In recognizing the surplus, we are being consistent in our accounting treatment, recognizing the accounting value generated using the principal assumptions set out below. The Directors have recognized the economic benefit considered to arise from either a reduction to future contributions or a refund of the surplus, assuming the gradual settlement of plan liabilities over time until all members and beneficiaries have left the plan.

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the plan was performed by a qualified actuary as at 31 March 2022 which revealed a funding shortfall (technical provisions minus the value of the assets) of £20m. The Group agreed to pay deficit contributions of £15.5m during 2022 which, along with investment returns from return-seeking assets, are expected to make good this shortfall by 31 March 2025. The next funding valuation is due no later than 31 March 2025, at which time progress towards full funding will be reviewed. Given the improvement to the scheme position since the last funding valuation, an account governed by an escrow agreement has been set up during 2023, whereby further contributions of up to £7.5m could be paid into the plan if underfunded on a technical provisions basis as at 31 March 2025.

Contributions of £0.5m are expected to be paid by the Group for the year ending 31 December 2024 to cover the expenses of running the Plan.

The movement in the defined benefit surplus was as follows:

	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1 January 2022	(428.6)	447.9	19.3
Amounts (charged)/credited to the income statement:			
– Administration expenses (Note 7)	—	(0.6)	(0.6)
– Interest (expense)/income (Note 10)	(8.4)	8.9	0.5
	(8.4)	8.3	(0.1)
Re-measurements (Note 15b iii):			
– Losses on plan assets, excluding amounts included in interest expense	—	(137.2)	(137.2)
– Gain from change in demographic assumptions	1.4	—	1.4
– Gain from change in financial assumptions	130.9	—	130.9
– Experience losses	(9.7)	—	(9.7)
	122.6	(137.2)	(14.6)
Contributions: Employers (Note 15b iv)	—	15.5	15.5
Payments from plans: Disbursements	16.1	(16.1)	—
	16.1	(0.6)	15.5
At 31 December 2023	**(298.3)**	**318.4**	**20.1**
Amounts (charged)/credited to the income statement:			
– Administration expenses (Note 7)	**—**	**(0.7)**	**(0.7)**
– Interest (expense)/income (Note 10)	**(14.1)**	**15.1**	**1.0**
	(14.1)	**14.4**	**0.3**
Re-measurements (Note 15b iii):			
– Loss on plan assets, excluding amounts included in interest expense	**—**	**(0.2)**	**(0.2)**
– Gain from change in demographic assumptions	**4.1**	**—**	**4.1**
– Loss from change in financial assumptions	**(9.6)**	**—**	**(9.6)**
– Experience losses	**(3.9)**	**—**	**(3.9)**
	(9.4)	**(0.2)**	**(9.6)**

15. Retirement benefit surplus and obligations continued

	Present value of obligation £m	Fair value of plan assets £m	Total £m
Contributions: Employers (Note 15b iv)	**—**	**0.5**	**0.5**
Payments from plans: Disbursements	**18.0**	**(18.0)**	**—**
	18.0	**(17.5)**	**0.5**
At 31 December 2023	**(303.8)**	**315.1**	**11.3**

Assumptions
The principal actuarial assumptions used were as follows:

	2023 % p.a.	2022 % p.a.
Rate of increase in salaries	**5.00**	5.00
Rate of revaluation in deferment	**2.40**	3.20
Pension increase rate:		
– RPI (min. 3%, max. 5%)	**3.60**	3.65
– CPI (min. 3%, max. 5%)	**3.45**	3.45
– CPI (min. 0%, max. 3%)	**2.05**	2.00
Discount rate	**4.55**	4.85
Inflation assumption – RPI	**3.05**	3.25
Inflation assumption – CPI	**2.50**	2.55

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics. Life expectancy at age 65 for a member currently aged 45 is 23.2 (2022: 23.4) years (men) or 25.8 (2022: 25.9) years (women). Life expectancy for a member currently aged 65 is 21.9 (2022: 22.1) years (men) or 24.4 (2022: 24.5) years (women).

The discount rates at 31 December 2023 and 31 December 2022 were based on the AON GBP Single Agency AA Curve which uses a dataset of all bonds rated AA by at least one of the main ratings agencies.

Plan assets are comprised as follows:

	Value at 31 December 2023		Value at 31 December 2022	
	£m		£m	
M&G Credit Fund	**16.5**	**5%**	20.0	6%
LGIM Future World Global Equity	**19.1**	**6%**	35.7	11%
Insight Short Dated Buy & Maintain Credit	**31.4**	**10%**	30.3	10%
Schroders Liability-Driven Investments	**148.6**	**47%**	62.1	20%
Schroders Sterling Liquidity Plus	**—**	**—**	45.2	14%
Alcentra Credit Fund	**17.7**	**6%**	20.6	7%
Igneo Global Diversified Infrastructure Fund	**22.6**	**7%**	42.6	13%
Cash	**5.9**	**2%**	6.5	2%
Annuity Policy	**53.3**	**17%**	55.4	17%
Total fair value of assets	**315.1**	**100%**	318.4	100%

The plan assets are unquoted at fund level.

The weighted average duration of the defined benefit obligation is twelve years (2022: twelve years).

Sensitivity analysis
The sensitivity of the net defined benefit surplus to changes in the principal assumptions is:

	Increase/(decrease) in present value of surplus at 31 December 2023		
	Change in assumption	**Increase in assumption £m**	**Decrease in assumption £m**
Discount rate	**0.25% p.a.**	**7.5**	**(8.0)**
Inflation rate*	**0.25% p.a.**	**(1.0)**	**1.7**
Life expectancy	**1 year**	**(7.2)**	

* This sensitivity allows for the impact on all inflation related assumptions (salary increases, deferred revaluation and pension increases, subject to relevant caps and floors).

Increase/(decrease) in present value of surplus at 31 December 2022

15. Retirement benefit surplus and obligations continued

	Change in assumption	Increase in assumption £m	Decrease in assumption £m
Discount rate	0.25% p.a.	7.3	(7.4)
Inflation rate*	0.25% p.a.	(1.3)	1.1
Life expectancy	1 year	(6.2)	

* This sensitivity allows for the impact on all inflation related assumptions (salary increases, deferred revaluation and pension increases, subject to relevant caps and floors).

ii. Other defined benefit schemes

The Group operates defined benefit pension schemes in Taiwan, Germany, Indonesia and the Philippines which provide benefits based on final pensionable salary and service. There are no assets associated with these schemes. Further, these schemes are immaterial to the Group. The movement in the defined benefit obligation for these schemes over the year are as follows:

	2023 £m	2022 £m
At 1 January	**(2.5)**	(2.7)
Charged to the income statement		
– service costs (Note 7)	**(0.2)**	(0.2)
(Charged)/credited directly to reserves (Note 15b iii)	**(0.1)**	0.2
Contributions (Note 15b iv)	**0.2**	0.2
At 31 December	**(2.6)**	(2.5)

iii. Re-measurements of post-employment benefit surplus recognized in the consolidated statement of comprehensive income

	2023 £m	2022 £m
(Loss)/gain on re-measurements of net retirement benefit surplus		
– UK defined benefit plan (Note 15b i)	**(9.6)**	(14.6)
– Other defined benefit schemes (Note 15b ii)	**(0.1)**	0.2
	(9.7)	(14.4)
Tax on re-measurements of net retirement benefit surplus		
– Deferred tax credit (Note 16)	**2.4**	(0.2)
– Current tax credit	**—**	2.9
Re-measurements of net retirement benefit surplus, net of taxes	**(7.3)**	(11.7)

iv. Retirement benefit payments

	2023 £m	2022 £m
UK defined benefit plan (Note 15b i)	**0.5**	15.5
Other defined benefit schemes (Note 15b ii)	**0.2**	0.2
Retirement benefit payments	**0.7**	15.7

