

IDEAS | PEOPLE | TRUST



Environmental Impact Report

NOVEMBER 2023

—  —
LOOKING
BEYOND
WITH PURPOSE

BDO

Contents

Forewords	02
Transition to Net-Zero	03
Performance summary	04
Energy	07
Travel	09
Other	11
Key Performance Indicators	13

Mission statement

BDO LLP is a responsibly managed firm across all sustainability issues and proactively reduce our environmental impacts.

Doing what's right for all

We are continuing to act on climate change because that it is the right thing to do. Businesses have a moral responsibility to ensure a thriving and equitable world for all. Many temperature records were broken in 2023, with July 2023 being the hottest month on record. This has emphasised the need to act and continue to drive a reduction in overall business-related emissions, especially from within our own operations.

For us, our goal is to reduce our overall carbon footprint in line with our SBTi validated Net-Zero targets that commit us to reducing our absolute scope 1 and 2 emissions by 90% by 2050 from a 2020 baseline and reduce our scope 3 emissions by 97% per FTE by 2050 from a 2030 baseline. This is our long-term science-based target.

We also have a target to reach by 2030. This is to halve our overall emissions in comparison to our 2030 baseline. This is our near-term Science-based target to achieve this, we continue to explore our commitment to Net-Zero and encourage innovative approaches to energy, our supply chain, and business travel.

We are committed to embedding environmental controls and practices into the daily management of the firm and thereby encourage positive behaviour from our staff to achieve a more environmentally conscious culture, which will be critical to us achieving our Net-Zero targets.

Our first steps have begun with the appointment of a Sustainability and ESG Lead in 2023, who will spearhead our progress towards our targets, alongside a series of decarbonisation workstream leads within our Net-Zero programme.

We recognise that tackling climate change is not something we can do on our own; we are also aligning and collaborating with BDO Global, our international member firms, and with third parties to communicate the importance of climate change being a board agenda topic and drive the change that is required to reduce emissions.

For the purpose of this report, we will focus on SECR aligned reporting (Scope 1, 2 and limited 3), and highlight our approach towards Net-Zero. For FY23/24 we will expand our reporting on our Net-Zero progress.

About this report

This report provides our stakeholders with a comprehensive view of the organisation's performance and action on environmental matters for the year ending 30 June 2023.

It provides performance highlights from 2022/23, comparative analysis and highlights of performance by emissions source. The report can be read in both summary and detailed views, intended to support further discussion and decision-making regarding priority areas for action.

Forewords



Andy Butterworth

Chief Operating Officer,
BDO LLP

At BDO, we recognise the importance of acting on climate change to ensure long-term sustainability. We are committed to improving our performance and disclosure each year.

We are a people-powered business, and we act on climate change because it is the right thing to do, our people expect it, and the businesses we work with and future generations deserve it.

We continue to try to identify new ways to improve our performance management and implement ways to reduce our environmental footprint. In a post-COVID-19 world, we have been embedding sustainability into our plans for our new-look agile working hubs, and a move towards permanent hybrid working.

After significant reductions in emissions due to national lockdowns, we knew our emissions would rise in FY 2021/22 and FY 2022/23; and this report confirms that they have indeed risen as expected. Notably, we remain pleased to report that our FY 2022/23 total emissions are still lower than our total emissions pre-COVID. We are determined to address this, which is why it has been critical this year to publish our Transition to Net-Zero roadmap. This outlines multiple steps we must take to reduce our emissions further from this point.



BDO acts on climate change because it is the right thing to do, our people expect it, and the businesses we work with and future generations deserve it.



Claire Snowdon

Sustainability and ESG Leader,
BDO LLP

Businesses are playing a key role in societies' transition to a greener, more sustainable economy. We see this in interactions with our clients and audited entities and suppliers, we see it in the business forums we are members of and in the rising standards and regulations that we are expected to meet. Having a sustainability strategy is no longer enough - we need to demonstrate that there are solid actions and continuous progress behind the commitments we make.

That's why we worked hard throughout this year to analyse our emissions data and develop a comprehensive and detailed roadmap to reach Net-Zero carbon emissions by 2050. We submitted our plans to the Science-based Targets Initiative (SBTi) in November 2022 for independent validation. The process was rigorous and detailed and we were absolutely delighted to receive confirmation in August 2023 that our plans are credible based on the latest scientific thinking around keeping to within 1.5 degrees of warming.

While waiting for our target validation we wasted no time to take action. We have established a programme team and Steering Committee to oversee the planning and implementation of our Net-Zero roadmap, focusing on our near-term 2030 goals. We are looking at three workstreams: how we travel, how we work and how we buy. We are starting to make progress, gaining some early agreement to a new Carbon Smart Travel policy, for example. This includes asking people to travel less, and implementing an Internal Carbon Price on air travel when travel is essential. Through transparency, and by putting a value on carbon, we believe we can drive change in our business and our behaviours.

We're looking forward to reporting on progress with our Decarbonisation and Net-Zero Programme in future years and hope to show the real impact of our commitment to take responsible action.



Having a sustainability strategy is no longer enough - we need to demonstrate that there are solid actions and continuous progress behind the commitments we make.

