Impact for a fair society and sustainable world

Annual Report & Financial Statements 2024

By Royal Charter

Contents

Financial Highlights

Revenue

£757.4m

+4.1% (2023: £727.7m)

Operating profit*

£38.4m

-29.2% (2023: £54.2m)

Underlying operating profit*

£58.0m

+7.0% (2023: £54.2m)

Transformation investment

£44.3m

+19.7% (2023: £37.0m)

Capital expenditure

£4.2m

-52.3% (2023: £8.8m)

* Operating profit and underlying operating profit are stated after the transformation investment of £44.3m (2023 £37.0m).

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 6 to the consolidated financial statements.

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 the 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.

Key Facts

Colleagues

6,142

2024 average

Global offices

80+

Clients

76,000+

in 190+ countries

Committee Members

14,099

in 1,541 Standards Development Committees

Shaping trust in AI

The integration of AI technology into our daily lives is growing apace. Continual investment and innovative AI development will shape the future of society and the world in which we live.

Our goal is the responsible use of AI for the benefit of society. Trust in new technologies is crucial if we are to take full advantage of them. That's why BSI is playing a pivotal role to help ensure technologies such as AI are developed responsibly.

Dr Michael Weissig, AI Regulatory Services Managing Director at BSI comments: "BSI believes that AI has immense potential to drive positive change across society, both now and in the future. However, a gap in trust remains. Establishing the guardrails to ensure AI is developed and used ethically and responsibly is essential to bridging the divide."

BS ISO/IEC 42001 is the benchmark international standard on AI management systems. In 2024, BSI was accredited by Raad voor Accreditatie (RvA) as a certification body for ISO 42001 and, in November, KPMG Australia became the first organization globally to achieve ISO 42001 certification by BSI.

John Munnelly, Chief Digital Officer, KPMG Australia states: "AI can solve complex challenges, and unlock new possibilities for growth. We are committed to helping our clients embrace this technology in a trustworthy and ethical manner, enhancing both efficiency and innovation. With ISO 42001 emerging as the new gold standard for AI certification, we are delighted that our approach has met this extremely high bar."

It is not only in AI where BSI is leading on Digital Trust. Procore Technologies (Procore), a US-based provider of construction management software, has worked with BSI to ensure compliance against ISO 19650, an international standard for the secure use of building information modelling (BIM). This led to Procore achieving BSI's global BIM Software Kitemark in January 2025 and both organizations are now working together to deepen the partnership globally and advance the construction industry.

Trust in new technologies is crucial if we are to take full advantage of them.

Read more online:
bsigroup.com/trustinAI

Work on international net zero standard

Building on the BSI-convened ISO Net Zero Guidelines, BSI, in collaboration with ICONTEC, the Colombian National Standards Body, began work in 2024 to lead the development, through the International Organization for Standardization (ISO), of the world's first independently verifiable international standard for net zero.

In this landmark process involving thousands of experts from across more than 170 countries, including other major standard setters, BSI used its convening power to bring clarity and consensus to the net zero transition and enable robust climate action.

The international standard, which will continue to be developed during 2025 with a view to launching a draft for public comment around COP30, is designed to provide a global solution to guide organizations as they embark on their own net zero transitions. It will support businesses to create credible and comprehensive net zero strategies by providing them with consensus-based best practice developed through global, expert-led negotiation. It will also seek to build public confidence and guard against greenwashing through guidance and requirements to support conformity assessment, offering the potential to verify the claims.

Work to produce an international standard on net zero follows research published by BSI and the University of Oxford in May 2024* which reported an increasing convergence around key criteria relating to net zero, but that major gaps remained to ensure emissions reduction targets and plans are timely, rigorous and effective. It also comes in the wake of a BSI study showing that while 83% of UK businesses are committed to achieving the UK's legally binding net zero emissions target, 92% say barriers remain in place. BSI's 2024 Net Zero Barometer found that one in four (23%) UK businesses are not confident of achieving net zero by 2050 and 28% say their organization will be taking no action towards net zero in the next 12 months.

Susan Taylor Martin, BSI's Chief Executive, comments: "The launch of this international standard development process is an important moment in the global effort to meet the climate challenge. While progress is being made to decarbonize key industries around the world, and many individuals and organizations are stepping up, the net zero landscape is complex and the lack of clarity risks slowing down efforts to turn ambition into action.

This important collaboration, with BSI and ICONTEC bringing together National Standards Bodies and their experts from around the world, represents a landmark opportunity to bring clarity, credibility and trust to the net zero transition process, and ultimately to help accelerate our common progress towards a sustainable world."

*Becker et al., (2024) 'Governing Net Zero: assessing convergence and gaps in the voluntary standards and guidelines landscape'

> The launch of this international standard development process is an important moment in the global effort to meet the climate challenge.

Read more online:
bsigroup.com/netzerostandard

Water resilience

Water is probably our most precious and most undervalued resource. Currently 1 in 4 people live in a region experiencing high water stress and, as the climate crisis intensifies, communities are increasingly facing water challenges, from too little to too much.

In 2024, BSI partnered with Waterwise, the leading independent voice in the UK for using water wisely, to explore global water availability and solutions to accelerate progress towards a water secure world. Water security in its simplest form means society having access to enough freshwater of sufficient quality for survival.

Together we published the Water Security and Solutions Indicator. This brought together information on potential water availability, the solutions in place and public attitudes to the topic, to help identify those countries with a particularly significant water security challenge.

BSI's role in relation to water security spans standard setting, supporting the needs of its clients and helping to mobilize stakeholders.

BSI specifically helps clients improve their efficiency and environmental performance aligned with the internationally recognized standard for environmental management systems, ISO 14001; and supports clients in the use of innovation and data to minimize their water usage, through smart water meters and other water saving products.

BSI recognizes that water security is a serious challenge which requires a collaborative effort across a wide range of players, from government and regulators to the water industry – and ultimately all of us as water users.

Peter Sissons, International Engagement Director, Knowledge Solutions reports: "During 2024, BSI has actively engaged with stakeholders across national governments, NGOs, standards organizations and major corporates to develop plans for a family of water stewardship standards.

We recognize that international collaboration and standardized guidelines offer the opportunity to bring harmonization and enable scaled-up action on this pressing issue."

Water is probably our most precious and most undervalued resource.

Read more online:
bsigroup.com/waterresilience

UK carbon neutral Kitemark certification

In March 2024, Wm Morrison Supermarkets Ltd (Morrisons) became the first UK supermarket to have a product certified as carbon neutral by BSI.

The BSI Kitemark for carbon neutral products is an assurance to Morrisons' customers that the eggs have passed the rigorous testing criteria required to certify carbon neutrality from farm to shelf. The scheme also incorporates a carbon footprint management plan which will ensure year-on-year carbon reductions.

The carbon neutral eggs underwent rigorous independent testing by BSI against a series of carbon neutral product standards, including Carbon Footprint of Products (BS EN ISO 14067:2018) and Demonstrating Carbon Neutrality (PAS 2060:2014), which were required to achieve the carbon neutral Kitemark.

Initially, the egg's carbon footprint stood at 1.56 kg of carbon per 1 kg of egg. Through the introduction of a circular feeding scheme, use of renewable energy and by adapting its woodlands, hedgerows and meadows to capture and store carbon, Morrisons successfully reduced this figure by 60%.

Molly Airstone, Manufacturing Specialist at Morrisons, said: "We are proud to be the first to market with the BSI Kitemark for carbon neutral products. It sets the standard not only for us but for the industry."

Todd Redwood, Global Managing Director – Consumer, Retail & Food at BSI, comments: "Addressing the climate emergency and reducing global greenhouse gas emissions is one of the greatest challenges of our time. With increasing scrutiny on organizations' net zero commitments, independent verification of carbon neutrality provides customers with confidence that green claims are rigorously assessed against a clear, internationally recognized standard.

We commend Morrisons for being the first UK organization to earn the BSI Kitemark for carbon-neutral products. This milestone underscores their strong commitment to achieving net zero and establishes them as a leader in sustainability in the industry."

> This milestone underscores their strong commitment to achieving net zero and establishes them as a leader in sustainability in the industry.

Read more online:
bsigroup.com/carbonneutralkitemark

Strategic Report

Chairman's Statement

John Hirst
Chairman

Biography on page 70

Through its purpose, mission, people, the way we work and what we are capable of delivering, BSI really does have the capacity to help make the world a better place.

The news from around the world seems increasingly dominated by conflict, division and mistrust.

I hear worries about lack of confidence in the information we receive and greater scepticism about the systems and processes we rely on for order in our lives. The ideals of shared goals, collaboration, working and winning together, respect for difference, confidence and trust in one another seem diminished.

And yet, the values of trust and collaboration seem, in the face of the challenges we all face, to be more important than ever. A source of confidence and peace of mind on which we can build innovation and improvements in the way we live and work that provide the opportunities to make the world a better place.

And it is precisely for that reason that I am so proud to be Chairman of the Board of BSI – an organization that through its clear sense of purpose, its mission, its people, the way we work and what we are capable of delivering really does have the capacity to help make the world a better place.

Our purpose remains clear: impact for a fair society and sustainable world.

Our progress in delivering that purpose remains constant despite the turbulent world in which we operate. There are clear examples throughout BSI's work in 2024, as you will have seen from the impact stories on the previous pages.

This year, our Board has welcomed three new distinguished faces as Non-Executive Directors. Diane Bitzel brings a deep experience of IT and data management. Tim Livett has joined as Chair of the Audit and Risk Committee and Robert MacLeod has joined as Chair of the Remuneration Committee. At the same time, we bid farewell to Douglas Hurt, Stephen Page, Ian Lobley and Sara Dickinson, who we thank sincerely for their contribution to the governance and leadership of the organization over their time on the Board.

My greatest thanks go to the staff of BSI in their locations around the world who bring great service to our clients and creative and inspiring work to the world of standards.

This report sets out details of the progress we have made in 2024 and the clear direction we have set for 2025 and beyond. While a lot has been achieved, we have much still to do and we look forward with confidence and optimism.

John Hirst
Chairman
28 March 2025

Chief Executive's Review

Susan Taylor Martin
Chief Executive

Biography on page 70

BSI has once again delivered a healthy performance in 2024, both financially and in terms of our positive impact. Our purpose-led strategy and business focus have ensured we remain resilient in times of change and relevant to our clients and stakeholders.

2024 was another year of growth and strategic progress for BSI, as we remained focused on delivering value for our clients and stakeholders, while continuing to build solid foundations for the future, guided by our purpose – impact for a fair society and a sustainable world. That impact is delivered through our clients and stakeholders. This year we have made really positive progress in terms of operationalizing that purpose across the organization and linking our work explicitly to our purpose, and embedding and starting to measure the concept of impact. In particular, our work on embedding impact into our standards making process – both at a BSI and at an ISO level – has been an important foundational step forward.

Continuing the pattern we have seen over the last few years, 2024 was another year of heightened uncertainty across the globe. It was a year of war on three continents, political upheaval and major elections in over 60 nations, plus extreme weather events once again wreaking havoc and impacting communities worldwide. Despite these complex and evolving challenges – affecting economic conditions, regulatory environments, and markets at both national and global levels – we are grateful that our business remained resilient and critically we continued to invest in the future of BSI.

2024 performance

BSI has once again delivered a healthy performance in 2024, both financially and in terms of delivering positive impact. Our purpose-led strategy and business focus have ensured we remain resilient in times of change and relevant to our clients and stakeholders, whether they are global corporates, governments, non-governmental organizations (NGOs), local enterprises or consumers. It has been particularly pleasing that in 2024 our Client Satisfaction score increased 3.3% to 72%, our highest ever score, which is a fantastic testament to the dedication and commitment of our teams across the globe.

As a profit with purpose organization, our financial performance is critical because it allows us to invest in that purpose, which means investing in the UK's National Standards Body, investing in our people, and ensuring that our technology, processes and operating model are fit for the future and enable us to deliver value for our clients and stakeholders. Group revenue of £757.4m increased 4% at reported rates, and 7% on a constant currency basis*.

We delivered strong revenue growth in our Knowledge Solutions and Assurance Services Divisions (growth of 7%* and 9%* respectively). Our Regulatory Services Division delivered the Group's highest divisional revenue growth of 10%*, despite being negatively impacted by European regulatory delays in both Artificial Intelligence (AI) and Medical Devices. Revenue in our Consulting Services Division declined by 11%* compared with 2023, primarily due to challenging conditions in the advisory markets where we operate.

Our underlying operating profit for the year was £58.0m, which included transformation investments of £44.3m. Excluding transformation costs, underlying operating profit was £102.3m, an increase of 12% at reported rates and 17% on a constant currency basis. Importantly as part of this improvement in profitability, our gross profit margin increased by 50 basis points to 51.2% on a reported basis and 80 basis points to 51.8% excluding transformation costs, which demonstrates the benefit of our transformation in driving improved operational efficiency.

A non-cash impairment of goodwill of £19.6m was recognized in the year as an exceptional item. The impairment reflects the lower than expected performance of the Consulting Division resulting from challenging market conditions. Our operating profit after this exceptional item was £38.4m.

*Constant currency retranslates 2023 reported financial information at 2024 exchange rates

Chief Executive's Review continued

We are proud to have been independently recognized by the ESG and Sustainability Awards 2024 for the role we played in helping improve global water availability and water security solutions through our work with the NGO Waterwise.

At the same time as producing a robust trading performance, we successfully delivered against our change and transformation agenda. In support of our strategic growth ambitions, we continued our multi-year investment in our foundational technology platforms and enterprise-wide digital processes. Our transformation investments continue to target our core technology and digital needs for the future and have already delivered positive returns and outcomes which will increase over time. This investment is effectively building out the platforms, data and processes, that will help us to grow our business for the long term and support our colleagues, enabling them to do their best work.

During the year we invested £44.3m of operating expenditure, up £7.3m on our investment in 2023. 2024 was a year of delivery and key projects, including the roll-out of our new digital experience in our key markets, upgrading our Customer Relationship Management (CRM) platform and the completion of our IT transformation programme upgrading our IT networks, security, service management and data centres.

We remain committed to investing in our digital ambition and I am confident that we are well positioned to continue the successful delivery of our multi-year transformation programme as we have a robust balance sheet position and substantial cash reserves, which increased by 18% to £225.4m as of 31 December 2024.

Accelerating progress towards a fair society and sustainable world

Our success stems from our expertise and capabilities in shaping standards, both at a British and an international level, certification, assessment, training, and consulting. By partnering with clients and stakeholders, we are actively tackling some of society's most pressing challenges, including the transition to a net zero economy and the transformative role of artificial intelligence (AI). You can read more about some of our areas of impact on pages 2 to 5.

In 2024, the new UK government signalled its ongoing confidence in the standards system and the value of stakeholder-led guidance in driving independently developed best practice, by signing an updated Memorandum of Understanding (MoU) with BSI. The MoU also recognizes our ongoing role as the UK's National Standards Body, a responsibility we are proud to uphold.

Sustainability continued to be a key focus area in the past year, marked by several significant achievements. A particular highlight was the launch of the new Environmental, Social, and Governance (ESG) Guidance at COP29 by the International Organization for Standardization (ISO) of which BSI is a founding member. This free guidance, co-developed by BSI in collaboration with other national standards bodies, is designed to help organizations navigate the complex ESG landscape more effectively.

Group reported revenue

£757.4m

(2023: £727.7m)

Transformation investment*

£44.3m

(2023: £37.0m)

* See Financial Review on page 26.

Chief Executive's Review continued

Our achievements in 2024 are a testament to the dedication and efforts of our team of over 6,000 people around the world. Their passion for our purpose, combined with their skills and expertise, enable us to deliver for our clients and stakeholders and through them drive meaningful impact.

Our collaborative approach was also central to our work with the UK Government's Department for Environment, Food & Rural Affairs (Defra). Leading the development of a suite of nature investment standards, we are supporting the UK Government's Green Finance Strategy and Nature Markets Framework. These initiatives aim to boost market confidence and increase private sector investment in nature recovery and nature-friendly farming.

Our work on sustainability standards is just one aspect of how we supported our clients and stakeholders to accelerate positive impact for a sustainable world. During 2024 our Net Zero Pathway solution developed by our Assurance Services Division, helped organizations implement a transparent and consistent approach to reaching their net zero objectives through formal data verification and ongoing audits. This solution has already been adopted by clients in the pharmaceutical, sports and energy sectors. The past year also saw BSI increase its role in certifying large global events to the Sustainable Events Management System Standard (ISO 20121), notably with the certification of the International Monetary Fund's Annual Spring Meeting.

In 2024, we were very proud to have been independently recognized for the role we played in helping improve global water availability and water security solutions through our work with the NGO Waterwise. Our influential campaign around our 'Thirst for Change' report for a water secure world was awarded the Brand Activism ESG Campaign of the Year award at the ESG and Sustainability Awards 2024.

When it comes to BSI itself, sustainability is embedded into our own business operations. We feel strongly that we should demonstrate our purpose in action by becoming our own best-in-class case study, using standards and BSI's own sustainability solutions wherever possible, such as implementing BSI's Net Zero Pathway. We have made progress against our net zero transition plan by reducing Greenhouse Gas (GHG) emissions and creating a more sustainable workplace. In 2024, we reduced our total Scope 1 and Scope 2 market-based emissions by 14.5% against our 2023 results. Our Scope 3 emissions make up the largest type of emissions because they include travel, and we travel to service our clients and indeed to operate a global organization.

The good news is that, in 2024, we reduced our Scope 3 emissions by 10.0% and our Scope 3 intensity ratio (tCO_2e/£m) decreased by 13.3%, demonstrating a meaningful improvement in our GHG emissions efficiency compared to 2023. Further information is contained in the Operational Sustainability report on page 36 and the Global Greenhouse Gas disclosures on page 46.

Chief Executive's Review continued

Leading in Artificial Intelligence

Under the domain we call Digital Trust, we made significant strides with the launch of a comprehensive suite of training, certification and verification services aligned to the new AI management system standard (ISO 42001). These initiatives position us at the forefront of ensuring AI's safe, ethical and therefore trusted integration into society as a force for good. In 2024, BSI received independent accreditation to certify organizations to this new AI standard and we are progressing towards becoming an AI Notified Body under the EU AI Act, which became law in March 2024 and will come into force in phases over the next few years.

To further enhance trust in AI, we introduced a new AI Algorithm Auditing and Dataset Testing service, designed to assess AI algorithms, models, and the datasets used to train them. Our first client, DeepEyeVision Inc., a pioneering medical technology startup and Jichi Medical University venture in Japan, leveraged this service to advance its AI solutions for diagnosing eye conditions, enabling faster and more accurate treatments.

Leading in Quality and Health, Safety & Wellbeing

In 2024, we further strengthened our core domains of Quality and Health, Safety & Wellbeing – areas that remain essential to our clients and where we continue to lead with significant expertise.

We achieved yet another world first in our health, and safety services with Luton London Airport (LLA) becoming the first airport in the world to achieve BSI's Psychological Health and Safety certification based on ISO 45003. LLA have seen significant benefits from this work, including a 41% reduction in mental health days lost and an Employee Net Promoter score increase from +12 to +38.

The impact of our standards at an international level also hit a significant milestone, with the latest ISO report showing that over 400,000 organizations are now using the international health and safety management system, ISO 45001, which is based on BS OSHAS 18001, first published by BSI in 2007. With Harvard Business School research* showing that organizations that certify to this standard have 20% less reportable accidents, we conservatively estimate that this helps boost business profitability by at least £2.3 billion, and enhances global productivity by an impressive 3.6 million workdays.

Our Future of Work research report series has continued to focus on business's biggest challenges. In 2024, we explored the impacts of an ageing population in our Evolving Together report, and a human-centred look at AI in our Flourishing in the AI workforce report. Both received significant global interest, continuing to drive brand awareness and demonstrate our leadership in this space.

In a further example of our impact and influence, our groundbreaking menstruation, menstrual health and menopause in the workplace standard (BS 30416), published in 2023, has now been downloaded in 139 countries. Developed to help organizations identify misconceptions around menstruation and menopause and the effect a taboo surrounding them can have on workplace support, our research indicates that adoption of the standard has benefited an estimated 7 million female workers. We are now leading the development of an international standard in which close to 40 countries are participating.

Building our team and culture

Our achievements in 2024 are a testament to the dedication and efforts of our team of over 6,000 people around the world. Their passion for our purpose, combined with their skills and expertise, enable us to deliver for our clients and stakeholders and through them drive meaningful impact. I am deeply grateful for their contribution and proud of their commitment to accelerating progress towards a fair society and sustainable world.

It is especially rewarding to see how much pride our colleagues take in what we do. In our enterprise wide 2024 engagement survey, 82% of colleagues said they are proud to work for BSI. The survey achieved our highest-ever response rate and delivered very positive results in the areas closely aligned to our ambitions, such as pride in our mission and a strong understanding of how individual contributions support our collective goals.

* Viswanathan, Kala and Johnson, Matthew and Toffel, Michael W. Do Management System Standards Indicate Superior Performance? Evidence from the OHSAS 18001 Occupational Health and Safety Standard (December 5, 2021). Harvard Business School Technology & Operations Mgt. Unit Working Paper No. 22-042

Chief Executive's Review continued

Great leadership plays a vital role in inspiring this high performance and shaping our future impact. In 2024, we launched our new Leadership Capability Framework, designed to equip our leaders to engage and develop a multigenerational workforce, empowering them to deliver their best work, while adapting to an ever-evolving environment.

A key enabler of our positive culture is building an inclusive culture of trust and, in 2024, we introduced new wellness and wellbeing offerings and continued embedding our Equity, Diversity, and Inclusion (EDI) ambitions into the way we work. We continue to invest in career development opportunities and empowering our colleagues to develop their skills, ensuring they can fulfil their potential. These efforts are critical to building a future ready, high performing BSI. We truly believe that BSI is a unique place to work, and more information on our people and culture can be found in the Q&A with Alison Sharp, our Chief People Officer, on page 30.

Executive Director and Group Leadership Team changes

Nearly five years after joining BSI as Chief Commercial Officer, Harold Pradal transitioned to lead our Assurance Services Division in 2024. Harold brings with him over 16 years of senior strategic and operational leadership experience from his previous roles at International SOS and GE Healthcare.

Since the year end, Sara Dickinson has stepped down from the role of Chief Financial Officer. Sara has played a vital role in supporting the development of BSI's enterprise-wide financial capabilities as a key foundation of the future business over the last three years, and leaves with our best wishes for the future. Amanda Radford, previously Deputy Chief Financial Officer, has stepped very capably into the role of Acting Chief Financial Officer, while the Nominations Committee oversees a permanent appointment.

Looking ahead

As we look to 2025 and beyond, despite the continued geopolitical upheaval and economic uncertainty, I am optimistic about the opportunities that lie ahead. BSI remains a strong and stable company with people deeply committed to our inspiring purpose, and delivering positive impact through our clients and stakeholders.

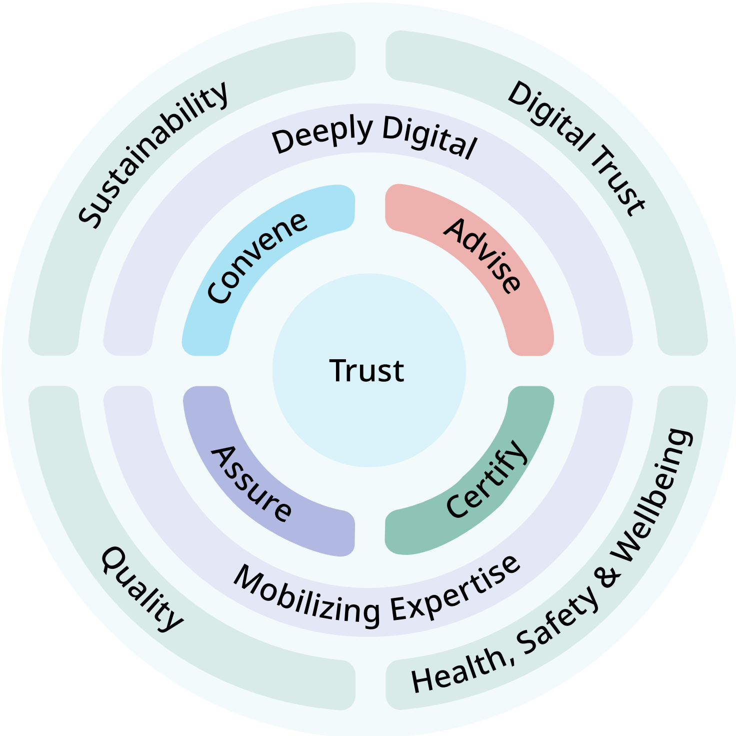
In 2025, we will continue to grow across all our domains, and increase our relevance in both Sustainability and Digital Trust, focusing on delivering exceptional value and impact for our clients and stakeholders. By leveraging the capabilities of digital technology and data, we are well positioned to address some of the world's most pressing challenges and opportunities.

Whether it's combating climate change, ensuring the ethical use of AI, or exploring the potential of quantum technology, I am confident that BSI can make a meaningful difference and create a lasting legacy.

With solid momentum heading into 2025, we look forward to another year of progress and delivery of impact through our stakeholders and clients in over 190 countries worldwide.

Susan Taylor Martin
Chief Executive
28 March 2025

Our Strategy and Business Model



The strategy to deliver BSI's purpose is based around four key domains: Sustainability, Digital Trust, Health, Safety & Wellbeing and Quality.

Trust is at the heart of everything we do as a Royal Charter company. Our key strategic drivers of becoming 'Deeply Digital' and 'Mobilizing Expertise' support our delivery against these domains and drive our overall impact.

We equip our people to innovate in order to accelerate progress towards a fair society and sustainable world and assure our stakeholders.

We deliver our strategy though four business Divisions that each 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 (KS)

We develop and distribute standards to our clients and stakeholders and provide consulting and advisory services to help develop standardization approaches around emerging topics. We also provide international development support for standards in developing countries.

Assurance Services (AS)

We provide our clients with independent assurance on the conformity of a system, process or service to a particular standard. We also provide enterprise training and e-learning solutions.

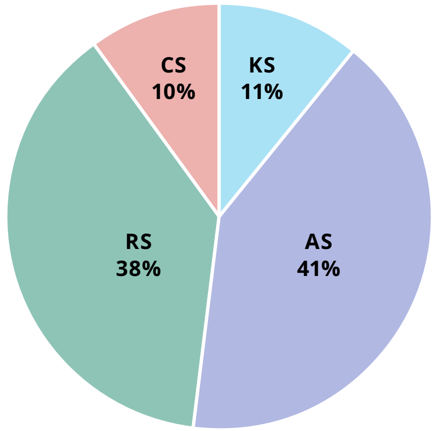
Regulatory Services (RS)

We provide certification of medical devices across a range of global regulatory frameworks, certification and testing across a range of product areas and certification and testing of artificial intelligence systems across all industries.

Consulting Services (CS)

We provide advisory services to help our clients solve their greatest challenges and deliver positive impact. We support our clients in compliance with standards, regulation, and best practice.

% of 2024 Group Revenue



Division Reviews

Neil Musk
President, Knowledge Solutions

What we do

BSI's Knowledge Division has two major business lines:

- Solutions: develops and distributes British, European, and international standards primarily to UK clients and stakeholders; and
- Services: provides consulting and advisory services to help develop standardization approaches around emerging topics, as well as international development support for standards in developing countries.

Knowledge Solutions

2024 performance and highlights

The Knowledge Division grew revenue by 6.5% during the year. Particular high growth areas were our Services work in sustainability, digital and international development, and in standards subscriptions, especially in our Compliance Navigator Product for medical devices.

During 2024, we published over 2,750 new and revised standards, and 2,500 draft standards for public comment. Over 95% of these are international or European standards, reflecting the value our clients and stakeholders place on internationally agreed best practice that helps facilitate international trade.

BSI manages UK standards-developing committees which review and contribute to all these international and European standards, as well as creating British national standards where needed. It also provides committee support for the international committees which develop international and European standards.

Thank you to our Committee Members and Chairs

We are entirely dependent on over 14,000 Committee Members and Chairs who volunteer their expertise and time. We would like to express BSI's enormous thanks to those Committee Members and Chairs, without whom the international and national standards system would not function.

In order to maintain high quality and representative standards, we need to continually attract a diverse range of new Chairs and Committee Members and we're pleased that, in 2024, we saw record attendance at our Committee Members and Young Standards-makers conferences.

Maximising the impact from standards

During the year, we sharpened our focus on maximising the impact of the standards we deliver. We introduced a series of tools which integrate impact-thinking into our usual standards development and distribution process including, for example, working with each managed Committee to develop an impact statement that articulates what impact the Committee aims to achieve through their standards portfolio.

Artificial Intelligence

Much of our work in both Services and Solutions has focused on the impact of sustainability and digital. In the latter, BSI partnered with Innovate UK, industry stakeholders and small to medium sized enterprises (SMEs) on the UK Government's Bridge Artificial Intelligence (AI) programme, working on removing barriers to AI adoption in SMEs. With an initial sector focus on built environment, transport, agriculture and the creative sectors, the programme involved researching SME adoption challenges, setting up a dedicated community of over 400 members, providing a series of training webinars for SMEs, and developing fast-tracked standards.

Sustainability

Similarly in sustainability, BSI is leading a programme with the Department of Environment, Food and Rural Affairs to scale up high integrity markets for nature-based benefits, including publishing the first standard around biodiversity credits globally – BSI Flex 701. We continue to work extensively on sustainable transport in areas like aviation, freight and maritime and during 2024 published Flex 2073, the world's first standard on operational guidance for the hydrogen refuelling of heavy-duty freight vehicles. Globally during 2024, BSI led the Scope 3 emissions consultation on the Voluntary Carbon Market Initiative, one of the biggest issues facing sustainability practitioners, as well as helping global corporates like General Motors to adopt the ISO net zero guidelines.

Supporting UK economic growth

Helping deliver growth in the UK economy has always been a key priority for BSI. In our ongoing work with Innovate UK, we are developing the Business Growth Toolkit. This provides SMEs access to standards content, training and e-learning to help unlock growth potential – whether through the use of technical standards enabling participation in supply chains of large corporates, facilitating international trade or encouraging innovation through management standards like ISO 56001.

Division Reviews continued

We also work on specific sector initiatives such as the programme supporting future driverless vehicles in the UK, including developing Flex 1886 and 1887, the world's first standards on remote vehicle operations and remote driver training. In fire safety, we also updated BS 9991, 'Fire safety in the design, management and use of residential buildings', a code of practice especially important in light of the Grenfell Inquiry Phase 2 Report.

International impact

On the international front, we have sought to boost trade and inclusive growth in developing countries through our ongoing programme with the Foreign, Commonwealth and Development Office. During the year, this included working on national quality policies in Kenya and Nigeria and helping strengthen regional standards partnerships in the Caribbean, Africa, and Pacific. We are also working with the United Nations and World Bank on initiatives in ASEAN (the Association for South East Asian Nations), to support economic growth using standards, and to standardize approaches to sustainability issues such as plastic waste and recycling.

Similarly, we develop specific standards for the UK such as our world's first standard on safeguarding for organizations, launched at Save the Children's offices. We are also helping develop many of our pioneering recent UK standards into global standards via ISO, such as recent standards around net zero guidelines, menstruation, menstrual health and menopause in the workplace, and organizational responses to modern slavery.

Looking ahead

Looking ahead, there are many areas where we hope planned standards can make a big difference in 2025. For example, we expect ISO to launch the full international net zero standard after COP30 in Brazil, leveraging the work BSI helped pioneer through our 2050 World initiative.

BSI will be working with the UK government and our committees to help shape the post Grenfell construction framework in the UK, strengthening oversight and prioritizing resident safety.

BSI is also helping develop many of our pioneering UK standards into global standards through ISO. Recent examples include the net zero guidelines, menstruation, menstrual health and menopause in the workplace, and organizational responses to modern slavery. Our world-first standard on safeguarding for organizations was launched in partnership with Save the Children and is designed to help all organizations, including charities, keep people safe and protect the vulnerable from harm.

Division Reviews continued

Harold Pradal
President, Assurance Services

What we do

Assurance Services is a leader in the provision of independent and impartial certification of Management Systems and processes for our global clients.

Our Internal Audit and Supplier Audit programmes help clients drive value across their organization and supply chain by building trust and strengthening credibility across a range of topics.

We also provide a comprehensive suite of training services to support our clients in achieving, retaining, and unlocking the full potential of their audits.

Assurance Services

2024 performance and highlights

To ensure we continue to improve the ease of doing business and deliver increased value to our clients, in September we announced the decision to simplify our operating model and transition from five regions to three. During the year, we also began implementation of portfolio governance to standardize our product mix, strengthening BSI's core products and increasing our market share with a clear go-to-market strategy that better supports our regional and global clients.

In 2024, we supported more than 50,000 clients and their teams in making a positive impact – enabling them to achieve and sustain a competitive advantage and improve their performance and credibility in the markets they serve.

The Division delivered a strong performance in 2024, achieving a 9% increase in revenue. Growth was largely driven by Systems Certification, where performance targets for the year were exceeded. Our work with Supply Chain industry programmes also delivered strong growth thanks to increasing focus on Sustainability, Social Performance and Compliance. Trading conditions were more challenging in Training, although supported by a good performance in AI Training.

Assessment and Systems Certification

By simplifying and digitizing our processes, Assessment and Systems Certification Services delivered strong growth. We also witnessed the continuation of large and global organizations consolidating and transferring their auditing and certification requirements and choosing BSI as their partner of trust.

Our Digital Trust portfolio achieved growth in the areas of Data Management, Privacy and Security. We also introduced an Auto Cybersecurity sub-segment to support our key clients in the adoption of TISAX (Trusted Information Security Assessment Exchange) and to underpin this development, expanded our existing TISAX operational office footprint in Germany and Japan to also include the USA, UK and China.

Our Sustainability Solutions business delivered accelerated growth, driven by our Carbon and Social Services, including Green House Gas Solutions and Verifications, Energy Management, Sustainable Events, and Social Audit programmes such as Sedex Members Ethical Trade Audit (SMETA), Responsible Business Alliance (RBA) and SA8000. During the year, we also issued the first Net Zero Pathway certificate, and won several new clients in the Pharmaceutical, Sports and Energy sectors.

In the US, we were awarded the International Monetary Fund (IMF) Sustainability Event ISO 20121 and while in APAC we achieved approval as Designated Operational Entity (DOE) for Validation and Verification under the Clean Development Mechanism (CDM) programme. This enables CDM validation and verification services in the Energy, Manufacturing, Waste, and Afforestation/Reforestation sectors.

During the year, we continued our journey to support clients in becoming future- ready through the digital transformation of our services and providing technology to help them on their own digital journey. Since we launched our innovative Hybrid Audits in 2023, we have accelerated the optimization of physical face-to-face audits, remote audits, and integrated technology to deliver the best, most sustainable and effective solutions for our clients. In 2024, 37% of our audits were delivered in a hybrid way – up 6% on 2023.

Last year, ISO 9001 PAM – our Predictive Assurance Model – went live for clients to access our Connect Portal and, in 2025, we will expand this to include ISO 14001, 45001, and 27001.

Division Reviews continued

We continued to invest in our digital capabilities and services to drive efficiencies and make it easier for our clients to do business with us. We also introduced new features to our Connect Portal, including client document sharing, improved audit report and assessment plan search functionality, enhanced administration user profiles, and a chatbot.

Training

We offer more than 150 on-demand e-learning, enterprise training solutions, and qualification services and continue to evolve and embrace AI and adaptive learning techniques to ensure we remain relevant and meet client demands.

Despite experiencing strong headwinds in this domain throughout 2024, our AI Training offering has driven a solid performance for the Division. In EMEA, we secured the biggest training win in BSI history with the National Risk Council and Qassim University in Saudi Arabia. This is a testament to the team investing time in building a strong relationship and understanding of the client’s needs.

We continue to invest in our BSI Academy Personal Qualifications to 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 by 23% in 2024, and we now offer 96 qualifications, of which Greenhouse Gas Practitioner is the most popular.

Looking ahead

Assurance Services is making great progress in its evolution and, as we look ahead to 2025, we will continue to focus on the themes of simplification, standardization, digitization and growth to ensure we stay relevant and deliver impact for our clients, stakeholders and the world around us.

Division Reviews continued

Manuela Gazzard
President, Regulatory Services

What we do

The core activities in the Regulatory Services Division are:

- Medical devices: certification of medical devices across a range of global regulatory frameworks, covering both product certification and quality management system certification to support market access.
- Product certification: certification and testing across a range of product areas, providing market access and consumer trust and confidence in products and services, including our unique Kitemark scheme.
- Artificial intelligence: certification and testing of AI systems across all industries, including AI management system certification.

Regulatory Services

2024 performance and highlights

Medical devices

2024 saw ongoing concerns from stakeholders across the medical device community about the impact that the Medical Device and In Vitro Diagnostic Device Regulations (MDR and IVDR) are having on the industry and availability of products in the EU. This led to further changes being made to the underlying legislation, including additional delays to transition timescales. Nonetheless, we reinforced our position as the market-leading full-scope EU Notified Body, with over 2,000 certificates issued across the MDR and IVDR by the end of 2024. At the same time, we continued to innovate to meet the demands of our clients.

For example, we became the first Notified Body to publish its capacity and lead times for the MDR and IVDR, helping to allay concerns and providing greater predictability for clients. We have also been driving greater digitization of our offering, which includes the introduction of a Digital Seal on key medical device certificates to support enhanced security and faster registration of products for clients.

Product certification

Through our product certification business, we have focused on expanding our Kitemark programme to deliver impact in a wider range of areas. In the sustainability space, our Product Carbon Footprint Verification and Carbon Neutral Product Certification Kitemark programmes have enabled leading companies such as Lenovo, Toppan, Morrisons and Samsung SDI to minimize environmental impacts. From a human health perspective, we are helping to combat antimicrobial resistance (AMR), one of the biggest problems facing modern medicine. Our initiative will help ensure that antibiotic manufacturing wastewater does not contribute to growing antibiotic resistance, safeguarding the efficacy of life-saving medicines. In 2024, our expansion of this programme reached 11 countries and was recognized by the UK's National Health Service (NHS) as part of its antibiotic subscription model.

Artificial intelligence

A notable milestone in AI was the adoption of the EU AI Act in June 2024. This is the world's first horizontal regulation on AI, with requirements for conformity assessment for certain uses of high-risk AI starting in 2026. We have been preparing for designation as an EU Notified Body and will formally start the process in early 2025, to complement our existing Notified Body designations in the Netherlands. With the AI Act's adoption around two years later than originally envisaged, we have been developing our AI algorithmic auditing and dataset testing offering. The first organization to formally go through BSI's rigorous assessment was DeepEyeVision, a company using AI to improve diagnosis of eye conditions. BSI's assessment demonstrated that its AI algorithms and models, and the datasets used to train them, are unbiased and performing as reported.

BSI has also become one of the first organizations globally with the capability to deliver accredited certification of AI management systems to the newly adopted standard, ISO 42001. We issued our first ISO 42001 certificate to KPMG Australia in the second half of 2024, and developed and delivered a wide range of training courses in this area.