16. Deferred tax

Deferred Tax Policy

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

	2023 £m	2022 £m
Deferred tax assets:		
Gross deferred tax assets	**27.0**	25.2
Offset of balances within the same tax jurisdiction	**(13.5)**	(16.3)
Net deferred tax assets	**13.5**	8.9
– To be recovered after more than twelve months	**6.8**	5.4
– To be recovered within twelve months	**6.7**	3.5
Deferred tax liabilities:		
Gross deferred tax liabilities	**(19.1)**	(19.5)
Offset of balances within the same tax jurisdiction	**13.5**	16.3
Net deferred tax liabilities	**(5.6)**	(3.2)
– To be incurred after more than twelve months	**(4.4)**	(2.7)
– To be incurred within twelve months	**(1.2)**	(0.5)
Net deferred tax assets	**7.9**	5.7

Movement on the net deferred tax account

	2023 £m	2022 £m
At 1 January	**5.7**	(1.8)
(Charged)/credited to the income statement (Note 11)	**0.1**	7.5
Tax charged to equity relating to retirement benefit obligations (Note 15b iii)	**2.4**	(0.2)
Exchange differences	**(0.3)**	0.2
At 31 December	**7.9**	5.7

16. Deferred tax continued

Gross movement on the deferred tax account

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, was as follows:

Deferred tax assets	Accelerated capital allowances £m	Pension £m	Losses £m	Leases £m	Other temporary differences £m	Total £m
At 1 January 2022	3.6	—	1.5	9.1	6.1	20.3
(Charged)/credited to the income statement	3.1	—	3.0	(2.2)	1.0	4.9
At 31 December 2022	**6.7**	**—**	**4.5**	**6.9**	**7.1**	**25.2**
Credited/(charged) to the income statement	**(4.1)**	**—**	**4.9**	**1.3**	**0.1**	**2.2**
Exchange differences	**(0.2)**	**—**	**(0.1)**	**—**	**(0.1)**	**(0.4)**
At 31 December 2023	**2.4**	**—**	**9.3**	**8.2**	**7.1**	**27.0**

Deferred tax liabilities	Capitalized contract costs £m	Pension £m	Leases £m	Other temporary differences £m	Total £m
At 1 January 2022	(4.2)	(4.8)	(6.6)	(6.5)	(22.1)
Credited to the income statement	—	—	1.7	0.9	2.6
(Charged) directly to reserves	—	(0.2)	—	—	(0.2)
Exchange differences	—	—	—	0.2	0.2
At 31 December 2022	**(4.2)**	**(5.0)**	**(4.9)**	**(5.4)**	**(19.5)**
(Charged) to the income statement	**(0.2)**	**(0.3)**	**(0.9)**	**(0.7)**	**(2.1)**
Credited directly to reserves	**—**	**2.4**	**—**	**—**	**2.4**
Exchange differences	**—**	**0.1**	**—**	**—**	**0.1**
At 31 December 2023	**(4.4)**	**(2.8)**	**(5.8)**	**(6.1)**	**(19.1)**

The deferred tax credited directly to equity during the period was £2.4m which related to the retirement benefit obligation.

The carrying amount of deferred tax assets is recognized to the extent that the realization of the related tax benefit through future profits is probable.

The Group continues not to recognize deferred tax assets of £0.3m in respect of prior years' cumulative tax losses and other temporary differences amounting to £4.1m that can be carried forward against future taxable income, the latter being primarily US temporary differences. The USA Consulting Services businesses continue not to meet the tests required for deferred tax asset recognition. BSI Ireland business has recognized, in full, a deferred tax asset for prior years' accumulated losses based on its future taxable profits' projections. Unrecognized losses in the current year have a tax value of £0.1m.

Subsidiary companies across the Group hold undistributed earnings of £17.8m which, if paid out as dividends, would be subject to withholding taxes in the hands of the recipient companies. A deferred tax liability of £1.4m has been recognized for this because, following changes to the Group's treasury policies, where possible the Group expects to pay regular dividends in future periods.

17. Trade and other receivables

Trade and other receivables policy

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less loss allowance.

	2023 £m	2022 £m
Trade receivables	**134.5**	126.9
Less: loss allowance (Note 4b(ii))	**(4.1)**	(3.5)
Trade receivables – net	**130.4**	123.4
Other receivables	**17.8**	17.9
Prepayments	**16.8**	17.0
Accrued income	**53.2**	50.7
Total trade and other receivables	**218.2**	209.0
Less non-current portion:		
– Other receivables	**(11.7)**	(10.2)
Current portion of trade and other receivables	**206.5**	198.8

Trade and other receivables are non-interest bearing and are generally on 14–60 day (2022: 14–60 day) terms.

As the majority of the receivables are short term in nature, the fair values of trade and other receivables approximate to their carrying values as the impact of discounting is not significant.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2023 £m	2022 £m
British Pounds Sterling	**59.3**	55.9
US Dollars	**89.8**	82.9
Euros	**21.4**	20.2
Chinese Renminbi	**6.2**	7.4
Japanese Yen	**4.7**	6.4
Australian Dollars	**3.0**	4.7
Other currencies	**33.8**	31.5
Total trade and other receivables	**218.2**	209.0

Movements on the Group loss allowance on trade receivables are as follows:

	2023 £m	2022 £m
At 1 January	**3.5**	3.4
Increase in loss allowance recognized in profit or loss during the year	**1.4**	0.7
Unused amounts reversed	**(0.6)**	(0.8)
Exchange differences	**(0.2)**	0.2
At 31 December	**4.1**	3.5

The creation and release of the loss allowance on receivables has been included within administrative expenses in the income statement. Receivables are written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold collateral as security.

18. Contract costs

Incremental costs of obtaining contacts, such as sales commissions, are capitalized and amortized on a systematic basis that is consistent with the transfer to the client of the goods or services to which the asset relates (i.e. over the estimated period of benefit). Applying the practical expedient in paragraph 94 of IFRS 15, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the assets that the Group otherwise would have recognized is one year or less.

Movements on the contract costs balance are as follows:

	2023 £m	2022 £m
At 1 January	**18.3**	16.9
Capitalization during the year	**7.0**	6.5
Amortization during the year	**(5.7)**	(5.8)
Exchange differences	**(0.6)**	0.7
At 31 December	**19.0**	18.3

19. Inventories

Inventory Policy

Inventories which comprise hard copy publications held for sale and training materials are stated at the lower of cost and net realizable value. Cost is determined on a first-in-first-out basis and includes transport and handling costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Where necessary, provision is made for obsolete, slow-moving and defective inventory.

	2023 £m	2022 £m
Consumables	**0.1**	0.1
Total inventories	**0.1**	0.1

20. Fixed-term deposits, restricted cash and cash and cash equivalents

a. Fixed-term deposits

Fixed-term deposits are liquid investments with original maturities of over three months.

The Group has invested £6.6m of cash in fixed-term bank deposits as at 31 December 2023 (2022: £53.0m), with original maturity of three months or longer (2022: three months or longer). During the year, the Group implemented a physical cash sweep, concentrating cash. This has allowed the Group to earn improved money market fund returns, hence the reduction in fixed-term deposits during the year. Fixed-term deposits are classified within the consolidated statement of cash flows under investing activities as they do not fall within the definition of cash and cash equivalents. In the consolidated balance sheet, fixed-term deposits are shown within current assets.

b. Restricted cash

During 2023, the Group set up a bank account governed by an escrow agreement, further details of which are discussed at Note 15b (i). The balance on deposit in this account as at 31 December 2023 was £7.5m (2022: £nil). The terms and conditions associated with the escrow agreement determine this deposit to be restricted cash, falling outwith the definition of cash and cash equivalents and therefore classified within the consolidated statement of cash flows under investing activities. In the consolidated balance sheet, restricted cash is shown within current assets.

c. Cash and cash equivalents policy

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, cash in money market funds and other short-term, highly liquid investments with original maturities of three months or less.