Transition to Net-Zero

Over the past 18 months, we have been undergoing a transformation in the way that we calculate, monitor, and eventually report on our carbon emissions to align to a series of Net-Zero emissions reduction targets, that have now been validated by the Science Based Targets initiative (SBTi). Whilst this report (2022/23) does not include our Net-Zero targets, for 2023/24 we will expand our reporting to demonstrate our commitment to, and progress against, our near- and long-term Net-Zero targets, which are as follows:

- ▶ 50% reduction in absolute scope 1 and 2 emissions by 2030
- ▶ 80% of our suppliers by emissions will have science-based targets by 2027
- ▶ 90% reduction in absolute scope 1 and 2 emissions by 2050
- ▶ 97% reduction in scope 3 emissions per FTE by 2050

In addition to establishing Net-Zero targets and reviewing our emissions measurement approach, we have established a new internal governance structure to oversee, monitor, guide and track our progress against our Net-Zero targets.

Targets

In order to meet our near and long-term SBTi approved Net-Zero targets, which requires us to halve emissions by 2030 from 2020 levels, we are aware that we must establish a strong programme of work with dedicated leads and interim targets.

Our Net-Zero roadmap focuses initially on three action areas to 2030:

- ▶ 'How we work', including renewable energy in our offices, Net-Zero criteria in our property strategy and educating partners and employees on carbon-efficient ways of working
- ▶ 'How we travel', including the design of a new carbon-smart travel policy to reduce emissions from business travel by 40%
- ▶ 'How we buy', including 80% of our suppliers by emission to have science-based Net-Zero targets by November 2027.

Alongside the appointment of a Sustainability and ESG Leader at BDO LLP, we have appointed a series of 'work-stream leads' to manage the three action areas for the firm. Together these roles form our Decarbonisation Delivery Group whose work and progress is overseen by a Steering Group, Chaired by our Finance Partner. The programme reports to our Operations Board on a six-monthly basis and our Leadership Team and Partnership Council on an annual basis.



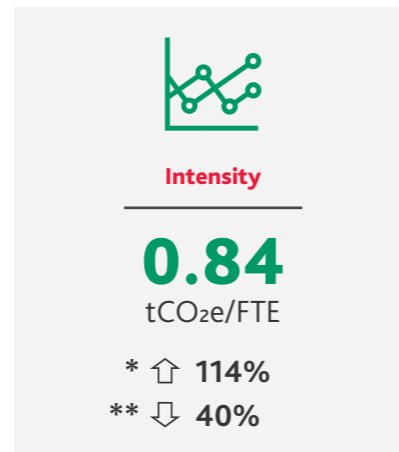
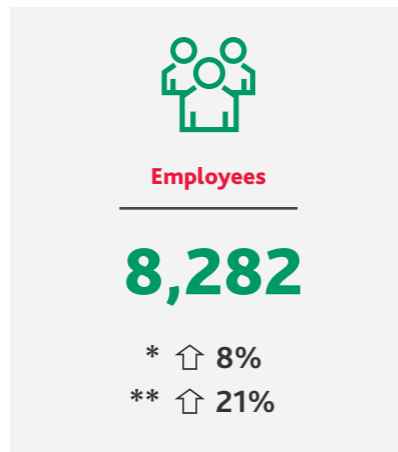
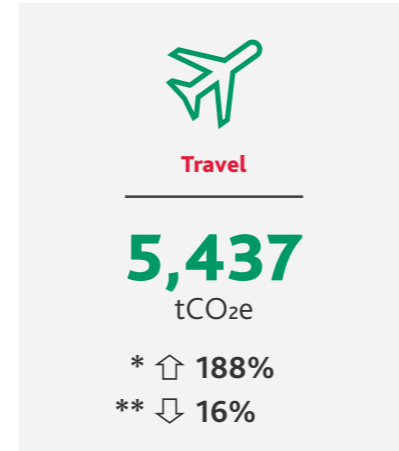
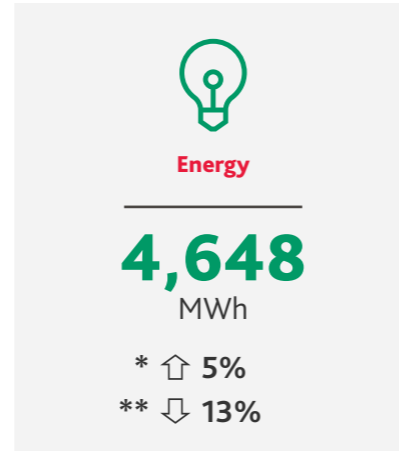
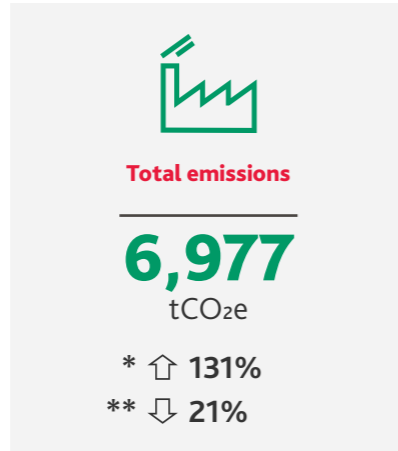
NET ZERO

Carbon neutrality

Whilst we are on our journey towards Net-Zero, we have continued to maintain our operational carbon neutrality status for the fourth year running. We are aware that this does not impact our progress towards Net-Zero emissions, yet we believe that it is the right thing to do to demonstrate our commitment to a transitioning global economy. We have chosen to align with the principles of the PAS 2060 standard, a specification detailing how to demonstrate carbon neutrality. A key requirement of this specification is for us to implement our ongoing Carbon Management Plan. This includes setting SBTi targets, measuring annually against these targets, ensuring carbon neutrality of business operations (through annual investment in offsetting projects), assessing environmental risks and opportunities, and maintaining strong governance of our carbon commitments. Progress and achievement of these goals are outlined and supported by our Net-Zero delivery plan.