Division Reviews continued

Looking ahead

Looking to 2025, for medical devices we expect there to be further focus on implementation of the MDR and IVDR, with both the European Parliament and Council of Ministers calling for further changes. This is focused on changes that will improve the efficiency and effectiveness of the regulatory system to support the timely availability of safe and innovative devices across the EU. We are prepared to adapt as needed to boost confidence in the EU as a market that encourages medical device innovation and are piloting ways of working to enable this alongside wider legislative and policy changes.

In the AI space, we expect to see further demand in 2025 for testing and certification services as consumers place increasing value on the trustworthiness and ethical use of AI. We will continue to develop our algorithmic auditing and dataset testing products, along with an AI Evaluation service, benchmarking these against the range of current ISO/IEC standards applicable to AI and allowing companies to use these assessments to boost customer confidence in their products. We are monitoring initiatives in jurisdictions outside the EU as there is further discussion and debate on how to regulate AI and will continue to contribute to dialogue on how global certification and conformity assessment bodies can support the safe and ethical use of AI.

For product certification, a key focus will be supporting clients to navigate the evolving landscape of digital trust and the growing need for robust cybersecurity. This includes preparation to enable compliance with upcoming developments to the EU Radio Equipment Directive, which introduces essential cybersecurity requirements for radio-connected devices and developing solutions for industrial connected devices based on the globally recognized IEC 62443 framework.

Division Reviews continued

Sergio Nogueira
President, Consulting Services

What we do

Our Consulting Services Division enables clients' sustainable growth by empowering their people and strengthening their physical and digital assets. We enable this growth by:

- Empowering people through health, safety, and wellbeing, and training.
- Strengthening clients' physical assets by managing supply chain risks, environmental impacts, and sustainability.
- Strengthening clients' digital assets by protecting them against digital threats and making them more resilient to cyber breaches.

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

Consulting Services

2024 performance and highlights

2024 was another challenging year for the global consulting industry, which has been heavily impacted by market uncertainty across the globe, geopolitical tensions and supply chain challenges. As a result, 2024 Consulting Services revenues were down year on year by 11% on a constant currency basis.

Our DTC business experienced significant challenges, driven by reduced cyber security testing demand. Our EHS business performed well across regulatory and compliance services but also encountered some reduced demand in more discretionary client services. We continued to see strong demand for our SCS services, aimed at helping clients proactively manage their supply chain risks and delivering safe, secure, and sustainable supply chains that are free from forced labour. Despite this, the Division has continued to carry out important work for our clients.

In 2024, our Consulting Services teams played a pivotal role in helping organizations to understand and manage per- and polyfluoroalkyl substances (PFAS) risks. Commonly known as 'forever chemicals', PFAS have potential for adverse impacts to human and environmental health, which has led to the issue of an array of PFAS regulation. Our teams have pioneered strategies for effective PFAS risk reduction and management and supported the decommissioning and remediation of significant PFAS manufacturing plants.

We have continued to help 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.

On the sustainability front, 2023 and 2024 saw record-breaking numbers of extreme weather incidents. Our teams have supported organizations in their resilience and response planning for extreme weather events, with climate change prevention strategies, emergency preparedness planning and response and recovery guidance. This work is vital to protect both people and the environment.

The Division has worked with clients to help keep their people healthy with comprehensive wellbeing support and guidance and helped them keep their physical and digital assets safe, particularly in the emerging area of privacy. We have delivered new digital and privacy testing for medical devices in our virtual cyber security laboratories, helping to ensure the safety and security of patients across the globe.

We have fought against worker exploitation and slavery by providing comprehensive guidance and strategies, including our recent eBook, for eliminating slavery and exploitation across global supply chains.

Looking ahead

In 2025, we expect to see continuing headwinds impacting demand for consulting services throughout the industries in which we work. However, organizations across the globe will need support to manage the exponential increases they're seeing in regulatory and reporting requirements. Our guidance will also be needed to manage the significant and complex supply chain challenges presented by increasing geopolitical unrest.

Director-General, Standards Review

Scott Steedman
Director-General, Standards

Biography on page 70

Our work as the National Standards Body is anchored in the obligations in our Memorandum of Understanding with government, which is supported by the Public Policy Interest in Standardization and our Royal Charter status.

2024 was a demanding year for the Standards Policy and Knowledge Solutions teams, delivering the work of the National Standards Body (NSB), as we navigated a series of events that required intense focus and agility.

Early in the year, the European Court of Justice (ECJ) published a ruling on the public accessibility of standards linked to European regulation, the consequences of which, by December, had triggered a global response from the international standards community. In the UK, the election of the new government in July created a surge of activity by our policy and sector experts to maintain the momentum we have built up across Whitehall in recent years, working where appropriate with our partner national bodies (UKAS and NPL) in the National Quality Infrastructure (NQI). We made good progress during the year with UKAS and NPL to enable our work on shaping market frameworks for the benefit of UK industry and consumers to become more visible and digitally enabled, and to enhance the level of support we provide to government on new and emerging technologies, including Artificial Intelligence and Quantum.

In October, after three years of planning, we delivered the largest event ever organized by BSI, linked to our hosting of the International Electrotechnical Commission (IEC) annual meeting in Edinburgh. More than 1,500 people participated in a programme of events over nine days, culminating in the IEC General Meeting, which was formally opened by HRH The Princess Royal. A special report of that week can be found on page 25.

Other milestones during the year were lower profile, but every bit as demanding to deliver. We were reassured that the recommendations in the Grenfell Inquiry Phase 2 Report, published in October, related to the role of BSI standards in building safety were aligned with the work we have been undertaking since the tragedy in 2017. We welcomed the strong commitment of the new government to our work in international development at the Commonwealth Heads of Government Meeting (CHOGM) in Samoa, which reflects BSI's commitment to strengthening the use of standards and assurance in developing countries.

Our leading influence in the International Organization for Standardization (ISO) and the IEC was evidenced by the decision to promote the ISO Net Zero Guidelines, a project proposed by BSI at COP 26, into the full ISO standards development process and by the success of our work in the governing bodies of ISO and IEC to align and accelerate the delivery of the digital SMART* future for standards and assurance.

* Standards that are Machine Readable and Transferable.

Memorandum of Understanding (MoU)

Our work as the NSB is anchored in the obligations in our MoU with government, which is supported by the Public Policy Interest in Standardization and our Royal Charter status.

2024 saw the signing of the first revision of the MoU since 2002. The new version addresses the role of standards in emerging challenges such as AI, quantum and net zero and highlights the importance of BSI continuing to represent UK views in the international standards system, including at ISO and IEC, and in the European standards organizations, the European Committee for Standardization (CEN) and the European Committee for Electrotechnical Standardization (CENELEC). The updated MoU sets out the NSB's role in supporting government policy and in acting in the UK's national interest on national priorities such as economic growth, trade, environmental protection and national security.

Director-General, Standards Review continued

Government engagement

Following the election, we have focused our engagement on how we can support Labour's five 'Missions' for government: economic growth, a clean energy superpower, breaking down barriers to opportunity and building an NHS fit for the future. We provided briefings for nine government departments, including the Department for Business and Trade (DBT), the Department for Science, Innovation and Technology (DSIT) and the renamed Ministry of Housing, Communities and Local Government (MHCLG) and have strengthened our relations with the Better Regulation Directorate in DBT and the Regulatory Policy Committee (RPC).

We deepened our engagement with the Foreign, Commonwealth and Development Office (FCDO) to support the international policy change that standards can deliver as a means of soft power and economic diplomacy. We highlighted developments in international standardization relevant to the government's growth, sustainability and development work and built our proposals for collaboration around these topics.

We were pleased that government is using national standards as an established part of its policy toolkit. Our AI management standards have been adopted into the government's proposed AI Essentials Toolkit, which draws on the principles of ISO/IEC 42001 AI Management Systems. The role of standards was also strongly supported in the government's response to the Regulatory Horizon Council's recommendations for the regulation of quantum technologies.

Our purpose and priorities continue to align with the 'Milestones' announced by the government in December 2024 as part of its 'Plan for Change'. We continued to actively support forums such as Select Committees and All-Party Parliamentary Groups, responding to consultations and offering policy advice.

Devolved administrations

We have dedicated staff responsible for engagement with the devolved governments in Northern Ireland, Scotland and Wales. Productive relationships have been developed with the devolved governments on a wide range of subjects, including energy, nature, net zero, trade and wellbeing. An online roundtable was held for the devolved governments about BSI's Nature Investment Standards Programme, with BSI Flex 701 later promoted by both the Welsh and Scottish governments in consultations on natural capital.

As a result of the IEC GM taking place in Edinburgh in 2024, our visibility in Scotland was significantly enhanced, leading to BSI and the role of standards being positively referenced in the Scottish Government's 'Vision for Trade' policy blueprint. We were also invited to join the Scottish Government's Regulatory Review Group, which aims to enhance the business environment in Scotland.

International engagement

We successfully completed Phase 3 of the Commonwealth Standards Network (CSN), which includes 53 Commonwealth countries and 42 associate members, to increase the use of international standards in support of trade and economic, sustainability and societal impacts. We secured FCDO funding to deliver CSN Phase 4, which will reduce barriers to trade and investment by enhancing the effective use of international standards throughout the Commonwealth. Phase 4 was announced by UK Foreign Secretary David Lammy at the Commonwealth Heads of Government meeting in Samoa, where he described the CSN as "a brilliant example of cooperating for mutual benefit".

The European and International Standards System

We met frequently with our counterpart NSBs (members of CEN and ISO) and members of the electrotechnical community in CENELEC and the IEC to review positions and discuss bilateral issues. Outside the European network we focused our relationships with the US, Japan, China, India, Australia, Singapore and the Gulf states. We signed three new MoUs, with the Republic of Korea (focused on standards for quantum), China and Vietnam.

We continued to build on our work in recent years in the field of telecoms standards, supporting DSIT with national policy and in the International Telecommunications Union (ITU-T). BSI is also the national member of the European Telecommunications Standards Institute (ETSI) and Chair of the ETSI National Standards Organizations Group.

This year, for the first time, we were pleased to be appointed to the ETSI Board, extending our role and influence in this vital area of digital standards at European level. We are the only NSB that covers all three facets of the international standards system.

European Regulation 1049

In March, the European Court of Justice (ECJ) found against the European Commission (EC) in a request by campaigners for access to information under Regulation 1049 involving four harmonized European Standards (hENs) that provide a presumption of conformity with EU regulation. We see this case as part of a long-term trend in many countries towards increased public access to information associated with the law. CEN and CENELEC immediately offered to support the EC meet its obligations under the ruling. As further requests for access to hENs followed, BSI became heavily engaged, working with our fellow European members to find a solution that will maintain the long-term sustainability of the system. Requests were also made by the EC for access to international standards content owned by ISO and IEC, and we worked with the ISO Council and IEC Board to develop a global position. Following the decision of the EC to press ahead with the release of ISO and IEC content, ISO and IEC launched legal proceedings against the EC in December.

Director-General, Standards Review continued

Standards for a sustainable world

In 2024, we started to deliver major outcomes from the London Declaration initiative that BSI launched with ISO in 2021 to strengthen the role of ISO's standards to support climate action. Through our influence in the ISO governance, BSI helped ISO to reach global agreement that amendments to all of ISO's management system standards will include a new requirement on climate. See the feature box for more information. At national level, following a review of all British Standards (BS), we appointed a team of climate advisors to work with our standards developing committees to make recommendations on how to revise high impact standards to be more climate action oriented.

The London Declaration 2021 is BSI and ISO's commitment to creating standards that accelerate an equitable net zero transition and deliver impact for a fair society and sustainable world. In 2024, with the research phase completed, we started to deliver real results in our committees and individual standards. At the national level, in 2024, we completed the assessment of all British Standards (over 4,500) for their climate impact, a landmark achievement that enabled us to identify the high-impact standards that account for around 70% of UK emissions and received detailed recommendations from our expert advisors to enable alignment with the latest climate science.

90% of our national committees surveyed in 2024 reported that they were aware of the London Declaration and its objectives (an increase of 15% over 2023), and 60% of committees reported that they were actively taking climate action through standards development (an increase of 20% over 2023).

Through our influence in the ISO governance, Amanda Richardson, External Policy Director, BSI, led efforts to help the ISO membership reach a global agreement that amendments to all 31 of ISO's management system standards will include a new requirement on climate, including the world-famous ISO 9001, Quality Management Systems Requirements. She commented "BSI is committed to continuing to support and to drive the London Declaration within ISO and the IEC to ensure the international committees take similar action in their standards development."

In partnership with the NSBs of Brazil and Canada, we led the development of a set of principles designed to guide organizations in implementing and embedding environmental, social, and governance (ESG) practices within their organizations. The principles document, which was launched at COP29, was produced with input from more than 1,300 participants in 128 countries.

At London Climate Action Week 2024, we announced that the ISO Net Zero Guidelines (NZG), the internationally recognized guidance on high integrity net zero action launched at COP27, would be developed into the world's first independently verifiable international standard on net zero action for organizations. The NZG was an output of the BSI, 'Our 2050 World' initiative with the UN Race to Zero, UNFCCC and ISO, launched at COP26 in Glasgow. To see this move into the formal standards system in this way is a major achievement with huge potential to accelerate climate action by corporates worldwide. The international standard is expected be launched to the market following COP30.

Director-General, Standards Review continued

Consumers

BSI's Consumer and Public Interest Network (CPIN) continued to grow in scope and participation, with a strong focus on the impact of Artificial Intelligence (AI) products and services and childcare articles. Consumer experts played a key role in the formation of the international standards committee on Privacy by Design and supported the revision of key impact documents, such as the government-sponsored standard, PAS 7055 on button batteries.

Innovation

As the pace of change accelerates, we have seen innovation delivering more and more impact across all our activities. Our initiative to work with end-users to support their use of standards has resulted in powerful case studies of impact that we will scale in 2025. We have taken a leadership role at national level, working with our NQI partners to forge a more coordinated and digitally enabled national voice on standards and assurance, which we have branded the Digital Quality Infrastructure (DQI).

Our work with the innovation community across the UK, in academia, industry and the government agencies was showcased in November, when we hosted BSI's second Innovation Day in partnership with Innovate UK, attracting innovation managers from all sectors with more than 170 attendees present and 37 speakers. The day was a testament to the strength of our partnership with Innovate UK and the recognition of the value of our work to support new and emerging technologies, start-ups and scale-ups.

At the international level, we have worked with the ISO and IEC and European members to accelerate the roll-out of online standards development and the SMART future for standards and assurance. According to industry experts, this initiative will be the biggest transformation in the way that standards are developed, managed and used by industry for 50 years. Working through the governing bodies of ISO and IEC, we are embedded in the leadership of this transformation, which will start to manifest itself with our users in 2025.

Within our own committees, we have seen the evolution of ways of working that will better support our ambitions to deliver impact in the marketplace. We have implemented new processes with our committees to focus on impact and to ensure that once published, standards are adopted and deliver the value that all our stakeholders intend.

Conclusion

BSI's activity as the NSB is dependent on the trust, expertise and commitment of over 14,000 experts who volunteer to participate to support our work at national, European and international level. Our committee structure of technical and strategic committees, overseen by our top-level independent committee, the Standards Policy and Strategy Committee (SPSC), chaired by Dan Byles, has worked tirelessly to deliver their work in an increasingly complex and fast-moving environment. I extend my thanks to each and every one of our committee members on behalf of BSI for their contribution. We look forward to 2025.

Scott Steedman
28 March 2025

BSI and the IEC in Edinburgh 2024

Towards an All-Electric and Connected Society

The role of electrotechnology, not only for traditional products but in the development of renewable energy, quantum computing, electric vehicles and battery technology, is crucial to delivering a sustainable future. All these technologies will be underpinned by international standards and conformity assessment. The International Electrotechnical Commission (IEC), founded in London in 1906, is responsible for many of the world's most influential electrotechnical standards, which will drive the global growth of innovative green technology.

As the IEC's UK member body, BSI was proud to host the IEC's annual meeting in Edinburgh in October 2024. It provides a setting for dozens of IEC's technical committees to meet and offers networking opportunities for professionals in the global electrotechnical industry.

BSI proposed a cost effective new format for the event which delivered real impact for our national stakeholders and BSI by opening parts of the event to external participants. This enabled us to engage with local and national business, civic and academic communities and, crucially, the wider public.

For the first time, participants could attend a series of public 'showcase' conferences hosted by BSI to debate the role of standards and assurance in the strategic topics of smart and connected cities, artificial intelligence, quantum technology and net zero.

Working with the convention centre, we secured third party certification for BSI's hosting of the event to ISO 20121, the sustainable event management standard, and achieved zero waste to landfill. This was the first time that such an international standards meeting had achieved the ISO 20121 certification, setting another benchmark for the community.

The showcase days, designed in partnership with the University of Edinburgh, attracted high-level speakers from around the world. Lord Patrick Vallance, the UK Minister of State for Science, Research and Innovation, gave a keynote address at the Quantum Technology symposium, emphasizing the role of global standards to support the application of quantum technologies.

To promote BSI's role as the NSB, we engaged with academia, industry, the consumer community, local authorities and Scottish government to raise awareness of the event. Participants included a large number of local stakeholders, including the Scottish Government's Chief Scientific Adviser, Professor Julie Fitzpatrick OBE.

Specific highlights of the event included:

- the General Assembly which was officially opened by HRH The Princess Royal. During the General Assembly, we marked the bicentenary of the birth of the IEC's first President, Lord Kelvin by co-hosting an event with the Royal Society of Edinburgh (RSE), Scotland's National Academy, where the recipients of both organizations' 2025 Kelvin Medals were presented with their awards;
- an Expo in the convention centre, which was supported by UK businesses, BSI's institutional partners including our National Quality Infrastructure partners UKAS and NPL, and international organizations;
- the presentation of two white papers demonstrating UK thought leadership on critical areas of the green transition were launched. One, commissioned by BSI from the RSE examining the role of the quality infrastructure in scaling net zero, and the other in collaboration with a Japanese power company and the IEC on virtualizing power systems and how digital twins will enable transformation of the grid;
- a series of events to promote the diversity of IEC's standards community, including a very popular reception to celebrate the role of women in electrotechnology;
- a week-long programme of activities for the IEC Young Professionals, a global community of standards makers and users in the early years of their careers, including a visit hosted by Heriot-Watt University to the National Robotarium; and
- a special session in the Parliament building focused on safe electrical products for Scottish Parliamentarians to meet the international delegates and local stakeholders, including local Trading Standards Officers responsible for market surveillance of consumer products.

The week attracted over 1,300 in-person and 550 online delegates from more than 120 countries. 58 IEC Technical Committees held meetings. The BSI public conferences on Smart Cities, AI, quantum and net zero attracted 730 attendees. Beyond the positive reputational impact and stakeholder engagement for BSI, the week has been assessed as generating over £4 million for the Scottish economy.

Financial review

Amanda Radford
Acting Chief Financial Officer

2024 delivered robust year on year growth, remaining financially resilient in times of change.

I am pleased to report that 2024 was another year of solid trading performance with revenues up 4% at reported rates to £757.4m and up 7% on a constant currency basis.

Whilst we observed uncertainty in a year of change both nationally and globally, we continued to demonstrate our resilience by generating an increase in net cash and deposits of £34.4m, closing the year with robust cash reserves of £225.4m and a healthy balance sheet, well positioned to continue to deliver on our purpose into 2025 and beyond.

Underlying operating profit before transformation investments improved again to £102.3m in 2024, representing a 12% year on year increase at reported rates (17% on a constant currency basis). Excluding these investments, our gross profit margin increased by 80 basis points to 51.8%, benefitting from efficiency improvements achieved, and despite our environment of change both internally and externally, our underlying operating profit margin increased from the prior year by 100 basis points.

Our reported underlying operating profit has shown a year on year increase of £3.8m to £58.0m, which includes increased investment of £7.3m in our transformation programme. 2024 was our third and most significant year of transformation investment to date, totalling £44.3m of operating expenditure and £4.2m of capital expenditure in line with our programme plan.

We made significant progress in our multi-year transformation journey in 2024, reaching key milestones in the technology, data and infrastructure areas of the programme, which facilitated enhanced focus on digital delivery of our Regulatory Services and Knowledge Solutions Services, and increased momentum on evolving our core and sales functions to appropriately align with our long-term objectives. We are enabling our people to innovate and improve efficiencies with the use of digital tools and technologies whilst enhancing our client proposition by digitizing our service delivery.

2024 financial performance

	2024 £m	2023 £m	Change £m	Change %
Revenue	**757.4**	727.7	29.7	4
Underlying operating profit	**58.0**	54.2	3.8	7
Exceptional items	**(19.6)**	–	(19.6)	
Operating profit	**38.4**	54.2	(15.8)	-29
Net finance income (cost)	**5.1**	3.3	1.8	55
Profit before tax	**43.5**	57.5	(14.0)	-24
Income tax expense	**(22.8)**	(23.7)	0.9	-4
Profit for the year	**20.7**	33.8	(13.1)	-39
Effective tax rate	**52.4%**	41.2%	11.2%	
Net assets	**369.2**	363.4	5.8	2
Cash and deposits	**225.4**	191.0	34.4	18

The above table sets out the financial headlines for 2024 and the year on year movements at reported exchange rates. Once again, we report revenue growth and robust cash reserves. The reduction in reported operating profit is predominantly due to goodwill impairment of £19.6m and increased investment in our transformation. Net finance income has increased by 55% in the year, driven by £6.6m of money market fund returns, a year on year increase of £2.7m.

Financial review continued

Revenue from our business Divisions

Underlying operating profit includes transformation investments of £44.3m in 2024, a year on year increase of £7.3m in line with our programme plan. The exceptional impairment of goodwill is in respect of our Consulting Services Division.

This impairment loss has no cashflow impact. During 2024 both the DTC and EH3S business lines were heavily impacted by geopolitical and economic pressures felt across the global consulting industry, reflected in a year on year decline in performance of our Consulting Services Division. Whilst the business has now been appropriately repositioned for future success, there remains a degree of uncertainty around future growth and forecast profitability as a result of continuing market uncertainty. As such, an impairment loss has been recognized. Further details of our impairment review are set out in Note 12 of the consolidated financial statements.

	2024 Revenue £m	**% of Group Revenue %**	2023 Revenue £m	% of Group Revenue %	*Change £m*	*Change %*	*Constant Currency Change %*
Knowledge Solutions	**83.5**	**11**	78.4	11	5.1	7	7
Assurance	**309.6**	**41**	294.2	40	15.4	5	9
Regulatory Services	**291.2**	**38**	271.0	37	20.2	7	10
Consulting Services	**73.1**	**10**	84.1	12	(11.0)	-13	-11
Revenue	**757.4**	**100**	727.7	100	29.7	4	7

We saw steady overall revenue growth of 4% on a reported basis and 7% on a constant currency basis, the difference primarily reflecting the strengthening of the British Pound against the US Dollar, Japanese Yen, and the Euro during the year.

Our Regulatory Services Division delivered a year on year increase in revenue of 7% (10% constant currency), despite European regulatory delays in AI and Medical Devices. Growth was demonstrated in each of our Conformité Européenne (CE), Product Certification and Medical Devices business lines, with particularly strong revenue performance and growth seen in Assessment.

Knowledge Solutions also reported strong annual revenue growth of 7% (7% constant currency) due, in the main, to success experienced in our sustainability, digital and international development services and organic growth in standards subscriptions, in particular our Compliance Navigator Product that has global reach in the medical devices sector.

The Assurance Division reported solid revenue growth of 5% (9% constant currency) driven by volume and rate uplifts in System Certification and strong growth in supply change industry programmes, specifically sustainability and social performance compliance.

Consulting Services suppressed Group revenue growth with revenue down from the prior year by 13% (11% on a constant currency basis), reflecting external challenges discussed above, the impact of which was seen across our DTC and EH3S business lines. Supply Chain and Sustainability continued to experience strong demand. Cost control helped mitigate these top line challenges and we are positioned to continue to progress with our margin improvement strategy, enhancing our go to market sales activities and maximizing on our opportunities in the supply chain and sustainability spaces.

Our Division reviews on pages 14 to 20 provide additional context to our Divisional performance. In recent years, we have presented business divisional performance, measured at underlying operating profit, as a note to the consolidated financial statements. This was a voluntary disclosure that had commonalities in look and feel to the requirements of IFRS 8 – Operating Segments, an accounting standard from which BSI Group is exempt. As part of the further simplification of our financial statements, we have removed this disclosure.

Financial review continued

	2024			2023			Variance			
	Reported £m	**Transformation Investment £m**	**Reported before Transformation £m**	Reported £m	Transformation Investment £m	Reported before Transformation £m	Reported £m	%	Reported before Transformation £m	%
Revenue	**757.4**	**–**	**757.4**	727.7	–	727.7	29.7	*4.1*	29.7	*4.1*
Gross Profit	**387.7**	**(5.0)**	**392.7**	369.0	(1.8)	370.8	18.7	*5.1*	21.9	*5.9*
Gross profit margin	**51.2%**		**51.8%**	*50.7%*		*51.0%*				
Selling & distribution	**(96.1)**	**(4.7)**	**(91.4)**	(95.1)	(3.6)	(91.5)	(1.0)	*1.1*	0.1	*-0.1*
Administration	**(233.6)**	**(34.6)**	**(199.0)**	(219.7)	(31.6)	(188.1)	(13.9)	*6.3*	(10.9)	*5.8*
Expenses	**(329.7)**	**(39.3)**	**(290.4)**	(314.8)	(35.2)	(279.6)	(14.9)	*4.7*	(10.8)	*3.9*
Underlying operating profit	**58.0**	**(44.3)**	**102.3**	54.2	(37.0)	91.2	3.8	*7.0*	11.1	*12.2*
Underlying operating profit margin	**7.7%**		**13.5%**	*7.4%*		*12.5%*				
Exceptional items	**(19.6)**	**–**	**(19.6)**	–	–	–	(19.6)		(19.6)	
Operating profit	**38.4**	**(44.3)**	**82.7**	54.2	(37.0)	91.2	(15.8)	*-29.2*	(8.5)	*-9.3*
Operating profit margin	**5.1%**		**10.9%**	*7.4%*		*12.5%*				

Underlying operating profit

Reported underlying operating profit of £58.0m is a £3.8m increase against 2023, and includes our ongoing commitment to transforming our business to ensure we are fit for our future purpose and to support our growth ambitions. In 2024, we continued at pace on our transformation journey, increasing year on year investment by £7.3m (+20%) in line with our transformation programme plan. As the above table illustrates, excluding transformation investment, underlying operating profit would have increased by 12% (+£11.1m). On a constant currency basis, underlying operating profit before transformation would have increased by 17%.

Gross profit margin improved year on year including £5.0m of transformation investment in digitizing Regulatory Services and Knowledge Solutions' delivery models. The full benefit of efficiency improvements can be seen in our gross profit margin before transformation, improving from 51.0% to 51.8% in 2024. Selling and distribution increased by 1.1%, including £4.7m investment focused on optimizing our CRM capabilities (+£1.1m year on year transformation spend). Notably, excluding this investment, selling and distribution as a percentage of revenue would have reduced from 12.6% in 2023 to 12.1% in 2024. Administration costs increased by 6.3% (5.8% excluding transformation), reflecting the impact of both inflationary increases in salary and other overheads, and a £3.0m increase in transformation investment demonstrating our accelerated momentum in improving processes across core functions.

Financial review continued

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. In 2024, the Group continued with the hedging strategy we introduced in 2023 in relation to our treasury activities, utilizing hedging instruments to target 80% mitigation of our exposure risk.

Balance sheet and cash flow

Total cash and deposits increased by £34.4m, an 18% year on year increase from £191.0m to £225.4m, primarily from net cash generated from operations of £58.0m. Of particular note is a significant reduction in our debtor days resulting from targeted attention directed toward active working capital management. This improvement was offset by transformation capex spend (£4.2m), purchases of fixed and intangible assets (£6.4m) and the principal element of lease payments (£12.3m). The net assets of the Group increased by £5.8m (+2%) during the year, comprising the retained profit for the year of £20.7m, offset by currency translation differences (£5.5m) and net pension plan remeasurements (£9.4m).

Treasury

We continued to develop our treasury capability during 2024, focused on driving further value from our substantial cash reserves. By expanding our cash concentration arrangements to over 40 participating bank accounts across 15 countries, we generated £6.6m of returns on deposited funds, a year on year increase of £2.7m.

Our Group treasury function is now operating as a centralized service centre, introducing several key initiatives including utilizing additional treasury technologies to enhance controls, improving market access and returns and further developing our foreign exchange hedging programme to mitigate currency risk.

Financial control environment

As we prepare to embrace the changes to the Corporate Governance Code, we continued to strengthen our financial control environment during 2024, developing skills and capabilities across the finance function to complement the dedicated controls expertise built within the Group finance team in 2023. A number of key process and control improvements have been made, and an enhanced global financial control framework was rolled out during 2024.

Taxation

The Group effective tax rate (ETR) on profit before income tax was 52.4%. This is after the inclusion of irregular items such as the exceptional impairment charge of £4.9m, provision for uncertain tax positions taken in the year of £1.3m and irrecoverable withholding tax of £2.0m. We have also made the decision not to recognize £1.8m of deferred tax assets related to losses. We consider the ETR on profit before irregular items of 27.0% to be a better indicator of the underlying tax rate for the Group.

Pensions

As at 31 December 2024, the IAS 19 accounting valuation of the BSI Retirement Benefits Plan (the Plan) was a net pension surplus of £6.0m (2023: £11.3m). The present value of the defined benefit obligation decreased from £303.8m to £268.7m, driven by the increase in year on year discount rates. The fair value of the Plan assets has also decreased from £315.1m to £274.7m. For further information see Note 14b.i of the consolidated financial statements. Consideration of the accounting treatment for the pension surplus is a key judgement and, upon assessment as at 31 December 2024, it has been concluded by management to no longer recognize the pension surplus.

The next triennial funding valuation of the Plan is due by no later than 31 March 2025. Following the previous funding valuation as at 31 March 2022, a funding plan was determined. As reported last year, due to the improvement in the position of the Plan since 31 March 2022, BSI agreed with the Trustee that deficit remediation of £7.5m, could be paid into an account governed by an escrow agreement. The balance on this account at 31 December 2024 was £7.6m and BSI recognizes this balance as restricted cash within current assets in line with IAS 7.

Accounting policies

Details of all the material accounting policies we apply appear in the notes to the consolidated financial statements.

Looking forward to 2025

To round up 2024, it was a year of great change and uncertainty in the world around us and another year of significant change and transformation within BSI. Our ability to continue our growth trajectory, reach our transformation programme targets and conclude the year in a strong financial position despite the challenges that times of change inevitably bring, is testament to the great resilience of our business.
We are robustly set to pursue our transformation objectives in 2025, proud of our ongoing positive impact for our clients, stakeholders and society, and confident we are strategically well positioned to achieve BSI's long-term impact ambitions.

Amanda Radford
Acting Chief Financial Officer
28 March 2025

Working at BSI

Alison Sharp
Chief People Officer

BSI's Chief People Officer talks about working at BSI and why its not your standard career.

Q BSI's purpose is 'impact for a fair society and sustainable world.' How does this shape your people strategy?

A As a purpose-led organization, BSI exists to create positive change for people and the planet, addressing some of society's biggest challenges. Continuing to create the conditions for everyone to thrive and deliver on our purpose remained central to our people strategy in 2024. We are focused on helping our people adapt, grow and be ready for the future.

Through our people strategy we are building a high-performing organization where everyone can do their best work – one that attracts and retains talented individuals and gives them the tools, resources, and experiences they need. By offering increased opportunities for career growth and skills development, nurturing an innovative, 'can do' spirit and embracing diversity and inclusion, we enable our people to make a meaningful difference to our clients and to the world.

Q What's unique about working for BSI?

A As we say on our website, BSI is where 'passion meets progress'. We are known for our integrity, industry-leading expertise and our culture of curiosity. Our open, friendly, and supportive culture provides a platform for motivated people to make a lasting difference.

Studies show that candidates are increasingly looking for alignment between their personal values and their career choices and are highly purpose-driven. With over 6,000 colleagues located across over 80 global offices, BSI's teams are united by their strong sense of purpose and their commitment to the positive impact of what we do. In our 2024 engagement survey, 82% of colleagues said they are proud to work for BSI and 86% understand how their work contributes to our goals.

Our global teams work with clients and stakeholders to enhance lives, shape industries, and address key issues such as climate change and the ethical use of AI. In 2024, we launched a new, global careers campaign under the hashtag #notyourstandardcareer because there's no limit to the impact our teams can make as they accelerate progress towards a fair society and a sustainable world. As a consequence, the number of visits to our career website has doubled and increased our multigenerational and global reach.

Q How is BSI engaging a multigenerational, diverse workforce?

A We're focused on building an even more inclusive culture where everyone feels they belong. While there is still much to do, we're proud of the progress we're making.

We have developed an Equity, Diversity, and Inclusion (EDI) strategy setting out our internal ambitions in creating a fair and sustainable society. We are embedding EDI into core processes and have built new content and services to ensure these aspects are integrated throughout the employee lifecycle.

Inclusivity is also at the heart of our new comprehensive induction and onboarding programme, helping new joiners find their place in our purpose and become part of our diverse, multigenerational culture, wherever they work and whatever their role.

BSI's 'Future of Work' report found that, in a changing world, employees want flexibility, purpose, autonomy and trust. In a global, diverse company, great leadership is vital to inspire performance, build trusted partnerships and shape future impact. In 2024, we launched our new Leadership Capability Framework to develop the BSI leaders of tomorrow, able to motivate and develop a multigenerational workforce to deliver their best work, while adapting to an ever-changing environment. We also introduced 360-degree development assessments and coaching for leaders as they progress through our leadership programmes.

Working at BSI continued

Q What were the key areas of focus in 2024?

A We continued to invest in our people: offering increased career opportunities, enabling them to develop the skills they use to deliver for our clients, empowering them to prioritize their wellbeing, and building an inclusive and positive culture.

For example, we launched an innovative 'I am Bold' careers programme, helping colleagues take control of their career development and identify 'squiggly careers' which, unlike traditional career paths, are characterized by flexibility, variety, and possibilities. An engaging podcast series saw colleagues share their own tips for a successful career at BSI, while people could also sign up for 'Be Bold' careers training and coaching or be guided on having impactful career conversations with their own teams.

Our global online 'Learning Hub' featured new content aimed at encouraging a growth mindset and our 2024 'Learning at Work' week proposed exciting sessions on Innovation, Design Thinking, AI, and Change Management which were attended by over 1,600 individuals.

With so much learning and skills development on offer we were pleased to see that 74% of colleagues in the 2024 engagement survey said they had access to the learning and development they needed to do their job well, an increase of 8% compared with 2023.

Aligned with our goal of supporting our people in navigating work and life challenges, we have enhanced our wellness and wellbeing offerings. We began the year with a global partnership to provide industry-leading menopause support through Maven's Menopause and Ongoing Care programme, following on from BSI's first-of-its-kind standard on menopause, menstrual health and menstruation in the workplace. In addition, colleagues gained access to an award-winning mindfulness service. As always, our greatest measure of success is the feedback we receive from our people and 83% of colleagues told us they believe that their manager cares about their wellbeing.

Q What does the future hold?

A For more than a century we've been partnering with organizations around the globe to drive positive change for a better world. Our ability to attract, develop and retain a diverse range of skilled people is critical to remaining competitive and relevant. In 2025, our focus will be on creating an even more engaging work environment to continue to foster the collaboration, innovation, and connection with our culture that delivers long-term growth.

People employed
6,142

Global offices
80+

Women on Board of Directors
43%

Women in senior leadership
46%

Stakeholder engagement

Our Key Stakeholders

The UK Government	**Subscribing Members**	**Consumers, Civil Society and UK Industry**	**Standards Developing Organizations**	**Standard-Makers and Committee Members**	**Clients**	**Accreditation Bodies and Competent Authorities**	**Colleagues**

Strong stakeholder relationships are vital for BSI in carrying out its purpose of 'impact for a fair society and sustainable world'. This report describes how BSI engages with its key stakeholders and how the views of these stakeholders are communicated to the Board to support its decision making.

The Board has continued to determine that BSI's key stakeholders are the UK Government; its Subscribing Members; consumers, civil society and UK industry; Standards Developing Organizations; Standard-Makers and Committee Members; its clients; and Accreditation Bodies and Competent Authorities. Our colleagues are also a key stakeholder group who underpin the strength and success of the organization.

The UK Government

BSI carries out its role as the UK National Standards Body (NSB) in accordance with its Royal Charter and Bye-laws, the memorandum of understanding (MoU) and the Public Policy Interest in Standardization document (PPS). The lead UK Government department in overseeing BSI's work is the Department for Business and Trade (DBT), which is represented on the Standards Policy and Strategy Committee (SPSC).

During 2024, BSI engaged with representatives of the DBT to agree amendments to the MoU and PPS, endorsing BSI's role in trade and in the digital economy.

Engagement with the UK Government is coordinated through BSI's Government Engagement team. The Director-General, Standards and other senior BSI colleagues meet regularly with ministers and representatives of the DBT and other government departments to discuss relevant matters in relation to BSI's responsibilities as the UK NSB. BSI frequently participates in two All-Party Parliamentary Groups (APPG). The Director-General, Standards regularly meets with parliamentarians and gives evidence to house committees. During 2024, BSI provided evidence for the Grenfell Phase 2 Inquiry, and continues to actively support the efforts of industry and government to avoid reoccurrence of the tragedy.

Following the UK general election in July 2024, the Director-General, Standards and Chief Executive met with new Labour ministers and other key individuals at the DBT to help reinforce the important role played by BSI and standards, particularly in relation to the key areas of economic growth, innovation, energy transition, net zero, emerging technology, artificial intelligence (AI), smart regulation and water quality. This followed good engagement with the previous Conservative government earlier in the year.

The Director-General, Standards' gives an update at each Board meeting on BSI's engagement with the UK Government.

Stakeholder engagement continued

Subscribing Members

BSI has over 11,000 Subscribing Members across all industry sectors and sizes of organization. Subscribing Members have access to British, international and foreign standards, to information and events relating to standards and to BSI's in-house team of experts.

BSI engages with Subscribing Members through monthly newsletters, dedicated content on the website, and a Member portal which includes the ability to provide feedback and submit enquiries.

Under BSI's Bye-laws, all Subscribing Members are entitled to attend BSI's Annual General Meeting (AGM) where they can vote on resolutions in person or by proxy, and pose questions to the members of the Board and Group Leadership Team. Since 2023, the AGM has been held as part of the BSI Standards Conference, to help further facilitate attendance and participation. All Subscribing Members are encouraged to attend the 2025 AGM on 21 May 2025. Where it is not possible for a Subscribing Member to attend the AGM in person, a weblink is made available to allow these individuals to view the proceedings of the meeting and raise questions.

The Board receives feedback from Subscribing Members directly at the AGM and via The Director-General, Standards reports to the Board on engagement with Subscribing Members. A particular area of focus in 2024 has been acting on feedback from the small- and medium-sized enterprises (SMEs) in our Subscribing Member community to raise their awareness of relevant standards and further support their involvement in standards development.

Consumers, Civil Society and UK Industry

Pursuant to the PPS and MoU, BSI is committed to promoting effective standardization policy in order to realize in full the potential socio-economic benefits of standardization, including the support of the small- and medium-sized business sector and of worker, consumer and environmental interests. To satisfy these commitments, BSI must understand the views of consumers, civil society and UK industry and engages with various consumer stakeholder groups, including the Electrical Safety First and the Chartered Trading Standards Institute (CTSI). BSI also provides the secretariat to the Consumer and Public Interest Network (CPIN). CPIN supports engagement with consumers through a regular programme of meetings, conferences and events.