Bank overdrafts, which are repayable on demand, are shown within borrowings in current liabilities on the consolidated balance sheet but are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

	2023 £m	2022 £m
Cash at bank and in hand, representing cash and cash equivalents	**176.9**	111.6

20. Fixed-term deposits, restricted cash and cash and cash equivalents continued

The Group held bank overdraft facilities of £1.0m (2022: £2.7m), on an unsecured basis, although none was in use at 31 December 2023 (2022: £0). The balance above corresponds to cash and cash equivalents for the purposes of the consolidated cash flow statement.

d. Additional information on fixed-term deposits, restricted cash and cash and cash equivalents

The fair value of cash and short-term deposits at 31 December 2023 was £191.0m (2022: £164.6m). The maximum exposure to credit risk at the reporting date is the fair value of cash and short-term deposits mentioned above.

The interest rate risk profile and currency profile of cash and cash equivalents, restricted cash and fixed-term deposits was:

	2023				2022			
	Fixed rate £m	**Floating rate £m**	**Non-interest bearing £m**	**Total £m**	Fixed rate £m	Floating rate £m	Non-interest bearing £m	Total £m
Currency								
British Pounds Sterling	**—**	**57.4**	**11.7**	**69.1**	32.4	3.4	21.6	57.4
Chinese Renminbi	**15.9**	**0.8**	**—**	**16.7**	16.8	0.7	—	17.5
US Dollars	**9.4**	**23.6**	**25.3**	**58.3**	23.5	0.5	35.6	59.6
Euros	**—**	**7.4**	**2.9**	**10.3**	—	0.5	6.4	6.9
Australian Dollars	**—**	**2.3**	**1.2**	**3.5**	—	—	3.5	3.5
Japanese Yen	**1.0**	**—**	**7.8**	**8.8**	2.2	—	0.1	2.3
Other currencies	**0.2**	**—**	**24.1**	**24.3**	—	0.7	16.7	17.4
Total	**26.5**	**91.5**	**73.0**	**191.0**	74.9	5.8	83.9	164.6

e. Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange. No instruments have been designated for hedge accounting purposes. The derivatives used include cross-currency swaps and forward currency contracts. The related cash flows are recognized in the income statement over this period. The fair values of derivative financial instruments at 31 December are set out below.

Derivatives are valued using closing prices provided by the exchange counterparty as at the balance sheet date and are typically settled through the payment or receipt of variation margin.

	2023 £'000	2022 £'000
Financial assets		
Cross Currency Swap	**9**	—
Currency Forward	**—**	2
Total	**9**	2

	2023 £'000	2022 £'000
Financial liabilities		
Cross Currency Swap	**(204)**	—
Currency Forward	**—**	(2)
Total	**(204)**	(2)

21. Provisions

Provisions policy

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

	Property provisions £m	Other provisions £m	Total £m
At 1 January 2022	1.4	1.7	3.1
Charged to income statement	0.6	0.6	1.2
Utilized	(0.1)	—	(0.1)
Currency translation	—	0.1	0.1
At 31 December 2022	**1.9**	**2.4**	**4.3**
Charged to the income statement	**0.3**	**0.4**	**0.7**
Credited to income statement	**(0.2)**	**(0.4)**	**(0.6)**
Utilized	**(0.1)**	**—**	**(0.1)**
Currency translation	**0.2**	**(0.2)**	**—**
At 31 December 2023	**2.1**	**2.2**	**4.3**

The property provisions are held against dilapidations. Such provisions relate to legal obligations to return leased properties to the conditions which are specified in the individual leases.

Other provisions relate to amounts required to cover end-of-service indemnities pursuant to the United Arab Emirates Federal Labour Law and other employment-related provisions.

Provisions are recognized at the best estimate of the expenditure required to settle the Group's obligation.

Analysis of total provisions:

	2023 £m	2022 £m
Non-current	**4.0**	4.0
Current	**0.3**	0.3
Total provisions	**4.3**	4.3

Cash outflows associated with these provisions are expected to materialize between three and five years. The provisions are discounted to present value only if the effect is material.

22. Trade and other payables

Trade and other payables policy

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

	2023 £m	2022 £m
Trade payables	**12.3**	15.8
VAT and sales taxes	**4.8**	3.5
Other taxes and social security	**8.3**	7.3
Other payables	**19.4**	15.3
Accruals	**89.5**	80.0
Deferred income	**44.4**	43.6
Total trade and other payables	**178.7**	165.5
Less non-current portion:		
– Trade and other payables	**(9.0)**	(7.7)
– Deferred income	**(0.7)**	(0.9)
Current portion of trade and other payables	**169.0**	156.9

22. Trade and other payables continued

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2023 m	2022 m
British Pounds Sterling	**79.7**	57.5
US Dollars	**38.4**	37.3
Euros	**10.8**	11.3
Chinese Renminbi	**15.2**	17.9
Japanese Yen	**5.9**	6.4
Australian Dollars	**4.5**	5.7
Other currencies	**24.2**	29.4
Total trade and other payables	**178.7**	165.5

Trade payables are non-interest bearing and are generally on 7- 60 day (2022: 10–60 day) terms. Other payables are non-interest bearing and are generally on 7- 45 day (2022: 14 – 45 day) terms.

As the majority of payables are short term in nature, the fair values of trade and other payables approximate to their carrying values as the impact of discounting is not significant.

23. Financial assets and financial liabilities

Financial assets policy

Classifications

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Derivative financial instruments are recognized at fair value. The gain or loss on re-measurement to fair value is recognized immediately in profit or loss.

Assets in this category are classified as current assets if expected to be settled within one year; otherwise, they are classified as non-current.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for assets with maturities greater than one year after the end of the reporting period as these are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'fixed-term deposits' 'restricted cash' and 'cash and cash equivalents' in the balance sheet (Notes 17 and 20).

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement in the period in which they arise.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

23. Financial assets and financial liabilities continued

For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables; see Note 3f for further details.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Derivative financial instruments

Derivatives are used to manage the Group's economic exposure to financial risks. The Group principally makes use of forward currency contracts and cross currency swaps to manage currency exposure risk on committed payments and does not hold or issue any other derivative financial instruments.

Derivatives are recognized initially at fair value. Subsequently, the gain or loss on re-measurement to fair value is recognized immediately to the income statement unless the derivative qualifies for hedge accounting treatment, in which case any gain or loss is taken to reserves.

The fair value of forward currency contracts is based on forward foreign exchange market rates at the balance sheet date.

a. Financial assets by category

Other financial assets	2023 £m	2022 £m
Assets as per balance sheet		
Trade and other receivables excluding prepayments (Note 17)	**201.4**	192.0
Fixed-term deposits (Note 20a)	**6.6**	53.0
Restricted cash (Note 20b)	**7.5**	—
Cash and cash equivalents (Note 20c)	**176.9**	111.6
Total	**392.4**	356.6

b. Financial liabilities by category

Other financial liabilities at amortized cost	2023 £m	2022 £m
Liabilities as per balance sheet		
Trade and other payables and accruals (Note 22)	**121.2**	111.1
Lease liabilities (Note 14)	**32.6**	33.0
Derivative financial instruments (Note 20d)	**0.2**	—
Total	**154.0**	144.1

Management has assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

c. Credit quality of financial assets

The Directors consider the credit risk associated with fully performing financial assets to be immaterial to the Group.

24. Contingent liabilities

Contingent liabilities policy

A contingent liability arises where an event that occurred in the past may lead to the Group having a present obligation or a possible future obligation but where:

- it is not probable that there will be an outflow of resources in the settlement of this obligation; or
- the obligation cannot be measured reliably.