Our carbon footprint has increased by 116% compared to 2021/22. This is a result of the changing working practices throughout 2021/22, caused by the recovery from COVID-19 global pandemic. Our challenge is now to instigate and maintain working practices that continue to reduce our operational carbon footprint as our workforce maintain their agile business operations.

Performance summary



* Percentage change in comparison to 2021/2022 performance.

** Percentage change in comparison to 2019/2020 performance.

2022/23 Performance summary

Overall, 2022/23 emissions have increased 131% from the previous year's emissions totals. This overall increase is due to our continued rebound post COVID-19. It should be noted that 2022/23 emissions have decreased by 21% in comparison to pre-COVID-19 (2019/20) emissions totals.

This year's significant increase in emissions was as expected, as previous years emissions performances were heavily influenced by our pivot to hybrid business operations in response to the COVID-19 pandemic, and the travel restrictions that were in place.

This has resulted in the following comparison between 2021/22 and 2022/23:

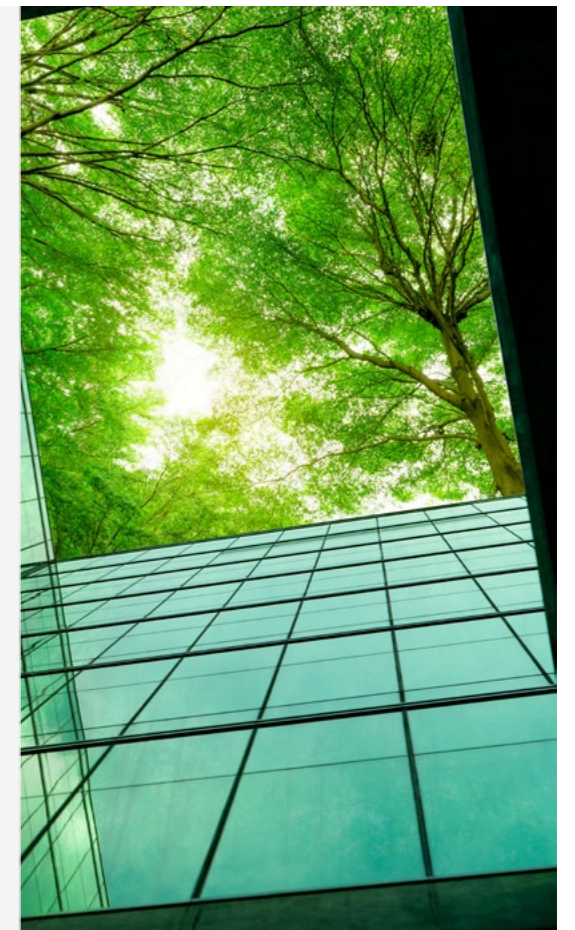
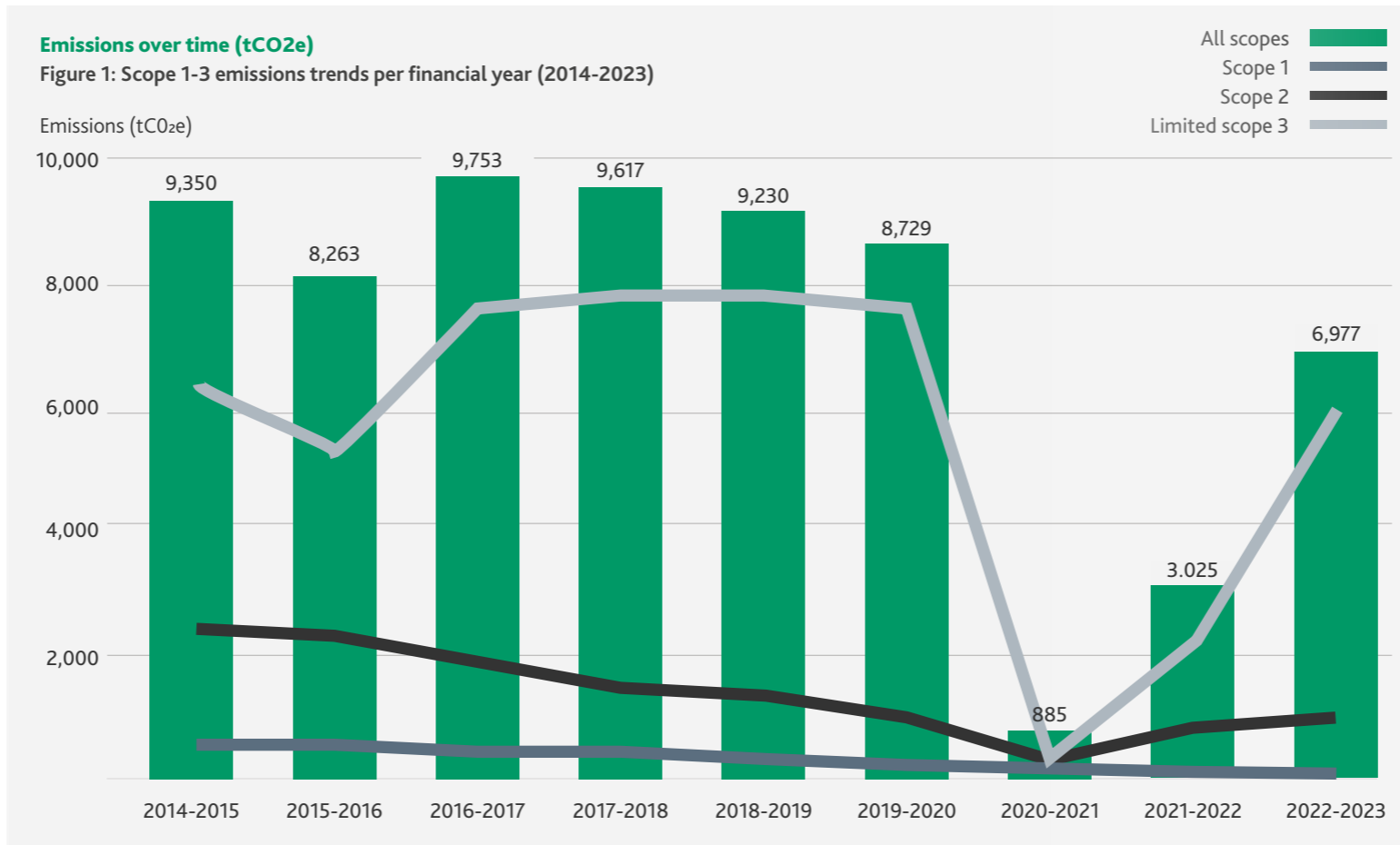
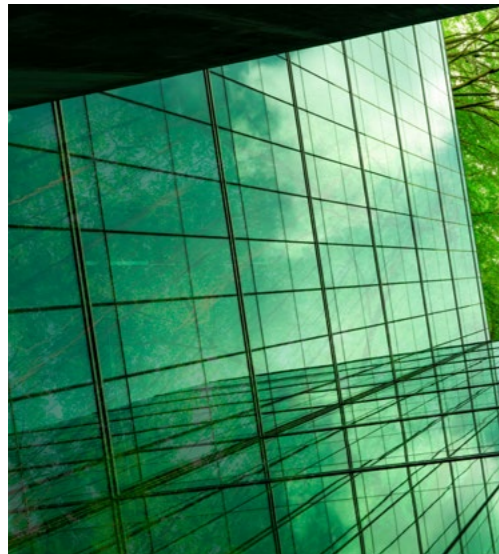
- ▶ Overall emissions have increased by 131% compared to 2021/22
- ▶ Energy consumption increased by 5% due to a continued pivot to agile working conditions
- ▶ Due to a full relaxing of travel conditions, business travel emissions have increased by 188%
- ▶ Emissions per FTE increased by 114%, with an 8% increase of employees across the business.