BSI maintains links with many other societal organizations such as the Sustainability Standards Network which seeks to build better connections with non-governmental organizations (NGOs) active in sustainability. BSI also works closely with many industry bodies, associations, institutions, and companies to better understand their needs and collaborates with industry on standards strategies and roadmaps, and fast track consensus solutions. In 2024, for instance, we launched a new engagement initiative with the Trades Union Congress to encourage more participation in BSI's standards development.

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.

Engagement with consumers, civil society and UK industry is reported to the SPSC and in turn to the Board. Relevant matters are also reported to the Board by the Director-General, Standards.

Standards Developing Organizations

A key obligation of BSI, as described in its constitutional documents and in the MoU, is to play a full and effective role in the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), the European Committee for Standardization (CEN) and the European Committee for Electrotechnical Standardization (CENELEC). BSI is also the NSB and a corporate member of the European Telecommunications Standards Institute (ETSI). BSI has representation in boards and strategic committees across these bodies and various other European and international standards developing organizations. 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 representatives engage actively with these organizations through their day-to-day work. BSI also engages 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.

Every Board meeting includes a report from the Director-General, Standards which contains an update on engagement with the international and European regional standards system.

Standard-Makers and Committee Members

The PPS with the UK Government describes BSI's core purpose to serve the public interest. BSI recognizes that this interest is best served when all relevant stakeholders can be involved in building consensus-based standards.

BSI brings together a community of over 14,000 individuals who provide their expertise and time to participate in standards making on a voluntary basis. Engagement takes place with Committee Chairs and Committee Members in day-to-day standards development, with further communication through the BSI Committees platform, BSI Standards Conferences, webinars and other events. BSI carries out an annual Committee Member survey to enable all members to provide feedback on their participation in BSI activities. BSI also carries out meetings and events with Nominating Bodies.

Stakeholder engagement continued

The Company seeks to encourage further participation in standards-making through sector-specific projects and events and stakeholder networks (including BSI's Sustainability Standards Network and the Consumer and Public Interest Network), direct and targeted outreach to organizations and individuals, webinars, the annual Standards Conferences, social media campaigns, and representation at a variety of external events.

The Standards Policy and Strategy Committee (SPSC) provides independent oversight of BSI's activities as the NSB in accordance with BSI's constitutional documents. The SPSC primarily consists of representatives of UK Government and industry and maintains a close relationship with the BSI Board. A key role of the SPSC is to ensure there is representation from industry sectors, academia, government regulators and civil society in standards making.

The SPSC regularly updates the Board on its activities, including through the attendance of Non-Executive and Executive Directors at its meetings. There is also a standing report to the Board from the Director-General, Standards, which includes relevant updates in relation to standards development, and the Chair of SPSC attends a BSI Board meeting annually to provide a direct update.

Clients

BSI serves client organizations globally of all sizes and across all sectors, seeking to give them the confidence to explore, grow and prepare for the challenges of the future. It is vital that we are able to engage effectively with our clients to deliver our purpose and provide the best solutions across our key domains of Quality; Health, Safety & Wellbeing; Sustainability; and Digital Trust.

Primary engagement with our clients takes place through our commercial and delivery teams, who actively encourage feedback. Teams are supported by senior leaders, who have direct engagement with clients where appropriate.

BSI has a regular programme of events for clients, including training academies, webinars, workshops and round tables across relevant topics within BSI's key domains.

We reported in 2023 the adoption of the Voice of the Client satisfaction methodology across the Group. This methodology was again used in 2024.

Accreditation Bodies and Competent Authorities

BSI carries out assurance against the requirements of global Accreditation Bodies and holds relevant accreditations for all its certification businesses. In relation to its work in certifying medical devices, BSI is designated as an Approved Body in the UK and a Notified Body in the EU.

BSI seeks to maintain strong relations with Accreditation Bodies and Competent Authorities through proactive engagement and participates in relevant audits of its work. 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 relevant matters relating to BSI's engagement with Accreditation Bodies and Competent Authorities through reporting from the Chief Executive and Presidents of the Assurance Services and Regulatory Services Divisions. There is also a specific annual report to the Board on Group-wide compliance with the requirements of Accreditation Bodies and Competent Authorities.

Colleagues

Our colleagues make BSI's purpose come to life. Through our culture, we seek to create a high-performing organization that attracts and retains talented individuals, across our countries of operation. A strong framework to support engagement with our colleagues is in place throughout the Group.

Employee engagement takes place informally and formally at all levels of the organization. Our managers are actively encouraged to communicate actively with their teams, seeking engagement at team meetings and in their day-to-day work.

On a quarterly basis, BSI's Chief Executive and the Group Leadership Team (GLT) run virtual Global Senior Leader and Colleague briefings (across all BSI's timezones) to communicate on key developments across the Group. These sessions always include a generous Q&A section which has lively engagement both through questions for the GLT and conversations in the chat. Recordings of briefings are available on the intranet for those unable to join live.

The 'OurBSI' intranet site provides a rich source of information for all colleagues. This includes monthly updates from our Chief Executive, blogs and Q&A sessions with colleagues and other information sharing. 'OurBSI' includes an 'employee engagement' section where colleagues are encouraged to share their views.

Stakeholder engagement continued

An area of focus in 2024 has been ensuring all new employees understand BSI's culture and can play a role in shaping it. In their first three months at BSI, colleagues participate in a number of facilitated courses to help them build a deeper understanding of BSI's culture. Participation is encouraged from all new colleagues, including discussion and debate.

A key element of BSI's culture is that we celebrate the organization's equity, diversity and inclusion (EDI). Within BSI, there are three Employee Resource Groups (ERGs) – Women's Network, LGBTQ+ and Allies, and the Black Alliance Network. Each ERG is an employee-led group with a role to play in supporting BSI as an inclusive and diverse workforce.

BSI carries out an annual engagement survey – Your Say – as an opportunity for all employees to share their feedback on working at BSI. The 2024 Your Say took place in November.

The BSI Board engages with colleagues through a structured approach which it considers to be effective, consisting of:

- visiting offices to attend showcase events and engage with local team members;
- direct engagement with the ERGs;
- receiving reports from the Chief People Officer on key people-related initiatives and the findings of Your Say. At the December 2024 Board meeting, the Chief People Officer reported to the Board on BSI's employee value proposition; and
- through the Chief Executive's report to each meeting, receiving updates on metrics and other matters around the organization relating to colleagues.

Through these mechanisms, the Board believes that it receives a good understanding of the views of the workforce to support in its decision making.

Details of the major decisions taken by the Board in 2024, and how it has considered the interests of its key stakeholder groups and those other matters set out in section 172 of the Companies Act 2006 in these decisions are set out in the Board Activities report on page 76.

Operational Sustainability

Living our purpose through our own operations requires deep collaboration, commitment to measurable impact, and dynamic engagement with our colleagues around the world.

More on our strategy from page 37

More on our GHG Disclosures from page 46

More on our TCFD reporting from page 51

As a National Standards Body (NSB) and strategic partner to thousands of global organizations, most of our sustainability impact is made through the meaningful work we do with clients, enabling them to reach their sustainability ambitions. The foundations of that impact lies in living our purpose through our own operations.

And to accelerate progress towards a fair society and a sustainable world, it is vital that we take the lead with integrity. To that end, **BSI is committed to becoming our own best-case study in sustainability, using standards and our own commercial solutions whenever possible to meet our Planet and People targets.**

Operational Sustainability Strategy

2024 marks the second year of implementation against our current operational sustainability strategy, which was developed following a materiality assessment in 2022.

Collaboration has been the overriding theme in our sustainability progress this year, and the Operational Sustainability Excellence (OSE) team has remained focused on embedding our strategic sustainability priorities into existing processes and projects across the whole of the business, deepening trust and credibility behind our strategic approach.

Planet

Our positive impact on the environment starts 'at home' – with ambitious, transparent targets and a deep commitment to acceleration through collaboration.

People

We are dedicated to ensuring our people have every opportunity to learn, grow, and contribute in impactful, meaningful ways along our sustainability journey.

Operational Sustainability continued

Planet

Net zero

BSI has set an ambitious commitment to become net zero in our own operations by 2030. This target, set 20 years ahead of the UK Government guidelines, was established because we believe we must model the change necessary to progress a sustainable future.

BSI is unwavering in our pursuit of these goals, striving to reach them as swiftly as possible in support of our purpose. And that commitment has been recognized, by both '*BusinessGreen*' and '*edie*' shortlisting BSI for awards in the 'Net Zero Strategy of the Year' category.

Why are we taking such a bold step towards net zero? Because we can. And we must.

Susan Taylor Martin
Chief Executive

In 2024, we reduced our Scopes 1 & 2 market-based emissions by 14.5%, reduced our Scope 3 emissions by 10%, and improved our market-based intensity by 14% against 2023. These reductions have been enabled through stronger collaboration and communication, innovative travel-reduction projects, renewable energy procurement, and improvements at site. More details about our greenhouse gas (GHG) emissions can be found from page 46 of this report.

As a service provider, business travel comprises the bulk of our emissions, and this year we discovered new ways to deliver results for our clients and colleagues with the lowest environmental impact.

Our GHG representatives and reporters are arguably the most important contributors to this process. These colleagues, who provide data support for our GHG accounting, also act as critical information liaisons for the business. They ensure our data is accurate and that key impact priorities are effectively communicated and actioned within every Division and Function of BSI. In 2024, the OSE team continued to guide our GHG reporters to stronger results. One example is the supported roll-out of our Carbon App which enables all BSI colleagues to easily calculate emissions for travel and events.

In 2024, BSI continued the decarbonization of our sites and offices, working closely with Procurement, Property and Facilities Management in the renewal of energy contracts backed by Renewable Energy Certificates (RECs) at our Hemel Hempstead, Milton Keynes, and Dublin offices. Additional renewable energy solutions are being explored at BSI sites in APAC and EMEA, due for implementation in 2025 and beyond.

More details surrounding our decarbonization projects, including the electrification of our fleet, can be found in our GHG disclosure from page 46. To support a fully electric vehicle infrastructure, in 2024 we significantly improved our charging infrastructure at Hemel Hempstead, installing 22 new 22kW charging stations and four Super Chargers.

BSI has remained 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 toward our 2030 GHG reduction goals, allowing us to progressively reduce our reliance on carbon credits each year. In 2024, we chose to commit 100% of our carbon offset project investment to nature-based projects and have taken a stringent approach evidencing how these projects support the United Nations Sustainable Development Goals (UN SDGs). More details can be found from page 44.

As a NSB, we value our influential role within the global standards and regulatory ecosystem. As such, this year BSI initiated and co-lead a collaboration group with the International Organization for Standardization (ISO) and other NSBs, to work together on progressing the GHG work that affects our combined operations. We have also presented BSI's net zero plans and initiated further collaboration with competitors, regulators and other stakeholders, including the Independent Association of Accredited Registrars (IAAR), Association of British Certification Bodies (ABCB), United Kingdom Accreditation Service (UKAS), International Automotive Task Force (IATF), and the Dutch Health and Youth Care Inspectorate (IGJ).

Operational Sustainability continued

Champion circularity

Sustainable procurement remains central to BSI's operational sustainability strategy. As we strive to design ourselves into a more circular economy, ethical and sustainable considerations have been systematically embedded into every stage of the global procurement process.

As a service provider, office waste remains the prevailing waste stream, with limited second life opportunities outside of recycling. One of the biggest opportunities to build circularity into our supply chain is through the procurement of our IT equipment. In 2024, we chose Dell as our primary laptop and accessory provider, a partner committed to energy-efficient technology and responsible sourcing practices.

During the selection process, a key factor was Dell's existing relationship with ComputerAid, our Global Giving partner. Working in partnership as an end-of-life recycler will ensure our legacy equipment (including equipment not initially provided by Dell) is handled in a way that provides benefits to both the environment and the communities that need support the most. For more details on our partnership with ComputerAid's social impact, see page 42.

Closing the gaps in our supply chain is a key priority, not just to achieve a circular economy, but also to address all our sustainability ambitions. In 2024, Group Procurement collaborated with BSI Consulting Services to benchmark its procurement processes against the ISO 20400:2017 Sustainable Procurement – Guidance, and with the ISO 25700:2022 Organizational responses to modern slavery – Guidance. The policies, tools, and procedures that form the foundation of sustainable procurement at BSI were developed and updated to align with these best practice standards.

From May 2024 through the close of the year, approximately 1,900 high-risk suppliers have completed the mandatory Modern Slavery and Sustainability questionnaire, and the **average score for supplier compliance with these requirements has risen from 70% in 2023 to 77% in 2024**. The average score of supplier compliance to the BSI sustainability questionnaire is 71%, which is within our acceptable threshold.

Backing biodiversity

At BSI we are deeply committed to the natural world, and protecting biodiversity in the locations where we operate is one important way we bring that commitment to life. As a service provider, we are fortunate to have a minimal environmental impact at site (as compared to a manufacturer or an extractor, for example), but every effort we make to live in symbiosis with nature creates a positive impact on our communities and our colleagues' wellbeing.

At our Milton Keynes and Hemel Hempstead sites, we have introduced a variety of native plants to boost and protect the natural ecosystem. We have installed bug hotels and bird boxes made with fully recycled and biodegradable materials to increase the availability of wildlife habitation. Within the Hemel Hempstead carpark, in addition to the improved charging infrastructure, we have also installed an oil interceptor, which identifies and filters foreign substances, so they can be removed before they can enter the natural environment.

We are also bringing nature inside our walls. Biophilic design is a movement by architects and designers to encourage a reconnection with nature in an increasingly digital age. Multiple studies have shown that incorporating biophilic principles into the design of an office space can lead to improved wellbeing for employees across various indicators.

Bringing live plants into a built environment, for example, can improve air quality, maintain natural humidification, reduce symptoms of anxiety and depression, and lead to better respiratory health.

In 2024, live plants were brought into our Milton Keynes, Pretoria, and Pune offices. The sites installed living walls, and desk and floor plants – all including vegetation native to the area. BSI colleagues are reporting a positive response to the new additions, and we look forward to continuing to bring nature to life within our office spaces.

Operational Sustainability continued

People

Global giving

One of the important ways that we make a positive social impact is through our Global Giving programme, a collection of all our philanthropic initiatives which is also aligned with our overall Sustainability strategy. Under this banner, BSI offers a fully paid Volunteer Day for all employees to give their time and talents to a community cause close to their hearts. BSI also matches employee fundraising contributions through our BSI Match Fund.

In March 2024, BSI launched our new Global Giving platform, powered by Benevity, streamlining our charitable giving processes, and making it easier for our colleagues to make a difference. Benevity has partnerships with nearly 2.5 million registered and vetted non-governmental organizations (NGOs), and provides a highly localized experience for the user: making it easy for our colleagues to find local options to use their volunteer days, create volunteer or fundraising events, donate to organizations in their local currency, and apply for match funds within minutes.

BSI's total financial charitable contributions for 2024 were £289,112.

Sustainability strength

In 2024, 450 employees utilized their Volunteer Day, giving 2,800 purposeful hours to causes they care about most. This represents annual participation increases of 25% and 21% respectively. Our colleagues also took this improved opportunity to boost their fundraising efforts, with BSI donating 105% of our BSI Match Fund in support of our teams' efforts around the world, 38% more than 2023. Additionally, BSI team members in the UK donated £28,145 in 2024 through the Give as you Earn programme.

Building our 'sustainability strength' involves enabling our colleagues to build their skills, hone their decision-making, and lead with confidence around the sustainability challenges we face as an organization.

In September 2024, we launched our second, annual sustainability engagement survey, 'Your Sustainability Voice'. This survey is a vital way we listen to our colleagues and continue proactively responding to the needs of our people. 2024 results have shown that our 2023 engagement efforts have certainly paid off.

As a global organization, BSI has improved our overall Sustainability Knowledge score by 3% and has not declined in any category. **76% of our colleagues understand BSI's operational sustainability goals, a 2% improvement from the baseline.** In 2023, the OSE team prioritized supporting our colleagues to more easily find sustainability resources, and the survey results showed 60% of our people know where to access information about our internal sustainability programmes, a 7% improvement, resulting from our communication and engagement efforts.

Furthermore, results from the survey in both years showcased that our people managers are our colleagues' most trusted source of information and inspiration. As a result, the OSE team developed a 90-minute live sustainability training module for all BSI people managers, with delivery beginning in September 2024.

The training sessions focus on our internal sustainability strategy and objectives, providing our leadership with practical next steps to help their teams make a meaningful difference towards our goals. The sessions are delivered live to provide opportunities for dialogue around complex issues, and they have proved to be significantly more effective in inspiring shared ownership than self-led guidance.

As of January 2025, 604 of our people managers had completed this training, with sessions continuing through Q1 2025. One of our key ambitions was for this experience to increase our managers' confidence in communicating our sustainability strategy with others.

95% of our people managers who completed the training now say they feel confident in discussing our sustainability strategy.

Operational Sustainability continued

Partner for progress

We know that we cannot achieve our sustainability ambitions alone, and our trusted partnerships are vital to delivering everything we do. This is especially true with our social impact endeavours. At an organizational level, this means establishing long-term partnerships with organizations that are doing great work in areas we care about most.

Philanthropy

Our two social impact focus pillars, the charitable causes we commit to as a global organization, were determined as a result of the 2022 materiality assessment, and they are aligned with our overall sustainability strategy.

1. **Digital Empowerment:** 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 entered into a three-year partnership with two NGOs focused on improving lives through digital access and educational support.

2. **Human Face of Carbon:** One of the reasons why climate change remains a difficult challenge is because people feel disconnected from the concept of carbon – it can be hard to understand how individual choices make a difference. We believe philanthropic partnerships can help us make carbon more personal and give our people opportunities to learn and develop more responsible carbon consumption habits while contributing to our commitment to protect the natural world.

Future focus

2025 will be the final implementation year against BSI's current operational sustainability strategy, and we look forward to continuing to live our purpose by leading the way in sustainable operations. Simultaneously, we will embark on another materiality review (completed every three years), that will set our direction for 2026 and beyond. We also have plans to evolve our net zero approach to include comprehensive climate adaptation planning in 2025 and the years to follow.

Our planned relocation of our Chiswick headquarters to central London in summer 2025 will add another zero-carbon site within our property portfolio, joining Hemel Hempstead, Milan, and Milton Keynes. And 2025 will see multiple planned energy management projects around the world.

In 2025, all suppliers will be required to accept BSI's Supplier Code of Conduct, which emphasizes sustainability, modern slavery, and anti-bribery requirements. Our goal is to achieve 100% completion by Q2 2025, covering all our high-risk suppliers.

And we will continue to evolve our communication, training, and engagement activities to ensure our colleagues continue to progress their skillset as we work together to achieve our global sustainability goals.

Operational Sustainability continued

Our Global Giving Partners

ComputerAid

Since being founded in 1997, ComputerAid has enabled access to technology for over 14.5 million people. BSI donated £70,000 in 2024 to support the distribution of laptops, training, and skills certification for at least 200 individuals in South Africa, Kenya, Nigeria, and Tanzania.

In 2024, Computer Aid selected seven locations across these countries to supply digital equipment and support. These locations have facilities such as Solar Community Hubs, solar-powered and self-sufficient computer labs located in two converted shipping containers. These innovative labs enable digital literacy training as well as services such as printing, charging, internet connectivity, device repairs and recycling.

Dreams Come True

Dreams Come True is a wish-granting charity serving children in the most impoverished areas of the UK who are also living with a disability, serious illness, or life-limiting condition. The organization received £30,000 from BSI in 2024 to support investment in Community Dreams that utilize digital tools to improve the lives of children.

In September 2024, Dreams Come True launched a Digital Lab in the Broadfield Specialist School in Lancashire, enabled by our 2023 donation. The lab utilizes technology such as Eye Gaze computers and braille-enabled iPads to improve the lives of at least 1,000 children over the five-year lifespan of the project.

In 2024, work also began on our second Community Dream at Birmingham Children's Hospital, located in one of the most deprived areas in England.

BSI's investment will make support the installation of educational interactive screens in four key departmental waiting areas, bringing the magic of play to thousands of children each year.

Trees for Cities

During the 2023-24 tree planting season BSI contributed to many Trees for Cities projects throughout the UK, leading to the planting of over 10,000 trees in Bexhill, Newcastle, Bradford, Ipswich, Renfrewshire, Sunderland, as well as a Trees in Schools project in Portsmouth. The 10,000 trees planted has resulted in a total carbon capture of 3,800 tCO_2e (tonnes of CO_2 equivalent). All carbon benefits from this partnership lie outside our offset investment projects.

BSI's 2024 donation of £100,000 contributes directly to the planting and ongoing maintenance of these urban reforestation projects. Most importantly, our donation supports the creation of up to 10 BSI planting days per year – opportunities for our colleagues to use their Volunteer Days in service of urban reforestation, team bonding, and carbon education.

Operational Sustainability continued

Our Acceleration Partners

Earthshot Prize

The Earthshot Prize searches for innovations that will repair our planet. BSI kicked off its partnership with The Earthshot Prize in 2024, becoming a Collective Member, and working with a group of finalists to help enhance their solutions so they can be scaled up and achieve greater impact in the future. This year, BSI has worked with three of the 30 finalists from the 2021 and 2022 cohorts:

- Notpla – a UK company making sustainable packaging to replace single-use plastics from a natural blend of seaweed and plants.
- Low carbon materials – a UK start-up making low carbon aggregates for construction.
- WOTA (portable water treatment units) – Japanese company WOTA's unique water recycling system turns more than 98% of wastewater into fresh water.

As this partnership develops, we will continue to assess new finalists each year and identify ways to support their goals. The partnership will focus on bringing trust to these innovative products by bolstering product credibility through certification, validation, and/or verification, increasing understanding of relevant standards, and facilitating the development of future ones.

United Nations Global Compact (UNGC)

BSI remains an active and committed member of the UNGC, faithfully demonstrating our transparent commitment to the organization's multi-year strategy, driving business awareness and action in support of achieving the United Nations Sustainable Development Goals (UN SDGs) by 2030. We are also active participants in UNGC-led working groups focused on: Climate and Human Rights, Diversity, Sustainable Reporting, Circular Economy, and Modern Slavery.

At BSI, we believe it is important to work together to achieve measurable impact, and we are dedicated supporters of the 17 UN SDGs. In 2024, the Operational Sustainability Excellence team undertook a project to analyze all our operational sustainability activities, identify all internal initiatives that were achieving impact against the UNSDG targets and indicators, then define specific key performance indicators (KPIs) that enable us to consistently track positive impact year on year. For more details on this project, see page 44.

Operational Sustainability continued

United Nations Sustainable Development Goals

Through our various activities and roles, with our clients, and with our colleagues, BSI supports nearly all the UN SDGs. In 2024, BSI dedicated resource to measuring and tracking our operational activities specifically against KPIs directly connected to each goal's targets and indicators.

Within BSI's operational endeavours, we have measured a noticeable impact on increasing education, reducing inequality, progressing climate action and protecting the natural world. In some cases, while we recognize BSI has made significant positive impact, it has not been possible to fully quantify the changes; however, in the coming months and years, we will continue to evolve our capacity for impact measurement.

Embarking on this project had the added benefit of enabling stronger impact through existing programmes. For example, in mapping our carbon offset projects, we recognized that by refocusing our investment priorities, we could put 100% towards nature-based projects, directly aligning with our strategic priorities.

In table 1, we note KPIs which have been selected and measured. Where data was available and relevant, we included previous years' measurements against the KPIs.

Operational Sustainability continued

Table 1: BSI operational sustainability KPIs in support of UN SDGs

UN SDG KPI	BSI KPI	2024*	2023
UN SDG 1.1.1	Number of people gaining certification in computer skills through BSI partnerships	**90**	–
UN SDG 4.5.1 UN SDG 5.5.2	Percentage of women gaining certification in computer skills through BSI partnerships	**53%**	–
UN SDG 4.7.1 UN SDG 13.3.1	Number of BSI people leaders successfully completing BSI's Line Manager Sustainability Training	**604**	–
UN SDG 7.2.1	Renewable energy percentage in BSI's consumption, excluding national grid energy mixes	**16.6%**	12.2%
UN SDG 13.2.1	Number of BSI Divisions/functions with BSI determined GHG emissions contributions	**11 of 11**	11 of 11
UN SDG 13.2.2	Total BSI greenhouse gas emissions per year	**See GHG disclosure section within this report**	
UN SDG 13.b.1	Total BSI greenhouse gas emissions from countries within the UN definition of least developed and small island developing states**	**79.08tCO_2e**	76.55tCO_2e
UN SDG 15.a.1	BSI spend in nature-related offset projects (GBP) per year and percentage of offset spend	**£312,073** **100%**	£103,059 40.9%
UN SDG 17.17.1	Amount (GBP) donated to Global Giving NGO partners (e.g., Computer Aid, Dreams Come True, Trees for Cities)	**£200,000**	£194,000

As described in the introduction, these KPIs represent the ones impacted by the initiatives within BSI's own sustainability performance and partnerships (including our Global Giving and carbon investment projects). This list does not include the significant support and benefit that the external BSI commercial and stakeholder activities provide against the UN SDGs.

* The values displayed in this table have not been part of the external assurance engagement of sustainability metrics carried out by EY.

** The only country where BSI operates that comes under the definition of least developed and small island developing states (SIDS) is Singapore.

Global Greenhouse Gas (GHG) disclosures for 2024

Achieving net zero is a critical component of BSI's sustainable operations strategy.

Details on our GHG emissions reductions

See page 47

Details on GHG emissions intensity

See page 49

Our 2030 target is to become net zero in our own operations (Scopes 1 and 2) and reduce our Scope 3 (categories 3, 6 and 8) emissions by 42% (a science-aligned target). This GHG disclosure report highlights the ways we embed sustainability throughout our operations to reach our net zero goals.

To facilitate the most efficient path towards our target, BSI is prioritizing, developing and implementing the BSI Net Zero Pathway. This approach ensures that our GHG targets are science-aligned with a 1.5°C global warming scenario, and enables us to set transparent, science-based targets while *also* accelerating meaningful actions to achieve our goals. In early January 2025, we successfully completed the Net Zero Pathway assessment, confirming BSI's commitment to meaningfully achieve our reduction targets.

We continue to adopt the 'operational control' approach, meaning that we class Scope 1 and Scope 2 emissions as those arising from activities for which we have full authority to control, and Scope 3 as those arising from activities that we can influence, but do not have full authority over.

GHG disclosures for 2024 continued

Delivering BSI's purpose within our own operations is essential to our integrity as a solutions provider.

Ghinwa Chammas
Group Director of Sustainability

We use a combination of international and UK Government 'GHG Conversion Factors for Company Reporting – 2024' emission factors to calculate our GHG emissions across the globe. Emissions are reported as tonnes of carbon dioxide equivalent (tCO_2e), and our emissions have been reported as both 'market-based' and 'location-based', with special focus on market-based emissions to fully reflect our efforts and achievements. This includes the use of market-based instruments for energy. For specific details on how we report our GHG emissions, please refer to the BSI GHG Emissions Reporting Framework: bsigroup.com/ghgmeasurement24.

We continually seek to improve the way we collect and analyze our emissions data:

- Our 2023 data has been, for the first time, externally verified under ISO 14064-1 and we intend to repeat the verification for our 2024 data in 2025.
- We will continue to work using standards and BSI solutions wherever possible, as well as to mobilize our global network, including suppliers, clients, regulators, accreditation bodies and standards bodies, to align and ensure that we collectively reach our net zero goals.
- In 2024, we developed a methodology and measured BSI's commuting and working from home emissions, developing our technical capability to measure and report on relevant GHG emissions.
- In 2024, we sought limited assurance – provided by EY LLP – over selected market-based and location-based emissions metrics as described below. The limited assurance report is available at bsigroup.com/ghgreport24, and we recommend that it is read in full.

Investment in high quality carbon credits has enabled BSI to be carbon neutral in our operations since 2020. 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.

Our 2024 emissions have been 100% offset. We have chosen to support projects that enhance BSI's impact on the natural world, support social and economic development of communities, and are clearly and transparently traced to the UN's Sustainable Development Goals.

Our 2024 data include Scopes 1 and 2 emissions for all our global operations. These are comprised of natural gas, electricity, heat and fuels (where BSI contracts directly with utilities and fuel suppliers). They also incorporate 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). Our data accounts for the use of market-based instruments where energy supplies have been covered by Renewable Energy Certificates (RECs) for natural gas and electricity.

Finally, Scopes 1 and 2 emissions also incorporate 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 2024 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), to air travel, hotel stays and other travel, including rail and public transport (Scope 3, Category 6).

Our data does not include the use of market-based instruments where energy supplies controlled by third parties have been covered by RECs, either by BSI or by the third party, for natural gas and electricity. While the landlord for our Milan office has covered the energy consumption with RECs and additional renewable energy solutions are being explored at BSI sites in APAC and EMEA, due for implementation in 2025 and beyond, these are not currently part of our market-based accounting. We will explore a change in methodology in due time, in order to begin reflecting these significant improvements into our energy management and procurement.

There haven't been any changes of boundaries since our 2023 assured measurements for Scope 1, 2 and 3 (Categories 3, 6 and 8). In 2024, we measured emissions related to commuting and home working (Scope 3, Category 7), and they were part of the external assurance process. These have been included in this report. Once statistically significant data for Scope 3 Category 7 becomes more available, these emissions will be added into the scope of our pledge.

Overall, we continue to monitor our emissions in both market-based and location-based calculations, using market-based calculations to track our performance against our targets. In 2024, BSI included market-based emissions as part of the external assurance process.

GHG disclosures for 2024 continued

Our total Scope 1 and Scope 2 market-based emissions have decreased by 21.5% from 2022, and our total market-based intensity has decreased by 16.9%.

Our total market-based emissions have decreased by 10.3% from 2023, and our location-based emissions have decreased by 9% from 2023. Our market-based intensity ratio (tCO_2e/£m revenue) has decreased by 14.0%, and our location-based intensity ratio (tCO_2e/£m revenue) has decreased by 12.6%, meaning that we continue succeeding in our efforts to improve the GHG efficiency with which we deliver our services.

Our total Scope 1 and Scope 2 market-based emissions have decreased by 14.5% from 2023 and our market-based intensity has decreased by 17.9%.

Our Scope 3 emissions for Categories 3, 6 and 8 have decreased by 10.0% from 2023 and our Scope 3 intensity ratio for the same categories has decreased by 13.3%.

This overall decrease is a well-celebrated result, and it can be attributed to four main factors:

1) We work closely with Property and Procurement to support ongoing decarbonization of the property estate, renewing the REC-backed energy contracts for our Hemel Hempstead laboratory and extending the REC-backed contracts for our Milton Keynes and Dublin offices. Overall, our renewable energy consumption has grown to 16.6% against 12.2% in 2023. This is a decisive example of BSI's commitment to decarbonizing and decoupling our GHG emissions from our operations.

2) We continue to increase the number of hybrid/EV vehicles in our fleet, especially in the UK, where our fleet has surpassed 95% combined hybrid/EV, of which EV vehicles represent 56.3%.

3) Hybrid audit delivery has reached 37.4% in UK and continental Europe.

4) We are innovating our delivery of internal events. Using a 'follow the sun' approach, we delivered our Assurance Global Summit, IT Conference, and Sales & Marketing Conference as fully virtual events, with an estimated GHG avoidance of over 1.1ktCO_2e (as compared to the same participants attending in person in London).

Business travel remains our main source of emissions due to the nature of BSI's activities, travelling to work with our clients. In a growing business, it has also been necessary to balance an increasing need to enable our colleagues to meet in person, supporting our colleagues' wellbeing and collaboration needs.

Table 1: Global GHG emissions (tCO_2e)*

	2024	2023	2022
Scope 1 emissions (market-based)	**766A**	834	1,021
Scope 1 emissions (location-based)	**816A**	854	1,021
Scope 2 emissions (market-based)	**242A**	345	264
Scope 2 emissions (location-based)	**686A**	628	599
Scope 3 (Cat. 3, 6 & 8) emissions	**13,980A**	15,533	14,726
Sub-total (market-based) including Cat. 3, 6 & 8	**14,989A**	16,712	16,011
Sub-total (location-based) including Cat. 3, 6 & 8	**15,483A**	17,015	16,346
Scope 3 Category 7 emissions	**4,434A**	–	–
Total (market-based) including Cat. 3, 6, 7 & 8	**19,423A**	–	–
Total (location-based) including Cat. 3, 6, 7 & 8	**19,917A**	–	–

* EY LLP has provided independent limited assurance over selected global GHG emissions metrics (indicated by the symbol 'A') for the year ended 31 December 2024 in accordance with International Standard on Assurance Engagements 3000 (Revised), 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/ghgreport24, and we recommend that it is read in full. Due to rounding, numbers presented throughout this section may not add up precisely to the totals provided.

Divisions and functions continued to progress efforts to travel more efficiently in 2024: eliminating unnecessary travel, consolidating trips, holding events virtually where appropriate and increasing usage of trains, thus reducing the GHG emissions necessary to fulfil operational and internal requirements.

Tables 1 and 2 show our GHG emissions data for 2024, 2023 and 2022. We report our total emissions tonnage as well as an intensity ratio per million pounds of global revenue to enable consistent year-on-year comparison. We have also added the emissions relating to Scope 3 Category 7 for 2024 which have been measured and assured for the first time.

GHG disclosures for 2024 continued

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

	2024	2023	2022
Scope 1 emissions (market-based)	**1.0**	1.1	1.5
Scope 1 emissions (location-based)	**1.1**	1.2	1.5
Scope 2 emissions (market-based)	**0.3**	0.5	0.4
Scope 2 emissions (location-based)	**0.9**	0.9	0.9
Scope 3 (cat. 3, 6 & 8) emissions	**18.5**	21.3	21.9
Sub-total (market-based) including cat. 3, 6 & 8	**19.8**	23.0	23.8
Sub-total (location-based) including cat. 3, 6 & 8	**20.4**	23.4	24.3
Scope 3 – category 7 emissions	**5.9**	–	–
Total (market-based) including cat. 3, 6, 7 & 8	**25.6**	–	–
Total (location-based) including cat. 3, 6, 7 & 8	**26.3**	–	–

The innovative delivery of fully virtual, internal events in 2024 resulted in an estimated GHG avoidance of over 1.1ktCO_2e.

Definitions for Tables 1 & 2

Total Scope 1 emissions (market-based)
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.

Where emissions are noted as market-based, these include applying market-based instruments such as Renewable Energy Certificates (RECs) for natural gas.

Total Scope 2 emissions (market-based)
These arise indirectly from the off-site generation of electricity and heat purchased by BSI or used in BSI-owned or leased electric vehicles. Where applicable, market-based RECs for electricity have been applied.

Total Scope 3 emissions
These comprise of the following:

- 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). Market-based instruments applied elsewhere are not applicable to this category and, therefore, market-based emissions and location-based emissions are the same;
- 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. While market-based instruments such as Sustainable Aviation Fuel Renewable Energy Certificates (SAF RECs) could be applicable, none have been used in 2024 and, therefore, market-based emissions and location-based emissions are the same; and
- Scope 3, Category 8: Natural gas, electricity, and heat usage where BSI does not contract directly with utilities suppliers. Market-based instruments used by landlords are not applicable to this category, and therefore, market-based emissions and location-based emissions are the same.

We account for emissions from our significant Scope 3 categories as defined in the GHG Protocol where feasible to do so. We are consistently improving our data collection quality and capabilities to bring our remaining emissions sources within the scope of our reporting (as shown by the inclusion of Scope 3, Category 7 emissions). To maintain year-on-year comparability, Scope 3, Category 7 has been reported separately within the same table, and it includes the following:

- Scope 3, Category 7: transportation of employees between their homes and contracted offices. It also includes emissions from working from home. Market-based instruments have not been applied to this category and, therefore, market-based emissions and location-based emissions are the same.

GHG disclosures for 2024 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 fifth year we have reported our UK emissions in this way.

Table 3: Streamlined Energy and Carbon Reporting (SECR)

	2024		2023		2022	
	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	**440**	**1.47**	557	2.19	567	2.46
Scope 2 location-based	**499**	**1.67**	527	2.07	371	1.61
Scope 3	**791**	**2.65**	866	3.41	748	3.25
Total	**1,730**	**5.79**	1,950	7.67	1,686	7.32
Total energy use (kWh)	**8,211,443**		**8,785,492**		**8,193,144**	

Definitions for Table 3:

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

Scope 2: Emissions associated with directly purchased electricity.

Scope 3: Emissions associated with gas and electricity usage in BSI UK 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.

Energy efficiency actions taken in the year

Our Scope 1 UK-based emissions have decreased in 2024 compared to 2023 due to a significant increase in company-owned fleet migration to hybrid/EV.

Our Scope 2 UK emissions have decreased in 2024 compared to 2023 mainly due to energy efficiencies brought into Hemel Hempstead and Milton Keynes sites.

Our Scope 3 UK emissions have decreased mostly driven by energy efficiency within the Loughborough lab and hybrid audit delivery.

In 2024, BSI undertook several activities to reduce energy usage and emissions. We improved energy efficiency at our offices with the continued development of ISO50001, the certified standard for energy management systems, at our Hemel Hempstead lab facilities. The management system is being extended to our Loughborough laboratory, including the installation of a complex electricity monitoring system that enables 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 over 95% of the UK fleet now EV or hybrid at the end of 2024, in comparison to 83% at the end of 2023.

Task Force on 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) and is pleased to present its report in alignment with the goals of the Paris Climate Agreement. Established by the Financial Stability Board, the TCFD provides a framework for companies and organizations to enhance the reporting of climate-related risks and opportunities.

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

Governance

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 has delegated specific responsibilities to certain committees, including the Sustainability Committee, the Remuneration Committee and the Audit and Risk Committee (Figure 1). The Chairs of these committees provide updates at each Board meeting.

The Group Leadership Team (GLT), comprising BSI's executive management, oversees day-to-day operations to deliver the strategy approved by the Board. The GLT is supported by the Operational Sustainability Excellence (OSE) team, who work internally to embed sustainability into operations within every Division and function. (Figure 1).

The tables on the following page describe the responsibilities of the Board and each Board and Management Committee in relation to climate-related risks and opportunities. Specific roles and responsibilities in relation to risk management are discussed in the Risk Management section of this TCFD report.

Figure 1. Overview of BSI's climate-related governance.

TCFD report continued

The Board's oversight

Committee	Responsibilities
BSI Board	– Oversee and challenge the GLT to ensure progress is being made towards the established strategy, including climate targets. – Set the organization's risk appetite and ensure climate-related risks are identified, recorded, and mitigated. – Conduct annual review of the Principal Risk register, which includes ESG-related risks.
Audit and Risk Committee	– Have oversight of BSI's external financial and narrative reporting. – Oversee the adequacy and effectiveness of BSI's processes to manage risk and the internal control framework, including climate-related risks.
Remuneration Committee	– Align incentive awards with appropriate Planet targets, including targets linked to greenhouse gas (GHG) emissions reduction.
Sustainability Committee	– Review and challenge the performance of the GLT and OSE against agreed sustainability key performance indicators (KPIs) such as BSI's Net Zero Pathway by 2030. – Review BSI's GHG performance, net zero goal, pathway and impact of BSI's products and services in relation to climate. – Oversee BSI's carbon-related reporting in its Annual Report, including compliance with the reporting recommendations of the TCFD.