In the normal course of its business the Group faces legal actions and claims. Based on legal advice and taking into account the availability of insurance and provisions, the Board does not expect these legal actions or claims to have a significant impact upon the Group.

In relation to the acquisition or establishment of new businesses in overseas jurisdictions, the Group follows the requirements of local laws, regulations and conventions in the relevant jurisdictions. These may require the creation of structures or arrangements with vendors or local partners or other third parties whereby the Group assumes contingent liabilities of such parties which may or may not materialize.

In the normal course of its business, the Group from time to time provides advance payment guarantees, performance bonds and other bonds in connection with its activities. Taking into account experience to date and the availability of provisions, the Board does not expect these bonds and guarantees to have a significant impact on the Group.

25. Related party transactions

Transactions with related parties have been determined in accordance with IAS 24 and are disclosed below:

a. Pension scheme Trustees

Transactions with the pension scheme Trustees are disclosed in Note 15b.

b. Key management

Please refer to Note 9 for the disclosure regarding key management remuneration.

26. Interests in Group undertakings

Name	Registered office address	Country of incorporation or registration	Proportion held*	Activity
British Standards Institution Group Iberia S.A.U.	Paseo de la Castellana 130, Planta 9, 28046, Madrid, Spain	Spain	100%	Business services
British Standards Institution Group Middle East LLC***	4605 Palm Tower B, West Bay, Doha, PO Box 27774, Qatar	Qatar	49%	Business services
BSI America Professional Services Inc.	251 Little Falls Drive, Wilmington, DE, 19808, United States	USA	100%	Business services
BSI Assurance UK Limited	389 Chiswick High Road, London W4 4AL, England	England	100%	Business services
BSI Brasil Sistemas de Gestao Ltda	Av. Pres. Juscelino Kubitschek, 1327 – 20° andar 04543-011 – São Paulo, Brasil	Brazil	100%	Business services
BSI Canada Professional Services Inc.	44 Chipman Hill Suite 1000, Saint John New Brunswick, E2L 2A9, Canada	Canada	100%	Business services
BSI Certification and Technical Training (Beijing) Limited	Room 2002, No. 24A Jianguomenwai Street, Chaoyang District, Beijing, 100004, China	China	100%	Business services
BSI Group (Thailand) Co., Ltd	127/25 Panjathani Tower, 24th Floor, Nonsee Road, Chongnonsee, Yannawa, Bangkok, 10120, Thailand	Thailand	100%	Business services
BSI Group America Inc.	251 Little Falls Drive, Wilmington, DE, 19808, United States	USA	100%	Business services
BSI Group ANZ Holdings Pty Ltd	Level 1, Waterloo Road, Macquarie Park, NSW 2113, Australia	Australia	100%	Holding company
BSI Group ANZ Pty Limited	52-54 Waterloo Road, Macquarie Park NSW 2113	Australia	100%	Business services
BSI Group Assurance Limited	389 Chiswick High Road, London W4 4AL, England	England	100%	Holding company
BSI Group Australia Holdings PTY Limited	Level 1, 54 Waterloo Road, Macquarie Park, NSW 2113, Australia	Australia	100%	Holding company
BSI Group Canada Inc.	Brookfield Place, 181 Bay Street, Suite 1800, Toronto, M5J 2T9, Canada	Canada	100%	Business services
BSI Group Deutschland GmbH	Eastgate, Hanauer Landstrasse 115, 60314, Frankfurt a.m., Germany	Germany	100%	Business services
BSI Group Eurasia Belgelendirrme Hizmetleri Limited Sirketi	Degirmen Sk No: 16 Ar Plaza, A-Blok Kat: 6 Ofis: 61–62, Kozyatagi – Kadikoy, Erenkoy, Istanbul, Turkey	Turkey	100%	Business services
BSI Group France Sarl***	76 route de la Demi-Lune Les Collines de l'Arche Bat. Opera E, 7ème étage 92057 Paris La Defense Cedex, France	France	98%	Business services
BSI Group Holdings The Netherlands BV	John M. Keynesplein 9, Unit 4.2, 1066EP Amsterdam, Netherlands	The Netherlands	100%	Holding company

26. Interests in Group undertakings continued

Name	Registered office address	Country of incorporation or registration	Proportion held*	Activity
BSI Group India Private Limited	A-2 Mira Corporate Suites, Plot 1 & 2, Ishwar Nagar, Mathura Road, New Delhi, 110020, India	India	100%	Business services
BSI Group Italia S.R.L.	Via Gaetano de Castillia, 23, 20124 Milano MI, Italy	Italy	100%	Business services
BSI Group Japan K.K	Ocean Gate Minato Mirai 3F 3-7-1 Minato Mirai, Nishiku Yokohama, Kanagawa 220-012, Japan	Japan	100%	Business services
BSI Group Korea Limited	Insa-dong, Tdehwa Bldgo, 8th Floor, 29 Insa-dong, 5-gil, Jongo-gu, Seoul, South Korea	South Korea	100%	Business services
BSI Group KSA	Office No. 4, Rawana Plaza, 7925 Uthman ibn Affan, Al Taawun, Riyadh 12478 – 4080, Saudi Arabia	Saudi Arabia	100%	Business services
BSI Group Mexico S dr RL de CV	Av. Paseo de la Reforma 505, Piso 50, 06500 Ciudad de México, CDMX, Mexico	Mexico	100%	Business services
BSI Group New Zealand Limited	Gannaway Mercer Ltd, Chartered Accountants, 11a Wynyard Street, Devonport, Auckland 0624, New Zealand	New Zealand	100%	Business services
BSI Group Nordics AB	c/o Hummelkläppen i Stockholm AB, Villagatan 19, 114 32 Stockholm, Sweden	Sweden	100%	Business services
BSI Group Polska Spolka z o.o.	UL Krolewska, nr. 16, Lok, Kod 00-103, Poczta, Warszawa, Poland	Poland	100%	Business services
BSI Group Singapore Pte Limited	77 Robinson Road, Unit #28-01 & #28-03, 068896, Singapore	Singapore	100%	Business services
BSI Group South Africa (Pty) Limited***	De Haviland Crescent Nr. 5, Ill Villaggio Nr. 12, Persequor, Pretoria, South Africa	South Africa	74%	Business services
BSI Group The Netherlands BV	John M. Keynesplein 9, Unit 4.2, 1066EP Amsterdam, Netherlands	The Netherlands	100%	Business services
BSI Healthcare Saudi Arabia LLC	SFDA Building, 2nd Floor Office, 854 Al Olaya Street, Riyadh, Al Ghadheer Area, Saudi Arabia	Saudi Arabia	100%	Business services
BSI International Projects Sarl	76 route de la Demi-Lune Les Collines de l'Arche Bat. Opera E, 7ème étage 92057 Paris La Defense Cedex, France	France	100%	Business services
BSI Limited**	389 Chiswick High Road, London W4 4AL, England	England	100%	Holding company
BSI Management Systems Certification (Beijing) Co. Ltd	Room 2008, East Ocean Centre, No. 24A Jianguomenwai Street, Beijing, 100004, China	China	100%	Business services
BSI Management Systems CIS LLC****	Panfilova str. 19/4, Khimki, 141407, Moscow reg., Russian Federation	Russia	100%	Business services
BSI Management Systems Ltd	389 Chiswick High Road, London W4 4AL, England	England	100%	Business services
BSI Management Systems Ltd – Abu Dhabi Branch	Suite 1303 13th Floor, Al Niyadi Building Airport Road, Abu Dhabi, United Arab Emirates	United Arab Emirates	100%	Business services
BSI Management Systems Ltd – Dubai Branch	Suite 208 Sultan Business Centre P.O. Box: 26444, Dubai, United Arab Emirates	United Arab Emirates	100%	Business services
BSI Pacific Limited	23rd Floor, Cambridge House, Taikoo Place, 979 King's Road, Island East, Hong Kong	Hong Kong	100%	Business services
BSIGroup Singapore Pte Ltd – Taiwan Branch	2nd Floor, No.37, Ji Hu Road, Nei Hu District, Taipei, Taiwan	Taiwan	100%	Business services