Performance summary (continued)

However, a comparison of emissions against 2019/20 show the following:

- ▶ Energy consumption decreased 13% due to the adoption of agile working practices
- ▶ Despite a comparative mobility of the workforce, travel emissions have decreased 16% due to a greater uptake of virtual technologies in the workplace
- ▶ Emissions per FTE decreased by 40%, with a 21% increase of employees across the business.



2022/23 Performance: In numbers



Over the course of 12 months, our operations and activities have had the following environmental impacts...

total CO₂ emissions



6,977
tCO₂e

...or **1,517** cars' annual CO₂
Compared to **3,025 tco₂e** in 2021/22, equivalent to an extra 859 cars on the road in the 12 months

Total energy



4,649
MWh

...or **1,265** homes powered
Compared to **4,423 MWh** in 2021/22, generating power for an additional 61 households

Distance travelled



32.2
million km

...or **802** trips around the Earth
Compared to **13.6 million km** in 2021/22... or an extra 463 trips around the Earth

Paper consumption



16
tonnes

...or **336** trees
Compared to **10 tonnes** of paper consumed in 2021/22, chopping down an additional 96 trees in the 12 months

Water usage



49,864
m³

...or **26** Olympic pools filled
This remains unchanged from 2021/22

Waste produced



552
tonnes

...or **55** fully-loaded waste trucks
This remains unchanged from 2021/22

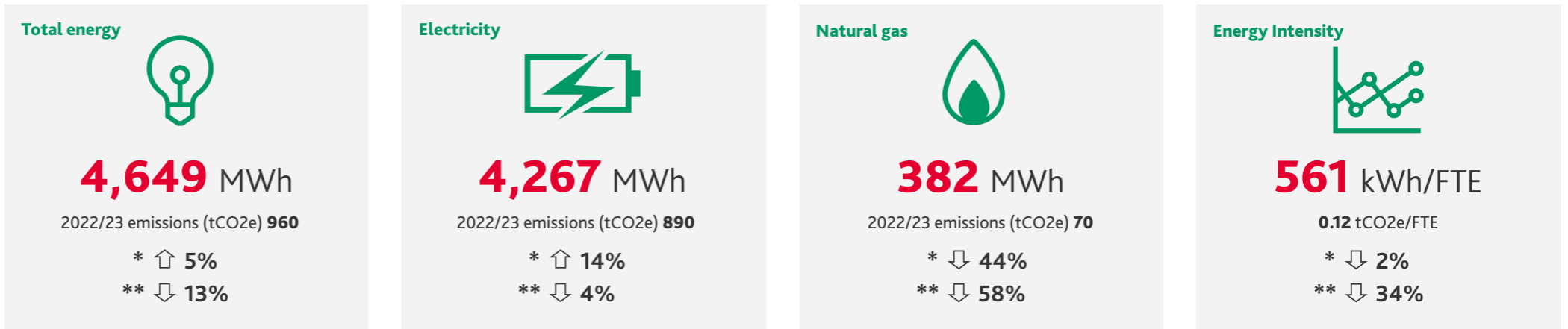
* Percentage change in comparison to 2021/2022 performance.
** Percentage change in comparison to 2019/2020 performance.

2022/23 Performance: Energy

2022/23 Highlights: Energy

The previous year's energy consumption was impacted by post-COVID-19 working arrangements and the move to a hybrid way of working. This resulted in the following comparisons:

- ▶ A 5% increase in total energy consumption from 2021/22 levels
- ▶ An energy intensity decrease of 2% compared to 2021/22
- ▶ Energy accounts for 15% of BDO's total emissions in 2022/23.



* Percentage change in comparison to 2021/2022 performance. ** Percentage change in comparison to 2019/2020 performance.



2022/23 Performance: Energy (continued)

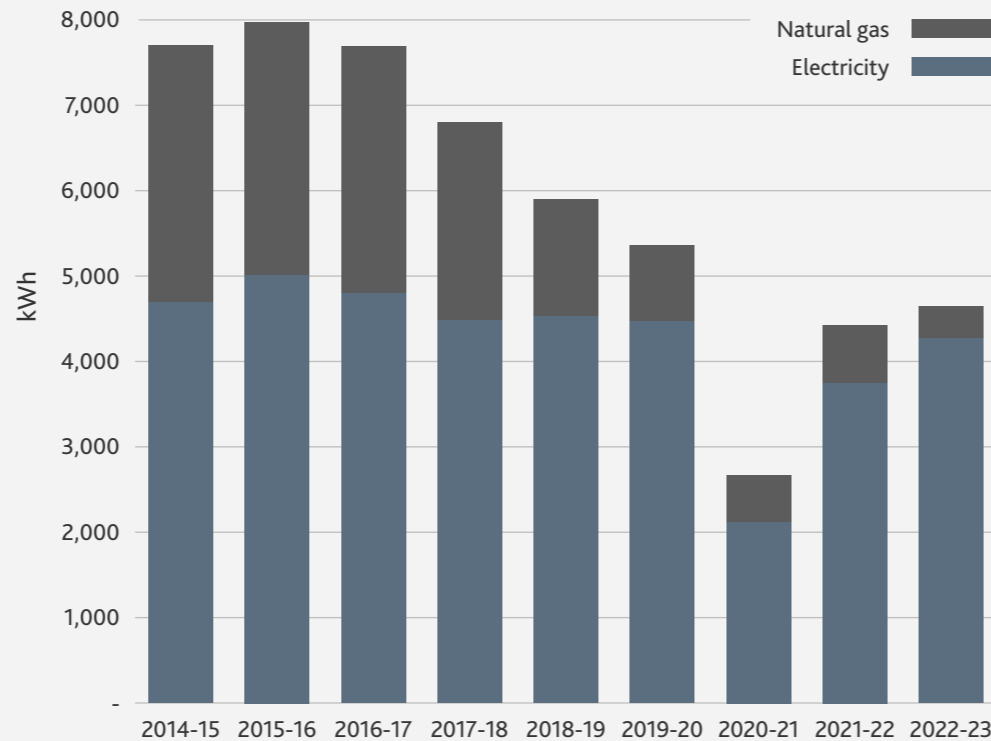
Energy performance

We have seen a 5% increase in total energy consumption in our buildings with employees returning to an increasingly hybrid working pattern and footfall increasing in our offices. Overall, emissions from natural gas and electricity account for 15% of total reported emissions and are highlighted as a notable contributor to our overall carbon footprint. In our current portfolio, only 4 of our offices still use natural gas, which is a significant decrease compared to previous years. Furthermore, as part of our ongoing sustainability efforts, we have made it a priority to choose natural gas free energy sources whenever possible for our new office locations.

As we continue to work towards more sustainable business practices, we are exploring ways to identify additional energy savings opportunities across our portfolio, to support us on our journey to Net-Zero emissions.