Management's role

Committee	Responsibilities
Group Leadership Team	– Ensure BSI fulfils its sustainability purpose while successfully generating profits to reinvest in the organization. – Assist the Board in deciding the risk appetite for the organization. – Monitor existing and emerging regulatory reporting requirements relating to climate. – In 2024, met three times to oversee activities, including the review and sign-off of GHG emissions data, setting annual GHG targets, and discussing long-term strategies for achieving net zero GHG emissions.
Operational Sustainability Excellence team	– Report on BSI's progress towards its net zero goals, in addition to formulating and implementing BSI's net zero strategies and adaptation plans. – Monitor existing and emerging regulatory requirements relating to climate change. – Support GLT and inform the Sustainability Committee who advise and challenge BSI on climate-related matters. – Provide updates to Sustainability Committee and GLT prior to their quarterly meetings.
Procurement team	– Ensure sustainability requirements are integrated into the procurement vetting process of new suppliers and that they are communicated to existing suppliers. – Collaborate with the OSE team and report on the progress made on integrating sustainability into BSI's procurement process to the Sustainability Committee, which in 2024 occurred once.
Properties team	– Ensure sustainability requirements are integrated into the properties and facilities process for the renewal of leases and the selection of new properties.

TCFD report continued

Strategy

Sustainability lies at the heart of BSI's strategy and our future focus. Upholding our Royal Charter, BSI is dedicated to accelerating impact for a fair society and a sustainable world. BSI has made a public commitment to reach net zero in our own operations by 2030. As the UK National Standards Body, we support the development of standards that will help the world meet the challenging targets necessary to mitigate the effects of climate change.

Scenario analysis

BSI conducted scenario analysis to evaluate and understand the potential climate-related risks and opportunities that may affect the organization over short, medium and long-term time horizons. This analysis examined both physical and transition risks, as well as the transition opportunities that could arise under different scenarios.

The scenario analysis conducted for physical risks used the Intergovernmental Panel on Climate Change's (IPCC) Shared Socioeconomic Pathways (SSPs) and Representative Concentration Pathways (RCPs). Transition risks and opportunities leveraged scenarios from the Network for Greening the Financial System (NGFS) and utilized IPCC narrative scenarios. The following is a summary of our scenario analysis.

Physical risks

Time horizons	Short (1–3 years), medium (4–9 years), and long-term (10–100 years).
Objective	Assess the actual and potential physical risks that could affect BSI's global facilities and operations.
Scenario	**Key assumption**
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.
Assessment	Based on our climate risk modelling, under a high-emissions scenario, BSI's assets and facilities may be exposed to more severe and compounding risks. However, due to the low reliance on physical assets in our operations and the ability to service clients remotely, we believe the effect of extreme weather events are likely to be local and not material at the Group level.

Transition risks and opportunities

Time horizons	Medium-term (2030).
Objective	Stress test effects of climate scenarios relating to macro-economic and policy shifts, aligned to SSP2, on our costs and revenue. To perform the analysis, we leveraged NGFS scenarios.
Scenario	**Key assumption**
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. GHG emissions are in line with a 50% chance of limiting global warming to below 1.5°C, leading to higher transition risks.
Assessment	Under all three scenarios modelled, revenue 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. Total operating costs could increase more under a 'divergent net zero' scenario than the other two scenarios, however any effect would not be material to BSI.

TCFD report continued

Transition risks and opportunities continued

Time horizons	Long-term (2050).
Objective	Stress test the effects of differing SSP and RCP scenarios on BSI's business model and strategy. To perform the analysis, we used IPCC narrative scenarios.
Scenario	**Key assumption**
Demand driven (SSP1-RCP2.6)	Test demand-side enablers of decarbonization driven by a unified desire to create an equitable world with high wellbeing for all.
Middle of the road (SSP2-RCP4.5)	Test the effectiveness of technology and policy in a decarbonizing world where current socio-economic trends continue.
Supply driven (SSP3-RCP7.0)	Test supply-side drivers of nationalism and resource protectionism resulting from increased regional physical climate change effects.
Assessment	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. 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 'supply driven' pathway could be less favourable to BSI due to the effects of a breakdown in global collaboration and increased national protectionism. This scenario could also hold opportunities for BSI if an increased demand for local goods and services was harnessed. Based on our analysis, we have identified several climate-related opportunities for BSI as it transitions towards a low-carbon economy.

TCFD report continued

Based on the outcome of our qualitative scenario analysis, BSI has identified the following climate-related risks and opportunities relevant to the organization, which are detailed in the table below.

Climate-related risks and opportunities

Physical risks

Risk type	Risk	Anticipated effects	Financial implication
Physical	Access to BSI facilities	BSI facilities 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.
Physical	Travel to client sites	BSI's worldwide operations, as well as their clients, 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.
Physical	Colleague health and welfare	Our workforce may be affected by extreme weather events. Any effect on the health and safety of our workforce could impair our ability to service our clients.	Revenue may be negatively affected due to our inability to service client needs and higher costs from negative effects on the workforce.

Transition risks

Risk type	Risk	Anticipated effects	Financial implication
Policy and legal	Enhanced emissions 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 for non-compliance with climate-related regulations, potentially leading to reduced profits from 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 affected by regulatory, market, or technological changes if they are unable to transition to a low-carbon economy. This effect could cause them to face financial losses and terminate or reduce services procured from BSI.	A decrease in the diversity of our clients could lead to reduced revenue streams.
Reputation	Increased stakeholder concern or negative stakeholder feedback	Failure to meet stakeholder expectations regarding increasing ESG obligations could lead to reputational or commercial risks for BSI. This includes risks arising from growing client expectations and social attitudes towards the environmental effect of our standards, which may affect our ability to market them.	Effect on BSI's reputation could result in loss of revenue from clients.

TCFD report continued

Climate-related risks and opportunities continued

Opportunities

Opportunity type	Opportunity	Anticipated effects	Financial implication
Resource efficiency	Use technologies such as hybrid audits and immersive auditing	The use of technologies, such as our BSI Hybrid Audit Programmes, will help us reduce our GHG emissions related to business travel and support our clients' decarbonization journeys.	Less dependence on business travel and therefore reduced exposure to fossil fuel prices may result in lower operational costs and increased profitability.
Products and services	Development of new products to provide sustainability and climate change-related services and solutions	For our clients, mitigating climate-related risks is a crucial driving factor behind their purchasing decisions. BSI has observed a rising demand for its sustainability products and services as an increasing number of consumers are actively seeking to procure these offerings to meet 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 presents an opportunity for BSI to explore new and emerging markets and sectors. It also fosters innovation to develop new products and services that meet 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 statement

BSI is committed to following sustainability best practices 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.

BSI's strategy places a strong emphasis on client centricity and partnerships to address pressing challenges faced by our clients. By collaborating closely and driving best practices, we aim to not only support our clients in achieving their sustainability goals but also amplify societal impact. This approach strengthens our journey to net zero, ensuring we contribute meaningfully to a more sustainable future.

Based on the scenario analysis, BSI would not be materially affected by the physical climate-related risks identified. While ensuring we remain compliant with our regulatory requirements, we have demonstrated adaptability and resilience in delivering services remotely to our clients with minimal disruption and we are not highly reliant on BSI facilities.

We consider our business resilient for climate-related transition risks under the NGFS scenarios in the medium term and 'demand driven', 'middle of the road' or 'supply driven' scenarios in the long term due to the nature of our services and operations, in particular:

- 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 significantly directly affected by mandatory decarbonization regulations.

In 2025, BSI will perform targeted quantitative scenario analysis on select climate-related risks and opportunities. We will also be reviewing our climate-related transition plan in 2025 as part of our commitment to ensure our strategy remains relevant and resilient.

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 have a potentially substantive financial or strategic effect on BSI.

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 effect on BSI in the next five years. However, climate-related reporting is included in our non-financial reporting requirements and is considered a principal risk for BSI under Principal Risk 11 Environmental, Social and Governance (page 65). As with all Principal Risks, they are reviewed by the GLT and approved annually by the Audit and Risk Committee on behalf of 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.

The Board, assisted by the GLT, will agree the risk appetite for the organization, and through the Audit and Risk Committee, will monitor the effectiveness of the risk management system. If any identified risk meets or exceeds the risk appetite threshold set by the Board, management will be required to develop an appropriate mitigation plan. Once the level of risk is determined, control measures are identified and implemented accordingly.

Further, risks of Group-level significance will be regularly reported to the Board, with interim ad-hoc reporting of changes in risk ratings where necessary. Business Units that report into their respective Divisional and functional leadership are responsible for managing and implementing risk mitigation measures at a local level.

Following the materiality assessment undertaken in 2022, the most material environment, social, and governance (ESG) topics for BSI were identified. This includes GHG emissions and climate adaptation. Risks associated with these material issues are being included into relevant risk registers across the organization and inform risk assessments as part of the quarterly risk reviews performed by the respective Divisional and functional leadership teams. This ensures the ongoing relevancy and accuracy in assessing the effectiveness of risk mitigation activities.

Climate-related 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.

Significant new product development and projects are reviewed by the Group Leadership Team for alignment with Group strategy.

Metrics and targets

We have a made a public commitment to reach net zero in our operations (Scope 1 and 2) by 2030 and to achieve a science-aligned target for our Scope 3 emissions (reaching a 42% reduction by 2030). These interim targets for Scope 3 will be complemented by future long-term targets, which we will continue to develop in 2025.

BSI have been carbon neutral in our operations since 2020 by investing in high-quality 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.

We use GHG emissions (Scope 1, 2 and 3) as our primary metrics for setting targets and to track our progress against our climate action plan. Reductions in our GHG emissions and emissions intensity are evidence of our progress against our targets, which are detailed in our 2024 Global Greenhouse Gas disclosures on page 46.

Non-Financial and Sustainability Information Statement

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

The information listed is incorporated by cross reference.

Reporting requirement	Policies which govern our approach	Information necessary to understand our business and its impact, policy support, and outcomes
Environmental matters	Sustainability Position Statement Supplier Code of Conduct BSI Code of Business Ethics – Our Sustainable Practices section	Stakeholder Engagement Report, page 32 Operational Sustainability, page 36 Greenhouse Gas (GHG) Disclosures, page 46 Task Force on Climate-related Financial Disclosures (TCFD) Report, page 51 Report of the Sustainability Committee, page 86
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	Working at BSI, page 30 Stakeholder Engagement Report, page 32 Directors' Report, page 100
Respect for human rights	BSI Code of Business Ethics – Our Business Responsibilities section	Modern Slavery and Human Trafficking Statement on bsigroup.com Stakeholder Engagement Report, page 32 Corporate Governance Report, page 73

Reporting requirement	Policies which govern our approach	Information necessary to understand our business and its impact, policy support, and outcomes
Social matters	BSI Code of Business Ethics Charitable Donations Policy Volunteering Policy	About BSI, page 1 Stakeholder Engagement Report, page 32 Operational Sustainability, page 36 Report of the Sustainability Committee, page 86
Anti-corruption and anti-bribery	BSI Code of Business Ethics – Anti-Bribery and Corruption section Anti-Bribery and Corruption Policy	Stakeholder Engagement Report, page 32 Corporate Governance Report, page 73 Report of the Audit and Risk Committee, page 78
Additional disclosures		Financial Highlights, IFC About BSI / Key Facts, page 1 Our Strategy and Business Model, page 13 Risk Management Report, page 59

Risk management

Effective risk management helps us make informed decisions in support of achieving our objectives

The identification, evaluation, and mitigation of risk is 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 risks, based on ISO 31000 (Risk Management). Risks identified are maintained within risk registers for all business Divisions and functions.

Divisions and functions are accountable for managing risks within their areas 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.

Facilitators

Internal Audit & Risk

Divisional Risk Champions

Functional Risk Champions

Our risk governance structure is as follows:

Board

Overall responsibility for assessing BSI's Principal Risks, setting risk appetite and monitoring risk management.

Group Risk Committee

Chaired by the Chief Executive and comprised of the Group Leadership Team and other key function resources, the GRC is responsible for monitoring Principal, Key and Emerging Risks and maintaining oversight of the effectiveness of Divisional and functional risk management.

Audit and Risk Committee

Responsible for reviewing the effectiveness of the Group's risk management systems and processes.

Divisional Leadership Teams

Each Divisional leadership team is responsible for ensuring their Divisional risks are captured and being effectively mitigated within business-as-usual processes. Risk management is a standing agenda item for leadership team meetings.

Functional Leadership Teams

Leadership teams within Group functions are responsible for identifying and mitigating risks within their own functions – applicable to Finance, People, IT, Legal, Commercial and Strategy & Transformation.

Direct and monitor   Report

Risk management continued

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.

Our Principal Risks

Our twelve Principal Risks represent the most significant risks that may impact the Group's operations, some of which, such as Geopolitical and Macroeconomic risk, are influenced by factors largely outside of the Group's control. Each of our Principal Risk descriptions reflect the specific factors impacting the Group's objectives, and are accompanied by details of the key risk management activities undertaken in response.

Principal Risk assessments are informed by risk management activities across BSI's Divisions and functions. Throughout 2024, all Divisional and functional leadership teams maintained comprehensive risk registers for their area of responsibility. Our network of risk champions met throughout the year, and with the support of the Internal Audit & Risk team, took part in a series of workshops and training to remain up to date with risk management best practice.

A key area of focus in 2024 was the further enhancement of BSI's Assurance Map. This Assurance Mapping exercise provided insights to the Group Risk Committee to support it in aligning monitoring and assurance responsibilities across the organization.

Alongside this, we continued to monitor Key Risk Indicators in respect of each of the Group's Principal Risks, providing a data-driven dashboard to support monitoring and oversight activities.

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.

Changes to Principal Risks during 2024

As part of our risk governance, the Board has undertaken a robust assessment of the current risks facing BSI, and these are identified in the Principal Risk register overleaf.

No material changes have been made to our Principal Risk register in 2024. Enhancements have been made to risk descriptions including to Principal Risk 8 'Evolving Market Needs and Dynamics' to reflect the impact that factors such as changes in regulatory timelines can have on our business. Two Principal Risks relating to Government Policy and NSB Appointment have been consolidated in 2024 to reflect commonality between these risks.

Risk management continued

Increased
No change
Decreased

Type of risk	2024 update	Mitigating actions
1. NSB Appointment & Obligations BSI is appointed by the UK Government as the National Standards Body (NSB). This status is central to our purpose and formally codified in a Memorandum of Understanding (MoU) between the Government and BSI. An updated MoU was signed in 2024. Failure to comply with the requirements set out in the MoU could put our NSB appointment at risk. Our NSB Appointment obliges us to work globally. Changes to government policy or stakeholder relationships, in any of the jurisdictions in which we operate, could affect our ability to deliver our objectives, develop and maintain standards or provide services to clients.	No change	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 society. We monitor the processes for standards development to ensure they are suitably robust. We continue to invest in our systems and in the digitization of the services and solutions we offer. 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.
2. 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, impact business performance and potentially trigger contractual claims.	No change	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.
3. 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.	No change	BSI maintains strong relations with the authorising authority relevant to each Group company concerned. We are a subject matter expert in the regulations governing this business and lead various trade associations that include competitors, proposing interpretation and clarification of governing regulations. We remain in close dialogue with clients, particularly those with their own regulatory departments. BSI has a strict regulatory compliance framework, with dedicated officers to manage BSI's compliance, and 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.

Risk management continued

Increased
No change
Decreased

Type of risk	2024 update	Mitigating actions
4. Fraud & Unauthorized Transactions Risk could arise from the actions of a Group entity, colleague or a third party with whom we do business. This may include circumvention or failure of controls designed to prevent financial or operational harm, resulting in financial loss and/or reputational damage.	No change	Our anonymous whistleblowing reporting line allows colleagues and third parties to Speak Up and report their concerns to the highest level of management. We are committed to a zero-tolerance approach to bribery and corruption and maintain global certification to ISO 37001 Anti-bribery Management Systems, incorporating measures to prevent, detect and address bribery. Other activities include regular assessments of operational and financial controls to ensure they remain fit for purpose and aligned to the organizational structure. A global financial controls framework is in place, supported by strong reporting lines and levels of delegated authority. 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.
5. 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, including claims resulting from ordinary provision of our services.	No change	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.
6. Change Management The Group's ability to deliver change initiatives on time and within budget is key to enabling our strategic ambitions. The Group is undertaking foundational change over the coming years including ERP, Finance, and People transformation. 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 realisation.	Increased	Governance and change management processes are in place to ensure the successful implementation of new initiatives. We manage our core change programmes through an Integrated Plan, and have a dedicated Group Change Delivery team and governance structure in place to support delivery of these initiatives. This includes a Change Board responsible for portfolio-level decision making and prioritisation. 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 negatively 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.

Risk management continued

Increased
No change
Decreased

Type of risk	2024 update	Mitigating actions
7. Talent & 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 employee engagement.	No change	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 and are pleased to have held our engagement score stable against a declining external global engagement trend particularly in the context of significant change and transformation taking place across BSI. Based on feedback, actions are formulated to further strengthen engagement. We have undertaken significant work in 2024 around career, aligning development interventions to our leadership framework and establishing dedicated development conversations as part of our performance cycle at the mid-year. 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. We continue to enhance our company culture by connecting what colleagues do every day with our values and our purpose. 2024 saw us refresh the messaging around our purpose and this aligns to internal and external employment brand campaigns. We continue to enhance our workforce reward, incentive, and benefit solutions to provide a compelling total rewards package and employee experience by implementing competitive pay range structures and policies across our global footprint that provide flexibility to recruit and retain top talent and key skills; ensuring all our employees now have variable pay as part of their total reward package through Group annual bonus, commission, and local incentives; and developing a globally consistent employee benefit and wellbeing experience, which includes an employee assistance programme, recognition platform, benefit hub discounts, volunteering day, and global giving platform, as well as free premium access to world-class menopause support, and access to a leading mental health app. 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. 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.

Risk management continued

▲ Increased
◀▶ No change
▼ Decreased

Type of risk	2024 update	Mitigating actions
8. Evolving Market Needs & Dynamics Our business depends on client demand for our services and solutions and stakeholder confidence. This may require adaption or expansion of our offering in response to changes in technology and market trends. Broader market dynamics such as the pace of regulatory change may also impact our business model. Failure to stay relevant, or 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 and 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 consider broader market needs and dynamics and incorporate insights from a wide range of stakeholders, including clients, to ensure our services and solutions remain relevant. Our policy engagement and close working with government, industry and consumer organizations, our many technical committees and our international relationships are fundamental to identifying shifts that may impact our business. These activities allow us to adapt our business model as needed to maintain the relevance of our services and solutions. Our sector and domain experts and Group innovation team provide insights into trends in new and emerging technologies including the use of Artificial Intelligence. These insights inform development of our services and solutions. We monitor the relevance of BSI services and solutions through stakeholder consultation and feedback mechanisms.
9. Information Security BSI is dependent on IT systems for day-to-day operations. Failure to protect against cyber breaches, ransomware attacks, 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 and 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.
10. Health & 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. We maintain a comprehensive hazard identification and risk assessment process covering activities across the business and colleagues undertaking business travel. This is supported by a comprehensive suite of health and safety guidance and training that is available to all our colleagues.

Risk management continued

▲ Increased
◀▶ No change
▼ Decreased

Type of risk	2024 update	Mitigating actions
11. Environmental, Social and Governance The evolving corporate landscape continues to drive adaptations in the approach taken by companies to environmental, social and governance (ESG) initiatives. Failure to meet stakeholder expectations or comply with applicable regulation and non-financial reporting requirements could adversely impact the Group's business performance and reputation.	◀▶	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 solutions 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 Systems 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 and has also been externally verified against ISO 14064-1 Greenhouse Gases. We monitor applicable regulatory and non-financial reporting requirements on an ongoing basis to ensure we meet our obligations. 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.
12. Geopolitical Instability and Macroeconomic Uncertainty As a global business, changes to economic conditions or industry and trade policies in the jurisdictions where we operate have the potential to impact us and how we service our clients. This may arise in the form of geopolitical instability, protectionist trade policies, inflationary pressures, or exchange rate fluctuations. Failure to anticipate or adapt to global events and macroeconomic uncertainty may impact our performance.	▲	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 or protectionist trade policies. We conduct regular strategic business reviews looking at the trading environment and local economic conditions that each business unit operates in. This includes regular cost and pricing reviews to manage inflationary pressures across our footprint. We maintain a focus on our crisis management capabilities and undertake preparedness activities to build resilience. Throughout the year, the Board considers specific geopolitical and macroeconomic events and any potential impact to BSI. Business continuity planning is undertaken across our global footprint to prevent interruptions to essential functions. 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.

Corporate Governance

Chairman's Introduction

John Hirst
Chairman

Biography on page 70

The BSI Board oversees the Group's operations in accordance with the highest standards of corporate governance and ethical conduct.

In my statement on page 7, I talk about BSI as an organization with a clear purpose and values. The Board is committed to supporting BSI in delivering against its purpose and providing confidence and trust to its stakeholders. The Board operates in accordance with the highest standards of corporate governance and ethical conduct.

I am very pleased to report that, throughout 2024, BSI has complied with those provisions and principles of the 2018 Corporate Governance Code which are applicable to it as a Royal Charter company except for a number of provisions relating to the composition and chair of the Remuneration Committee. Further information is provided in the Corporate Governance report on page 73.

Ultimate responsibility for BSI's systems of corporate governance lies with the Board of Directors, the majority of whom are Independent Non-Executive Directors (NEDs). The Board is supported by the Audit and Risk, Remuneration, Nominations, and Sustainability Committees. Information on the roles and responsibilities of these Committees is contained in the Corporate Governance report and in the reports of the individual Committees. The Board also receives regular updates on the work of the Standards Policy and Strategy Committee, which provides independent oversight of BSI's work as the National Standards Body.

The period under review has seen a number of of changes to the Board's composition. During 2024, Stephen Page and Douglas Hurt both reached nine years of service and stood down from the Board. Since the year end, Ian Lobley has stood down as Senior Independent Director and Sara Dickinson has stood down as Chief Financial Officer (CFO). I would like to record my personal thanks to Stephen, Douglas, Ian and Sara, who each made a significant contribution to the Board and BSI.

We have welcomed to the Board Tim Livett, Robert MacLeod, and Diane Bitzel. Robert MacLeod has been appointed Senior Independent Director. Amanda Radford, previously Deputy CFO, has been appointed to the role of Acting CFO whilst the Nominations Committee oversees the process for the appointment to the Board of a new CFO.

Each of the newly appointed individuals brings diverse skills and experiences to support the Board's operations, which you can read more about in their biographies on pages 70-72. I am confident that we have in place a strong Board which is highly engaged in leading the Group and overseeing its systems of corporate governance.

In a year characterized by a turbulent global operating environment, the Board has taken a number of important decisions to support BSI's long-term sustainable success and its impact on its stakeholders and wider society. More information on the key decisions taken during 2024 can be found on page 76. The Board's operations have been underpinned by the BSI Code of Business Ethics (available at: bsigroup.com/ethics), which 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
Chairman
28 March 2025

Governance Structure

Board Structure

The Board

Chairman

Leads and manages the Board. Sets the agenda, style and tone of discussions and promotes open debate, effective decision making and a unitary culture.

Senior Independent Director

Non-Executive Director who provides a sounding board for the Chairman, deputising for him where necessary. Also acts as intermediary for other Directors, if needed.

Executive Directors

With the Chief Executive, responsible for the operational implementation of the Group's strategy.

Non-Executive Directors

Constructively challenge the performance of management in the execution of the strategy. Advise and contribute to Board debate based on their broad business experience and professional skills.

Sustainability Committee

Oversees the Group's sustainability strategy, policies and practices and reviews how BSI can best support its stakeholders in delivering their own impacts towards a fair society and sustainable world.

Audit and Risk Committee

Oversees the integrity of the Group's external financial reporting, and the adequacy and effectiveness of the internal controls and risk management systems.

Remuneration Committee

Oversees the setting and implementation of BSI's remuneration policy to support the delivery of its strategy and purpose.

Nominations Committee

Ensures effective succession planning for the Board and Group Leadership Team and manages the process for recommending the appointment of new Directors to the Board.

Chief Executive

Leads the Group Leadership Team in delivering the long-term strategy and annual plans as approved by the Board and in line with agreed risk appetites. Oversees the organization's culture and maintains effective management systems and internal controls.

Company Secretary

Oversees the provision of clear information to the Board. Supports the Chairman and Committee Chairs in convening meetings and setting agendas. Advises the Board on governance matters.

Standards Policy and Strategy Committee (SPSC)

Oversees BSI's work as the UK National Standards Body (NSB), consisting of representatives from the Board, government, industry, academia and others concerned with the work of the NSB.

Governance Structure continued

Executive Structure

Chief Executive

Leads the Group Leadership Team in delivering the long-term strategy and annual plans as approved by the Board and in line with agreed risk appetites. Oversees the organization's culture and maintains effective management systems and internal controls.

Group Leadership Team

Supports the Chief Executive in managing the operational activities of the Group in accordance with the powers delegated by the Board.

Membership consists of:

Chief Executive
Chief Financial Officer
Director-General Standards
General Counsel
Chief People Officer
Group Chief Information Officer
Chief Strategy & Transformation Officer
Chief Commercial Officer
President, Assurance Services
President, Consulting Services
President, Knowledge Solutions
President, Regulatory Services

Impartiality Oversight Committee

Manages the separation or co-operation of activities between the different parts of BSI, in accordance with the Impartiality Code of Conduct, to prevent potential conflicts of interest.

Membership consists of:

The Group Leadership Team

Information Security Steering Committee

Oversees BSI's Information Security Policy and supporting controls, processes and procedures to protect BSI's information assets.

Membership consists of:

Chief Information Security Officer
Group Chief Information Officer
Chief Executive
Chief Financial Officer
General Counsel
Head of Compliance and Ethics
Group Head of Internal Audit and Risk
Group Real Estate, Insurance and Health & Safety Director

Group Risk Committee

Responsible for monitoring Principal, Key and Emerging Risks and maintaining oversight of the effectiveness of Divisional and Functional risk management.

Membership consists of:

The Group Leadership Team

Business operations

Board of Directors

Committee membership

- Committee Chair
- A Audit Committee
- N Nominations Committee
- S Sustainability Committee
- R Remuneration Committee

John Hirst
Chairman
Committees: N S R

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 was Group Chief Executive of Premier Farnell, a FTSE 250 electronics distribution company, and Chief Executive of the UK's Met Office. John was Chairman of Anglian Water Services from 2015 until 2024.

Other appointments

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

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. As President of Thomson Reuters' 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. She also possesses a strong network across a wide range of businesses, as former Chair of the London Council of the Confederation of British Industry.

Other appointments

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

Scott Steedman
Director-General, Standards
Committees: S

Skills and experience

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).

Board of Directors continued

Committee membership

- ● Committee Chair
- (A) Audit Committee
- (N) Nominations Committee
- (S) Sustainability Committee
- (R) Remuneration Committee

Dame Polly Courtice

Non-Executive Director

Committees: S N

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 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.

Diane Bitzel

Non-Executive Director

Committees: A R

Skills and experience

Diane Bitzel was appointed as a BSI Board Advisor in July 2024 and subsequently as a Non-Executive Director in September 2024. Diane has considerable global management experience, particularly in the areas of Digital and IT strategies, IT Operations, digital transformations and business process management. Since 2021, Diane has served as Chief Digital and Information Officer for Vodafone Group plc. Previously, Diane was Group Chief Information Officer for Intertek plc, the FTSE 100 testing, inspection and certification company, and she has served as Chief Information Officer for global life science and food companies, including Syngenta AG, Apetito AG and Lonza Group. Prior to those roles, Diane was a senior leader in management consulting for organizations including Capgemini.

Other appointments

None

Tim Livett

Non-Executive Director

Committees: A N R

Skills and experience

Tim was formerly the Chief Financial Officer at Caledonia Investments plc, a FTSE 250 company. Prior to this role he was Chief Financial Officer at Wellcome Trust, the global charitable trust focused on health research, and at Virgin Atlantic Limited. Tim is a Non-Executive Director of Worldwide Healthcare Trust plc and of Oxford University Endowment Management, plus a Trustee of Babraham Institute and also of Shell Foundation; he chairs the respective Audit and Risk Committees of these institutions. He has an extensive and broad financial background covering commercial businesses, investments and charitable activity.

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. He is an appointed trustee of the Shell Foundation.

Board of Directors continued

Committee membership

- Committee Chair
- (A) Audit Committee
- (N) Nominations Committee
- (S) Sustainability Committee
- (R) Remuneration Committee

Robert MacLeod
Non-Executive Director
(Senior Independent Director)
Committees: (R) (A) (N)

Skills and experience

Robert MacLeod joined the Board as Non-Executive Director in March 2024. He was the CEO of FTSE 250 international chemicals company, Johnson Matthey. Previously, he was 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 Audit and Risk Committee Chair and Non-Executive Director of Balfour Beatty plc. Robert is a Non-Executive Member of the Defence Science and Technology Laboratory (DSTL) Board and the Chair of its Audit, Risk and Assurance Committee.

Alison Wood
Board Advisor
Committees: (N)

Skills and experience

In September 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.

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, applies the Financial Reporting Council (FRC) UK Corporate Governance Code (the Code), a globally recognized framework representing best practice in corporate governance.

In this Corporate Governance Report, information is provided on how BSI has applied the principles and provisions of the 2018 Code. The Board and its Committees have also considered any impacts of changes under the 2024 Code, ahead of reporting for the year ending 31 December 2025. Both the 2018 and 2024 Code are available on the FRC's website.

Code compliance statement

As BSI is a Royal Charter company without shares or shareholders, a number of the provisions of the Code cannot be directly applied.

However, the Board believes that BSI has appropriately followed all of the principles and provisions of the 2018 Code throughout 2024, except in relation to the composition and Chair of the Remuneration Committee. Further information on this is provided in the Report of the Remuneration Committee on page 88.

Board leadership

The role of the Board

The Board is the governing body of BSI. It sets the organization's strategy and oversees its long-term sustainable success. It monitors how BSI satisfies its obligations to its various stakeholders, and ensures BSI fulfils its public interest responsibility according to BSI's Royal Charter. The Board oversees BSI's culture to ensure alignment with the Group's objectives, values and strategy. It also oversees a framework of internal controls to ensure that Principal Risks are assessed and managed.

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

The schedule of matters reserved and Committee terms of reference are reviewed annually and updated as required in accordance with best practice or operational changes.

The Governance Structure diagram on page 68 provides further information on the role of the Board and its Committees.

Board balance and independence

The Board, with support from the Nominations Committee, ensures that it maintains an appropriate balance of skills, knowledge and experience for both the current and future state of BSI. The Board has determined that the Chairman was independent on his appointment and considers that all of the Non-Executive Directors are 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. In following this requirement through 2024, BSI has also remained compliant with the requirements of the Code, whereby at least half of the Board shall comprise Non-Executive Directors.

The Senior Independent Director meets regularly with the other Non-Executive Directors without the Chairman being present. Ian Lobley was Senior Independent Director until he stepped down from the Board on 31 January 2025. The Board determined that Robert MacLeod was an appropriate successor as Senior Independent Director.

Board meetings

Six scheduled meetings of the Board were held during 2024. In addition, the Board attended an annual strategy review meeting and a showcase hosted by Divisional colleagues with members of the Group Leadership Team, the Annual General Meeting and a number of showcase events hosted by BSI colleagues. There were also ad hoc meetings of the Board and appointed sub-committees held during 2024 to consider specific matters.

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 asked to 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 invited to attend Board meetings to provide regular updates or present on specific matters. Private meetings of the Non-Executive Directors are also scheduled through the year to allow the Non-Executive Directors to discuss relevant matters.

Corporate Governance Report continued

	Board	Audit & Risk	Nominations	Remunerations	Sustainability
Chairman					
John Hirst CBE	6/6	–	3/3	–	4/4
Executive Directors					
Susan Taylor Martin	6/6	–	3/3	–	4/4
Sara Dickinson	6/6	–	–	–	–
Dr Scott Steedman CBE	6/6	–	–	–	4/4
Non-Executive Directors					
Dr Diane Bitzel*	2/2	1/1	–	1/1	–
Dame Polly Courtice	6/6	–	3/3	–	4/4
Douglas Hurt*	5/5	4/4	2/2	2/2	–
Tim Livett	6/6	5/5	3/3	2/3	–
Ian Lobley	6/6	5/5	2/3	–	4/4
Robert MacLeod*	4/5	3/4	3/3	2/2	–
Dr Stephen Page*	4/4	–	2/2	1/1	2/2
Board Advisor					
Alison Wood	6/6	2/3	1/3	1/1	–

* Where a Director joined or stood down from the Board or its Committees during the year, only the number of meetings following appointment or before standing down are shown.

Re-election of Directors

In accordance with the Company's Bye-laws, 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 Directors subject to re-election and rotation at the 2025 Annual General Meeting can be found on page 100.

Board effectiveness

Board evaluation

An evaluation process is carried out annually to enable an ongoing assessment of the effectiveness of the Board and each Board Committee and identify any areas for improvement. The review was facilitated externally in 2023 and the Board agreed that, in accordance with the Code, it was appropriate for the review to be carried out internally in 2024.

Overall, the 2024 review concluded that the Board and each of the Committees had operated effectively throughout the year. As part of the review, Directors provided feedback on areas where improvements could be made. This included where Board reporting could be strengthened, where additional topics could be included in the annual patterns of work and where there could be greater efficiency in the division of responsibilities between the Board and its Committees. The Company Secretary has discussed this feedback with the Chairs of the Board and each Committee, and action plans have been agreed.

Corporate Governance Report continued

Board induction and training

On appointment, each new Director participates in an induction programme through which they receive information on BSI's business and the specific obligations it has as a Royal Charter company and the UK National Standards Body. Each Director also meets with members of management in order to understand their roles and the roles of their teams. The induction programme is tailored for each Director, in light of the role they will be undertaking and their own prior knowledge and experience.

As is the case for all employees, each Director is required to complete training on various risk and compliance topics, both on appointment and on an ongoing basis, to ensure they understand BSI's processes and procedures and their individual responsibilities. These topics include BSI's Code of Business Ethics, its policies and procedures on information security and how it mitigates against bribery and corruption risks.

Support and independent advice

The Board is supported by the Company Secretary, who is available to give ongoing advice to individual Directors on Board procedures and corporate governance matters. Each Director may take independent professional advice, if necessary, at the Company's expense.

Directors' conflicts

Each Director is required to give written notice of any situation or transaction which may create a conflict of interest with their role on the BSI Board. Any such situation must be approved by the Board, subject to any conditions which it feels to be appropriate. Each Director also has legal responsibilities to mitigate against personal conflicts of interest.

Internal control and risk management framework

Control framework

The Board has overall responsibility for the continued effectiveness of the Group's internal control framework. The internal control framework addresses operational, compliance, and financial risks. The Group's framework of internal controls 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. The internal control framework has been in place during the year under review and up to the date of approval of the 2024 Annual Report and Financial Statements, and no significant failings or weaknesses have been identified.

The Board has delegated oversight of BSI's risk management framework to the Audit and Risk Committee. The Audit and Risk Committee regularly reviews the Company's Principal Risks and its internal controls, and provides updates to the Board.

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 across the Group. It is the Group Risk Committee's responsibility to focus and coordinate risk management activities throughout the Group to facilitate the appropriate identification, evaluation, mitigation and management of all key business risks. The activities of the Group Risk Committee are reported to the Audit and Risk Committee by the Head of Internal Audit and Risk.

Underpinning the Group Risk Management Framework is the BSI Code of Business Ethics. 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. The Audit and Risk Committee oversees the annual Letter of Assurance exercise through which members of the Group Leadership Team and other key Divisional and functional leaders provide individual declarations of the effectiveness of business controls and of their ongoing commitment to ethical working practices.

Further information on the risk management processes, the Principal Risks the Group faced during the year and the steps taken to mitigate these risks is provided in the Risk Management report on page 59.

Stakeholder engagement

The Board oversees effective engagement with BSI's key stakeholder groups, in order that their views can be considered in its decision making. Further information on BSI's engagement with its key stakeholders is provided in the Stakeholder Engagement report on page 32. Information on how the views of these stakeholders have been considered by the Board in its key decisions in 2024 is provided in the Board Activities report on page 76.

By order of the Board

John Hirst CBE
Chairman
28 March 2025

Board Activities

The Board of Directors confirm that during the year ended 31 December 2024 they have discharged their duties to act in a way that they believe promotes BSI's long-term success, whilst having regard to the matters set out in Section 172 of the Companies Act 2006. Further information is provided in this report on how these duties have been discharged by the Board in its decision making in 2024.

The Board is responsible for ensuring that the principal decisions it takes promote BSI's long-term success for its members as a whole and have regard to the matters set out in Section 172 of the Companies Act 2006. Section 172 states that:

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term,

(b) the interests of the company's employees,

(c) the need to foster the company's business relationships with suppliers, customers and others,

(d) the impact of the company's operations on the community and the environment,

(e) the desirability of the company maintaining a reputation for high standards of business conduct, and

(f) the need to act fairly as between members of the company.

The Board has determined BSI's key stakeholder groups to be the UK Government; its Subscribing Members; consumers, civil society and UK industry; Standards Developing Organizations; Standard-Makers and Committee Members; our clients; Accreditation Bodies and Competent Authorities; and our colleagues. How BSI engages with these stakeholder groups and how the views of these stakeholders are communicated to the Board to support its decision making are described in the Stakeholder Engagement report on page 32.

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

Key Board decisions in 2024

Approval of Long-Range Plan and Annual Financial Plan For 2025

A key role of the Board is to annually review and approve BSI's Long-Range Plan and the Annual Financial Plan for the forthcoming year. Prior to formally approving the Long-Range Plan and 2025 Annual Financial Plan at its December 2024 meeting, the Board and members of the Group Leadership Team (GLT) attended a strategy day in June to carry out a deep dive review across key elements of BSI's strategy and debate how the business should be best able to position itself for the future. All Board members also attended an in-person event at the Group's head office at which members of the BSI team were able to showcase their work and discuss how this supports BSI's strategy.

Both the strategy day and showcase event helped the Board in its ability to review and challenge the GLT's assumptions in the proposed Long-Term and Annual Financial Plans and understand the Principal Risks to their delivery. The Board's reviews of the Long-Term and Annual Financial Plans took place at its scheduled meetings in September and December, and also at a further ad hoc meeting in November. In approving these plans, the Board carefully considered BSI's sustainable success for the benefit of all of its key stakeholder groups.

Oversight of change and transformation work

At each of its meetings in 2024 and 2025, the Board reviewed the progress of change and transformation work. This represents a key programme of work to help support BSI in the strong delivery of its strategy. The change and transformation programme has day-to-day governance through the Strategy & Transformation team. The Chief Strategy & Transformation Officer attends each Board meeting to provide an update. The Board considers performance indicators to enable it to assess levels of progress and expenditure and monitor the delivery of the intended benefits for all stakeholders.

The Remuneration Committee determined that performance metrics linked to the change and transformation work should be included in the incentive framework for the Annual Bonus Plan and Long Term Incentive Plan awards made in 2025. More information on this is contained in the Directors' Remuneration Report on page 92.