26. Interests in Group undertakings continued

Name	Registered office address	Country of incorporation or registration	Proportion held*	Activity
BSI Professional Services Asia Pacific Limited	23rd Floor, Cambridge House, Taikoo Place, 979 King's Road, Island East, Hong Kong	Hong Kong	100%	Business services
BSI Professional Services Australia Pty Ltd	Level 1 54 Waterloo Road, Macquarie Park, New South Wales, 2113	Australia	100%	Business services
BSI Professional Services EMEA Limited	389 Chiswick High Road, London W4 4AL, England	England	100%	Business services
BSI Professional Services Holdings Limited	389 Chiswick High Road, London W4 4AL, England	England	100%	Holding company
BSI Professional Services (Ireland) Limited	Corrig Court, Corrig Road, Sandyford Industrial Estate, Dublin, D18C6K1, Ireland	Ireland	100%	Business services
BSI Professional Services Japan Co., Limited	Ocean Gate Minato Mirai 3F 3-7-1 Minato Mirai, Nishiku Yokohama, Kanagawa 220-012, Japan	Japan	100%	Business services
BSI Professional Services UK Ltd	389 Chiswick High Road, London W4 4AL, England	England	100%	Business services
BSI Services (Asia Pacific) Sdn Bhd	Suite 25.01, Level 25, Centrepoint South, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia	Malaysia	100%	Business services
BSI Services (EMEA) Spolka Zo.o	ul. ALEJA "SOLIDARNOŚCI", nr 171, 00877, WARSZAWA, Poland	Poland	100%	Business services
BSI Services (Singapore) Pte Ltd	331 North Bridge Road #12-03, Odeon Towers, 188720, Singapore	Singapore	100%	Business services
BSI Services Holdings Limited	389 Chiswick High Road, London W4 4AL, England	England	100%	Business services
BSI Services Malaysia Sdn Bhd	56, Jalan Kempas Utama 2/2 Taman Kempas Utama, 81300 Johor, Malaysia	Malaysia	100%	Business services
BSI Standards Holdings Limited	389 Chiswick High Road, London W4 4AL, England	England	100%	Holding company
BSI Standards Limited	389 Chiswick High Road, London W4 4AL, England	England	100%	Business services
BSI Vietnam Co., Ltd	Suite 1106, 11F/L Citilight Tower, 45 Vo Thi Sau Street, Dakao Ward, District 1, Ho Chi Minh City, Vietnam	Vietnam	100%	Business services
Neville-Clarke (M) Sdn Bhd***	Level 15-2 Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, Malaysia	Malaysia	30%	Business services
Neville-Clarke (Singapore) Pte Ltd	331 North Bridge Road, #12-03 Odeon Towers, 188720, Singapore	Singapore	100%	Business services
Neville-Clarke International Limited	389 Chiswick High Road, London W4 4AL, England	England	100%	Holding company
BSI Group Philippines, Inc***	Unit 2408, The Orient Square, Emerald Avenue, Ortigas Center, Pasig City, The Philippines	The Philippines	>99%	Business services
PT BSI Group Indonesia	Talavera Office Park, Jl. TB. Simatupang Kav.2, Talaver 2 Suite, 20 Floor, Jakarta 12430, Indonesia	Indonesia	100%	Business services
PT Neville-Clarke Indonesia	Talavera Office Park, Jl. TB Simatupang Kav.2, Talavera 2 Suite 20 Floor, Jakarta 12430, Indonesia	Indonesia	100%	Business services

* Percentage of ordinary share capital.

** Companies directly owned by The British Standards Institution.

*** The non-controlling shareholders have no residual interest in the companies' assets; therefore, the Group consolidates 100% of the companies' assets and results.

**** Dissolved 22nd February 2024.

Parent company balance sheet

as at 31 December 2023

The British Standards Institution

Registered number ZC000202

	note	2023 £m	2022 £m
Fixed assets			
Intangible assets	4	**13.3**	14.9
Tangible assets	5	**7.3**	8.8
Investments	6	**68.3**	68.3
Net defined benefit pension surplus	7b	**11.3**	20.1
		100.2	112.1
Current assets			
Debtors (including £13.0m (2022: £1.5m) due after one year)	8	**311.6**	197.6
Fixed-term deposits	9	**—**	22.4
Cash at bank and in hand		**—**	38.0
Restricted cash	7b	**7.5**	—
		319.1	258.0
Creditors – amounts falling due within one year	10	**(307.1)**	(316.2)
Net current (liabilities) / assets		**12.0**	(58.2)
Total assets less current liabilities		**112.2**	53.9
Provisions for liabilities	11	**—**	(0.1)
Net assets		**112.2**	53.8
Reserves			
Revaluation reserves		**4.3**	4.3
Retained earnings		**107.9**	49.5
Total equity		**112.2**	53.8

The Company's profit for the year ended 31 December 2023 was £65.6m (2022 loss: £47.4m).

The accompanying notes on pages 165 to 176 form an integral part of the parent company financial statements.

The financial statements on pages 163 and 164 were approved by the Board of Directors on 28 March 2024 and were signed on its behalf by:

Sara Dickinson

Chief Financial Officer
28 March 2024

Parent company statement of changes in equity

for the year ended 31 December 2023

	Revaluation reserves £m	Retained earnings £m	Total £m
At 1 January 2022	4.3	108.8	113.1
Loss for the year, net of tax	—	(47.4)	(47.4)
Movement in actuarial valuation of defined benefit pension scheme, net of taxes	—	(11.9)	(11.9)
At 31 December 2022	**4.3**	**49.5**	**53.8**
Profit for the year, net of tax	**—**	**65.6**	**65.6**
Movement in actuarial valuation of defined benefit pension scheme, net of taxes	**—**	**(7.2)**	**(7.2)**
At 31 December 2023	**4.3**	**107.9**	**112.2**

Retained earnings

Retained earnings represent accumulated comprehensive income for the year and prior years.

Revaluation reserves

The revaluation reserves arose on the revaluation of an investment property when the asset was reclassified from an investment property to tangible assets on transition to FRS 102.

The balance includes the associated deferred tax liability of £1.2m (2022: £1.2m).

Notes to the parent company financial statements

for the year ended 31 December 2023

1. Statement of compliance

The individual financial statements of The British Standards Institution have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" (FRS 102), and the Companies Act 2006.

2. Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit and loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. These areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

b. Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. A review of the going concern and viability of the Group is disclosed on pages 99 and 102.

c. Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the following exemptions:

- FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and the Company's cash flows are included in the Group consolidated financial statements; and
- FRS 102 paragraph 1.12(e), from disclosing key management personnel compensation in total.

d. Exemptions under the Companies Act 2006

In accordance with the concession granted under Section 408 of the Companies Act 2006, the profit and loss account of The British Standards Institution has not been separately presented in these financial statements. The retained profit for the year is shown in the statement of changes in equity.

e. Foreign currencies

i. Functional and presentation currency

The Company's functional and presentation currency is the British Pound Sterling (£) and all values are rounded to the nearest £100,000 except when otherwise indicated.

ii. Transactions and balances

FRS 102 requires foreign currency transactions to be translated into the functional currency using the spot exchange rate between the foreign currency and the functional currency on the date of the transaction (or average rates if there are no significant fluctuations). Transactions denominated in foreign currencies are translated into Sterling at contracted rates or, where no contract exists, at average monthly rates. The difference between using average monthly rates rather than daily spot rates is immaterial to the Company. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, which are held at the year end, are taken to the profit and loss account.

f. Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Basic financial instruments, including trade and other receivables, cash at bank and loans to subsidiary companies, are initially recognized at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortized cost using the effective interest method.