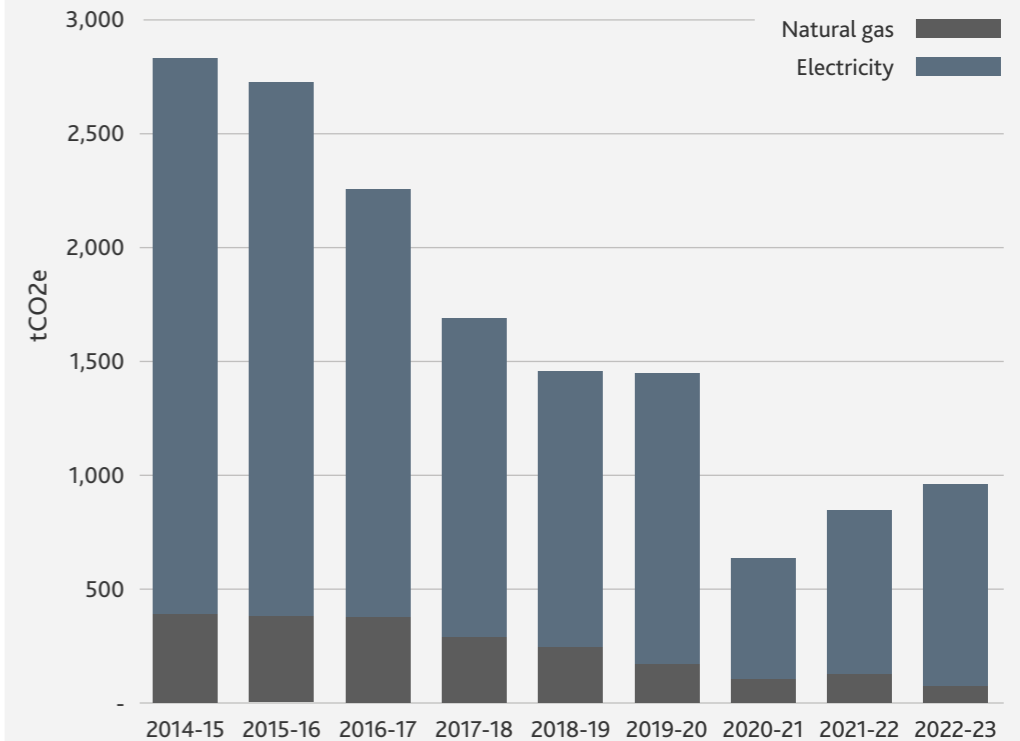
Energy consumption (kWh)

Figure 2: Energy Consumption (kWh) per financial year (2014-2023)



Emissions generated from natural gas and electricity usage (tCO2e)

Figure 3: Emissions generated from natural gas and electricity (tCO2e) per financial year (2014-2023)



2022/23 Performance: Travel

2022/23 Highlights: Travel

In 2022/23, we have experienced a notable rise in business travel (137% increase from 2021/22), accounting for over 80% of our carbon footprint. This significant increase in business travel emissions can be attributed to the lifting of global travel restrictions, with us seeing emissions increase across all areas of business travel, except for road travel (excludes employee commuting), which decreased significantly. Travel highlights consist of:

- ▶ The total distance travelled of our staff has increased by 137% from 13.6 million km in 2021/22 to 32.2 million km in 2022/23
- ▶ Total travel emissions have increased by 188% from 1,888 tCO₂e to 5,437 tCO₂e
- ▶ Flight emissions rose 189%
- ▶ Flights continue to account for most of the business travel emissions (94%), as well as 85% of total scope 3 emissions
- ▶ Decrease in distance travelled across all forms of business travel, except rail, in comparison to 2019/20 – demonstrating a shift to alternative, low carbon, modes of transport.

Total distance



32.2 million km

2022/23 emissions (tCO₂e) **5,437**

* ↑ 137%
** ↓ 5%

Air



22.5 million km

2022/23 emissions (tCO₂e) **5,091**

* ↑ 154%
** ↓ 14%

Rail



9.7 million km

2022/23 emissions (tCO₂e) **346**

* ↑ 165%
** ↑ 163%

Road



0.001 million km

2022/23 emissions (tCO₂e) **0.2**

* ↓ 100%
** ↓ 100%

Travel Intensity



3,892 km/employee

2022/23 emissions **0.6** tCO₂e/FTE

* ↑ 120%
** ↓ 27%

* Percentage change in comparison to 2021/2022 performance.
** Percentage change in comparison to 2019/2020 performance.



2022/23 Performance: Travel (continued)