Board Activities continued





Overseeing the delivery of BSI's purpose and maximizing its impact

The Board plays a vital role in ensuring that BSI delivers its purpose as a Royal Charter company to serve the public interest and maximize its impact towards a fair society and sustainable world. The Board has asked the Sustainability Committee to assess how BSI can best monitor the impact that it has on its stakeholders, and received updates on the findings throughout 2024. BSI is also committed to becoming its own best case study in sustainability, and the Sustainability Committee oversees BSI's sustainability strategy and its performance against this strategy. Further information is contained in the Sustainability Committee report on page 86.

In 2024, the Board approved the move of the Group's head office in 2025 to a new site in central London. A key consideration for the Board in choosing an appropriate site was to ensure it would have strong sustainability credentials in both its fit-out and operation. Further information will be provided in the 2025 Annual Report. The Board gives its thanks to its neighbours and the local community around its current Chiswick head office location, and looks forward to welcoming our stakeholders to the new head office later in 2025.

Approving changes to Membership subscriptions

The Board reviewed the Membership proposition in 2024 and approved that Membership annual fees would be increased in line with inflation, except for fees to small and medium-sized enterprises (SMEs) in membership bands 0, 1 and 2 which would be unchanged for 2024.

The overall Membership proposition reflects the Board's commitment to all of its Members. The decision to maintain fee levels to smaller businesses reflects the Board's desire to provide them with the best support, particularly in light of the challenging economic environment in recent years.

Supporting the workforce

The Board is committed to BSI being able to attract and retain the best talent to operate and grow the business across its countries and areas of operation. In 2024, the Board reviewed BSI's 'employee value proposition' to ensure that it remains as strong as possible to support the Company in the delivery of its purpose and is best aligned to the expectations of a modern, diverse workforce.

Further information on what we consider as being unique to working at BSI is found in the report from BSI's Chief People Officer on page 30.

Approving the appointment of new Directors

The Board is committed to ensuring that it has the right composition and skills to support BSI now and in the future. The skills needed from the Board as a whole to support BSI were considered by the Nominations Committee when recommending to the Board new Directors to be appointed in 2024 and 2025. Further information is provided in the Nominations Committee report on page 84.

Report of the Audit and Risk Committee

Tim Livett
Chair of the Audit and Risk Committee

Biography on page 71

During the year, a key task of the Committee was to oversee the transition of the Group's external auditor.

The Audit and Risk Committee (the Committee) has responsibility for overseeing the integrity of the Group's external financial reporting, in compliance with laws and regulations, and ensuring the continued adequacy and effectiveness of the Group's internal control and risk management systems. I am pleased to give my first report as Committee Chair, having commenced in the role in June 2024. I would like to thank my predecessor, Douglas Hurt, for his expertise and dedication in carrying out the role of Committee chair since 2018.

Information on the Committee's main activities in 2024 is provided later in this report. A particular highlight has been the transition of external auditor from PricewaterhouseCoopers LLP (PwC) to Ernst & Young LLP (EY), following the re-tender process carried out in 2023. On behalf of the Committee, I would like to thank both the EY and BSI teams for their strong engagement during the transition, and I would also like to thank PwC for their support as BSI's auditors.

Committee membership

During the year ended 31 December 2024 the Committee comprised:

Douglas Hurt (Chair to 1 June 2024; Committee member to 30 September 2024)

Tim Livett (Chair from 1 June 2024)

Dr Diane Bitzel (from 19 September 2024)

Ian Lobley*

Robert MacLeod (from 1 March 2024)

Alison Wood (to 31 August 2024)

* Ian Lobley subsequently resigned from the Board and the Committee on 31 January 2025.

The last year has seen a number of other changes to the Committee's composition, reflecting changes to the BSI Board. Robert MacLeod and Diane Bitzel were appointed to the Committee during 2024, and bring strong and relevant experience to the Committee. Robert has extensive finance experience from his senior executive finance and leadership roles. Diane brings strategic information systems and data management experience from her previous and current executive roles.

In determining the composition of the Committee, the Nominations Committee has recommended to the Board Non-Executive Directors who bring an independent mindset to their roles as well as the necessary range of skills, experience and knowledge. Of its current membership, both Tim Livett and Robert MacLeod have recent and relevant financial experience through their previous executive roles. Through members' prior business experiences, the Committee as a whole is deemed to have relevant competence in the sector in which the Company operates.

The biographies of Committee members can be viewed on pages 71 to 72.

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

Report of the Audit and Risk Committee continued

Key responsibilities of the Committee

The Committee's terms of reference can be viewed on the BSI website, and are summarized below.

- Monitoring the integrity of the financial statements of the Company and the Group, including consideration of the appropriateness and consistency 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;
- Monitoring the work and effectiveness of the internal audit function and reviewing and approving the internal audit plan;
- Reviewing procedures for detecting fraud, and systems and controls for the prevention of fraud and bribery;
- Reviewing the Company's internal controls and risk management systems. This includes evaluating procedures for detecting fraud and assessing the effectiveness of systems and controls designed to prevent fraud, bribery and corruption;
- Overseeing the relationship with the external auditors, including approving their remuneration and terms of engagement, agreeing the scope of the audit work, assessing the effectiveness of the audit process, monitoring the external auditor's independence, including overseeing the Company's policy on non-audit services from the external auditors, and making recommendations to the Board about the appointment, reappointment and removal of the external auditor;
- Overseeing the effectiveness of the Company's risk management framework to enable a robust assessment of principal risks, monitoring the Company's exposures to Principal Risks and ensuring effectiveness of internal control systems to appropriately manage these risks to within Board agreed tolerances; and
- Reviewing the work of the Company's Compliance & Ethics function, including overseeing the whistleblowing arrangements and receiving reports of concerns raised and the effectiveness of actions taken, and reviewing the annual 'Letter of Assurance' exercise on the effectiveness of business controls and commitment to ethical working practices.

Activities of the Committee in 2024

There is an annual pattern of work in place to ensure that all necessary matters are addressed by the Committee. Key activities of the Committee in 2024 are outlined below:

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
- whether the 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.

Further detail on key areas of activity is covered in the following sections. During the year, the Committee recommended to the Board for its approval the Annual Report and the consolidated and parent company financial statements, having reviewed and approved the key accounting judgements, going concern and viability assessments and the disclosures made in the various reports. The Committee advised the Board that the Annual Report, taken as a whole, was fair, balanced and understandable and provided the information necessary to assess the Group's 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 2024 Annual Report to the Board are summarized over.

Report of the Audit and Risk Committee continued

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.

As part of the annual impairment review of goodwill and acquired intangible assets, the Committee reviewed the potential indicators of impairment and gained an understanding of the headroom between the value-in-use and the carrying value for each cash generating unit (CGU). Due to the in-year performance of the Environment, Health, Safety, Sustainability and Security (EH3S) and Digital Trust Consulting (DTC) CGUs and the revised future forecast cash flows of these CGUs, there were impairments of £19.6m on the goodwill attributed to these CGUs.

The Committee reviewed and challenged the basis of the estimates used in deriving future cash flows, discount rates applied and the value-in-use calculation. The Committee also examined the sensitivities applied, including reasonably possible changes, that could lead to a material adjustment to goodwill in the next financial year. Additionally, the Committee challenged whether any reliable information existed over fair value less costs of disposal.

After significant discussions with management and the external auditors, the Committee agreed with management's impairment of goodwill and the associated disclosures in the financial statements. The Committee also agreed with management's assessment that the value-in-use remained the appropriate basis for the calculation of the recoverable amount of the CGUs.

Retirement benefit surplus

BSI operates a funded defined benefit pension scheme in the UK, administered by an independent trustee. As at 31 December 2024, the scheme had assets and liabilities of £274.7m and £268.7m 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 2024, the scheme had a surplus of £6.0m (31 December 2023: surplus £11.3m). 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 EY'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).

After discussion with management and the external auditors, the Committee agreed that, although the scheme remains in surplus, management would cease recognizing the economic benefit from a refund of the surplus upon the plan's eventual settlement, after all liabilities have been extinguished, due to the absence of an unconditional right of return. The Committee agreed that this change should be recognized prospectively and that amounts involved were not considered qualitatively material to the users of the financial statements.

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 2024, BSI is recognizing a net excess of deferred tax assets over deferred tax liabilities of £0.2m (31 December 2023: net excess of deferred tax assets over deferred tax liabilities of £7.9m). BSI is not recognizing deferred tax assets of £2.1m in respect of losses. 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 2024, an increase in the provision for uncertain tax positions has been recognized in the financial statements in the amount of £7.6m (31 December 2023: £6.3m). 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.

Report of the Audit and Risk Committee continued

Following discussions with management and the external auditor, the Committee approved the disclosures required in the 2024 Annual Report and Financial Statements.

Going concern statement and viability statement

The Committee considered BSI's going concern and viability statement. The Committee reviewed and approved the stress testing scenarios to be used in the viability assessment 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 2024 going concern statement and the 2024 viability statement are contained within the Directors' report on pages 100 to 101.

Fair, balanced and understandable

The Committee reviewed drafts of the 2024 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 determined that the 2024 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 2024 Annual Report and Financial Statements.

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 page 75.

The Committee assists the Board in overseeing the internal control system, with support from BSI's Internal Audit and Risk function, BSI's Compliance and Ethics function and the external auditors during the course of their audit. The Committee was updated on work to further develop and mature the internal control framework, in preparedness for requirements under Provision 29 of the 2024 Corporate Governance Code, which come into force in 2026, whereby boards will be required to provide a declaration of the effectiveness of material controls. This work will continue in 2025.

The Committee also reviewed key Group Finance activities during 2024. An update was provided on treasury activity, with a focus on effective operation of treasury policies and improvements to global cash pooling arrangements. The Group Tax Strategy was reviewed, providing comfort that it continues to be operated responsibly and in compliance with the laws and regulations of the countries in which the Group operates. The Committee also received regular updates on the transformation programme for the Finance function, with a focus on driving efficiency and service to the business, whilst ensuring an appropriate control environment.

In 2024, 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 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.

Whistleblowing and prevention of fraud and bribery

On behalf of the Board, the Committee ensures the adequacy of the Group's whistleblowing arrangements and ensured that, where appropriate, the necessary investigations and corrective actions took place.

A key aspect of the Group's internal control framework is to mitigate the risk of fraud, and this is a key focus area for the Committee. At each meeting of the Committee, the Head of Compliance & Ethics reports on any incidence of non-compliance with the Group's systems and controls for preventing and detecting fraud and bribery. 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.

Report of the Audit and Risk Committee continued

Internal audit

Throughout 2024, 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 2024, a total of 22 audit assignments were undertaken (27 in 2023), with a number of audits being delayed to 2025 to align with business activity.

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 Chief Financial Officer and 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. The Committee approved the 2025 Internal Audit plan. 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.

During 2024, the Committee oversaw a periodic external quality assessment (EQA) of BSI's internal audit function, which was carried out by the Chartered Institute of Internal Auditors. Overall, the EQA concluded that the function was effective and was operating to a high level of maturity against the International Professional Practices Framework.

Supported by the findings of the EQA, the Committee considered the work of the Internal Audit function during 2024, including progress against the 2024 Internal Audit plan and 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 BSI'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. The Committee undertook its annual review of the Group's risk management framework, recommending to the Board the Group's Principal Risks and monitoring of these risks through key risk indicators approved by the Committee.

Details of BSI's risk management processes, Principal Risks and mitigating actions are provided in the Risk Management report on page 59. The Committee believes that the Group's process for identifying and understanding its principal risks and uncertainties remains robust and appropriate.

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.

The Committee reviewed the work of the external auditor in relation to the 2023 and 2024 year ends, including the audit plan, the key audit risks, and the auditor's assessment of the Group's key accounting judgements and disclosures, alongside overseeing the transition of external auditor from PricewaterhouseCoopers LLP (PwC) to Ernst & Young LLP (EY).

Audit tender

The Committee undertook a re-tender exercise in 2023 and selected EY as external auditors for appointment in 2024.

Report of the Audit and Risk Committee continued

2024 audit plan

EY's 2024 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. EY 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 EY on a number of occasions to monitor the progress of the audit and address questions that arose.

The Committee held meetings with EY without management being present and EY 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 EY on page 105 includes EY'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 and materiality levels applied by EY 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 £3.2m (2023: £2.9m); this is based on 5% of profit before tax for the year ended 2024 after adding back exceptional costs. Any misstatement at or above £0.16m (2023: £0.30m) was reported to 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.

External auditors' effectiveness

The Committee reviews and monitors the effectiveness of the external audit process on an annual basis. Overall, the Committee concluded that PwC and EY had provided effective, independent and objective audits for 2023 and 2024.

Non-audit services

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.

In addition to its work as external auditor, EY has supported BSI in the provision of limited assurance of 2024 greenhouse gas emissions data. The Committee was comfortable that EY could carry out this work as it is in accordance with the FRC Revised Ethical Standard and is in line with current market practice.

The fees paid to the external auditors for audit and non-audit work are set out in Note 6 to the financial statements.

Key tasks for 2025

In addition to carrying out its normal tasks, in 2025 the Committee will focus on two major areas of development. Firstly, the Committee will continue to oversee work to ensure BSI's preparedness for the requirements which come into force in 2026 under Provision 29 of the 2024 Corporate Governance Code, whereby boards will be required to provide a declaration of the effectiveness of material controls.

Secondly, the Committee will play an active role in overseeing the development and implementation of a new ERP system, which will replace the majority of the existing financial systems, ensuring that there is a strong focus on managing risk through the implementation and that the new solution delivers a robust control environment for the business.

Tim Livett
Chair of the Audit and Risk Committee
28 March 2025

Report of the Nominations Committee

John Hirst
Chair of the Nominations Committee

Biography on page 70

Since the last report, the Committee has overseen a number of director changes. In recommending appointments to the Board, the Committee considers the current and future capabilities required to deliver BSI's purpose and strategy.

The Nominations Committee (the Committee) plays an important role in overseeing the leadership needs of the organization. This includes ensuring effective succession planning for the Board and Group Leadership Team (GLT), and managing the process for recommending to the Board the appointment of new Directors. To carry out its role effectively, the Committee must understand BSI's purpose and strategy and the current and future capabilities of the Board and GLT.

Stephen Page and Douglas Hurt both reached nine years of service as Directors in 2024 and stepped down from the BSI Board on 31 August 2024 and 30 September 2024 respectively. As reported in the 2023 Annual Report, Tim Livett and Robert MacLeod were appointed as Non-Executive Directors of the Company with effect from 1 January 2024 and 1 March 2024 respectively. Diane Bitzel was also appointed as a Board Advisor on 1 July 2024 and subsequently as a Non-Executive Director on 1 September 2024.

Since the year end, Ian Lobley stood down as Senior Independent Director on 31 January 2025 and Sara Dickinson stood down as Chief Financial Officer on 14 February 2025. Robert MacLeod has taken the role of Senior Independent Director and Amanda Radford, formerly Deputy Chief Financial Officer, has moved into the role of Acting Chief Financial Officer.

In recommending to the Board each appointment, the Committee considered the skills and experiences required of the Board and each Committee as a whole. Further information on the Committee's processes around Board appointments is contained later in this report.

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 2024 the Committee comprised:

John Hirst CBE (Chair)
Dame Polly Courtice
Douglas Hurt (to 30 September 2024)
Ian Lobley
Tim Livett
Robert MacLeod (from 1 March 2024)
Dr Stephen Page (to 31 August 2024)
Susan Taylor Martin
Alison Wood (Board Advisor)

Key responsibilities of the Committee

The key responsibilities of the Committee, as set out in its terms of reference, are to:

- review the Board's structure, size and composition, and ensure it has the appropriate balance of skills, knowledge, experience and diversity;
- oversee succession planning for the Board and other senior executives, taking into account the challenges and opportunities facing the Company now and in the future;
- review the leadership needs of the organization, both Executive and Non-Executive members; and
- be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.

The Committee's full terms of reference are available to view at bsigroup.com. An annual work plan is in place to ensure that the responsibilities of the Committee are addressed.

Report of the Nominations Committee continued

Activities of the Committee

During 2024, the main activities of the Committee included:

- assessing candidates to fill Board vacancies and making recommendations to the Board for the appointment of Diane Bitzel;
- recommending to the Board the appointment of Tim Livett as Chair of the Audit and Risk Committee, to replace Douglas Hurt;
- recommending to the Board that Robert MacLeod be appointed Chair of the Remuneration Committee on 1 June 2024, to replace Alison Wood. Alison stepped down as a Non-Executive Director in August 2023, but has continued as a Board Advisor. She continued to act as Chair of the Remuneration Committee until the appointment of Robert MacLeod;
- considering and recommending to the Board appointments to Board Committees in light of the Director changes. This included considering who should replace Stephen Page as the Board appointee on the Standards Policy and Strategy Committee (SPSC). To support individual Non-Executive Directors in gaining a better understanding of the important work of the SPSC, the Committee determined that each Non-Executive Director would attend SPSC meetings by rotation and that a permanent appointment would be made during 2025;
- determining the Directors to be proposed for re-election by rotation at the Annual General Meeting, in accordance with BSI's Bye-laws;
- approving the annual re-election of the Chairman, in accordance with BSI's Bye-laws; and
- reviewing the succession planning arrangements in place for the Board and GLT.

Director recruitment

In 2024 and 2025, the Committee carried out selection processes for new Non-Executive Directors and for a new Chief Financial Officer. The Committee worked with Heidrick & Struggles, Spencer Stuart and Russell Reynolds Associates for support with identifying candidates for these appointments, none of whom has any other connection with BSI or individual Directors.

For each selection process, the Committee required that longlists of suitable candidates be provided and that such candidates come from diverse personal and business backgrounds. Shortlists of candidates were then put forward by the Committee to be interviewed by Directors and members of the GLT. Recommended candidates were then proposed to the Board by the Committee. The Board agreed to the recommendations of the Committee, appointing Diane Bitzel as Board Advisor on 1 July 2024 and subsequently as a Non-Executive Director on 1 September 2024. Diane was deemed to be independent on appointment.

Succession planning

The Committee carried out its annual 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.

Diversity

BSI Group seeks to create an inclusive environment that reflects the many locations and cultures in which it operates. BSI recognizes that having a diverse workplace promotes a positive working environment and supports the delivery of its strategy. BSI has in place a Group Equality & Diversity Policy to record and communicate its commitments in this area, which the Committee follows when carrying out selection processes for new Directors.

As reported, the Committee requires long lists of candidates from diverse backgrounds when considering any new Board appointments. As at the date of this report, the Board consisted of four males and three females. The Board does not currently include anyone from a minority ethnic background.

Key tasks for 2025

In addition to carrying out its normal tasks, in 2025 the Committee will also seek to conclude the selection process for a new Chief Financial Officer.

John Hirst
Chair of the Nominations Committee
28 March 2025

Report of the Sustainability Committee

Dame Polly Courtice
Chair of the Sustainability Committee

Biography on page 71

The Sustainability Committee oversees the sustainability strategy and steps taken by BSI in relation to its own operations and service provisions. It also monitors the work undertaken across the BSI Group in helping its stakeholders in making positive impacts.

The Sustainability Committee (the Committee) oversees the governance of sustainability at BSI. It reviews and challenges the Group's sustainability strategy, policies and practices in relation to its own operations. It also reviews how BSI can best support its stakeholders in delivering their own impacts towards a fair society and sustainable world. 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 BSI's approach to the key sustainability elements of BSI's strategy:

- climate stability, carbon and energy transition;
- natural resources security and ecosystem health; and
- fair society: basic needs, wellbeing and decent work.

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 2024, the Committee comprised:

Dame Polly Courtice (Chair)
John Hirst CBE
Ian Lobley
Dr Stephen Page (to 31 August 2024)
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 of the Committee

The key responsibilities of the Committee, as set out in its terms of reference, are to:

- review and challenge the Group's sustainability strategy, policies, services and practices, acting as a champion for sustainability to the Board and encouraging it to raise its level of sustainability ambition;
- advise the Board on major and future sustainability trends, making recommendations on what is relevant to BSI;
- review and challenge performance against agreed sustainability targets and KPIs from data and information supplied from within the Group;
- review and challenge how BSI is managing its ESG risks and how it is meeting its external ESG regulatory reporting requirements;
- review the Group's key sustainability and ESG policies, and compliance with these policies;
- oversee charitable donations made by the Group; and
- review and recommend to the Board for its approval the sustainability elements of the Group's Annual Report and Financial Statements.

Report of the Sustainability Committee continued

Activities of the Committee

During 2024, the main activities of the Committee included:

- carrying out detailed reviews of work to assess BSI's overall impact to its stakeholders and broader society;
- assessing the overall impact of BSI's work across all of its operations internally and externally, and will help prioritize future activities. Examples include:
  - reviewing BSI's greenhouse gas emissions for 2023, and approving 2024 targets;
  - reviewing BSI's overall performance in relation to water, waste and ecosystem management biodiversity and consideration and approval of targeted plans in consideration of external benchmarking; and
  - reviewing BSI's approach to driving equity, diversity and inclusion and supporting the mental health of the workforce;
- reviewing work to assess BSI's overall impact in the key sustainability elements of BSI's strategy, namely climate stability and energy transition, resource security and ecosystem health, and fair society; reviewing the policies and practices in place to seek to ensure that all of BSI's suppliers act fairly and ethically and in compliance with applicable laws and regulations, including the Modern Slavery Act 2015 and BS 25700. This has included approving the adoption of a new Supplier Code of Conduct applicable to all third parties providing goods and services to BSI;
- overseeing a 'sustainability showcase' event held at BSI's Milton Keynes office in September to enable teams across BSI to present the work they are doing on sustainability;
- reflecting on key market sustainability trends, including changes to reporting requirements and how they will impact both BSI and its stakeholders;
- overseeing BSI's charitable donations under its Global Giving Programme. More information on BSI's charitable donations is provided later in this report;
- reviewing and recommending to the Board updates to BSI's Modern Slavery and Human Trafficking Statement (the Statement), in particular to reflect how human rights considerations are addressed in BSI's client risk and acceptance procedures. The Statement is available to view on the BSI Group website;
- reviewing and recommending to the Board sustainability reports for inclusion in the 2023 Annual Report & Financial Statements; and
- approving the Committee's annual pattern of work for 2024 and changes to its terms of reference, including in consideration of the findings from the Committee's 2024 evaluation review.

Charitable donations

The Committee oversees charitable donations made by the Group under its Global Giving Programme. Further information on the Programme and its impacts can be found in the Operational Sustainability report on page 36.

Key tasks for 2025

In addition to carrying out its normal tasks in 2025, the Committee will continue its work in reviewing how BSI assesses and maximizes its impact to support its stakeholders and broader society.

Dame Polly Courtice

Chair of the Sustainability Committee
28 March 2025

Report of the Remuneration Committee

Robert MacLeod
Chair of the Remuneration Committee

Biography on page 72

The Remuneration Committee oversees the setting and implementation of BSI's remuneration policy to support in the delivery of its purpose in line with best practice.

The Remuneration Committee (the Committee) plays a key role by overseeing an appropriate remuneration policy to support BSI in its sustainable success. The Committee recognizes that BSI operates in a competitive business environment and must be able to attract, retain, and motivate Executive Directors, senior leaders and an overall workforce with the necessary skills, experience and behaviours to enable BSI to deliver its strategy and purpose.

The Committee benchmarks executive remuneration and reports on its remuneration in accordance with UK listed company best practice and the UK Corporate Governance Code. In carrying out its work, the Committee maintains oversight over wider workforce remuneration and considers remuneration trends across the organization when setting levels of Executive reward.

Aligning remuneration to the delivery of BSI's purpose

The Committee reviews the Remuneration Policy and its implementation to ensure appropriate alignment with BSI's strategy and the delivery of its purpose. As a result, incentive awards granted in both 2023 and 2024 have included performance conditions aligned to the key themes of Prosperity, People and Planet.

Under its 2024 annual pattern of work, the Committee reviewed the performance framework and specific metrics to be applied to incentive awards for 2025. The Committee revised the weighting of different performance metrics for 2025 awards and introduced performance conditions aligned to the delivery of specific elements of BSI's transformation programme. The strong delivery of this programme is deemed by the Board as an important enabler in supporting BSI and its stakeholders over the longer term.

BSI remains strongly committed to not only supporting its stakeholders towards a sustainable future, but also to being its own best-case study in sustainability. More information on this is provided in the Operational Sustainability report on page 36. The Committee reviewed how People and Planet metrics would be applied to 2025 incentive awards to Executive Directors and Group Leadership Team members and determined that these would be part of individual level objectives. This decision reflected a greater level of maturity in BSIs measurement framework for workforce, client and environmental performance and stability of the associated scores. Further information on how overall performance conditions have been applied in incentive awards to Executive Directors are contained on pages 92 and 93 of this report.

Executive reward outcomes in 2024

Our Prosperity performance is made up of two financial measures: Revenue and Group Profit. During the year, BSI delivered Revenue and Trading Management Operating Profit growth within the agreed performance range.

There were in year headwinds which impacted our ability to fully deliver our financial plan targets. These included unexpected delays to two key regulations affecting delivery in Regulatory Services and challenging market conditions in Consulting Services, consistent with global market trends. Against this, cost savings were delivered across the Company to mitigate the financial impact.

Performance on the People measure of employee engagement was below target, though with a stable score maintained through business transformation and against industry-wide declining scores, the threshold condition was met.

Planet performance is measured by the degree to which the Company reduces Scope 1, 2 and 3 emissions, which with continued focus and commitment we have achieved above-target reductions.

Report of the Remuneration Committee continued

In determining the level of payout under the Executive Director 2024 annual bonus and 2024 and 2023 multi-year deferred cash Long-Term Incentive Plans (LTIPs), the Committee considered BSI's overall performance and other relevant factors. After careful consideration, the Committee decided to exercise positive discretion as a result of the impact on the Group's results of adverse regulatory delays that were beyond BSI's control. The management team significantly mitigated the impact of those delays on the Group's results. However, in consultation with the Board, they determined that it was in the best interest of the long-term potential of BSI to maintain certain investments in resources and other long-term projects, rather than to cut back further to maximize the Group's short-term results.

In recognition of the impact of this decision on the results in the year, the Committee decided to increase the annual bonus payout for the Executive Directors by 30% of target (from 50% to 80% for Susan Taylor Martin (i.e. from 30% to 48% of salary), and 75% to 105% for Scott Steedman (i.e. from 30% to 42% of salary)), and the deferred cash LTIPs by 25% of target (from 55% to 80% for Susan Taylor Martin (i.e. from 12% to 17% of salary) and 80% to 105% for Scott Steedman (i.e. from 11% to 14% of salary)).

Further details are set out on page 92.

The 30% discretionary uplift will be applied to the Group Leadership Team and wider workforce Group annual bonus plans, with the exception of Consulting Services where actual performance against targets will be applied for incentive pay-outs.

The Committee is satisfied that this is an appropriate outcome given the overall performance of the Group and individual contributions of the Executive Directors during 2024.

Our 2022 LTIP was designed as a three-year performance plan. The grants under this plan matured on 31 December 2024 and will be paid in 2025. BSI achieved Revenue, Profit and client satisfaction measures within the agreed performance range. 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 measure was not met. The Committee approved the outcome of LTIP 2022 for the Executive Directors at an overall outturn of 50%. Further details are set out on page 93.

The Committee has reviewed the salaries for the Executive Directors and has approved increases effective from 1 April 2025 aligned to the performance related guidance ranges applied to the wider workforce. Further details are set out on page 95.

Key tasks for 2025

In addition to its normal tasks, in 2025 the Committee will further review the single performance framework as it applies to Annual Bonus Plan and LTIP and assess whether it continues to provide an appropriate framework in setting performance metrics for 2026 awards across both schemes.

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 2024, the Committee comprised:

Alison Wood (Chair to 31 May 2024; Committee member to 31 August 2024)

Robert MacLeod (Committee member from 1 March 2024; Chair from 1 June 2024)

Dr Diane Bitzel (from 19 September 2024)

Douglas Hurt (to 30 September 2024)

Tim Livett

Dr Stephen Page (to 31 August 2024)

John Hirst (Board Chairman) was appointed to the Committee on 23 January 2025. John is considered independent, and hence his appointment to the Committee follows the 2018 UK Corporate Governance Code (the Code).

The following areas where the Committee's composition has not complied with the 2018 Code throughout 2024 are identified:

- Alison Wood, a Board Advisor since stepping down from her role as Non-Executive Director in August 2023, was chair of the Committee until 31 May 2024 and a member of the Committee until 31 August 2024. The Board determined that, although no longer a Non-Executive Director, it was appropriate for Alison to remain on the Committee for part of the year to support the transition to the new Committee chair.
- Robert MacLeod was appointed Committee chair three months after his appointment to the Committee, which is less than the 12-month period set out in the Code. The Board determined this to be appropriate in light of Robert's prior experience, including as the chair of the Remuneration Committee of a FTSE 100 company, and the strong support he would receive from his fellow Committee members and members of BSI's executive management team in carrying out the role of Committee chair.

Report of the Remuneration Committee continued

Key responsibilities of the Committee

The key responsibilities of the Committee, as set out in its terms of reference, are to:

- determine the framework and policy for the remuneration of the Company's Chair, Executive Directors, members of the Group's Leadership Team and, where appropriate, other key staff member, and its continuing appropriateness and relevance, having regard to the remuneration trends across the Group and in other companies, and legal and regulatory requirements;
- within the terms of the Remuneration Policy, determine the total individual remuneration package of each Executive Director, member of the Group Leadership Team and, where appropriate, other key staff member, including entitlement to bonuses and other incentive arrangements;
- approve the design of, and determining targets for, any performance related pay schemes operated by the Group in which Executive Directors and members of the Group's Leadership Team are entitled to participate;
- set targets for awards under the Annual Bonus Plan and LTIP and approving payments made under such schemes based on performance against targets;
- propose changes to the Chairman's fee for approval at the AGM. Changes to the fees for other Non-Executives are determined by the Board (with the Non-Executive Directors not present) on the recommendation of the Chairman and Chief Executive;
- ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company; and
- approve any major changes in employee benefits structures throughout the Company or Group.

The Committee's full terms of reference are available to view at bsigroup.com. An annual work plan is in place to ensure that the responsibilities of the Committee are addressed.

Activities of the Committee

During 2024, the main activities of the Committee were:

- agreeing annual salary increases for the Executive Directors and Group Leadership Team members in line with pay increases applied to the wider workforce;
- approving payments under the 2024 Annual Bonus Plan and 2024 LTIP awards and performance targets;
- approving payouts under the 2021 LTIP based on performance against targets;
- reviewing the single performance framework and performance measures ahead of agreeing changes for the 2025 Annual Bonus Plan and LTIP. The Committee subsequently agreed changes to a number of performance measures and their weighting, and further information is provided on page 92 of the Directors' Remuneration Report;
- reviewing the Remuneration Policy ahead of its application in 2025. Following its review, the Committee determined that the Policy continued to enable the Committee to incentivize Executive Directors in the delivery of BSI's strategy in line with its purpose;
- recommending for approval at the 2024 Annual General Meeting an annual increase to the Chairman's fee in line with pay increases applied to the wider workforce; and
- approving the Directors' remuneration report in the Company's 2023 Annual Report.

When appropriate, the Chairman, Chief Executive, Chief Financial Officer, Chief People Officer, Reward and Performance Director and other Directors have attended Committee meetings during the year. The Committee has retained Willis Towers Watson to provide specialist advice and benchmarking data to support in its decision making when required.

The effectiveness of the Committee's performance was considered as part of the 2024 Board evaluation process reported on page 74. Overall, the Committee was determined to be operating effectively and some minor observations were made from members on areas to further support the Committee's operation.

I would like to note my thanks to those individuals who have served with me on the Committee during 2024 and into 2025, and to the members of BSI executive management for the support they have provided. I look forward to meeting with our Members at the 2025 Annual General Meeting and would be happy to respond to any questions from them on the work of the Remuneration Committee.

Robert MacLeod
Chair of the Remuneration Committee
28 March 2025

Directors’ Remuneration Report

2024 remuneration single figure total (audited information)

	Salaries and fees		Taxable benefits		Pension benefits[1]		Bonus		LTIPs		Total fixed remuneration		Total variable remuneration		Total remuneration	
	Year ended 31 Dec 2024	Year ended 31 Dec 2023	**Year ended 31 Dec 2024**	Year ended 31 Dec 2023	**Year ended 31 Dec 2024**	Year ended 31 Dec 2023	**Year ended 31 Dec 2024**	Year ended 31 Dec 2023	**Year ended 31 Dec 2024**	Year ended 31 Dec 2023	**Year ended 31 Dec 2024**	Year ended 31 Dec 2023	**Year ended 31 Dec 2024**	Year ended 31 Dec 2023	**Year ended 31 Dec 2024**	Year ended 31 Dec -2023
Director	**£’000**	£’000	**£’000**	£’000	**£’000**	£’000	**£’000**	£’000	**£’000**	£’000	**£’000**	£’000	**£’000**	£’000	**£’000**	£’000
Executives																
Susan Taylor Martin	**604**	573	**11**	10	**0**	0	**262**	676	**294**	470	**615**	583	**555**	1,146	**1,170**	1,729
Sara Dickinson	**434**	411	**2**	2	**0**	0	**0**	321	**0**	0	**436**	413	**0**	321	**436**	734
Dr Scott Steedman	**389**	372	**6**	2	**11**	9	**144**	253	**119**	187	**405**	383	**263**	440	**668**	823
	1,427	1,356	**19**	14	**11**	9	**406**	1,250	**413**	657	**1,456**	1,379	**818**	1,907	**2,274**	3,286
Chairman																
John Hirst	**187**	181	**2**	2	**0**	0	**0**	0	**0**	0	**189**	183	**0**	0	**189**	183
Non-Executives																
Dame Polly Courtice	**55**	52	**1**	1	**0**	0	**0**	0	**0**	0	**56**	53	**0**	0	**56**	53
Diane Bitzel	**24**	0	**0**	0	**0**	0	**0**	0	**0**	0	**24**	0	**0**	0	**24**	0
Ian Lobley	**54**	51	**1**	0	**0**	0	**0**	0	**0**	0	**55**	51	**0**	0	**55**	51
Robert MacLeod	**44**	0	**0**	0	**0**	0	**0**	0	**0**	0	**45**	0	**0**	0	**45**	0
Tim Livett	**52**	0	**1**	0	**0**	0	**0**	0	**0**	0	**53**	0	**0**	0	**53**	0
Alison Wood	**51**	36	**2**	4	**0**	0	**0**	0	**0**	0	**53**	40	**0**	0	**53**	40
Douglas Hurt	**39**	52	**1**	0	**0**	0	**0**	0	**0**	0	**39**	52	**0**	0	**39**	52
Dr Stephen Page	**41**	52	**1**	0	**0**	0	**0**	0	**0**	0	**42**	52	**0**	0	**42**	52
Total	**1,974**	1,780	**28**	21	**11**	9	**406**	1,250	**413**	657	**2,012**	1,810	**818**	1,907	**2,830**	3,717

1 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 2024 (2023: none)

Directors' Remuneration Report continued

Discretionary decisions made relating to 2024

The Committee decided to exercise discretion to increase the annual bonus payout for the Executive Directors by 30% of target (from 50% to 80% for Susan Taylor Martin (i.e. from 30% to 48% of salary), and 75% to 105% for Scott Steedman (i.e. from 30% to 42% of salary)), and the deferred cash LTIPs by 25% of target (from 55% to 80% for Susan Taylor Martin (i.e. from 12% to 17% of salary) and 80% to 105% for Scott Steedman (i.e. from 11% to 14% of salary).

Fixed pay

Base salary during 2024

Per annum base salary	**From 1 April 2024**	From 1 April 2023
Susan Taylor Martin	**£545,192**	£514,332
Sara Dickinson	**£387,695**	£365,750
Dr Scott Steedman	**£342,306**	£326,006

Variable pay

Annual bonus for 2024

Annual bonuses for the year ended 31 December 2024 were provided under the Group Annual Bonus Plan to Susan Taylor Martin and Dr Scott Steedman by the Committee, in accordance with the current Policy. Under the Annual Bonus Plan rules, Sara Dickinson was not eligible for a 2024 payment. 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 2024 annual bonuses were determined:

	Proportion of total 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%
Dr Scott Steedman	75%	25%	40%	100%

The target levels set for 2024 were Group Profit of £123m and Group Revenue of £819m 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 2024 was £110m (90% of Group Profit target). Actual Revenue target achieved for 2024 was £780m at budget exchange rates (95% of Revenue target). Under the current annual bonus plan design, Revenue performance is capped at target performance. The threshold target for People was achieved and Planet was above target.

2024 annual bonus targets

Prosperity measures	Threshold	Target	Maximum	Actual 2024
Group Revenue	£737m	£819m	-	£780m
Group Profit	£110m	£123m	£142m	£110m

People measure	Threshold	Target	Maximum	Actual 2024
Group Engagement Score	68%	69%	71%	68%

Planet measure	Threshold	Target	Maximum	Actual 2024
GHG Emissions tCO_2e	17,792	17,015	16,403	15,483

2024 annual bonus payments (unaudited information)

			Breakdown of actual award as a % of salary by performance measure						
	On-target opportunity	Maximum opportunity	Group Profit	Group Revenue	People	Planet	Personal objectives	Total actual award as a %	Total actual award value
Susan Taylor Martin	60%	150%	40%	9%	1%	5%	25%	80%	261,692
Dr Scott Steedman	40%	100%	40%	9%	1%	5%	50%	105%	143,769

Directors' Remuneration Report continued

Long term incentive plans (LTIP)

In 2024 awards were made to the Executive Directors under the LTIP. This was done in accordance with the Policy set-out in the 2023 Directors' Remuneration Report. One third of the maximum award is earned in 2024 based on achievement against 2024 Group prosperity, people and planet targets, and personal objectives. Amounts earned are deferred for payment at the end of the three year performance period, i.e. for the year ended 31 December 2026. Payment of deferred awards is subject to still being employed by BSI as at 31 March 2027. Under the rules of the LTIP, Sara Dickinson's LTIP awards are therefore void and not included in the tables.

Total LTIP awards granted

	LTIP awards granted at maximum			
LTIP awards held	**Awarded 2024**	Awarded 2023	Awarded 2022	Total held
Susan Taylor Martin	**£642,915**	£615,230	£587,500	£1,845,645
Dr Scott Steedman	**£260,805**	£249,574	£238,325	£748,704
End of performance period	**31-Dec-26**	31-Dec-25	31-Dec-24	

LTIP 2023 & LTIP 2024

LTIP	LTIP	Payout Year	Maximum LTIP as a % of salary	Maximum LTIP Value	Performance Period	Deferred paid-out as a % of salary	Deferred paid-out	Total deferred paid-out
Susan Taylor Martin	2023	April 2026	125%	£615,230	2023	37.5%	£184,569	£266,599
					2024	16.7%	£82,030	
					2025	–	–	
	2024	April 2027	125%	£642,915	2024	16.7%	£85,722	£85,722
					2025	–	–	
					2026	–	–	
Dr Scott Steedman	2023	April 2026	80%	£249,574	2023	20.7%	£64,465	£108,141
					2024	14.0%	£43,676	
					2025	–	–	
	2024	April 2027	80%	£260,805	2024	14.0%	£45,641	£45,641
					2025	–	–	
					2026	–	–	

LTIP 2022

The target levels set in 2021 for the 2022 LTIP and achievement against them are presented in the table below. Group Profit for LTIP 2022 is defined as Underlying Operating Profit at Budget exchange rates before the cost of Purposeful Investments and exchange differences arising from centralized funding and Group charges. This is a different definition to the Group Profit measure applied for Annual Bonus 2024.