2. Principal accounting policies continued

At the end of each reporting period, financial assets measured at amortized cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognized in profit or loss.

Other financial assets are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognized in the profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognized when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party which has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

Basic financial liabilities, including trade and other payables and loans from subsidiary companies, are initially recognized at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at transaction price and subsequently measured at amortized cost using the effective interest method. The Company does not hold or issue any other financial liabilities for trading purposes.

g. Finance and operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the profit and loss on a straight-line basis over the period of the lease.

Lease incentives

The Company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market values.

The Company does not have any finance leases.

h. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities.

i. Provisions for liabilities and charges

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

j. Dividend income

Dividend income is recognized in the statement of comprehensive income when the right to receive payment has been established.

k. Current tax

Current tax is the amount of income tax payable or receivable on the profit or loss for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been substantively enacted by the period end.

Management periodically evaluates the position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes a provision where appropriate on the basis of amounts expected to be paid to the authorities.

l. Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

3. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a. Defined benefit scheme

The Company operates a funded defined benefit scheme in the UK, administered by independent Trustees. The scheme is closed to new entrants and closed to future accrual of pension.

The Company's net obligation or surplus in respect of the defined benefit pension scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the scheme up to 30 April 2010 (the date the scheme closed to the accrual of benefits). That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The valuation of the Company's net obligation or surplus is performed by an independent qualified actuary as appointed by the Company. Pension scheme assets are measured using market values for quoted assets. The Annuity Policy asset is valued at an actuarial estimate using the assumptions shown in Note 7. The pension scheme liabilities are measured using the projected unit actuarial method where estimated future cash flows are discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent duration to the liability.

The profit and loss charge is split between an operating expense and a net finance credit. The operating charge relates to administration costs of operating the scheme. The net finance charge relates to the unwinding of the discount applied to the liabilities of the scheme offset by the expected return on the assets of the scheme using that same discount rate, based on conditions prevailing at the start of the year.

Actuarial gains and losses are charged or credited to equity in other comprehensive income in the period in which they arise.

After review of the Trust Deed and rules of the pension scheme the Directors have determined that there is an unconditional right to a refund of a surplus assets, assuming the full settlement of plan liabilities in the event of a plan wind-up. Furthermore, in the ordinary course of business the trustee has no rights to unilaterally wind up, or otherwise augment the benefits due to members of the plan. Based on these rights, any net surplus in the plan is recognized in full.

b. Investments

FRS 102 requires management to undertake a test for impairment of investments, if events or changes in circumstances indicate that the carrying amount of the investments may not be recoverable. Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of investments can be supported by the net present value of future cash flows derived from such investments using cash flow projections which have been discounted at an appropriate rate. Further details of investments can be seen in Note 6.

4. Intangible assets

Intangible assets policy

Computer software

Acquired computer software is capitalized based on the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over three to five years, or the length of licence as appropriate. Costs incurred in customizing, configuring and implementing a Software as a Service (SaaS) arrangement are expensed in the year in which they are incurred.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Costs include the software development employee costs. The application and infrastructure development costs of product delivery websites are also capitalized where the same criteria can be met. These assets are amortized on a straight-line basis over three to five years.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

	Computer software £m
Cost	
At 1 January 2022	**26.3**
Additions	**7.5**
Reclassifications from Tangible Assets	**1.8**
At 31 December 2022	**35.6**
Additions	**4.3**
Disposals	**(5.0)**
At 31 December 2023	**34.9**
Accumulated amortization and impairment	
At 1 January 2022	**(16.9)**
Charge in the year	**(3.8)**
At 31 December 2022	**(20.7)**
Charge in the year	**(4.3)**
Impairment	**(1.4)**
Disposals	**4.8**
At 31 December 2023	**(21.6)**
Net book value at 31 December 2023	**13.3**
Net book value at 31 December 2022	**14.9**

5. Tangible assets

Tangible fixed assets policy

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Under the transition provisions of FRS 102, the Company reclassified an investment property as a tangible asset at fair value on the date of transition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred.

Freehold land and asset under construction are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Freehold buildings and improvements	20 years
Short leasehold improvements	Over the unexpired term of the lease
Plant, machinery and office equipment	3–10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal factors that the Company takes into account are the expected rate of technological developments and the intensity at which the assets are expected to be used.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the profit and loss.

Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

	Freehold land, buildings and improvements £m	Short leasehold improvements £m	Assets under construction £m	Plant, machinery and office equipment £m	Total £m
Cost					
At 1 January 2022	5.6	5.8	0.3	7.0	18.7
Additions	—	—	3.0	—	3.0
Disposals	—	—	—	(0.5)	(0.5)
Reclassifications	—	—	(0.8)	0.8	—
Reclassifications to Intangible assets	—	—	(1.8)	—	(1.8)
At 31 December 2022	**5.6**	**5.8**	**0.7**	**7.3**	**19.4**
Additions	**—**	**—**	**1.1**	**0.3**	**1.4**
Disposals	**—**	**—**	**(1.6)**	**(0.8)**	**(2.4)**
At 31 December 2023	**5.6**	**5.8**	**0.2**	**6.8**	**18.4**
Accumulated depreciation and impairment					
At 1 January 2022	(0.4)	(3.6)	—	(5.5)	(9.5)
Charge in the year	(0.1)	(0.7)	—	(0.4)	(1.2)
Disposals	—	—	—	0.1	0.1
At 31 December 2022	**(0.5)**	**(4.3)**	**—**	**(5.8)**	**(10.6)**
Charge in the year	**(0.1)**	**(0.7)**	**—**	**(0.5)**	**(1.3)**
Reclassifications	**—**	**0.4**	**—**	**(0.4)**	**—**
Disposals	**—**	**—**	**—**	**0.8**	**0.8**
At 31 December 2023	**(0.6)**	**(4.6)**	**—**	**(5.9)**	**(11.1)**
Net book value at 31 December 2023	**5.0**	**1.2**	**0.2**	**0.9**	**7.3**
Net book value at 31 December 2022	5.1	1.5	0.7	1.5	8.8

6. Investments

Investment in Group undertakings policy

Investments are stated at cost less any provision for impairment in value. Impairment testing is conducted whenever indicators of impairment are present.

	2023 £m	2022 £m
Cost at 1 January / 31 December	**68.3**	68.3

The Directors consider that the fair value of investments is not less than their carrying value.

A list of subsidiaries is provided in Note 26 to the consolidated financial statements.

7. Pension obligations

Employee benefits policies

i. Defined contribution pension schemes

The Company pays fixed contributions to an external pension provider and has no legal or constructive obligations to pay any further amounts. The contributions are recognized as employee benefit expense when they are due.

ii. Defined benefit pension schemes

The Company operates a funded defined benefit scheme in the UK, administered by independent Trustees. The scheme is closed to new entrants and closed to future accrual of pension.

The Company's net obligation in respect of the defined benefit pension scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the scheme up to 30 April 2010 (the date the scheme closed to the accrual of benefits). That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The valuation of the Company's net obligation is performed by an independent qualified actuary as appointed by the Company. Pension scheme assets are measured using market values for quoted assets. The Annuity Policy asset is valued at an actuarial estimate using the assumptions shown in Note 7. The pension scheme liabilities are measured using the projected unit actuarial method where estimated future cash flows are discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent duration to the liability.