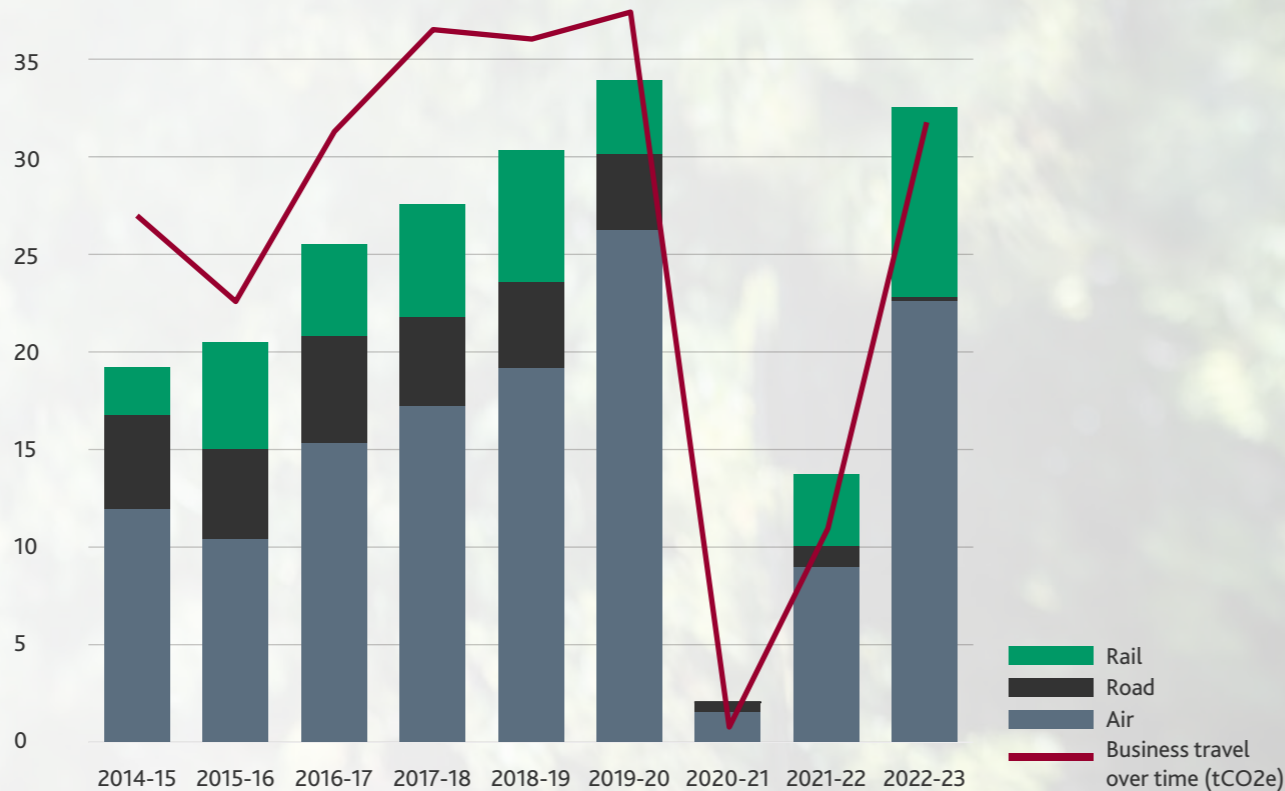
Travel performance

Through our agile business operations, we aim to take the positives of the increased use of technology, such as improvements in video conferencing. We continue to encourage our employees to reduce their impact where possible with the following key environmental considerations:

- ▶ Travelling by rail instead of air or road transport
- ▶ When travelling by car, selecting low emissions vehicles or car sharing
- ▶ Continuing to utilise video conferencing.

Distance travelled over time (million km) and business travel emissions (tCO2e)

Figure 4: Combined distance travelled (million km) per financial year (2014 - 2023) and total tCO2e per year.