2022 LTIP targets	Weighting	Threshold	Target	Maximum	Actual 2024	Pay-out
Group Revenue	40%	£738.2m	£820.2m	£902.2m	£757.4	12.3%
Group Profit	20%	£88.6m	£98.4m	£108.2m	£105.7	17.4%
Engagement Score	20%	71%	72%	73%	68%	0%
Client Satisfaction	20%	64%	65%	66%	72%	20%

2022 LTIP payments

2022 LTIP	Salary on 1 Jan 2022	Target LTIP as a % of salary	Target LTIP value	Maximum LTIP as a % of salary	Maximum LTIP value	Actual paid-out as a % of salary	Actual paid-out in 2025
Susan Taylor Martin	£470,000	62.5%	£293,750	125%	£587,500	62.5%	£293,750
Dr Scott Steedman	£297,907	40%	£119,163	80%	£238,325	40.0%	£119,163

Pension contributions

The Company paid the equivalent of 11% of Susan Taylor Martin'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 2024 (2023: Nil).

Payments to past Directors (audited information)

No payments made to past Directors for 2024 performance year.

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.

Directors' Remuneration Report continued

Remuneration of the Chief Executive

Table of historic data (audited information)

Year	Chief Executive	Single figure remuneration total £'000	Annual bonus payout against maximum	LTIP vesting rates against maximum
2024	Susan Taylor Martin	1,171	32%	50%
2023	Susan Taylor Martin	1,729	88%	80%
2022	Susan Taylor Martin	983	59%	–
2021	Susan Taylor Martin (from 20.01.21)	1,238	100%	–
2021	Howard Kerr (to 20.01.21)	121	–	25%
2020	Howard Kerr	1,069	98%	7%
2019	Howard Kerr	792	50%	30%
2018	Howard Kerr	1,043	50%	100%
2017	Howard Kerr	1,156	92%	100%
2016	Howard Kerr	1,151	99%	100%
2015	Howard Kerr	1,119	98%	100%
2014	Howard Kerr	765	95%	–

Chief Executive pay ratio

Year	Method	25th Percentile Pay Ratio	Median Pay Ratio	75th Percentile Pay Ratio
2024	Option B	46.12	32.28	24.59
2023	Option B	27.39	19.84	15.02
2022	Option B	36.24	26.27	19.27

Notes:
2024 median pay for BSI was £54,999.
To calculate the CEO pay ratio, we looked at the most recent hourly rate gender pay gap information, collected at April 2024 and officially reported in April 2025.
Option B has been selected by BSI as the method to review pay data, to determine the total full time equivalent (FTE) employee population remuneration of all BSI's UK employees; rank all those employees based on their total FTE remuneration from low to high; and identify the employees whose remuneration places them at the 25th, 50th (median) and 75th percentile points of this ranking.

Methodologies:
Option A: Calculates the pay of UK employees 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 Board annual fees were as follows:

Role	2024	2023
Chairman's fee	**£188,500**	£183,000
Non-Executive Director base fee	**£48,700**	£46,330
Senior Independent Director, Committee Chair and Board representative fee	**£7,100**	£6,760

As recommended by the Board, the Members agreed at the Annual General Meeting (AGM) on 22 May 2024 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. An increase of 3% was approved for the Chairman's fee, which was lower than the average increase for the BSI UK wider workforce of 5%, positioning the Chairman's fee at the lower quartile for FTSE 250. An increase of 5% was approved for the NED and Committee Chair to position the fees more competitively against lower quartile FTSE 250, without going above the guidance range for the wider workforce.

Remuneration policy 2025

The Directors' remuneration policy is set out in the table below on pages 98 and 99. It applies to remuneration awards made from 1 January 2025 and is set for a period of one year. There are changes to the targets for annual and LTIP's, but no change to quantum. 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
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 CBE	15 October 2018	Chairman
Dame Polly Courtice	1 September 2022	Non-Executive Director
Tim Livett	1 January 2024	Non-Executive Director
Robert McLeod	1 March 2024	Non-Executive Director
Dr Diane Bitzel	1 September 2024	Non-Executive Director

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

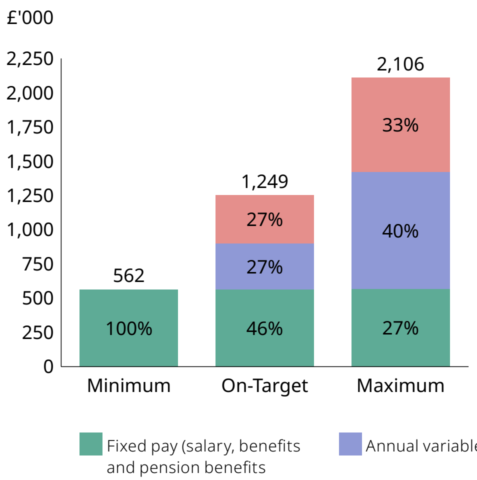
The Company may, at its absolute discretion, terminate the employment of Executive Directors by paying a sum equal to the salary and benefits to which they would have been entitled during their notice period. Alternatively, an individual may be asked to work some or all of the required contractual notice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

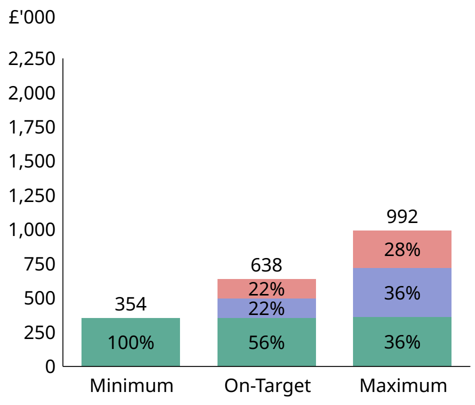
Redundancy payments are made based on the local employment legislation and prevailing terms in force within the Company at that point in time. Compensation for any outstanding bonus payments is determined by reference to the terms of the individual's current bonus letter. Non-Executive Directors have 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 2025

The charts below provide an illustration of what could be received by each Executive Director for 2025, 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 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 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 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 and Scott Steedman as a % of total maximum opportunity.
For the purpose of this illustration pay is based on base salary at 1 April 2025 and actual 2024 benefit and pension amounts; annual bonus awards with potential payment with respect to the 2025 financial year calculated on base salary as at 1 April 2025 and LTIP' based on the 2025 awards potentially vesting for the performance period ending 31 December 2027.

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.

Relative importance of spend on pay

	%	**2024** £m	2023 £m
Colleague expense	3.7	**422.5**	407.4
Revenue	4.1	**757.4**	727.7
Underlying operating profit	7.0	**58.0***	54.2
Headcount	5.7	**6,674**	6,316

* Operating profit is stated after the transformation investment of £44.3m (2023: £37.0m) and an impairment charge in relation to goodwill and acquired intangibles £19.6m (2023: £nil).

Audited information

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

Robert MacLeod
Chair of the Remuneration Committee
28 March 2025

Directors' Remuneration Report continued

Remuneration policy 2025

Element and how it supports long and short-term strategy	Operation and recovery	Maximum value	Performance metrics	Changes from 2024 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.	Not applicable, although overall individual and business performance is considered when setting and reviewing base salary.	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.	Not applicable	None
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.	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 2024 policy
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: EBITDA 50%, Revenue 15%, Transformation 15%, Individual Objectives 20%.	Transformation target added at 15% weighting. People and Planet targets (5% weighting each) removed. Individual Objectives weighting reduced from 25% to 20%.
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: EBITDA 50%, Revenue 15%, Transformation 15%, Individual Objectives 20%.	Transformation target added at 15% weighting. People and Planet targets (5% weighting each) removed. Individual Objectives weighting reduced from 25% to 20%.

Directors' Report

Alex Campbell
Company Secretary

The BSI Board operates and reports in accordance with UK corporate governance best practice.

The Directors submit their report and audited financial statements for the BSI Group for the year ended 31 December 2024.

Strategic Report

The Strategic Report, set out on pages 7 to 65 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;
- environmental, employee and human rights disclosures; and
- engagement with suppliers, customers and other stakeholders, and the impact of this on decision making;

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

In 2024, the Group has capitalized £1.4m 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 67 to 103.

The Board

The members of the Board who held office during 2024 and/or to the date of this report were as follows:

John Hirst CBE
Susan Taylor Martin
Sara Dickinson (resigned 14 February 2025)
Dr Scott Steedman
Dr Diane Bitzel (appointed 1 September 2024)*
Dame Polly Courtice
Douglas Hurt (resigned 30 September 2024)
Tim Livett
Ian Lobley (resigned 31 January 2025)
Robert MacLeod (appointed 1 March 2024)
Dr Stephen Page (resigned 31 August 2024)

* Dr Diane Bitzel was appointed as a Board Advisor on 1 July 2024 and subsequently as a Director on 1 September 2024.

Alison Wood is a Board Advisor. The Company Secretary is Alex Campbell.

More information about the Directors can be found on pages 70 to 72.

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 a new Director, Diane Bitzel will therefore be standing for election at the 2025 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 Susan Taylor Martin and Scott Steedman will be standing for re-election at the 2025 Annual General Meeting.

Annual General Meeting

The 2025 Annual General Meeting (AGM) will be held at 11.30am on Wednesday 21 May 2025 at The Royal Garden Hotel, 2, 24 Kensington High Street, London, W8 4PT, as well as online. The business to be considered at the 2025 AGM is set out in a separate Notice of Meeting dispatched to the members.

Independent auditors

Following approval at the 2024 AGM, Ernst & Young Global Ltd (EY) were appointed as the Group's external auditors. EY has indicated its willingness to continue in office, and a resolution for their reappointment will be proposed at the 2025 AGM.

Directors' Report continued

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.

Colleague engagement

Strong engagement with the workforce is fundamental to the Group's success. Further information on colleague engagement is provided in the Working at BSI report on page 30 and the Stakeholder Engagement report on page 32.

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 (2023: £nil).

Financial instruments

Details of the use and materiality of financial instruments are provided in Notes 4 and 22 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 Executive Directors' employment 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 £225.4m (2023: £191.0m).

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 £6.6m of interest earned on cash reserves. This cash inflow was reduced by capital expenditure, including £4.2m 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 2025 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 2025 to date has been in line with these expectations. While we expect to invest in our discretionary Transformation programme, cash is expected to remain above £200m in 2025 and over the going concern assessment period ending 31March 2026.

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 12 months from the balance sheet date and does not need to raise external funding. A reverse stress test was also modelled 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. The reverse stress test did not take into account any possible mitigating actions available to the Directors.

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 the period through to 31 March 2026, a period of at least 12 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.

Directors' Report continued

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 59 to 65. 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 2025 to 2027 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 (2023: 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; and
- 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.

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 61 to 65
Change in UK regulation or public policy could adversely affect BSI's National Standards Body activities	NSB appointment & obligations
The Regulatory Services business suffers a material device failure and associated loss of business	Designation compliance, evolving market needs & dynamics, litigation
Our Assurance business suffers a loss of a significant accreditation, leading to suspension in key markets and reputational damage	Accreditation compliance, evolving market needs & dynamics, litigation
Our digital transformation fails to keep pace externally resulting in loss of market share	Change management, evolving market needs & dynamics

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 2027 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 2027.

Directors' Report continued

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and 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.

Other matters disclosed

The following matters are disclosed in the notes to the financial statements:

Financial risk management objectives and policies including credit risk, liquidity risk	Note 4 (page 127)
Details of hedge accounting and derivative financial instruments	Note 4 (page 127)
Details of any overseas branches	Note 28 (page 163)
Recent developments and post balance sheet events	Note 27 (page 162)

By order of the Board

Alex Campbell
Company Secretary
28 March 2025

Financial Statements

Consolidated Financial Statements

Parent Company Financial Statements

Independent Auditor's Report

To the Members of The British Standards Institution

Opinion

In our opinion:

- The British Standards Institution's Group financial statements and parent company financial statements (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 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The British Standards Institution (parent company) and its subsidiaries (Group) for the year ended 31 December 2024 which comprise:

Group	Parent company
Consolidated balance sheet as at 31 December 2024	Balance sheet as at 31 December 2024
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Related notes 1 to 17 to the financial statements including a summary of significant accounting policies
Consolidated statement of changes in equity for the year then ended	
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 28 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 are independent of the Group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit.

Independent Auditor’s Report continued

Conclusions relating to going concern

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. Our evaluation of the Directors’ assessment of the Group and parent company’s ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of management’s going concern assessment process in conjunction with our walkthrough of the Group’s financial statements close process and ensuring that the factors taken into consideration were consistent with our own independent risk assessment.
- Obtaining management’s assessment of going concern, being for a period to 31 March 2026, including the underlying forecast models used in the assessment. For the period assessed, we confirmed that the forecasts used were consistent (for the relevant periods) with the longer term forecasts used in the impairment assessment.
- Considering whether the going concern assessment period was appropriate given the size and nature of the business and whether it captures all relevant events and conditions pertaining to the going concern assumption.
- Challenging the appropriateness of management’s forecasts and consideration of downside sensitivities. This involved:
  - Confirming that the forecasts used were the same as those which were approved by the Board.
  - Challenging the forecasts by comparing key assumptions (including revenue, costs and cash flows) against current business activity.
  - Ensuring that management’s downside scenarios were reflective of the principal risks of the business and had been quantified within the modelling in a sufficient manner.
  - Assessing management’s ability to forecast accurately by reviewing management’s previous assessment’s against actual results.
- Performing our own independent testing procedures, which included:
  - Verifying the cash positions as at 31 December 2024 to bank statements and bank confirmations as appropriate, and the cash position as at 28 February 2025 to the general ledger.
  - Confirming the Company was formed by Royal Charter and thus has no external shareholders or the ability to pay dividends and validating that the Company has no external debt.
  - Testing the clerical accuracy of cash flow calculations and determined through inspection and testing of methodology and calculations that the methods utilised were appropriate to make an assessment for the Group.
  - Evaluating the number of months before cash reserves would be extinguished if the Company sustained current operating expenses with no associated cash inflows.
  - Considering the controllable mitigations to reduce cash outflows if required that are available to the Group.
  - Considering whether there are other potential downsides for the Group which are not modelled in management scenarios and the potential impact of these.
  - Performing an independent reverse stress test to determine the relevant combination of downturn factors during the period under assessment and considering whether this is possible.
- Considering whether any contradictory evidence exists that indicates additional uncertainty in management’s forecast, including reviewing board minutes, press reports and making other enquiries of management. We additionally reviewed external forecasts in relation to the underlying industry verticals and economic forecasts to identify inconsistencies with management’s assessment.
- Reviewing the appropriateness of management’s going concern disclosure in describing the risks associated with its ability to continue to operate as a going concern until 31 March 2026.

Given the Company’s status as a Royal Charter Company (thus no dividends payable), the absence of external debt or related covenants, the amount of cash held both at the balance sheet date and as at 28th February 2025, combined with the absence of any other events or conditions which would cause us to question the going concern assumption, we consider management’s approach to be reasonable. We believe that appropriate scenarios were evaluated and considered, and concur with the conclusion that the reverse stress test position is sufficiently remote.

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 and parent company’s ability to continue as a going concern for a period to 31 March 2026.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group’s ability to continue as a going concern.

Overview of our audit approach

Audit scope	We performed an audit of the complete financial information of nine components and audit procedures on specific balances for a further seven components and central procedures on Cash, Impairment of Group Goodwill and Intangible balances and Parent Company Investments, Defined Benefit Pensions, Equity, Transformation Costs and Intercompany eliminations.
Key audit matters	– Overstatement of revenue recognition as a result of management override. – Impairment of goodwill of the Digital Trust Consulting (DTC) and Environment, Health, Safety, Sustainability and Security (EH3S) CGU’s.
Materiality	– Overall Group materiality of £3.2m which represents 5% of profit before income tax after adding back exceptional costs.

Independent Auditor's Report continued

An overview of the scope of the parent company and Group audits

a. Scoping

Tailoring the scope

This is a first year audit for EY and our audit scoping reflects the requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures, with input from our component auditors, to identify and assess risks of material misstatement of the Group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the Group financial statements, we considered our understanding of the Group and its business environment, the potential impact of climate change, the applicable financial framework, the Group's system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

We determined that centralised audit procedures can be performed on components in the following audit areas

Key audit area on which procedures were performed centrally	Component subject to central procedures
Cash	All components of the Group
Investments	The British Standards Institution (Parent entity)
Goodwill	Consolidated Group
Defined Benefit Pensions	The British Standards Institution (Parent entity)
Equity	Consolidated Group
Transformation Costs	All components of the Group

We then identified nine components as individually relevant to the Group due to materiality or financial size of the component relative to the Group.

For those individually relevant components, we identified the significant accounts where audit work needed to be performed at these components by applying professional judgement, having considered the Group significant accounts on which centralised procedures will be performed, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the Group significant financial statement account balance.

We then considered whether the remaining Group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the Group financial statements. We selected seven components of the Group to include in our audit scope to address these risks.

Having identified the components for which work will be performed, we determined the scope to assign to each component.

Of the 16 components selected, we designed and performed audit procedures on the entire financial information of nine components (full scope components). For seven components, we designed and performed audit procedures on specific significant financial statement account balances or disclosures of the financial information of the component (specific scope components).

Our scoping to address the risk of material misstatement for each key audit matter is set out in the Key audit matters section of our report.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Group audit engagement team, or by component auditors operating under our instruction.

The Group audit team based in the UK conducted audits of all Specific Scope components identified above and all Full Scope components identified above, with the exception of the audit of BSI Management Systems Certification (Beijing) Co. Ltd (China) which was performed by EY China. The other 8 full scope component locations included the UK (5 components), USA (2 components) and the Netherlands (1 component). As part of the current year's audit cycle, a visit was undertaken to the USA (covering both components).

A senior member of the audit team visited the full scope component in China for the FY24 audit. This visit involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management, and reviewing relevant audit working papers on risk areas. The Group audit team interacted regularly with the component team where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. Where relevant, the section on key audit matters details the level of involvement we had with component auditors to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Independent Auditor's Report continued

Climate change

Stakeholders are increasingly interested in how climate change will impact The British Standards Institution. The Group has determined that the most significant future impacts from climate change on its operations will be from extreme weather events, changes to government policy or relationships, changes in client relationships due to regulatory changes and reputational risk from failure to meet stakeholder expectations regarding ESG obligations. These are explained on pages 51 to 57 in the Task Force On Climate Related Financial Disclosures on page 65 in the Principal Risks and uncertainties. They have also explained their climate commitments on page 46. All of these disclosures form part of the 'Other information', rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on 'Other information'.

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in Note 2, the Basis of Preparation, how they have reflected the impact of climate change in their financial statements including how this aligns with their commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050. There are no significant judgements or estimates relating to climate change in the notes to the financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 51 to 57 and whether these have been appropriately reflected in future cash flows used to assess the carrying value of goodwill and intangible assets with indefinite useful economic lives, the carrying value and useful economic lives of intangible assets, property, plant and equipment, right of use assets, the measurement of deferred tax assets and provisions, including post-employment retirement benefits and the going concern period and viability of the group following the requirements UK adopted international accounting standards. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

b. Key Audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included 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 were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report continued

Risk	Our response to the risk
Overstatement of revenue recognition as a result of management override (FY24 Consolidated Revenue: £757m, FY23 Consolidated Revenue: £727m) Refer to the Audit and Risk Committee Report (page 78); Accounting policies (page 120); and Note 5 of the Consolidated Financial Statements (page 131) Revenue is a key metric when evaluating the performance of the Group. The recognition of revenue across the Group's revenue streams is primarily comprised of a large volume of low value transactions. There is a risk that revenue may be manipulated through management override, with fictitious revenue recorded through topside journal entries.	For all significant revenue balances which we deemed to be in scope, we: – performed detailed walkthroughs for each significant revenue stream to identify the key systems, processes and controls in place. – took a data-led approach centrally to correlate the activity in revenue accounts through to Trade Receivables and Cash, identifying any anomalies from the processed transactions revenue to our expectations. – checked that the methodology applied in recognizing revenue is consistent with the Group's accounting policy and accounting framework. – performed detailed testing of any topside revenue postings made in the consolidated ETB, as well as any revenue journals identified as high risk based on specific criteria using our journal tools. We have also: – for a sample of revenue transactions identified for cash anchor testing as part of the revenue correlation program; agreed the sampled item to underlying support including invoice and subsequent cash receipt, and ensured it meets the revenue recognition criteria defined above. – for a sample of accrued income and deferred revenue transactions, performed test of details to agree the balance to underlying support, including invoice, proof of billing or cash receipt and contract terms and conditions to ensure the associated revenue has been recognised in accordance with IFRS 15.

Key observations communicated to the Audit and Risk Committee

Revenue for the year ended 31 December 2024 has been recognised appropriately in accordance with IFRS 15 Revenue from Contracts with Customers.

We concluded that management's disclosures in relation to revenue, including disclosed accounting policies, are appropriate. As part of our procedures, we noted no indication of deliberate or other manipulation of revenue or management override.

How we scoped our audit to respond to the risk and involvement with component teams

We performed full and specific scope audit procedures over this risk in nine locations, which covered 75% of the risk amount.

Additional centralised audit procedures were then undertaken over the residual Group revenue balance, which involved correlation analysis of Revenue to Cash on a combined (i.e. all entities outside of the full/ specific scope designation) and analytical review.

The EY China component team was responsible for the audit procedures performed in relation to Revenue attributed to BSI Management Systems Certification (Beijing) Co. Ltd (China). All remaining audit work performed to address this risk was undertaken by the Group audit team.

Independent Auditor's Report continued

Risk	Our response to the risk

Goodwill impairment of the DTC and EH3S CGU's (FY24 Goodwill net book value: DTC (£1.7m)), EH3S (£6.3m) FY23 Goodwill net book value: DTC (£4.4m), EH3S (£23.1m). FY24 Impairment charge: £19.6m.
 	
Refer to the Audit and Risk Committee Report (page 78); Accounting policies (page 120); and Note 12 of the Consolidated Financial Statements (page 141).
 	
Management applies judgement in assessing the valuation of goodwill, particularly in estimating future cash flows, determining the allocation of central overheads and deriving the appropriate discount rates and terminal growth rates.
 	
For both the DTC and EH3S CGU's the value in use calculation used to determine the impairment is sensitive to reasonably possible changes in assumptions.
 	
There is a risk that the key estimates underpinning the annual impairment test could be unsupportable, or that the methodology used may not be aligned with the underlying financial reporting standards, meaning impairment charges could be over or understated.
	We performed the following:
	
	– Performed a detailed walkthrough of management's processes and controls in relation to the annual goodwill impairment process.
	– Reviewed the appropriateness of the classification of Cash Generating Units (CGU's) and/or groups of CGUs to which the goodwill relates.
	– Validated our risk assessment and conclusion that the DTC and EH3S CGUs were most sensitive to reasonably possible changes in assumptions by reviewing the cash flow forecasts including the FY25 budget, the growth rates applied in FY26-FY29 and the long term (perpetuity) growth rate. We performed sensitivities based on current results going into perpetuity and determined that for all other than the DTC and EH3S CGUs, a significant deterioration in current results would need to occur for any headroom to be eroded. This was not deemed reasonably possible based on our understanding of the business and discussions held with Commercial leaders in the business.
	– Audited the impairment model which included:
	  – Testing the clerical accuracy and methodology applied and considered the appropriateness compared to the relevant standard.
	  – Assessing the methodology to allocate central assets and overheads to CGUs as well as challenging any central overheads not allocated. This included assessing whether the value in use of the DTC and EH3S CGUs would change if an alternative method of allocation was applied.
	
	– For the DTC and EH3S CGUs, in conjunction with our valuation specialists, we assessed the discount rates used by independently determining a range of acceptable rates for each CGU, considering market data and comparable organizations, and comparing these ranges to the rates used by management. We have also independently determined the long term growth rate for these two CGU's, which is not materially different to the rates management has applied.
	– For DTC and EH3S, we performed a combination of the below detailed procedures taking into consideration our audit materiality:
	  – Assessing historical forecasting accuracy and challenging management on the impact of this on future forecasting.
	  – Holding detailed discussion with the Finance and Commercial leads of this business to understand the market, sales pipeline, strategic plans, elasticity of variable costs and the impact of recent policy announcements by the US Federal Government, performing detailed procedures on the FY25 budget including assessing performance to date in FY25.
	  – Specifically for the EH3S CGU, we engaged our Economic Advisory Team to assess the veracity of management's growth rates from FY25-FY29 relative to available third party sources.
	  – Performed procedures to validate that there was no reliable basis for a fair value less costs to dispose.
	
	– Assessed the disclosures in the financial statements relating to the impairment review. We concluded that there was a reasonably possible change in assumptions that could impact the impairment recorded in DTC and EH3S and therefore have ensured appropriate disclosure has been made.

Independent Auditor's Report continued

Risk	Our response to the risk

Key observations communicated to the Audit and Risk Committee

An impairment of £19.6m was recognised by management in the year in relation to the Goodwill balance for the DTC and EH3S cash-generating units.

Based on our procedures performed, we are satisfied goodwill is appropriately stated and concluded that the disclosure in the Consolidated Financial Statements in relation to the impairment of goodwill is appropriate.

The impairment test for the DTC and EH3S cash-generating units is sensitive to adverse changes in the underlying assumptions. Management describes the sensitivities appropriately in note 12 to the financial statements, in accordance with IAS 36.

How we scoped our audit to respond to the risk

All audit work performed to address this risk was undertaken by the Group audit team.

c. Materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £3.2 million, which is 5% of profit before income tax after adding back exceptional costs. We believe that this provides us with the most appropriate materiality basis based on the expectations of the users of the financial statements. The exceptional costs relate entirely to the impairment charges of the goodwill attributable to the DTC and EH3S CGUs.

We determined materiality for the Parent Company to be £11.0 million, which is 2.5% of total assets. The parent company's operations are that of a holding company, holding the Group's pension scheme and investments in subsidiaries. The parent company is not profit focussed and therefore an earnings based measure 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.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £1.6m. We have set performance materiality at this percentage on the basis that this is our first year as auditors of the Group.

Audit work was undertaken at component locations for the purpose of responding to the assessed risks of material misstatement of the Group financial statements. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.2m to £1.4m.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £0.16m, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Independent Auditor's Report continued

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Opinions on other matters in accordance with the terms of our engagement letter

In our opinion, based on the work undertaken in the course of the audit:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate governance statement

ISAs (UK) require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules, as if the parent company were a listed company.

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 or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 101 and 102;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 101 and 102;
- Directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on pages 101 and 102;
- Directors' statement on fair, balanced and understandable set out on page 81;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 60;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 75; and
- The section describing the work of the Audit and Risk Committee set out on page 78.

Independent Auditor's Report continued

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 103, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 and 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.

Auditor's 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 auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management. Our procedures included:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (namely UK-adopted IAS, FRS102, the Companies Act 2006, the UK Corporate Governance Code) and the relevant tax compliance regulations in the jurisdictions in which The British Standards Institution operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements relating to health and safety, employee matters, environment and data protection and bribery and corruption practices.
- We understood how The British Standards Institution is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of Board minutes, internal audit reports and papers provided to the Audit and Risk Committee.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management, internal audit and those charged with governance to understand where it considered there was a susceptibility to fraud. We also considered performance targets and the propensity to influence efforts made by management to manage earnings. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing higher risk journal entries including specific revenue journals in response to our fraud risk, to source documentation or independent confirmation, ensuring appropriate authorisation of transactions.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved reviewing Board minutes to identify non-compliance with such laws and regulations, reviewing reports issued to the Audit and Risk Committee on compliance with regulations, enquiries with legal counsel, Group management and internal audit, as well as performing journal entry testing, with a focus on consolidation journals and journal entries indicating large or unusual transactions based on our understanding of the business. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards, UK legislation and the UK Corporate Governance Code 2018. We also engaged EY forensics specialists to assist with the performance of our risk assessment procedures and journal entry testing.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Independent Auditor’s Report continued

Use of our report

This report is made solely to the Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Ryan Squires (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
28 March 2025

Consolidated Income Statement

for the year ended 31 December 2024

	Note	**2024 £m**	2023 £m
Revenue	5	**757.4**	727.7
Cost of sales		**(369.7)**	(358.7)
Gross profit		**387.7**	369.0
Selling and distribution expenses		**(96.1)**	(95.1)
Administrative expenses		**(233.6)**	(219.7)
Underlying operating profit	6	**58.0**	54.2
Exceptional costs	6	**(19.6)**	–
Operating profit	6	**38.4**	54.2
Finance income	9	**7.0**	4.9
Finance costs	9	**(1.9)**	(1.6)
Profit before tax		**43.5**	57.5
Income tax expense	10	**(22.8)**	(23.7)
Profit for the year		**20.7**	33.8

All amounts in the consolidated income statement relate to continuing operations.

The accompanying notes on pages 120 to 165 form an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2024

	Note	2024 £m	2023 £m
Profit for the year		**20.7**	33.8
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefit surplus, net of taxes	14b iii	**(9.4)**	(7.3)
		(9.4)	(7.3)
Items that may subsequently be reclassified to profit or loss			
Currency translation differences		**(5.5)**	(9.0)
		(5.5)	(9.0)
Total other comprehensive loss for the year, net of taxes		**(14.9)**	(16.3)
Total comprehensive income for the year		**5.8**	17.5

The accompanying notes on pages 120 to 165 form an integral part of the consolidated financial statements.

Consolidated Balance Sheet

as at 31 December 2024

	Note	2024 £m	2023 £m
Assets			
Non-current assets			
Property, plant and equipment	11	**17.8**	20.3
Goodwill	12	**41.1**	61.4
Intangible assets	12	**25.2**	29.0
Right-of-use assets	13	**43.9**	25.2
Net retirement benefit surplus	14b i	**—**	11.3
Deferred tax assets	15	**6.6**	13.5
Other receivables	16	**14.2**	11.7
Costs to obtain a contract	17	**20.0**	19.0
Total non-current assets		**168.8**	191.4
Current assets			
Inventories	18	**0.1**	0.1
Trade and other receivables	16	**189.7**	206.5
Current tax assets		**33.3**	17.1
Fixed-term deposits	19a	**4.4**	6.6
Restricted cash	19b	**7.6**	7.5
Cash and cash equivalents	19c	**213.4**	176.9
Total current assets		**448.5**	414.7
Total assets		**617.3**	606.1

	Note	2024 £m	2023 £m
Liabilities			
Non-current liabilities			
Deferred tax liabilities	15	**(6.4)**	(5.6)
Net retirement benefit obligations	14b ii	**(2.3)**	(2.6)
Provisions	20	**(5.0)**	(4.0)
Trade and other payables	21	**(11.1)**	(9.7)
Lease liabilities	13	**(36.3)**	(21.7)
Total non-current liabilities		**(61.1)**	(43.6)
Current liabilities			
Trade and other payables	21	**(158.0)**	(169.0)
Lease liabilities	13	**(10.4)**	(10.9)
Derivative financial instruments	4b ii	**(0.2)**	(0.2)
Current tax payables		**(18.0)**	(18.7)
Provisions	20	**(0.4)**	(0.3)
Total current liabilities		**(187.0)**	(199.1)
Total liabilities		**(248.1)**	(242.7)
Net assets		**369.2**	363.4
Reserves			
Retained earnings		**373.6**	362.3
Translation reserve		**(4.4)**	1.1
Total equity		**369.2**	363.4

The accompanying notes on pages 120 to 165 form an integral part of the consolidated financial statements. The consolidated financial statements on pages 115 to 119 were approved by the Board of Directors on 28 March 2025 and were signed on its behalf by:

Susan Taylor Martin
Chief Executive
28 March 2025

Consolidated Statement of Changes in Equity

for the year ended 31 December 2024

	Retained earnings £m	Translation reserve £m	Total £m
Balance at 1 January 2023	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**
Profit for the year	**20.7**	**—**	**20.7**
Total other comprehensive loss for the year, net of taxes	**(9.4)**	**(5.5)**	**(14.9)**
Total comprehensive income for the year	**11.3**	**(5.5)**	**5.8**
Balance at 31 December 2024	**373.6**	**(4.4)**	**369.2**

The accompanying notes on pages 120 to 165 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 (see Note 14b iii).

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 Statement of Cash Flows

for the year ended 31 December 2024

	Note	2024 £m	2023 £m
Cash flows from operating activities	23	**78.5**	69.9
Interest received		**6.6**	3.9
Interest element of lease payments	13	**(1.9)**	(1.6)
Income tax paid		**(25.2)**	(23.6)
Net cash generated from operating activities		**58.0**	48.6
Cash flows from investing activities			
Purchase of property, plant and equipment	11	**(3.4)**	(7.6)
Purchase of intangible assets	12	**(7.2)**	(5.0)
Decrease in fixed-term deposit	19a	**2.2**	46.4
(Increase) in restricted cash	19b	**(0.1)**	(7.5)
Net cash (used)/generated in investing activities		**(8.5)**	26.3
Cash flows from financing activity			
Principal element of lease payments	13	**(12.3)**	(10.6)
Net cash used in financing activity		**(12.3)**	(10.6)
Net increase in cash and cash equivalents		**37.2**	64.3
Opening cash and cash equivalents		**176.9**	111.6
Exchange (loss)/gain on cash and cash equivalents		**(0.7)**	1.0
Closing cash and cash equivalents	19c	**213.4**	176.9

The accompanying notes on pages 120 to 165 form an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

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. Material accounting policy information

The material 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 101 to 102 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 2025 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 BSI Group continues to retain significant cash reserves.

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 £225.4m (2023: £191.0m).

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 101 to 102.

To support the going concern conclusion, the Group has developed several working capital financial models covering the 12 months to 31 March 2026, being the formal going concern assessment period established by the Directors. The specific scenarios modelled are:

Scenario	Outcome
Base case Based on the most recently Board reviewed and approved financial plan and strategic plan to FY27. These are the same forecasts used in the viability assessment as disclosed on pages 101 to 102.	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 downside scenarios applied, the Group continues to be able to meet its obligations as they fall due and retains positive cash headroom.
Reverse stress test A scenario created to model the circumstances required to remove the Group's cash surplus within the going concern assessment period. The Group modelled a 20% reduction in revenue in FY25 and FY26 together with a reduction in contribution margin from 35% to 18% in FY25 and 37% to 21% in FY26.	The conditions of this reverse stress test were considered implausible. Given the potential mitigating actions that the Group could take and its adaptability to business change, the Group will be able to meet its liabilities as they fall due.

The going concern assessment consisted of stress testing the forecasts underlying the strategic plan by modelling severe but plausible downside scenarios which included external factors such as changes in UK regulation and 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.

Notes to the Consolidated Financial Statements continued

The scenarios and sensitivity testing have been applied to the current strategic plan and forecast revenues, and operating profit and cash flows were reviewed against the current and projected liquidity position. In all scenarios, the Group maintains significant liquidity for at least 12 months from the balance sheet date and does not need to raise external funding. A reverse stress test was also modelled 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. The reverse stress test did not take into account any possible mitigating actions available to the Directors.

This assessment, controls in place and current financial performance allowed the Directors to conclude that the Group will continue to operate on a going concern basis for the period through to 31 March 2026, a period of at least 12 months from when the financial statements are authorised for issue. Accordingly, the consolidated financial statements are prepared on a going concern basis.

c. Recent accounting developments

The following amended standards were effective during the year, none of which had a material impact on the financial statements of the Group:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

d. Other new pronouncements

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These standards, amendments and interpretations are listed below:

Standards and amendments	Title	Mandatory application: annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
* Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
* IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
* IFRS 19	Subsidiaries without Public Accountability	1 January 2027
* Amendments to IFRS 10 and IAS 28	Sale or Contribution of Asset between an investor and its Associates or Joint Venture	Available for optional adoption/ effective date deferred indefinitely

* These standards and amendments are yet to be endorsed by UK-adopted international accounting standards (UK-adopted IFRS).

Management has not yet completed the impact assessment on some of these new pronouncements. The amendments to IAS 21 – Lack of Exchangeability are not expected to have a material impact on our consolidated financial statements.

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 in 2025 with the first published sustainability reports expected for reporting periods beginning 1 January 2026.

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 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.

Notes to the Consolidated Financial Statements continued

2. Material accounting policies continued

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 in full. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated in full. 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.

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.

Notes to the Consolidated Financial Statements continued

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is 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 fair value disclosures, the Group has determined classes of assets and liabilities based on 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 summarised in the following notes:

- Quantitative disclosures of fair value measurement hierarchy – Note 4b.
- Financial assets and liabilities – Notes 4b and 22.

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. 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. A reconciliation of underlying operating profit to profit before tax is shown on page 162.

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 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. A reconciliation of revenue growth between actual and constant currency is included on page 27.

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 Group on the environment. In preparing these consolidated financial statements, the potential impact of climate change risks, particularly in the context of the TCFD statement on pages 51 to 57 have been considered. This primarily focused on the impairment assessments for goodwill and intangible assets with indefinite useful lives; the carrying value and estimated useful life of intangible assets, property, plant and equipment and right of use assets; the measurement of deferred tax assets and provisions, including post-employment benefits; and the going concern period and viability of the Group over the next three years.

The impact of climate change risks were considered as part of the Group's impairment assessment review as set out in note 12.

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 UK-adopted international accounting standards 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.

Notes to the Consolidated Financial Statements continued

3. Critical accounting estimates and judgements continued

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.

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, or at other times if circumstances indicate a possible issue, to determine whether goodwill and finite-lived intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 12. 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. Management determined that assets directly associated with each of the seven CGUs represent the lowest-level group of assets at which impairment can be assessed. The determination of our CGU involves identification of the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The performance of the Group's impairment assessments requires management to make judgements in determining whether an asset or CGU shows any indicators of impairment that would require an impairment test to be carried out as well as identifying the relevant CGUs to be assessed. The performance of impairment testing requires management to make a number of estimates and assumptions in determining the recoverable amount of the CGUs. These include forecast future cash flows estimated based on Board approved strategic plans, long-term growth rates, pre-tax discount rates and allocation methodology of central overhead costs and net assets.	The Group estimates the recoverable amount based on value-in-use calculations. The value-in-use calculation is based on a discounted cash flow model over a five-year assessment period, including a terminal value assumption. 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 three-year strategic plan to FY27 and projections for the two outer years. These are based on specific assumptions during the planning period with respect to revenue, operational results, working capital, capital investments and other general assumptions. The assumptions that derive future cash flows are based on the historical results of each CGU combined with external market information and defined strategic initiatives. Central overhead costs and net assets are primarily allocated based on the revenue generated by each of the CGUs, where they are not directly attributable to a CGU. These inputs are critical in estimating the present value of future cash flows. Were there to be significant changes in these estimations, the amounts recognized in respect of impairment during the year could be impacted or impairment charges recognized in previous years may be reversed, except in the case of impaired goodwill which cannot be reversed. Uncertainties which may materially impact carrying values include: – The impact of continuing technological progress. – The impact of current and future changes to the political environments in which our 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. Management has assessed whether any reliable information existed over fair value less costs of disposal. Management concluded value-in-use remained the appropriate basis for the calculation of recoverable amount. Further details of key assumptions and a sensitivity analysis are disclosed in Note 12.	If the Group's estimation of the key inputs into the model were incorrect, the outcome of the impairment may be significantly different.