The profit and loss charge is split between an operating expense and a net finance credit. The operating charge relates to the administration costs of operating the scheme. The net finance charge relates to the unwinding of the discount applied to the liabilities of the scheme offset by the expected return on the assets of the scheme using that same discount rate, based on conditions prevailing at the start of the year.

Actuarial gains and losses are charged or credited to equity in the period in which they arise.

After review of the Trust Deed and rules of the pension scheme the Directors have determined that there is an unconditional right to a refund of a surplus assets, assuming the full settlement of plan liabilities in the event of a plan wind-up. Furthermore, in the ordinary course of business the trustee has no rights to unilaterally wind up, or otherwise augment the benefits due to members of the plan. Based on these rights, any net surplus in the plan is recognized in full.

The Company operates the following retirement benefit schemes:

a. Defined contribution scheme

Following the closure of the defined benefit final salary scheme to new entrants, the Company offers a group personal pension plan to all new UK employees. The costs for the year were £4.9m (2022: £4.1m). This includes salary sacrificed contributions.

b. Defined benefit scheme

The Company operates a defined benefit plan in the UK (the 'Plan') which provides benefits linked to salary on retirement or earlier date of leaving service. The Plan closed to new entrants and future accrual, as at 30 April 2010, although the link to final salary remains whilst members are still employed by the Company. The Plan operates under the regulatory framework of the Pensions Act 2004. The Trustees have the primary responsibility for governance of the Plan. The Trustees comprise representatives of the Company, an independent Trustee and members of the Plan. Benefit payments are from Trustee-administered funds and the Plan assets are held in a Trust which is governed by UK regulation.

Contributions in respect of future service benefits ceased on 30 April 2010.

The liabilities have been calculated by, and the assumptions have been set on the recommendations of, an independent qualified actuary as required by FRS 102.

7. Pension obligations continued

The liabilities at the disclosure date allow for indexation in line with the Consumer Prices Index.

The Company paid a total of £0.5m in contributions to the fund during the year (2022: £15.5m).

The amounts recognized in the balance sheet on an accounting basis are determined as follows:

	2023 £m	2022 £m
Present value of defined benefit obligations	**(303.8)**	(298.3)
Fair value of plan assets	**315.1**	318.4
Net asset in the balance sheet	**11.3**	20.1

After review of the Trust deeds and rules of the pension scheme, the Directors recognized the pension surplus as at 31 December 2022. The Directors continue to recognize the pension surplus as at 31 December 2023 as there have been no changes to the Trust deeds and rules of the pension scheme during the year. In recognizing the surplus, we are being consistent in our accounting treatment, recognizing the accounting value generated using the principal assumptions set out below. The Directors have recognized the economic benefit considered to arise from either a reduction to future contributions or a refund of the surplus assuming the gradual settlement of plan liabilities over time until all members and beneficiaries have left the plan.

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the plan was performed by a qualified actuary as at 31 March 2022 which revealed a funding shortfall (technical provisions minus the value of the assets) of £20m. The Company agreed to pay deficit contributions of £15.5m during 2022 which, along with investment returns from return-seeking assets, are expected to make good this shortfall by 31 March 2025. The next funding valuation is due no later than 31 March 2025, at which time progress towards full funding will be reviewed. Given the improvement to the scheme position since the last funding valuation, an account governed by an escrow agreement has been set up during 2023, whereby further contributions of up to £7.5m could be paid into the plan if underfunded on a technical provisions basis as at 31 March 2025.

Contributions of £0.5m were paid by the Company for the year ending 31 December 2023 to cover the expenses of running the Plan.

The movement in the defined benefit obligation was as follows:

	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1 January 2022	(428.6)	447.9	19.3
Amounts (charged)/credited to the profit and loss:			
– Administration expenses	—	(0.6)	(0.6)
– Interest (expense)/income	(8.4)	8.9	0.5
	(8.4)	8.3	(0.1)
Re-measurements:			
– Loss on plan assets, excluding amounts included in interest expense	—	(137.2)	(137.2)
– Gain from change in demographic assumptions	1.4	—	1.4
– Gain from change in financial assumptions	130.9	—	130.9
– Experience gains	(9.7)	—	(9.7)
	122.6	(137.2)	(14.6)
Contributions: Employers	—	15.5	15.5
Payments from plans: Disbursements	16.1	(16.1)	—
	16.1	(0.6)	15.5
At 31 December 2022	**(298.3)**	**318.4**	**20.1**
Amounts (charged)/credited to the profit and loss:			
– Administration expenses	**—**	**(0.7)**	**(0.7)**
– Interest (expense)/income	**(14.1)**	**15.1**	**1.0**
	(14.1)	**14.4**	**0.3**

7. Pension obligations continued

	Present value of obligation £m	Fair value of plan assets £m	Total £m
Re-measurements:			
– Loss on plan assets, excluding amounts included in interest expense	**—**	**(0.2)**	**(0.2)**
– Gain from change in demographic assumptions	**4.1**	**—**	**4.1**
– Gain from change in financial assumptions	**(9.6)**	**—**	**(9.6)**
– Experience losses	**(3.9)**	**—**	**(3.9)**
	(9.4)	**(0.2)**	**(9.6)**
Contributions: Employers	**—**	**0.5**	**0.5**
Payments from plans: Disbursements	**18.0**	**(18.0)**	**—**
	18.0	**(17.5)**	**0.5**
At 31 December 2023	**(303.8)**	**315.1**	**11.3**

The major assumptions used for the updated actuarial valuation were:

	2023 % p.a.	2022 % p.a.
Rate of general increase in salaries	**5.00**	5.00
Rate of revaluation in deferment	**2.40**	3.20
Pension increase rate:		
– RPI (min. 3%, max. 5%)	**3.60**	3.65
– CPI (min. 3%, max. 5%)	**3.45**	3.45
– CPI (min. 0%, max. 3%)	**2.05**	2.00
Discount rate	**4.55**	4.85
Inflation assumption – RPI	**3.05**	3.25
Inflation assumption – CPI	**2.50**	2.55

Life expectancy at age 65 for a member currently aged 45 is 23.2 (2022: 23.4) years (men) or 25.8 (2022: 25.9) years (women). Life expectancy for a member currently aged 65 is 21.9 (2022: 22.1) years (men) or 24.4 (2022: 24.5) years (women).

Plan assets are comprised as follows:

	Value at 31 December 2023 £m		Value at 31 December 2022 £m	
M&G Credit Fund	**16.5**	**5%**	20.0	6%
LGIM Future World Global Equity	**19.1**	**6%**	35.7	11%
Insight Short Dated Buy & Maintain Credit	**31.4**	**10%**	30.3	10%
Schroders Liability-Driven Investments	**148.6**	**47%**	62.1	20%
Schroders Sterling Liquidity Plus	**—**	**—**	45.2	14%
Alcentra Credit Fund	**17.7**	**6%**	20.6	7%
Igneo Global Diversified Infrastructure Fund	**22.6**	**7%**	42.6	13%
Cash	**5.9**	**2%**	6.5	2%
Annuity Policy	**53.3**	**17%**	55.4	17%
Total fair value of assets	**315.1**	**100%**	318.4	100%

7. Pension obligations continued

Expected contributions to retirement benefit plans for the year ending 31 December 2024 are £0.5m (2023: £8.0m).

The weighted average duration of the defined benefit obligation is twelve years (2022: twelve years).

Sensitivity analysis

The sensitivity of the net defined benefit surplus to changes in the weighted principal assumptions is:

	Increase/(decrease) in present value of surplus at 31 December 2023		
	Change in assumption	Increase in assumption £m	Decrease in assumption £m
Discount rate	**0.25% p.a.**	**7.5**	**(8.0)**
Inflation rate*	**0.25% p.a.**	**(1.0)**	**1.7**
Life expectancy	**1 year**	**(7.2)**	

* This sensitivity allows for the impact on all inflation related assumptions (salary increases, deferred revaluation and pension increases, subject to relevant caps and floors).