Notes to the Consolidated Financial Statements continued

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 15.	The Group has recognized gross deferred tax assets of £21.5m (2023: £27.0m). The deferred tax asset will be utilised against deferred tax liabilities and future projected profits. The Group's assessment of future projected profits is based on current profitability and the board approved financial plan.	If the Group's estimation of future profits is incorrect then the related deferred tax assets may be derecognized in future financial years.

Notes to the Consolidated Financial Statements continued

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. The actuarial valuation involves making judgements and assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates, and future pension increases. Recognition of a pension scheme surplus requires judgement regarding the expected, eventual outcome for the scheme, and whether an unconditional right to a refund is available to BSI.	The cost of defined benefit pension schemes is determined using actuarial valuations. Due to the long-term nature of these schemes and the complexities involved in the valuation, such estimates are subject to significant uncertainty. Pension scheme liabilities vary with changes in long-term interest rates and inflation as well as the longevity of scheme members. Pension scheme assets vary with changes in interest rates and inflation expectations. 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).	If the Group's judgements and assumptions were incorrect then the pension scheme liabilities could be significantly different. During 2024, management reviewed the accounting judgements applied in previous years and concluded that recognition of the pension surplus should be restricted to the value of committed contributions, which, in this case, is nil. Consequently, the pension surplus of £6.0m (2023: £11.3m) has been derecognized from the balance sheet, with the change recognized prospectively. The amounts involved are not considered qualitatively material to the users of the financial statements.

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. Uncertain tax positions have been calculated by applying the expected value method.	Provision for uncertain tax positions as at 31 December 2024 has been recognized in the financial statements in the amount of £7.6m (2023: £6.3m) included in the current and deferred tax balances. 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 they were based changes, this could result in an additional tax charge or credit being reflected in the consolidated financial statements.

Notes to the Consolidated Financial Statements continued

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 with various counterparties, principally financial institutions with investment grade credit ratings.

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 cooperation 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 transacts 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.

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	**2024 average exchange rate**	**Absolute average exchange rate movement***	**Adverse impact on operating profit of 10% rate movement**	2023 average exchange rate	Absolute average exchange rate movement*	Adverse impact on operating profit of 10% rate movement
Euro	**1.18**	**1.6%**	**£4.3m**	1.15	1.8%	£4.0m
US Dollar	**1.28**	**5.4%**	**£1.6m**	1.25	6.8%	£2.1m
Japanese Yen	**194.15**	**8.6%**	**£0.3m**	176.24	8.8%	£0.3m
Chinese Renminbi	**9.20**	**5.8%**	**£0.5m**	8.84	4.5%	£0.3m
Australian Dollar	**1.95**	**4.6%**	**£0.2m**	1.88	4.0%	£0.2m

* These movements indicate the absolute average exchange rate movement over the last three years to indicate volatility, whether positive or negative.

The Group's exposure to foreign currency changes for all other currencies is not material.

A 10% weakening in the absolute average exchange rate in British Pound Sterling against all currencies would result in a favourable operating profit impact of £8.9m (2023: £9.9m) while a 10% strengthening in the absolute average exchange rate in British Pound Sterling against all currencies would result in an adverse operating profit impact of £7.0m (2023: £8.1m), before considering the impact of hedging activity. This analysis assumes all other variables remain constant.

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.

Interest Rate Risk

The Group has interest-bearing assets and liabilities arising from the operation of the cash pooling arrangement. In 2023, BSI set up a cash sweep to enable the concentration of cash within the Group whereby cash from fellow subsidiaries is swept into centralized bank accounts in BSI Ltd (the nominated in-house bank) with the objective of improving cash management and reducing costs. As at 31 December 2024, over 40 bank accounts were participating in the sweep arrangement across 15 countries.

Notes to the Consolidated Financial Statements continued

4. Financial risk management continued

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 materially sensitive to interest rate fluctuations.

Impact on finance income	2024 £m	2023 £m
1 percentage point increase/(decrease) in interest rates	**1.7/(1.7)**	**0.9/(0.9)**

b. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. 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:

	2024 £m	2023 £m
Cash and cash equivalents, restricted cash and fixed-term deposits (Note 19)	**225.4**	191.0
Trade receivables (Note 16)	**115.7**	130.4
Other receivables (Note 16)	**19.9**	17.8
Accrued income (Note 16)	**51.0**	53.2
Total credit risk	**412.0**	392.4

Quantitative disclosures of fair value measurement hierarchy

The table below is a comparison by class of the carrying amounts and fair value of the Group financial instruments at 31 December to be as follows:

		Carrying amount		Fair value	
		2024 £m	2023 £m	**2024 £m**	2023 £m
Financial assets					
Derivative financial instruments	**Level 2**	**119.2**	27.2	**119.2**	27.2
Trade and other receivables (Note 16)	**Level 1**	**186.6**	201.4	**186.6**	201.4
Fixed-term deposits (Note 19a)	**Level 1**	**4.4**	6.6	**4.4**	6.6
Restricted cash (Note 19b)	**Level 1**	**7.6**	7.5	**7.6**	7.5
Cash and cash equivalents (Note 19c)	**Level 1**	**213.4**	176.9	**213.4**	176.9
Total		**531.2**	419.6	**531.2**	419.6
Financial liabilities					
Trade and other payables and accruals (Note 21)	**Level 1**	**109.9**	121.2	**109.9**	121.2
Lease liabilities (Note 13)	**Level 1**	**46.7**	32.6	**46.7**	32.6
Derivative financial instruments	**Level 2**	**119.4**	27.4	**119.4**	27.4
Total		**276.0**	181.2	**276.0**	181.2

Notes to the Consolidated Financial Statements continued

4. Financial risk management continued

i. Risk management

The Group's credit risk is mainly arising from financial exposures to banks and financial institutions who hold the Group's cash balances, which are managed by Group Treasury in accordance with the Group's Treasury 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 19, except for derivative financial instruments. The Group's maximum exposure relating to financial derivative instruments is discussed in the liquidity risk section below.

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 and accrued income. To measure the expected credit losses, trade receivables and accrued income 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.

At 31 December 2024	**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%**	**1.6%**	**7.7%**	**28.2%**	**3.2%**
Gross carrying amount – trade receivables (£m)	**92.0**	**12.6**	**3.9**	**11.0**	**119.5**
Loss allowance (£m)	**0.2**	**0.2**	**0.3**	**3.1**	**3.8**

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

The reconciliation of the closing loss allowance on trade receivables to the opening loss allowance is shown in Note 16.

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 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.

The credit risk on accrued income is in line with that of trade receivables and therefore the expected credit loss provision for accrued income has been estimated based on the weighted average expected loss rate for trade receivables. The loss allowance on accrued income is £0.2m (2023: £nil).

Notes to the Consolidated Financial Statements continued

4. Financial risk management continued

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 (2023: £nil).

At 31 December 2024	**Gross amounts of recognized financial assets/(liabilities) £m**
Derivative assets	**119.2**
Derivative liabilities	**(119.4)**

At 31 December 2023	Gross amounts of recognized financial assets/(liabilities) £m
Derivative assets*	27.2
Derivative liabilities*	(27.4)

* 2023 numbers have been restated to conform to the current year's presentation.

The gross values of derivative assets and liabilities increased in 2024 as the Group's cash sweeping activities included higher volumes of foreign currency balances from the Group's subsidiaries, which were hedged by entering into foreign exchange forward transactions in accordance with the Group's Treasury Policy.

The Group held net-settled derivative financial liabilities as at 31 December 2024 of £0.2m (2023: £0.2m). Counterparty risk is managed via the Treasury policy, which sets out acceptable credit ratings and maps to maximum exposure.

c. Liquidity risk

Cash flow forecasting is performed by the operating entities of the Group and aggregated by the 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 required liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Group held fixed-term deposits of £4.4m (2023: £6.6m).

The table below analyses 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 2024	**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 21)	**111.9**	**4.0**	**6.0**	**121.9**
Lease liabilities	**11.2**	**23.9**	**29.5**	**64.6**

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 21)	125.3	3.6	5.4	134.3
Lease liabilities	11.9	21.3	1.6	34.8

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 2024 (Note 13)	**10.4**	**14.8**	**21.5**
At 31 December 2023 (Note 13)	10.9	21.1	0.6

Notes to the Consolidated Financial Statements continued

5. 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.

Any payments received in advance are included in deferred income and released to the income statement over the related period. Accrued income is recognised for services provided but not earned and transferred to trade receivables once the right to consideration is billed per the contractual agreement.

The Group has generally concluded that it is the principal in its revenue arrangements.

Divisional revenue information can be found on page 27.

b. Nature of goods and services

The following is a description of the principal activities by business division, 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 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 customers. Control passes when the customers are granted the access rights to the soft copy or when the hard copy is dispatched to the customer.

– *Subscription revenue*

  Subscription revenue mainly derives from providing access to BSI's intellectual property and support services, during the subscription period, e.g. access to BSI's digital information services and published standards information. 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.

– *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 point 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 at a point in time when the license is granted to the client.

– *Services (commissioned content, research, advisory, consultancy and technical assistance).*

  Standards Services activity within Knowledge Solutions 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:

  (a) revenue is recognized over time where contracts are a mixture of time and material-based contracts where revenue is recognised over time; and
  (b) Contracts where revenue is recognised at a point in time based on project delivery or when project milestones have been achieved.

– *Other revenue (international projects, standardisation, and innovation assistance).*

  BSI receives grant income, in line with its principal activities, from the UK Government to support various initiatives that are aligned with its policy objectives. Government grants are recognized in the Consolidated Income Statement on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. Grants are recognized on an accruals basis when there is reasonable assurance that the conditions associated with the grants have been complied with or when any performance-related obligations are met, and the grants will be received. Where grants are received in advance of the related expenses, they are initially recognised as liabilities within trade payables and other liabilities and released to match the related expenditure. Grant income has been recognised within revenue as it arises from the principal activities of the Group.

Notes to the Consolidated Financial Statements continued

5. Revenue continued

ii. Assurance Services

The Group's Assurance Services business division comprises Systems 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 also covers provision of a quotation, audit programme, service cycle and the scope. The fee is non-refundable and payable upon the client's signed acceptance of the proposal following pre-application checks and the full contract review performed by qualified staff. Revenue is recognized at this point in time.

– *Assessment and certification*

Assessment service 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 clients' rights to access BSI's intellectual property. This provides access to a number of BSI's assessment and certification tools, ongoing planning and information. BSI has an ongoing performance obligation to deliver and maintain the information and services being provided over the certification cycle related to the AMF. Revenue is recognized on a straight line basis over the certification cycle related to the AMF.

– *Training services*

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 and on-demand digital products.

iii. Regulatory Services

The Group's Regulatory Services business division comprises Systems Certification and Product Certification.

Regulatory assessment and certification services and the discrete constituent services within these are as set out above under 'Assurance Services – assessment and certification'.

– *Application fee and annual management*

Revenue for the application fee is recognized once a client order has been processed and set up in the system following pre-application checks and the full contract review performed by qualified staff. 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 on whether the requirements of the relevant 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.

– *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*

Testing services assess whether a product conforms to required specifications. Revenue is recognized based on a percentage of work completed, on performance obligations linked to time worked, hence revenue recognition is triggered by the submission of timesheets. The provision of testing services is based on labour hours incurred as this matches the pattern of delivery of the performance obligations.

– *Provision of certification of conformity services (Notified and Approved Body)*

Certification of conformity services 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 12 month period.

Notes to the Consolidated Financial Statements continued

5. Revenue continued

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).

- *Services (consulting, testing, reviews)*

  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.

- *Provision of software licences and sale of software*

  Revenue is recognized on a contract-by-contract basis for services that involves 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 the granting of a licence. Revenue is spread over the duration of ongoing performance obligations arising under all other contracts.

- *Training services*

  Training revenue is recognized when the training is delivered.

- *Supply Chain Solutions*

  Supply Chain Solutions include grants of licences to access BSI's Connect Screen content, consulting, training services, and Software as a Service (SaaS). These tools are typically sold as annual licences with revenue recognized evenly over the licence period.

  Multiple services contracts

  For contracts with multiple components to be delivered such as consulting, training and SaaS, management applies judgement to consider whether those promised goods and services are:

  (i) distinct – to be accounted for as separate performance obligations;

  (ii) not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct.

  The obligations identified will depend on the nature of the individual customer contracts and services provided to customers such as training and consultancy. The Consulting Services offers typically include separate obligations for training, consulting and software access. Where goods and services have a functional dependency, for example, where software can be provided with the implementation support, this does not, in isolation, prevent those goods or services from being assessed as separate obligations.

- *Other consulting*

  Revenue is recognized over time where the contract relates to a time and materials based contract, or when project milestones are achieved.

  BSI applies the practical expedient with regards to the disclosure of the allocation of transaction price to the remaining performance obligations 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 BSI has a right to consideration from a customer in an amount that corresponds to the value of BSI's performance.

Costs to obtain contracts

These are costs that are incurred to obtain a contract with a customer that would not have been incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or not are recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. Incremental costs to obtain a contract, such as incremental sales commissions, are generally recognized as an asset and amortized on a straight-line basis over the estimated duration of the contract life, beginning on the date the customer benefits from the goods or services BSI agreed to provide. Where the amortization period is less than one year, the costs are expensed in the period incurred.

Incremental costs to obtain a contract are derecognized either when a contract is cancelled or terminated or when no further economic benefits are expected to flow from their use or disposal.

Notes to the Consolidated Financial Statements continued

5. Revenue continued

c. Disaggregation of revenue

In the table below, revenue is disaggregated by business division, primary geographical market and timing of revenue recognition.

2024	Knowledge Solutions £m	Assurance Services £m	Regulatory Services £m	Consulting Services £m	Total £m
Primary geographical markets					
EMEA	**83.4**	**135.4**	**126.1**	**13.1**	**358.0**
Americas	**—**	**54.6**	**138.0**	**58.1**	**250.7**
Asia Pacific	**0.1**	**119.6**	**27.1**	**1.9**	**148.7**
Total revenue	**83.5**	**309.6**	**291.2**	**73.1**	**757.4**
Revenue from external clients	**75.5**	**309.6**	**291.2**	**73.1**	**749.4**
Other revenue – government grants	**8.0**	**—**	**—**	**—**	**8.0**
Timing of revenue recognition					
At a point in time	**33.3**	**290.2**	**264.1**	**4.3**	**591.9**
Over time	**50.2**	**19.4**	**27.1**	**68.8**	**165.5**
	83.5	**309.6**	**291.2**	**73.1**	**757.4**

2023 (restated)	Knowledge Solutions £m	Assurance Services (restated) £m	Regulatory Services[1] (restated) £m	Consulting Services £m	Total £m
Primary geographical markets					
EMEA	78.2	126.1	104.2	17.1	325.6
Americas	—	51.6	140.2	64.7	256.5
Asia Pacific	0.2	116.5	26.6	2.3	145.6
Total revenue	**78.4**	**294.2**	**271.0**	**84.1**	**727.7**
Revenue from external clients	72.5	294.2	271.0	84.1	721.8
Other revenue – government grants	5.9	—	—	—	5.9
Timing of revenue recognition					
At a point in time	32.3	275.5	248.9	1.2	557.9
Over time	46.1	18.7	22.1	82.9	169.8
	78.4	294.2	271.0	84.1	727.7

The Group transacts with a large number of diversified clients, with no single customer accounting for 10% or more of revenues in the current or prior year.

Revenues for Assurance Services and Regulatory Services have been restated to reflect the transfer of the Product Certification business from Assurance Services to Regulatory Services during 2024. Point in time revenue includes time and materials based contracts.

d. Contract balances

The following table provides information about receivables, accrued income and deferred income from contracts with clients.

	31 December 2024 £m	31 December 2023 £m
Receivables, included in 'Trade and other receivables' (Note 16)	**119.5**	134.5
Accrued income (Note 16)	**51.0**	53.2
Deferred income, included in 'Trade and other payables' (Note 21)	**(47.2)**	(44.4)

An amount of £43.7m (2023: £42.6m) of revenue recognized during the period was included in the deferred income balance at the beginning of the period. During the period £46.5m (2023: £43.4m) was invoiced.

Notes to the Consolidated Financial Statements continued

6. Operating profit

Operating profit is stated after charging/(crediting) the following:

	Note	2024 £m	2023 £m
Employee expense	7	**422.5**	407.4
Depreciation of property, plant and equipment	11	**5.7**	5.7
Loss on disposal of tangible assets	11	**0.1**	0.2
Loss on disposal of intangible assets	12	**0.7**	0.3
Amortization of intangible assets	12	**10.1**	8.5
Impairment losses on goodwill	12	**19.6**	—
Impairment losses on intangible assets	12	**—**	1.4
Depreciation of right-of-use assets	13	**10.0**	9.0
Net gain on lease termination	13	**(2.1)**	—
Costs to obtain a contract derecognized	17	**(0.5)**	—
(Decrease)/increase in loss allowance on trade receivables	16	**(0.1)**	0.8
Bad debts written off		**2.0**	1.6
Exchange losses		**3.9**	5.5
Expense relating to short-term and low-value leases	13	**0.4**	0.5
Movement in property provision	20	**0.2**	(0.2)
Charitable donations		**0.3**	0.4
Auditors' remuneration:			
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements		**1.0**	0.8
Fees payable to the Group's auditors and their associates for other services:			
– The audit of the Company's subsidiaries pursuant to legislation		**0.1**	0.2
– Other advisory services		**0.1**	—
Loss on fair value change in derivatives – unrealized		**—**	0.2
Loss on fair value change in derivatives – realized		**4.7**	0.1

A reconciliation of operating profit to underlying operating profit is provided as follows:

	2024 £m	2023 £m
Operating profit	**38.4**	54.2
Exceptional items	**19.6**	—
Underlying operating profit	**58.0**	54.2

Exceptional items, excluding the impact of tax, for the year ended 31 December 2024 are impairment charges of £19.6m in relation to the goodwill attributed to DTC and EH3S CGUs (Note 12).

Management believes that separate presentation of these non-trading items provides useful information in the understanding of the financial performance of the Group and its businesses. They have therefore been 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.

Notes to the Consolidated Financial Statements continued

7. 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.

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	**2024 £m**	2023 £m
Wages and salaries (including termination benefits of £3.2m (2023: £2.3m))		**350.7**	338.6
Social security costs		**42.4**	40.7
Long Term Incentive Plan (LTIP) expense		**2.2**	5.0
Other pension costs – defined contribution plans	14a	**27.2**	23.1
Employee expense charged in arriving at operating profit		**422.5**	407.4
Net pension finance income	9	**(0.4)**	(1.0)
Total employee expense charged in arriving at profit before income tax		**422.1**	406.4

The monthly average number of full-time equivalent individuals (including Board members) employed by the Group during the year was:

	2024 Number	2023 Number
Employees		
Production, assessment, training and laboratory	**3,747**	3,560
Sales and distribution	**1,063**	1,056
Administration	**1,419**	1,228
Total employees	**6,229**	5,844
External resource	**445**	472
Total headcount	**6,674**	6,316

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.

Notes to the Consolidated Financial Statements continued

8. Key management personnel

Key management of the Group includes the Directors (Executive and Non-Executive) and other members of the Group Leadership Team.

Compensation for key management personnel is set out in the table below:

	2024 £m	2023 £m
Salaries and short-term benefits	**7.5**	7.2
Terminations	**—**	0.1
Post-employment benefits	**—**	—
Other long-term benefits	**1.4**	1.0
Total emoluments	**8.9**	8.3

Aggregate director remuneration in the year was £2.4m (2023: £3.0m) and other long-term benefits was £0.4m (2023: £0.7m). Remuneration attributable to the highest paid Director in the year was £1,171,000 (2023: £1,729,000). Further information in respect of the Directors can be found in the Directors' remuneration report on pages 88 to 99.

9. Finance income and costs

	2024 £m	2023 £m
Bank interest receivable on cash, short and fixed-term deposits	**6.6**	3.9
Interest income on the UK net defined benefit pension surplus (Note 7 and Note 14b i)	**0.4**	1.0
Finance income	**7.0**	4.9
Interest on lease liabilities (Note 13)	**(1.9)**	(1.6)
Finance costs	**(1.9)**	(1.6)

10. 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).

Current tax receivables include receivables relating to uncertain tax positions, withholding tax recoverable and payments on account. Current tax payables include UTPs and tax due on profits.

Tax uncertainties are assessed throughout the year and specifically at the year-end with any associated provisions recognized considering the specific circumstances of each risk, including the merits of technical aspects, previous experience with tax authorities, recent tax law and, if relevant, external specialist advice. Uncertain tax positions have been calculated by applying the expected value method.

Notes to the Consolidated Financial Statements continued

10. Income tax expense continued

	2024 £m	2023 £m
Current tax		
UK tax current year	**2.4**	0.4
UK tax prior years	**3.0**	6.9
Foreign tax current year	**14.8**	21.8
Foreign tax prior years	**(9.2)**	(8.0)
Withholding tax	**2.0**	2.7
Total current tax	**13.0**	23.8
Deferred tax (Note 15)		
Origination and reversal of temporary differences	**2.2**	(2.2)
Prior year deferred tax adjustments	**7.6**	2.1
Total deferred tax	**9.8**	(0.1)
Total income tax expense	**22.8**	23.7

The tax on the Group's profit before tax is higher (2023: higher) than the UK statutory tax rate of 25.0% (2023: 23.5%) applicable to profits of the consolidated entities as follows:

	2024 £m	2023 £m
Profit before income tax	**43.5**	57.5
Tax calculated at the UK statutory tax rate of 25% (2023: 23.5%)	**10.9**	13.5
Effects of:		
– Net expenses not deductible for tax purposes	**(0.3)**	0.5
– Tax losses and other temporary differences for which no deferred income tax asset was recognized	**1.8**	0.6
– Rate difference on deferred tax	**—**	(0.4)
– Higher tax rates on overseas earnings	**1.1**	1.7
– Withholding tax not recoverable	**2.0**	2.7
– Tax on restructuring of Taiwan branch	**—**	1.2
– Impairment of goodwill	**4.9**	—
– Deferred tax on unremitted earnings	**0.3**	1.4
– Uncertain tax positions	**1.3**	3.3
Adjustments to tax charge in respect of previous periods:		
– UK	**(0.1)**	(0.4)
– Foreign	**0.9**	(0.4)
Total income tax expense	**22.8**	23.7

Notes to the Consolidated Financial Statements continued

10. Income tax expense continued

The Group effective tax rate (ETR) on profits before tax for the year is 52.4% (2023: 41.2%). The ETR comprises a current year tax charge of 49.0% and a prior year tax charge of 3.4% arising from net under-provided tax.

The ETR for the Group's underlying business operations is 27.0% after removing the tax impact of Group impairment of goodwill of 11.3%, the provision for UTPs of 3.0%, deferred tax on unremitted earnings of 0.8%, irrecoverable WHT of 4.4%, current year deferred tax assets not recognized of 4.1% and prior period charge of 1.8%. The prior period impact of the provision for uncertain tax positions is included in the 3.0% above.

The underlying tax rate of 27.0% is reconciled to the UK statutory tax rate of 25.0% by the tax impacts of higher overseas tax rates of 2.6% partly offset by non-tax deductible items of (0.6%).

On 20 June 2023, the UK substantively enacted Pillar Two Model Rules, effective as from 1 January 2024. As required by IAS 12 Income Taxes, the Group has applied the exception to recognising or disclosing deferred taxes related to Pillar Two income taxes. We completed an impact assessment using our Country-by-Country report for the year ended 31 December 2023 and updated those calculations using 2024 results. On this basis management estimates that there is nil top-up tax expense in 2024.

11. 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 any impairment charges. 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 lease term or useful life whichever is shorter
Plant, machinery and office equipment	3–10 years

Depreciation charges are included within selling and distribution expenses and administrative expenses in the income statement.

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 due regard for 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 12 for detail regarding the impairment policy for non-financial assets).

The Group derecognizes items of property, plant and equipment on disposal or when no future economic benefits are expected from the continued use of the asset.

The difference between the sale proceeds and the net book value at the date of disposal is recognized in administrative expenses in the income statement.

Notes to the Consolidated Financial Statements continued

11. Property, plant and equipment continued

Property, plant and equipment policy 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 2023	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 12)	—	—	(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**
Additions	**—**	**0.2**	**1.8**	**1.4**	**3.4**
Disposals	**(1.5)**	**(0.2)**	**—**	**(4.6)**	**(6.3)**
Reclassifications	**1.4**	**1.4**	**(2.3)**	**(0.5)**	**—**
Exchange	**—**	**1.0**	**(0.2)**	**(1.4)**	**(0.6)**
At 31 December 2024	**12.4**	**14.0**	**1.0**	**32.5**	**59.9**
Accumulated depreciation and impairment					
At 1 January 2023	(5.2)	(8.0)	—	(30.6)	(43.8)
Charge for the year (Note 6)	(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)**
Charge for the year (Note 6)	**(0.5)**	**(2.0)**	**—**	**(3.2)**	**(5.7)**
Disposals	**1.5**	**0.1**	**—**	**4.6**	**6.2**
Reclassifications	**—**	**(1.4)**	**—**	**1.4**	**—**
Exchange differences	**—**	**(0.1)**	**—**	**0.6**	**0.5**
At 31 December 2024	**(4.6)**	**(12.3)**	**—**	**(25.2)**	**(42.1)**
Net book value at 31 December 2024	**7.8**	**1.7**	**1.0**	**7.3**	**17.8**
Net book value at 31 December 2023	6.9	2.7	1.7	9.0	20.3

Notes to the Consolidated Financial Statements continued

11. Property, plant and equipment continued

Capital commitments in respect of property, plant and equipment
Capital expenditure of £0.9m (2023: £1.1m) has been contracted for but not provided for in the consolidated financial statements.

12. 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. Acquired intangibles
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 on disposal or when no future economic benefits are expected from the continued use of the asset.

Notes to the Consolidated Financial Statements continued

12. Goodwill and intangible assets continued

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.

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.

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.

Acquired intangibles consist of client relationships and other intangible assets acquired as part of business combinations.

For all assets with finite useful economic life, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. Impairment reviews are undertaken whenever there is an indication of impairment, and at least once a year. As at 31 December 2024, no trigger of impairment was identified for intangible assets with finite useful economic life.

Notes to the Consolidated Financial Statements continued

12. Goodwill and intangible assets continued

	Goodwill £m	Computer software: Externally acquired £m	Computer software: Internally generated £m	Asset under construction £m	Acquired intangibles £m	Internally generated product development costs £m	Total £m
Cost							
At 1 January 2023	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 11)	—	—	—	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**
Additions	**—**	**0.2**	**0.1**	**5.5**	**—**	**1.4**	**7.2**
Reclassifications	**—**	**20.7**	**(3.0)**	**(17.7)**	**—**	**—**	**—**
Disposals (Note 6)	**—**	**(0.6)**	**—**	**(0.6)**	**—**	**(0.8)**	**(2.0)**
Exchange differences	**(0.7)**	**0.1**	**—**	**0.2**	**(0.5)**	**—**	**(0.9)**
At 31 December 2024	**79.1**	**48.8**	**14.5**	**2.2**	**33.5**	**7.0**	**185.1**
Accumulated amortization and impairment							
At 1 January 2023	(18.4)	(20.8)	(18.5)	—	(29.5)	(4.6)	(91.8)
Charge for the year (Note 6)	—	(5.8)	(1.0)	—	(1.1)	(0.6)	(8.5)
Disposals	—	3.7	3.6	1.4	—	1.3	10.0
Impairment loss (Note 6)	—	—	—	(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)**
Charge for the year (Note 6)	**—**	**(7.2)**	**(1.0)**	**—**	**(1.0)**	**(0.9)**	**(10.1)**
Disposals (Note 6)	**—**	**0.6**	**—**	**—**	**—**	**0.7**	**1.3**
Impairment loss (Note 6)	**(19.6)**	**—**	**—**	**—**	**—**	**—**	**(19.6)**
Reclassifications	**—**	**(3.4)**	**3.4**	**—**	**—**	**—**	**—**
Exchange differences	**—**	**(0.1)**	**—**	**—**	**0.1**	**—**	**—**
At 31 December 2024	**(38.0)**	**(32.9)**	**(13.3)**	**—**	**(30.3)**	**(4.3)**	**(118.8)**
Net book value at 31 December 2024	**41.1**	**15.9**	**1.2**	**2.2**	**3.2**	**2.7**	**66.3**
Net book value at 31 December 2023	61.4	5.6	1.7	14.8	4.6	2.3	90.4

Reclassifications are assets under construction being allocated to software following the completion of development.

Notes to the Consolidated Financial Statements continued

12. Goodwill and intangible assets continued

Analysis of goodwill by CGU

There are seven CGUs in total across four primary Divisions. The carrying value of each CGU has been determined by allocating directly attributable corporate 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 Division is presented below:

	Knowledge Solutions	Assurance Services		Regulatory Services		Consulting Services		Total
	Knowledge Solutions £m	System Certification £m	Training £m	Regulatory Services £m	Product Certification £m	Digital Trust Consulting (DTC) £m	Environmental, Health, Safety, Sustainability and Security (EH3S) £m	£m
31 December 2024	**5.3**	**23.6**	**1.8**	**0.4**	**2.0**	**1.7**	**6.3**	**41.1**
31 December 2023	5.3	24.4	1.8	0.4	2.0	4.4	23.1	61.4

Impairment tests for goodwill

During 2024, a strategic decision was made to transfer Product Certification from the Assurance Services business division to the Regulatory Services business division.

The Group performs an impairment review for goodwill as at each reporting date by estimating the recoverable amount of the CGUs or assets. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value-in-use. The estimated recoverable amount of each CGU in the table above is determined based on value-in-use calculations using pre-tax cash flows over a five-year assessment period, based on the most recently Board approved three-year strategic plan to FY27 and projections for the two outer years.

The key assumptions used in the estimation of value-in-use as at 31 December 2024 were as follows:

- Revenue growth rates as included in the Group's three-year strategic plan and the two outer year projections;
- Long-term growth rates;
- Discount rates; and
- Allocation methodology of central overhead costs and net assets.

Revenue growth assumptions are based the Group's strategic plan within the CGU, taking into account historical experience, market trends and competitor activity. Management considers all the forecast revenues, margins and profits to be reasonably achievable given recent performance and the historic trading results of the relevant CGUs.

Cash flows for the two outer years are derived from the relevant forecasts and are based on Group determined growth rates. The terminal value growth rate for each of the CGUs is 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 CGU is based on:

- the average growth rates predicted for the three years 2025–2027; and
- the predicted rates for 2028 and 2029, with 2029 being the final year of the Group's five-year forecast.

Notes to the Consolidated Financial Statements continued

12. Goodwill and intangible assets continued

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.

	Knowledge Solutions	Assurance	Regulatory Services			Consulting Services	
	Knowledge Solutions %	System Certification %	Training %	Regulatory Services %	Product Certification %	Digital Trust Consulting (DTC) %	Environmental, Health, Safety, Sustainability and Security (EH3S) £m
31 December 2024							
Long-term growth rate	**1.2**	**2.0**	**2.4**	**1.8**	**1.5**	**1.4**	**2.1**
Pre-tax discount rate	**13.2**	**14.2**	**13.3**	**13.8**	**14.0**	**14.4**	**13.8**
31 December 2023							
Long-term growth rate	1.1	1.9	2.3	1.4	1.3	1.4	2.2
Pre-tax discount rate	14.1	14.2	14.3	15.4	14.7	15.4	14.4

The discount rates reflect the latest market assumptions for the risk-free rate, the equity risk premium and the net cost of debt, and which are all based on publicly available external sources.

Result of the goodwill impairment tests

Management's impairment testing exercise concluded that there is significant headroom between the value-in-use and the carrying value of assets in the System Certification, Training, Product Certification, Regulatory Services, and Knowledge Solutions CGUs. This is consistent with the prior year.

Due to market uncertainty across the globe, geopolitical tensions and challenges in the Consulting market, the carrying values for EH3S and DTC exceeded their value-in-use by £17.2m and £2.4m, respectively. Consequently, an impairment charge of £19.6m has been recorded in the income statement and presented as an exceptional item (Note 6) to reduce the carrying values of goodwill in EH3S and DTC.

No impairment was recognized in FY23.

Management has assessed whether any reliable information existed over fair value less costs of disposal. Management concluded value-in-use remained the appropriate basis for the calculation of recoverable amount.

Notes to the Consolidated Financial Statements continued

12. Goodwill and intangible assets continued

Sensitivity to changes in key assumptions

Several sensitivities were applied to the projections to identify the changes needed in each key assumption that, in isolation, would result in a material change in impairment. The table below shows the sensitivity of the £19.6m impairment recognised to reasonably possible changes in key assumptions.

The cash flows within the value-in-use models for EH3S and DTC assume certain improvements in revenue growth underpinned by delivery of future strategic initiatives. There is a reasonably possible outcome that the benefits of the strategy are not realized at the value included in the five-year assessment period. This could lead to a change in the value-in-use calculations in the next twelve months which could result in further impairment loss.

The revenue sensitivity for EH3S outlined below arises from aligning the assumed revenue growth assumptions more closely with the long-term growth rate. For DTC, the revenue sensitivity further reduces the assumed revenue growth rate below the long-term growth rate.

For the remaining CGUs, management believes that any reasonable possible change in the key assumptions on which the recoverable amounts of the CGUs are based would not cause any of their carrying amounts to exceed their recoverable amounts.

Management has applied the following sensitivities to risk factors:

- Decrease in compound annual growth rate (CAGR) for revenue against the strategic plan; and
- Increase in the discount rate applied.

CGU/sensitivity	Increase in impairment £m
EH3S	
Revenue -1% decrease in CAGR	**+3.8**
1% increase in discount rate (WACC)	**+2.1**
DTC	
Revenue -1% decrease in CAGR	**+1.0**
1% increase in discount rate (WACC)	**+0.3**

13. 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 in respect of 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.

Notes to the Consolidated Financial Statements continued

13. Right-of-use assets and lease liabilities continued

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.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

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, lease payments made at or before the commencement date, and an estimate of costs to dismantle and remove the assets at the end of the lease, 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 12.

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. Options to extend or terminate the lease are included only when it is reasonably certain that the Group will exercise that option.

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 15 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:

Notes to the Consolidated Financial Statements continued

13. Right-of-use assets and lease liabilities continued

	Properties £m	Motor vehicles £m	Other equipment £m	Total £m
Cost				
At 1 January 2023	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**
Additions	**27.0**	**3.7**	**—**	**30.7**
Disposals (Note 6)	**(8.1)**	**(1.6)**	**(0.2)**	**(9.9)**
Exchange differences	**(0.7)**	**(0.1)**	**—**	**(0.8)**
At 31 December 2024	**78.8**	**13.8**	**—**	**92.6**
Accumulated amortization and impairment				
At 1 January 2023	(41.6)	(3.8)	(0.2)	(45.6)
Charge for the year (Note 6)	(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)**
Charge for the year (Note 6)	**(6.6)**	**(3.4)**	**—**	**(10.0)**
Disposals (Note 6)	**6.6**	**1.5**	**0.2**	**8.3**
Exchange differences	**0.5**	**(0.1)**	**—**	**0.4**
At 31 December 2024	**(43.1)**	**(5.6)**	**—**	**(48.7)**
Net book value at 31 December 2024	**35.7**	**8.2**	**—**	**43.9**
Net book value at 31 December 2023	17.0	8.2	—	25.2

Included in addition are new lease agreements, resulting in right-of-use asset additions of £30.7m (2023: £11.2m) of which £27.0m relates to properties (2023: £3.6m) and £3.7m (2023: £7.6m) to motor vehicles.

The Group identified certain leases that were no longer required and terminated early resulting in a net gain on early termination of £2.1m (2023: £nil) of which the related lease liability is £3.7m and right-of-use asset is £1.6m included within the respective disposal balances above.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2024 £m	2023 £m
At 1 January	**(32.6)**	(33.0)
Additions	**(30.4)**	(11.2)
Disposals (note 6)	**3.7**	0.1
Accretion of interest (Note 9)	**(1.9)**	(1.6)
Payments	**14.2**	12.2
Exchange differences	**0.3**	0.9
At 31 December	**(46.7)**	(32.6)
Current	**(10.4)**	(10.9)
Non-current	**(36.3)**	(21.7)

The following are amounts recognized in the consolidated income statement:

	2024 £m	2023 £m
Properties	**6.6**	6.5
Motor vehicles	**3.4**	2.5
Depreciation of right-of-use assets	**10.0**	9.0
Interest expense (included in finance costs) (Note 9)	**1.9**	1.6
Expense relating to short-term and low-value leases (Note 6)	**0.4**	0.5
Total amount recognized in consolidated income statement	**12.3**	11.1

The total cash outflow for right-of-use asset leases in 2024 was £14.2 m (2023: £12.2m).

Notes to the Consolidated Financial Statements continued

14. 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 an 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 scheme is administered by an independent Trustee. 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 expense relates to the administration costs of operating the scheme. The net finance credit 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.

In June 2023, the High Court ruling in *Virgin Media Limited versus NTL Pension Trustees II Limited and others* potentially has implications for the validity of amendments made by pension schemes, including the BSI Retirement Benefits Plan, which were contracted out on a salary-related basis between 6 April 1997 and the abolition of contracting-out in 2016.

The Court of Appeal upheld the original decision, although there remains uncertainty as it has not yet been confirmed whether the case will be subject to a further appeal or whether the position will be impacted by the Department for Work and Pensions bringing forward changes in legislation, as well as any possible impact on the BSI Retirement Benefits Plan. The Trustee is in the process of scoping out the work with the Plan's legal advisor to determine the number of Plan amendments during the period in question and is expected to subsequently take steps to identify S37 certificates as per the Pension Schemes Act 1993 for those Plan amendments. Given this, the updated valuation as at 31 December 2024 makes no allowance for the possible impact of the ruling as it is unclear whether any additional liabilities might arise. Management will continue to monitor developments to decide whether any subsequent actions or adjustments to pensions liabilities are required.

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 £20.4m (2023: £17.3m). This includes salary sacrifice contributions.

In addition, a number of other money purchase schemes are operated in overseas companies, with costs for the year totalling £6.8m (2023: £5.8m).

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 while members are still employed by the Company.

The risks to which the Plan exposes the Group are as follows:

- **Asset volatility** – The defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields. If assets underperform corporate bond yields, this will worsen the Plan's funded status. The Plan now largely invests in liability matching assets, including an Annuity Policy valued at £46.7m (2023: £53.3m) reducing volatility relative to the Plan liabilities, but some volatility remains. The asset allocation 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.

Notes to the Consolidated Financial Statements continued

14. Retirement benefit surplus and obligations continued

Balance sheet

The amounts recognized in the balance sheet on an accounting basis are as follows:

	2024 £m	2023 £m
Present value of defined benefit obligations	**(268.7)**	(303.8)
Fair value of plan assets	**274.7**	315.1
Funded status	**6.0**	11.3
Asset restriction	**(6.0)**	—
Asset recognized on the balance sheet	**—**	11.3

Following a review of the Trust deeds and rules of the pension scheme in 2023, the Directors determined that there was an unconditional right to a refund of surplus assets, assuming the full settlement of Plan liabilities in the event of a Plan wind-up. Based on these rights, the net surplus was fully recognized as at 31 December 2023.