	Increase/(decrease) in present value of surplus at 31 December 2022		
	Change in assumption	Increase in assumption £m	Decrease in assumption £m
Discount rate	0.25% p.a.	7.3	(7.4)
Inflation rate*	0.25% p.a.	(1.3)	1.1
Life expectancy	1 year	(6.2)	

* This sensitivity allows for the impact on all inflation related assumptions (salary increases, deferred revaluation and pension increases, subject to relevant caps and floors).

8. Debtors

	2023 £m	2022 £m
Trade debtors	**0.3**	0.7
Amounts owed by Group undertakings	**279.2**	181.0
Current tax asset	**1.2**	—
Other debtors	**0.3**	0.4
VAT receivable	**3.6**	3.7
Prepayments and accrued income	**12.9**	10.3
Deferred tax asset (Note 12)	**14.1**	1.5
Total debtors	**311.6**	197.6

Amounts owed by Group undertakings include trade and finance amounts. The unsecured finance amounts of £49.1m (2022: £70.4m) have no fixed terms of repayment and are repayable on demand but are interest bearing with the rates ranging between 4.7% and 6.7% (2022: 1.8% and 5.3%).

9. Fixed-term deposits

Fixed-term deposits are liquid investments with original maturities of over three months.

The amount invested by the Company in fixed-term bank deposits as at 31 December 2023 was £nil (2022: £22.4m), with original maturity of three months or longer (2022: three months or longer).

10. Creditors – amounts falling due within one year

	2023 £m	2022 £m
Trade creditors	**2.1**	4.5
Amounts owed to Group undertakings	**269.8**	255.4
Corporation tax payable	**—**	6.3
Other taxation and social security	**1.7**	1.3
Other creditors	**1.1**	1.1
Accruals	**27.2**	42.4
Deferred income	**5.2**	5.2
Total creditors	**307.1**	316.2

Trade creditors are non-interest bearing and are generally on 30-60 day terms (2022: 30-60 day terms). Amounts owed to Group undertakings as at 31 December 2023 include trade amounts which have no fixed terms of repayment, are repayable on demand, and are non-interest bearing. At 31 December 2022 amounts owed to Group undertakings included unsecured finance amounts of £12.3m which had no fixed terms of repayment, were repayable on demand and were interest bearing with rates set at 2%.

11. Provisions for liabilities

Provisions for liabilities represent property provisions which are held against dilapidations. The Company has used either the known position or a best estimate of the Company's potential exposure to calculate the potential cost to the Company over the remaining lease periods. The opening provision has been released in 2023 (2022: no movements).

12. Deferred taxation

Deferred taxation policy

Deferred tax arises from timing differences between the inclusion of income and expenses in tax assessments in periods different from those in which they are recognized in the financial statements.

Deferred tax is recognized on all timing differences at the reporting date with some exceptions. Unrelieved tax losses and other deferred tax assets are only recognized when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profit.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

	2023 £m	2022 £m
Deferred tax assets:		
– To be recovered within twelve months	**16.9**	6.6
Total deferred tax assets	**16.9**	6.6
Deferred tax liabilities:		
– To be incurred after more than twelve months	**(2.8)**	(5.0)
– To be incurred within twelve months	**—**	(0.1)
Total deferred tax liabilities	**(2.8)**	(5.1)
Total net deferred tax assets	**14.1**	1.5

12. Deferred taxation continued

The amounts of net deferred taxation assets/(liabilities) recognized are set out below:

	Accelerated capital allowances £m	Pension provision £m	Losses £m	Other timing differences £m	Total £m
At 1 January 2023	**3.4**	**(5.0)**	**3.2**	**(0.1)**	**1.5**
Credited to profit and loss account	**(2.6)**	**(0.2)**	**11.0**	**2.0**	**10.2**
Debited to current year reserves	**—**	**2.4**	**—**	**—**	**2.4**
At 31 December 2023	**0.8**	**(2.8)**	**14.2**	**1.9**	**14.1**

13. Financial assets and financial liabilities

a. Financial assets by category

Loans and receivables	2023 £m	2022 £m
Assets as per balance sheet		
Debtors excluding prepayments, accrued income and deferred taxation	**283.2**	185.8
Fixed-term deposits	**—**	22.4
Cash at bank and in hand	**—**	38.0
Restricted cash	**7.5**	—
Total	**290.7**	246.2

b. Financial liabilities by category

Other financial liabilities at amortized cost	2023 £m	2022 £m
Liabilities as per balance sheet		
Creditors excluding non-financial liabilities	**300.2**	303.4
Total	**300.2**	303.4

14. Employee expense

	2023 £m	2022 £m
Wages and salaries	**46.6**	36.9
Social security costs	**6.0**	4.7
Long Term Incentive Plan (LTIP) expense	**4.4**	1.9
Other pension costs	**2.6**	4.1
Total employee expense	**59.6**	47.6

The average number of full-time equivalent individuals (including Board members) employed by the Company during the year was:

	2023 Number	2022 Number
Production, inspection and laboratory	**30**	33
Sales and distribution	**53**	62
Administration	**532**	391
Total headcount	**615**	486

Disclosures in respect of Directors' emoluments can be found in the Directors' remuneration report on pages 87 to 97.

15. Auditors' remuneration

The auditors' remuneration for the audit of the parent company financial statements was £0.2m (2022: £0.2m).

16. Financial commitments

At 31 December annual commitments under non-cancellable operating leases were as follows:

	2023			2022		
	Land and buildings £m	**Motor Vehicles £m**	**Total £m**	Land and buildings £m	Motor Vehicles £m	Total £m
No later than 1 year	**2.0**	**0.3**	**2.3**	2.0	0.2	2.2
Later than 1 year and no later than 5 years	**1.5**	**0.6**	**2.1**	3.6	0.4	4.0
Minimum lease payments	**3.5**	**0.9**	**4.4**	5.6	0.6	6.2

The profit and loss account lease rental charge will not equate to lease payments for those leases having the benefit of lease incentives. In these cases the incentives are released to the profit and loss account over the period of the lease.

17. Related party transactions

Transactions with related parties have been determined in accordance with FRS 102 and are disclosed below:

a. Pension scheme Trustees

Transactions with the pension scheme Trustees are disclosed in note 7.

b. Key management

The Company has taken advantage of the exemption available under FRS 102 paragraph 1.12(e) from disclosing key management personnel compensation in total.

c. Transactions with non-wholly owned subsidiaries

There were no material transactions with non-wholly owned subsidiaries during the year. All transactions between the Company and non-wholly owned Group companies arise in the ordinary course of business and are on an arm's length basis.

18. Contingent liabilities

Contingent liabilities policy

Contingent liabilities, arising as a result of past events, are not recognized when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date, or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are described in the financial statements unless the probability of an outflow of resources is remote.

In the normal course of its business the Company faces legal actions and claims. Based on legal advice and taking into account the availability of insurance and provisions, the Board does not expect these legal actions or claims to have a significant impact upon the Company.

In the normal course of its business, the Company from time to time provides advance payment guarantees, performance bonds and other bonds in connection with its activities. Taking into account experience to date and the availability of provisions, the Board does not expect these bonds and guarantees to have a significant impact on the Company.

Thank you

We would like to thank our many stakeholders, in particular the Chairs and Members of BSI's Standards Development Committees who give their time, experience and knowledge to the process of defining best practice standards.

We would also like to thank all those we work with across government, business, academia and consumer and societal groups as well as the international standards developing organizations, notably the International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC), European Committee for Standardization (CEN), European Electrotechnical Committee for Standardization (CENELEC) and European Telecommunications Standards Institute (ETSI).

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