During 2024, management reviewed the accounting judgments applied in previous years and concluded that recognition of the pension surplus should be restricted to the value of committed contributions, which, in this case, is nil. Consequently, the pension surplus of £6.0m (2023: £11.3m) has been derecognized from the balance sheet, with the change recognized prospectively. The amounts involved are not considered qualitatively material to the users of the financial statements.

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. BSI 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 was set up during 2023, whereby further contributions of up to £7.6m could be paid into the Plan if underfunded on a technical provisions basis as at 31 March 2025. At 31 December 2024, the escrow account held £7.6m (2023: £7.5m).

Contributions of £0.5m are expected to be paid by the Group for the year ending 31 December 2025 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 2023	(298.3)	318.4	20.1
Amounts (charged)/credited to the income statement:			
– Administration expenses (Note 23)	—	(0.7)	(0.7)
– Interest (expense)/income (Note 9)	(14.1)	15.1	1.0
Total	(14.1)	14.4	0.3
Re-measurements (Note 14b iii):			
– Losses 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)
Total	(9.4)	(0.2)	(9.6)
Contributions: employers (Note 14b iv)	—	0.5	0.5
Payments from plans: disbursements	18.0	(18.0)	—
Total	18.0	(17.5)	0.5
At 31 December 2023	**(303.8)**	**315.1**	**11.3**
Amounts (charged)/credited to the income statement:			
– Administration expenses (Note 23)	**—**	**(0.8)**	**(0.8)**
– Interest (expense)/income (Note 9)	**(13.4)**	**13.9**	**0.5**
Total	**(13.4)**	**13.1**	**(0.3)**
Re-measurements (Note 14b iii):			
– Loss on Plan assets, excluding amounts included in interest expense	**—**	**(36.6)**	**(36.6)**
– Gain from change in demographic assumptions	**0.8**	**—**	**0.8**
– Gain from change in financial assumptions	**29.3**	**—**	**29.3**
– Experience gains	**1.0**	**—**	**1.0**
Total	**31.1**	**(36.6)**	**(5.5)**
Contributions: employers (Note 14b iv)	**—**	**0.5**	**0.5**
Payments from plans: disbursements	**17.4**	**(17.4)**	**—**
Total	**17.4**	**(16.9)**	**0.5**
At 31 December 2024	**(268.7)**	**274.7**	**6.0**

Notes to the Consolidated Financial Statements continued

14. Retirement benefit surplus and obligations continued

Assumptions

The principal actuarial assumptions used were as follows:

	2024 % p.a.	2023 % p.a.
Rate of increase in salaries	**2.50**	5.00
Rate of revaluation in deferment	**2.80**	2.40
Pension increase rate:		
– RPI (min. 3%, max. 5%)	**3.65**	3.60
– CPI (min. 3%, max. 5%)	**3.45**	3.45
– CPI (min. 0%, max. 3%)	**2.10**	2.05
Discount rate	**5.50**	4.55
Inflation assumption – RPI	**3.15**	3.05
Inflation assumption – CPI	**2.65**	2.50

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 (2023: 23.2) years (men) or 25.9 (2023: 25.8) years (women). Life expectancy for a member currently aged 65 is 21.9 (2023: 21.9) years (men) or 24.5 (2023: 24.4) years (women).

The discount rates at 31 December 2024 and 31 December 2023 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 2024		Value at 31 December 2023	
	£m	%	£m	%
M&G Credit Fund	**—**	**—**	16.5	5
LGIM Future World Global Equity	**—**	**—**	19.1	6
Insight Short Dated Buy & Maintain Credit	**32.9**	**12**	31.4	10
Schroders Liability-Driven Investments	**167.0**	**61**	148.6	47
Alcentra Credit Fund	**4.9**	**2**	17.7	6
Igneo Global Diversified Infrastructure Fund	**—**	**—**	22.6	7
Cash	**23.2**	**8**	5.9	2
Annuity policy	**46.7**	**17**	53.3	17
Total fair value of assets	**274.7**	**100**	315.1	100

The plan assets are unquoted at fund level. During the year, management divested certain of its illiquid assets.

The weighted average duration of the defined benefit obligation is 11 years (2023: 12 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 2024		
	Change in assumption	Increase in assumption £m	Decrease in assumption £m
Discount rate	**0.25% p.a.**	**6.3**	**(6.6)**
Inflation rate*	**0.25% p.a.**	**(1.5)**	**0.9**
Life expectancy	**1 year**	**(5.4)**	

Notes to the Consolidated Financial Statements continued

14. Retirement benefit surplus and obligations continued

	Change in assumption	Increase/(decrease) in present value of surplus at 31 December 2023 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).

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 movements in the defined benefit obligation for these schemes over the year are as follows:

	2024 £m	2023 £m
At 1 January	**(2.6)**	(2.5)
Charged to the income statement – service costs (Note 23)	**(0.1)**	(0.2)
Charged directly to reserves (Note 14b iii)	**0.1**	(0.1)
Contributions (Note 14b iv)	**0.3**	0.2
At 31 December	**(2.3)**	(2.6)

iii. Re-measurements of post-employment benefit surplus recognized in the consolidated statement of comprehensive income

	2024 £m	2023 £m
(Loss)/gain on re-measurements of net retirement benefit surplus		
– Asset restriction	**(6.0)**	—
– UK defined benefit plan (Note 14b i)	**(5.5)**	(9.6)
– Other defined benefit schemes (Note 14b ii)	**0.1**	(0.1)
	(11.4)	(9.7)
Tax on re-measurements of net retirement benefit surplus		
– Deferred tax credit (Note 15)	**2.0**	2.4
Re-measurements of net retirement benefit surplus, net of taxes	**(9.4)**	(7.3)

iv. Retirement benefit payments

	2024 £m	2023 £m
UK defined benefit plan (Note 14b i)	**0.5**	0.5
Other defined benefit schemes (Note 14b ii)	**0.3**	0.2
Retirement benefit payments	**0.8**	0.7

Notes to the Consolidated Financial Statements continued

15. 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 and does not give rise to taxable and deductible temporary differences. 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.

	2024 £m	2023 £m
Deferred tax assets:		
Gross deferred tax assets	**21.5**	27.0
Offset of balances within the same tax jurisdiction	**(14.9)**	(13.5)
Net deferred tax assets	**6.6**	13.5
Deferred tax liabilities:		
Gross deferred tax liabilities	**(21.3)**	(19.1)
Offset of balances within the same tax jurisdiction	**14.9**	13.5
Net deferred tax liabilities	**(6.4)**	(5.6)
Net deferred tax assets	**0.2**	7.9

Movement on the net deferred tax account

	2024 £m	2023 £m
At 1 January	**7.9**	5.7
(Charged)/credited to the income statement (Note 10)	**(9.8)**	0.1
Tax charged to equity relating to retirement benefit obligations (Note 14b iii)	**2.0**	2.4
Exchange differences	**0.1**	(0.3)
At 31 December	**0.2**	7.9

Notes to the Consolidated Financial Statements continued

15. 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 2023	6.7	—	4.5	6.9	7.1	25.2
(Charged)/credited 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**
(Charged)/credited to the income statement	**(2.0)**	**—**	**(7.1)**	**2.7**	**(1.3)**	**(7.7)**
Exchange differences	**0.3**	**—**	**0.8**	**0.6**	**0.5**	**2.2**
At 31 December 2024	**0.7**	**—**	**3.0**	**11.5**	**6.3**	**21.5**

Deferred tax liabilities	Capitalized contract costs £m	Pension £m	Leases £m	Other temporary differences £m	Total £m
At 1 January 2023	(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)**
Credited/(Charged) to the income statement	**0.2**	**1.0**	**(4.0)**	**0.7**	**(2.1)**
Credited directly to reserves	**—**	**2.0**	**—**	**—**	**2.0**
Exchange differences	**(0.4)**	**(0.3)**	**(0.7)**	**(0.6)**	**(2.0)**
At 31 December 2024	**(4.6)**	**(0.1)**	**(10.5)**	**(6.0)**	**(21.2)**

The deferred tax credited directly to equity during the period was £2.0m (2023: £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 £2.1m in respect of prior years' cumulative tax losses and other temporary differences amounting to £2.1m 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. Unrecognized losses in the current year have a tax value of £1.8m (2023: £0.1m).

Subsidiary companies across the Group hold undistributed earnings of £20.4m which, if paid out as dividends, would be subject to withholding taxes in the hands of the recipient companies. A deferred tax liability of £1.5m 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.

Notes to the Consolidated Financial Statements continued

16. 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.

	2024 £m	2023 £m
Trade receivables	**119.5**	134.5
Less: loss allowance (Note 4b(ii))	**(3.8)**	(4.1)
Trade receivables – net	**115.7**	130.4
Other receivables	**19.9**	17.8
Prepayments	**17.3**	16.8
Accrued income	**51.0**	53.2
Total trade and other receivables	**203.9**	218.2
Less non-current portion:		
– Other receivables	**(14.2)**	(11.7)
Current portion of trade and other receivables	**189.7**	206.5

Included within prepayments are amounts relating to property costs, training, insurance, IT and utilities. Included in the current portion of other receivables are interest receivable, deposits and guarantees. The non-current portion of other receivables relates to the funding element of a deferred compensation scheme in respect of employees.

Trade and other receivables are non interest-bearing and are generally on 14–60 day (2023: 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:

	2024 £m	2023 £m
British Pounds Sterling	**57.6**	59.3
US Dollars	**79.0**	89.8
Euros	**21.0**	21.4
Chinese Renminbi	**6.4**	6.2
Japanese Yen	**5.3**	4.7
Australian Dollars	**5.3**	3.0
Other currencies	**29.3**	33.8
Total trade and other receivables	**203.9**	218.2

Movements on the Group loss allowance on trade receivables and accrued income are as follows:

	2024 £m	2023 £m
At 1 January	**4.1**	3.5
Increase in loss allowance on receivables recognized in profit or loss during the year	**0.6**	1.4
Increase in loss allowance on accrued income recognized in profit or loss during the year	**0.2**	—
Unused amounts reversed	**(0.9)**	(0.6)
Exchange differences	**—**	(0.2)
At 31 December	**4.0**	4.1

The creation and release of the loss allowance on receivables and accrued income has been included within cost of sales in the income statement. Receivables are written off when there is no expectation of recovering additional cash. Out of the £4.0m balance, £3.8m (2023: £4.1m) pertains to the loss allowance on trade receivables, while £0.2m (2023: £nil) relates to loss allowance on accrued income.

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.

Notes to the Consolidated Financial Statements continued

17. Costs to obtain a contract

Incremental costs to obtain 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 costs to obtain a contract balance are as follows:

	2024 £m	2023 £m
At 1 January	**19.0**	18.3
Capitalization during the year	**6.9**	7.0
Amortization during the year	**(5.5)**	(5.7)
Derecognition of costs to obtain a contract	**(0.5)**	—
Exchange differences	**0.1**	(0.6)
At 31 December	**20.0**	19.0

18. 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, a provision is made for obsolete, slow-moving and defective inventory.

19. 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 £4.4m in fixed-term bank deposits as at 31 December 2024 (2023: £6.6m), with original maturities of three months or longer (2023: three months or longer). Fixed-term deposits are classified within the consolidated statement of cash flows under investing activities as they do not meet 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, it was agreed between the Group and the Pension Trustee that pension deficit contributions due to the BSI Retirement Benefits Plan would be paid into a dedicated bank account instead of the plan. The Group set up a bank account governed by an escrow agreement, further details of which are discussed at Note 14b (i). The balance on deposit in this account as at 31 December 2024 was £7.6m (2023: £7.5m). The terms and conditions associated with the escrow agreement determine this deposit to be restricted cash, not meeting 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.

In 2023, the Group implemented a cash sweep, to enable the concentration of cash within the Group whereby cash from fellow subsidiaries is swept into centralized bank accounts in BSI Ltd (the nominated in-house bank) with the objective of improving cash management and reducing costs. This has allowed the Group to earn improved money market fund returns.

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.

	2024 £m	2023 £m
Cash at bank and in hand, representing cash and cash equivalents	**213.4**	176.9

The Group held bank overdraft facilities of £5.0m (2023: £1.0m), on an unsecured basis, although no overdraft facilities were utilised at 31 December 2024 (2023: £nil). The balance above corresponds to cash and cash equivalents for the purposes of the consolidated cash flow statement.

Notes to the Consolidated Financial Statements continued

19. Fixed-term deposits, restricted cash, and cash and cash equivalents continued

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 2024 was £225.4m (2023: £191.0m). 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:

	2024				2023			
	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	**—**	**169.8**	**5.6**	**175.4**	—	57.4	11.7	69.1
Chinese Renminbi	**20.0**	**1.4**	**—**	**21.4**	15.9	0.8	—	16.7
US Dollars	**—**	**7.5**	**0.8**	**8.3**	9.4	23.6	25.3	58.3
Euros	**—**	**—**	**0.7**	**0.7**	—	7.4	2.9	10.3
Australian Dollars	**0.1**	**—**	**1.2**	**1.3**	—	2.3	1.2	3.5
Japanese Yen	**0.4**	**—**	**1.6**	**2.0**	1.0	—	7.8	8.8
Other currencies	**—**	**2.6**	**13.7**	**16.3**	0.2	—	24.1	24.3
Total	**20.5**	**181.3**	**23.6**	**225.4**	26.5	91.5	73.0	191.0

Notes to the Consolidated Financial Statements continued

19. Fixed-term deposits, restricted cash, and cash and cash equivalents continued

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.

	2024 £m	2023* £m
Financial assets		
Foreign exchange forward contracts	**119.2**	27.2
Financial liabilities		
Foreign exchange forward contracts	**(119.4)**	(27.4)

* 2023 numbers have been restated to conform to the current year's presentation, see note 4(bii).

20. 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 2023	1.9	2.4	4.3
Charged to 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**
Charged to the income statement	**1.4**	**0.7**	**2.1**
Credited to income statement	**(0.2)**	**—**	**(0.2)**
Utilized	**—**	**(0.1)**	**(0.1)**
Currency translation	**(1.0)**	**0.3**	**(0.7)**
At 31 December 2024	**2.3**	**3.1**	**5.4**

Provisions for dilapidations are made for properties and vehicles where there are obligations to return the assets to the condition and state they were in when the Group obtained the right to use them. Amounts are recognised on an asset-by-asset basis, and are based on the present value of future expected costs required to restore the group's leased buildings and vehicles to the their fair condition at the end of the lease term.

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. These benefits are payable to employees on cessation of employment based on their final salary and number of years' service. All amounts are unfunded. These arrangements are accounted for as post-employment benefits under IAS 19.

Provisions are recognized at the best estimate of the expenditure required to settle the Group's obligation.

Analysis of total provisions:

	2024 £m	2023 £m
Non-current	**5.0**	4.0
Current	**0.4**	0.3
Total provisions	**5.4**	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.

Notes to the Consolidated Financial Statements continued

21. 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.

	2024 £m	2023 £m
Trade payables	**9.7**	12.3
VAT and sales taxes	**3.5**	4.8
Other taxes and social security	**8.5**	8.3
Other payables	**20.3**	19.4
Accruals	**79.9**	89.5
Deferred income	**47.2**	44.4
Total trade and other payables	**169.1**	178.7
Less non-current portion:		
– Trade and other payables	**(10.0)**	(9.0)
– Deferred income	**(1.1)**	(0.7)
Current portion of trade and other payables	**158.0**	169.0

Accruals and other payables totalling £100.2m (2023: £108.9m) relates to operational costs of running the business, including employee-related expenses such as salaries, pension, commission and bonus as well as other facility costs.

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2024 £m	2023 £m
British Pounds Sterling	**81.2**	79.7
US Dollars	**34.3**	38.4
Euros	**10.7**	10.8
Chinese Renminbi	**13.7**	15.2
Japanese Yen	**4.1**	5.9
Australian Dollars	**4.0**	4.5
Other currencies	**21.1**	24.2
Total trade and other payables	**169.1**	178.7

Trade payables are non interest-bearing and are generally on 14–60 day (2023: 7–60 day) terms. Other payables are non interest-bearing and are generally on 14–60 day (2023: 7–45 day) terms.

As most of the 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.

22. 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.

Notes to the Consolidated Financial Statements continued

22. Financial assets and financial liabilities continued

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 16 and 19).

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchasing or selling 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.

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 4b 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 in 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

Loans and receivables and other financial assets	2024 £m	2023 £m
Assets as per balance sheet		
Trade and other receivables and accrued income (Note 16)	**186.6**	201.4
Fixed-term deposits (Note 19a)	**4.4**	6.6
Restricted cash (Note 19b)	**7.6**	7.5
Cash and cash equivalents (Note 19c)	**213.4**	176.9
Total	**412.0**	392.4

Financial assets at fair value through profit or loss		
Derivative financial instruments* (Note 19e)	**119.2**	27.2

Notes to the Consolidated Financial Statements continued

22. Financial assets and financial liabilities continued

b. Financial liabilities by category

Other financial liabilities at amortized cost	2024 £m	2023 £m
Liabilities as per balance sheet		
Trade and other payables and accruals (Note 21)	**109.9**	121.2
Lease liabilities (Note 13)	**46.7**	32.6
Total	**156.6**	153.8

Financial liabilities at fair value through profit or loss	2024 £m	2023 £m
Derivative financial instruments* (Note 19e)	**119.4**	27.4

* 2023 numbers have been restated to conform to the current year's presentation, see note 4 (bii).

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.

23. Cash generated from operations

A reconciliation from profit before tax to cash generated from operations is as follows:

	Note	2024 £m	2023 £m
Cash flows from operating activities			
Profit before income tax		**43.5**	57.5
Adjustments for:			
– Depreciation of property, plant and equipment	6	**5.7**	5.7
– Loss on disposal of tangible assets	6	**0.1**	0.2
– Loss on disposal of intangible assets	6	**0.7**	0.3
– Derecognition of costs to obtain a contract	17	**0.5**	—
– Amortization of intangible assets	6	**10.1**	8.5
– Impairment of goodwill	6	**19.6**	—
– Impairment of intangible assets	6	**—**	1.4
– Depreciation of right-of-use assets	6	**10.0**	9.0
– Net gain on lease termination	6	**(2.1)**	—
– (Decrease)/increase in loss allowance on trade receivables	6	**(0.1)**	0.8
– Bad debts written off to income statement directly	6	**2.0**	1.6
– Finance income	9	**(7.0)**	(4.9)
– Finance costs	9	**1.9**	1.6
– Retirement benefit charges (UK defined benefit plan)	14b i	**0.8**	0.7
– Retirement benefit charges (other defined benefit schemes)	14b ii	**0.1**	0.2
– Net capitalization of costs to obtain a contract	17	**(1.4)**	(1.3)
Changes in working capital (excluding the exchange differences on consolidation):			
– Decrease/(increase) in trade and other receivables		**4.9**	(29.6)
– (Decrease)/increase in trade and other payables		**(9.9)**	18.6
– Fair value movement in derivative financial instruments		**—**	0.2
– (Decrease) in provisions		**(0.1)**	—
Retirement benefit payments	14b iv	**(0.8)**	(0.7)
Cash generated from operations		**78.5**	69.9

Notes to the Consolidated Financial Statements continued

24. Alternative performance measures

The Group assesses its performance using alternative performance measures (APMs), which are not defined under IFRS and are, therefore, termed 'non-GAAP' measures. These measures provide additional useful information on the underlying trends, performance and position of the Group. The APMs used are underlying operating profit and constant currency.

The APMs used may not be directly comparable with similarly titled measures used by other companies.

Underlying operating profit

The Directors consider items of income and expenditure which are material by size and/or by nature and not representative of normal business activities should be disclosed separately in the financial statements so as to help provide an indication of the Group's underlying business performance.

	2024 £m	2023 £m
Underlying operating profit	**58.0**	54.2
Impairment losses on goodwill (Note 6)	**(19.6)**	—
Finance income	**7.0**	4.9
Finance costs	**(1.9)**	(1.6)
Profit before tax	**43.5**	57.5

Constant currency

The constant currency basis (constant currency) adjusts the comparative to exclude the impact of movements in exchange rates relative to Sterling. This is achieved by retranslating the 2023 revenue of the business divisions into Sterling at the 2024 average exchange rates. Constant currency reconciliation is included on page 27.

25. Contingent liabilities, guarantees

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 any known facts and the availability of provisions, the Board does not expect these legal actions or claims to have a significant impact upon the Group.

In relation to the establishment and ongoing management of new and existing businesses in overseas jurisdictions, the Group follows the requirements of local laws, regulations and conventions in the relevant jurisdictions. These may require the Group from time to time, in the normal course of business, to provide payment guarantees or performance bonds in connection with its activities. These are treated as a contingent liability until such time it becomes probable that payment will be required under the individual terms of each arrangement.

Taking into account experience to date and the availability of provisions, the Board deems it a remote possibility that a payment will be required under any of these arrangements.

As at 31 December 2024, the Group has £1.1m (2023: £0.8m) outstanding relating to performance bonds and guarantees.

26. Related party transactions

Transactions with related parties have been determined in accordance with IAS 24 and are disclosed below:

a. Pension scheme trustee

Transactions with the pension scheme Trustee are disclosed in Note 14b.

b. Key management

Please refer to Note 8 for the disclosure regarding key management remuneration.

27. Post-balance sheet events

There have been no post balance sheet events requiring disclosure in these financial statements.

Notes to the Consolidated Financial Statements continued

28. 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 WLC***	Commercial Bank Plaza Level 14, Servcorp West Bay, Doha, 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	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	Içerenköy Mah. Umut Sk., Quick Plaza, 16. kat, Atasehir , Istanbul, 34752, 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 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

Notes to the Consolidated Financial Statements continued

28. Interests in group undertakings continued

Name	Registered office address	Country of incorporation or registration	Proportion held*	Activity
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 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
BSI Group Singapore Pte Ltd – Taiwan Branch	2nd Floor, No.37, Ji Hu Road, Nei Hu District, Taipei, Taiwan	Taiwan	100%	Business services
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

Notes to the Consolidated Financial Statements continued

28. Interests in group undertakings continued

Name	Registered office address	Country of incorporation or registration	Proportion held*	Activity
BSI Professional Services Australia Pty Ltd	Level 1 54 Waterloo Road, Macquarie Park, New South Wales, 2113, Australia	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.

Parent Company Balance Sheet

as at 31 December 2024

The British Standards Institution

Registered number ZC000202

	note	2024 £m	2023 £m
Fixed assets			
Intangible assets	4	**12.0**	13.3
Tangible assets	5	**6.0**	7.3
Investments	6	**68.3**	68.3
Debtors	8	**26.5**	—
Net defined benefit pension surplus	7bi	**—**	11.3
		112.8	100.2
Current assets			
Debtors	8	**320.1**	311.6
Restricted cash	11a	**7.6**	7.5
		327.7	319.1
Creditors – amounts falling due within one year	9	**(259.9)**	(307.1)
Net current assets		**67.8**	12.0
Total assets less current liabilities		**180.6**	112.2
Creditors – non-current	9	**(0.1)**	—
Net assets		**180.5**	112.2
Reserves			
Revaluation reserves		**4.3**	4.3
Retained earnings		**176.2**	107.9
Total equity		**180.5**	112.2

The Company's profit for the year ended 31 December 2024 was £77.8m (2023: £65.6m).

The accompanying notes on pages 168 to 179 form an integral part of the parent company financial statements.

The financial statements on pages 166 to 167 were approved by the Board of Directors on 28 March 2025 and were signed on its behalf by:

Susan Taylor Martin
Chief Executive
28 March 2025

Parent Company Statement of Changes in Equity

for the year ended 31 December 2024

	Revaluation reserves £m	Retained earnings £m	Total £m
At 1 January 2023	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**
Profit for the year, net of tax	**—**	**77.8**	**77.8**
Movement in actuarial valuation of defined benefit pension scheme, net of taxes	**—**	**(9.5)**	**(9.5)**
At 31 December 2024	**4.3**	**176.2**	**180.5**

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 (2023: £1.2m).

Notes to the Parent Company Financial Statements

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. Material accounting policies

The material 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 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 101 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). At each period end, transactions denominated in foreign currencies are translated into Sterling using the closing rate. 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.

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.

Notes to the Parent Company Financial Statements continued

2. Material accounting policies continued

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. Income

Dividend income is recognized in the statement of comprehensive income when the right to receive payment has been established.

BSI receives grant income, in line with its principal activities, from the UK Government to support various initiatives that are aligned with its policy objectives. Government grants are recognized in the Income Statement on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. Grants are recognized on an accruals basis when there is reasonable assurance that the conditions associated with the grants have been complied with or when any performance-related obligations are met, and the grants will be received. Where grants are received in advance of the related expenses, they are initially recognised as liabilities within trade payables and other liabilities and released to match the related expenditure. Grant income has been recognised within revenue as it arises from the principal activities of the Company.

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.

Notes to the Parent Company Financial Statements continued

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 an independent Trustee. 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.

Following a review of the Trust deeds and rules of the pension scheme in 2023, the Directors determined that there was an unconditional right to a refund of surplus assets, assuming the full settlement of plan liabilities in the event of a plan wind-up. Based on these rights, the net surplus was fully recognized as at 31 December 2023.

During 2024, management reviewed the accounting judgements applied in previous years and concluded that recognition of the pension surplus should be restricted to the value of future contributions, which, in this case, is nil. Consequently, the pension surplus of £6.0m (2023: £11.3m) has been derecognized from the balance sheet, with the change recognized prospectively.

In June 2023, the High Court ruling in *Virgin Media Limited versus NTL Pension Trustees II Limited and others* potentially has implications for the validity of amendments made by pension schemes, including the BSI Retirement Benefits Plan, which were contracted out on a salary-related basis between 6 April 1997 and the abolition of contracting-out in 2016. The Court of Appeal upheld the original decision, although there remains uncertainty as it has not yet been confirmed whether the case will be subject to a further appeal or whether the position will be impacted by the Department for Work and Pensions bringing forward changes in legislation, as well as any possible impact on the BSI Retirement Benefits Plan. The Trustee is in the process of scoping out the work with the Plan's legal advisor and looking to determine the number of Plan amendments during the period in question and is expected to subsequently take steps to identify S37 certificates as per the Pension Schemes Act 1993 for those Plan amendments. Given this, the updated valuation as at 31 December 2024 makes no allowance for the possible impact of the ruling as it is unclear whether any additional liabilities might arise. Management will continue to monitor developments to decide whether any subsequent actions or adjustments to pensions liabilities are required.

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 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 could be paid into the Plan if underfunded on a technical provisions basis as at 31 March 2025. At 31 December 2024, the escrow account held £7.6m (2023: £7.5m).

Contributions of £0.5m are expected to be paid by the Company for the year ending 31 December 2025 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 judgements and 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 and the complexities involved in the valuation, such estimates are subject to significant uncertainty.

Pension scheme liabilities vary with changes in long-term interest rates and inflation as well as the longevity of scheme members and legislation. Pension scheme assets vary with changes in interest rates, inflation expectations, exchange rates and corporate bond yields.

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).

A sensitivity analysis is included in Note 7.

Notes to the Parent Company Financial Statements continued

3. Critical accounting judgements and estimation uncertainty continued

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 2023	**35.6**
Additions	**4.3**
Disposals	**(5.0)**
At 31 December 2023	**34.9**
Additions	**4.6**
Disposals	**(0.3)**
At 31 December 2024	**39.2**
Accumulated amortization and impairment	
At 1 January 2023	**(20.7)**
Charge in the year	**(4.3)**
Impairment	**(1.4)**
Disposals	**4.8**
At 31 December 2023	**(21.6)**
Charge in the year	**(6.0)**
Disposals	**0.4**
At 31 December 2024	**(27.2)**
Net book value at 31 December 2024	**12.0**
Net book value at 31 December 2023	**13.3**

Notes to the Parent Company Financial Statements continued

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 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 and improvements	20 years
Short leasehold improvements	Over the unexpired term of the lease or useful life, whichever is shorter
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

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 2023	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**
Additions	**—**	**—**	**0.4**	**—**	**0.4**
Transfers	**—**	**—**	**(0.2)**	**0.2**	**—**
Disposals	**—**	**—**	**(0.3)**	**(0.6)**	**(0.9)**
At 31 December 2024	**5.6**	**5.8**	**0.1**	**6.4**	**17.9**
Accumulated depreciation and impairment					
At 1 January 2023	(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)**
Charge in the year	**(0.1)**	**(0.7)**	**—**	**(0.5)**	**(1.3)**
Reclassifications	**—**	**—**	**—**	**—**	**—**
Disposals	**—**	**—**	**—**	**0.5**	**0.5**
At 31 December 2024	**(0.7)**	**(5.3)**	**—**	**(5.9)**	**(11.9)**
Net book value at 31 December 2024	**4.9**	**0.5**	**0.1**	**0.5**	**6.0**
Net book value at 31 December 2023	5.0	1.2	0.2	0.9	7.3

Notes to the Parent Company Financial Statements continued

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.

	2024 £m	2023 £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 28 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 an independent Trustee. 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 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 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 credit 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.

The Company 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 £6.7m (2023: £4.9m). This includes salary sacrifice contributions.

In addition, a number of other money purchase schemes are operated in overseas companies, with costs for the year totalling £6.8m (2023: £5.8m).

b. Defined benefit schemes

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 while members are still employed by the Company.

The risks to which the Plan exposes the Group are as follows:

– **Asset volatility** – The defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields. If assets underperform corporate bond yields, this will worsen the Plan's funded status. The Plan now largely invests in liability matching assets, including an Annuity Policy valued at £46.7m (2023: £53.3m) reducing volatility relative to the Plan liabilities, but some volatility remains. The asset allocation 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.

Notes to the Parent Company Financial Statements continued

7. Pension obligations continued

Employee benefits policies continued

b. Defined benefit schemes continued

Balance sheet

The amounts recognized in the balance sheet on an accounting basis are as follows:

	2024 £m	2023 £m
Present value of defined benefit obligations	**(268.7)**	(303.8)
Fair value of plan assets	**274.7**	315.1
Funded status	**6.0**	11.3
Asset restriction	**(6.0)**	—
Asset recognized on the balance sheet	**—**	11.3

Following a review of the Trust deeds and rules of the pension scheme in 2022, the Directors determined that there was an unconditional right to a refund of surplus assets, assuming the full settlement of plan liabilities in the event of a plan wind-up. Based on these rights, the net surplus was fully recognized as at 31 December 2023.

During 2024, management reviewed the accounting judgements applied in previous years and concluded that recognition of the pension surplus should be restricted to the value of committed contributions, which, in this case, is nil. Consequently, the pension surplus of £6.0m (2023: £11.3m has been derecognized from the balance sheet, with the change recognized prospectively. The amounts involved are not considered qualitatively material to the users of the financial statements.

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. BSI 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 was 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. At 31 December 2024, the escrow account held £7.6m (2023: £7.5m).

Contributions of £0.5m are expected to be paid by the Company for the year ending 31 December 2025 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 2023	(298.3)	318.4	20.1
Amounts (charged)/credited to the income statement:			
– Administration expenses	—	(0.7)	(0.7)
– Interest (expense)/income	(14.1)	15.1	1.0
	(14.1)	14.4	0.3
Re-measurements			
– Losses 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)
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

Notes to the Parent Company Financial Statements continued

7. Pension obligations continued

	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 31 December 2024			
Amounts (charged)/credited to the income statement:			
– Administration expenses	**—**	**(0.8)**	**(0.8)**
– Interest (expense)/income	**(13.4)**	**13.9**	**0.5**
	(13.4)	**13.1**	**(0.3)**
Re-measurements			
– Loss on plan assets, excluding amounts included in interest expense	**—**	**(36.6)**	**(36.6)**
– Gain from change in demographic assumptions	**0.8**	**—**	**0.8**
– Gain from change in financial assumptions	**29.3**	**—**	**29.3**
– Experience losses	**1.0**	**—**	**1.0**
	31.1	**(36.6)**	**(5.5)**
Contributions: employers	**—**	**0.5**	**0.5**
Payments from plans: disbursements	**17.4**	**(17.4)**	**—**
	17.4	**(16.9)**	**0.5**
At 31 December 2024	**(268.7)**	**274.7**	**6.0**

Assumptions

The principal actuarial assumptions used were as follows:

	2024 % p.a.	2023 % p.a.
Rate of increase in salaries	**2.50**	5.00
Rate of revaluation in deferment	**2.80**	2.40
Pension increase rate:		
– RPI (min. 3%, max. 5%)	**3.65**	3.60
– CPI (min. 3%, max. 5%)	**3.45**	3.45
– CPI (min. 0%, max. 3%)	**2.10**	2.05
Discount rate	**5.50**	4.55
Inflation assumption – RPI	**3.15**	3.05
Inflation assumption – CPI	**2.65**	2.50

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 (2023: 23.2) years (men) or 25.9 (2023: 25.8) years (women). Life expectancy for a member currently aged 65 is 21.9 (2023: 21.9) years (men) or 24.5 (2023: 24.4) years (women).

The discount rates at 31 December 2024 and 31 December 2023 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.

Notes to the Parent Company Financial Statements continued

7. Pension obligations continued

Assumptions continued

Plan assets are comprised as follows:

	Value at 31 December 2024		Value at 31 December 2023	
	£m	**%**	£m	%
M&G Credit Fund	**—**	**—**	16.5	5
LGIM Future World Global Equity	**—**	**—**	19.1	6
Insight Short Dated Buy & Maintain Credit	**32.9**	**12**	31.4	10
Schroders Liability-Driven Investments	**167.0**	**61**	148.6	47
Alcentra Credit Fund	**4.9**	**2**	17.7	6
Igneo Global Diversified Infrastructure Fund	**—**	**—**	22.6	7
Cash	**23.2**	**8**	5.9	2
Annuity policy	**46.7**	**17**	53.3	17
Total fair value of assets	**274.7**	**100**	315.1	100

The plan assets are unquoted at fund level. During the year, management divested certain of its illiquid assets.

The weighted average duration of the defined benefit obligation is 11 years (2023: 12 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 2024		
	Change in assumption	**Increase in assumption £m**	**Decrease in assumption £m**
Discount rate	**0.25% p.a.**	**6.3**	**(6.6)**
Inflation rate*	**0.25% p.a.**	**(1.5)**	**0.9**
Life expectancy	**1 year**	**(5.4)**	

	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).

Notes to the Parent Company Financial Statements continued

8. Debtors

	2024 £m	2023 £m
Trade debtors	**0.8**	0.3
Amounts owed by Group undertakings	**304.0**	279.2
Current tax asset	**1.1**	1.2
Other debtors	**0.1**	0.3
VAT receivable	**4.5**	3.6
Prepayments and accrued income	**12.4**	12.9
Deferred tax asset (Note 10)	**23.7**	14.1
Total debtors	**346.6**	311.6
Less non-current portion		
Amounts owed by Group undertakings	**(26.5)**	
Total debtors	**320.1**	311.6

Amounts owed by Group undertakings have no fixed terms of repayment, are repayable on demand and are non-interest bearing and has been classified as current. The non-current portion is repayable on demand; however, no expectation exists that the balance will be recovered within 12 months of the period end date and as such has been classified accordingly.

9. Creditors

	2024 £m	2023 £m
Trade creditors	**4.3**	2.1
Amounts owed to Group undertakings	**231.7**	269.8
Other taxation and social security	**2.0**	1.7
Other creditors	**0.8**	1.1
Accruals	**14.3**	27.2
Deferred income	**6.8**	5.2
Total creditors	**259.9**	307.1
Less non-current portion:		
Deferred income	**(0.1)**	—
Current portion of creditors	**259.8**	307.1

Trade creditors are non interest-bearing and are generally on 30–60-day terms (2023: 30–60-day terms). Amounts owed to Group undertakings as at 31 December 2024 include trade amounts which have no fixed terms of repayment, are repayable on demand, and are non interest-bearing. As such, these balances have been recorded as current.

Notes to the Parent Company Financial Statements continued

10. 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.

	2024 £m	2023 £m
Deferred tax assets:		
– To be recovered after more than 12 months	**23.9**	16.9
Total deferred tax assets	**23.9**	**16.9**
Deferred tax liabilities:		
– To be incurred after more than 12 months	**(0.2)**	(2.8)
Total deferred tax liabilities	**(0.2)**	**(2.8)**
Total net deferred tax assets (Note 8)	**23.7**	**14.1**

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 2024	**0.8**	**(2.8)**	**14.2**	**1.9**	**14.1**
Credited to profit and loss account	**(0.3)**	**0.8**	**9.2**	**(2.1)**	**7.6**
Debited to current year reserves	**—**	**2.0**	**—**	**—**	**2.0**
At 31 December 2024	**0.5**	**—**	**23.4**	**(0.2)**	**23.7**

11. Financial assets and financial liabilities

a. Financial assets by category

Loans and receivables	2024 £m	2023 £m
Assets as per balance sheet		
Debtors excluding prepayments, accrued income and deferred taxation	**309.4**	283.2
Restricted cash	**7.6**	7.5
Total	**317.0**	290.7

b. Financial liabilities by category

Other financial liabilities at amortized cost	2024 £m	2023 £m
Liabilities as per balance sheet		
Creditors excluding non-financial liabilities	**251.1**	300.2
Total	**251.1**	300.2

12. Employee expense

	2024 £m	2023 £m
Wages and salaries	**51.5**	46.6
Social security costs	**6.3**	6.0
Long Term Incentive Plan (LTIP) expense	**1.1**	4.4
Other pension costs	**3.2**	2.6
Total employee expense	**62.1**	59.6

Notes to the Parent Company Financial Statements continued

12. Employee expense continued

The average number of full-time equivalent individuals (including Board members) employed by the Company during the year was:

	2024 Number	2023 Number
Production, inspection and laboratory	**30**	30
Sales and distribution	**58**	53
Administration	**700**	532
Total headcount	**788**	615

Disclosures in respect of Directors' emoluments can be found in the Directors' remuneration report on pages 88 to 99.

13. Auditors' remuneration

The auditors' remuneration for the audit of the parent company financial statements was £0.1m (2023: £0.2m).

14. Financial commitments

At 31 December, annual commitments under non-cancellable operating leases were as follows:

	2024			2023		
	Land and buildings £m	Motor vehicles £m	Total £m	Land and buildings £m	Motor vehicles £m	Total £m
No later than 1 year	**1.6**	**0.4**	**2.0**	2.0	0.3	2.3
Later than 1 year and no later than 5 years	**11.3**	**0.5**	**11.8**	1.5	0.6	2.1
Minimum lease payments	**12.9**	**0.9**	**13.8**	3.5	0.9	4.4

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.

15. Related party transactions

Transactions with related parties have been determined in accordance with FRS 102 and are disclosed below:

a. Pension scheme trustee

Transactions with the pension scheme Trustee 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.

16. Contingent liabilities, guarantees

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 deems it a remote possibility that a payment will be required under any of these arrangements.

As at 31 December 2024, the Group has £1.1m (2023: £0.8m) outstanding relating to performance bonds and guarantees.

17. Post-balance sheet events

There have been no post balance sheet events requiring disclosure in these financial statements.

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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