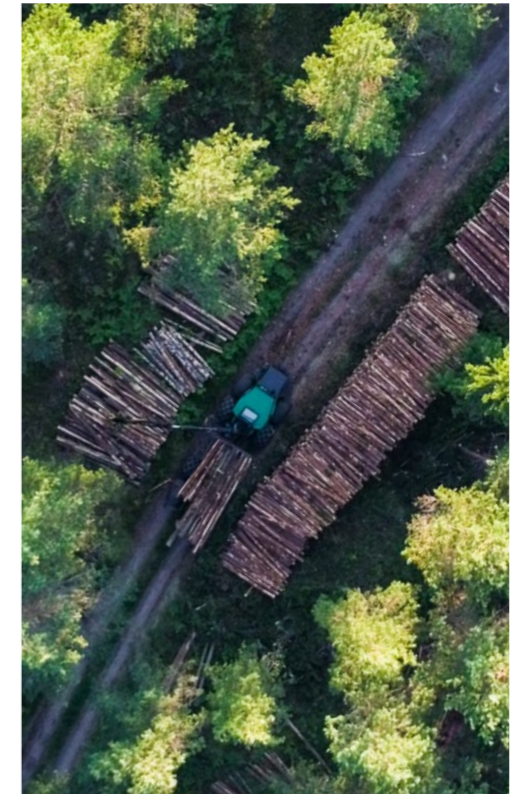
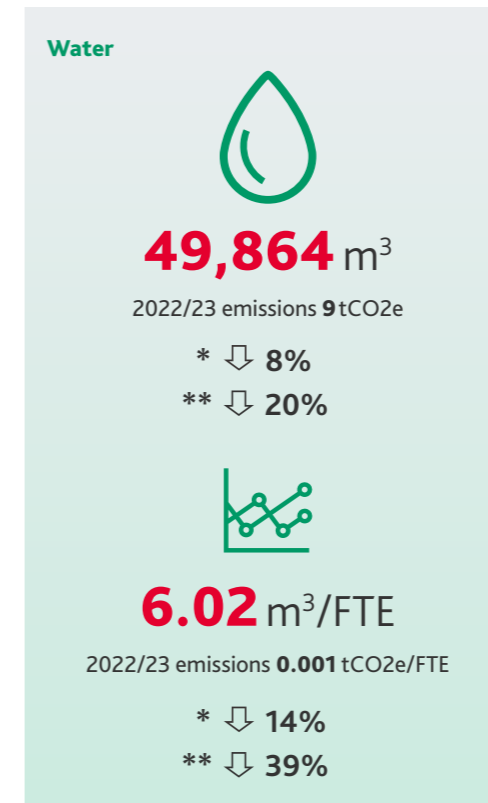
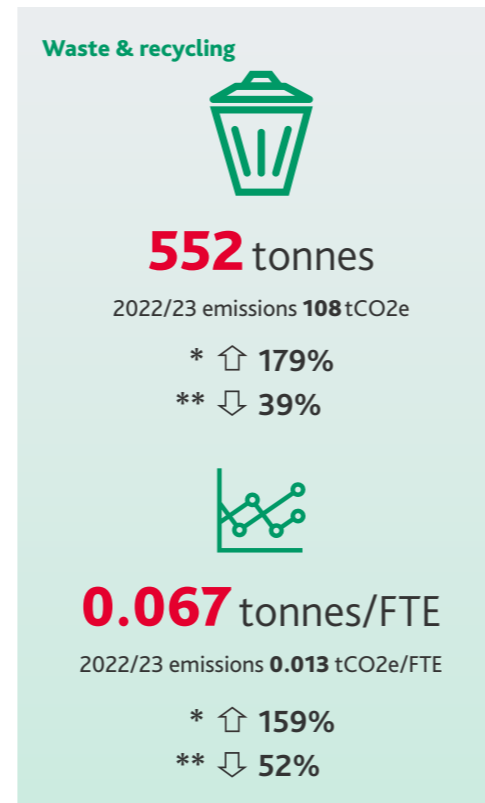
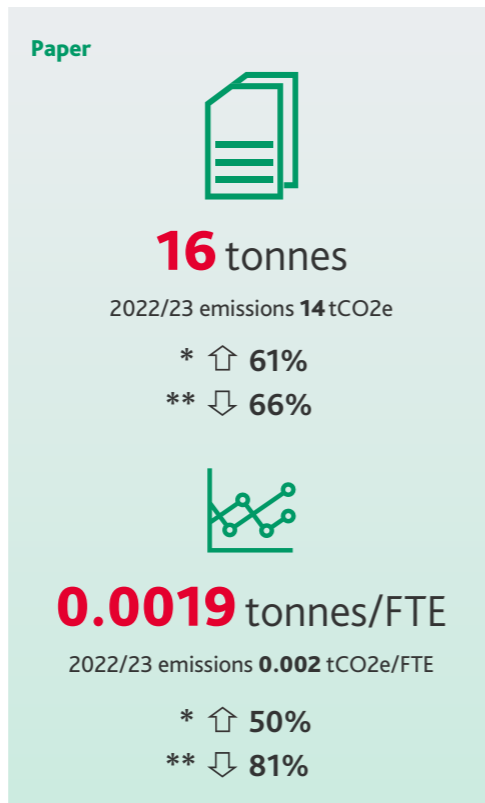
2022/23 Performance: Other

2022/23 Highlights: Other

Throughout 2022/23, we have seen an increase in paper usage and an increase in the volumes of waste generated. This increase is due to the continued return to office working that we have experienced over the past year.

In comparison to FY 2021/22:

- ▶ Waste, water, and paper account for 2% of total emissions
- ▶ Waste and water data remain estimated for selected sites, where data is not available. Waste consumption increased +179% compared to 2021/22 as employees are visiting the office more regularly
- ▶ Despite an increase from 2021/22 levels, our consumption units are significantly lower than 2019/20 levels.



* Percentage change in comparison to 2021/2022 performance. ** Percentage change in comparison to 2019/2020 performance.

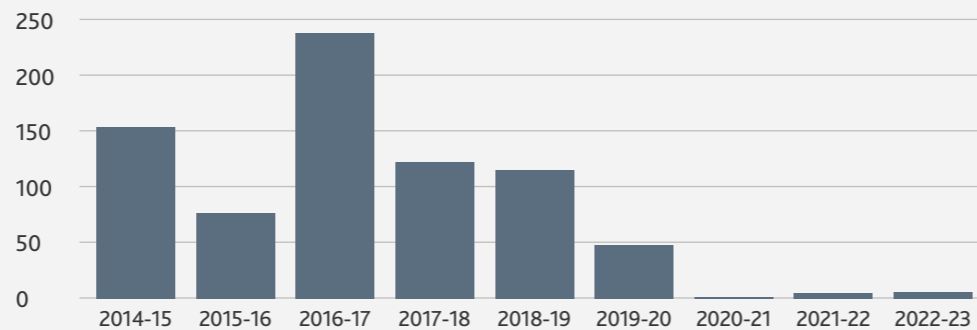
2022/23 Performance: Other

Other Performance

Emissions from other building sources account for about 2% of our total footprint, with emissions from landfill disposal of waste accounting for almost all this impact. Waste and recycling data was received partially for all offices, and was estimated where missing. In line with our hybrid working approach, we have reduced our paper consumption significantly compared to pre-COVID-19 levels with a 66% reduction compared to 2019/20. This has occurred through the use of digital alternatives. We intend to enhance the reduction of paper use in the office through various initiatives, in light of the elevation of paper consumption in comparison to 2021/22.

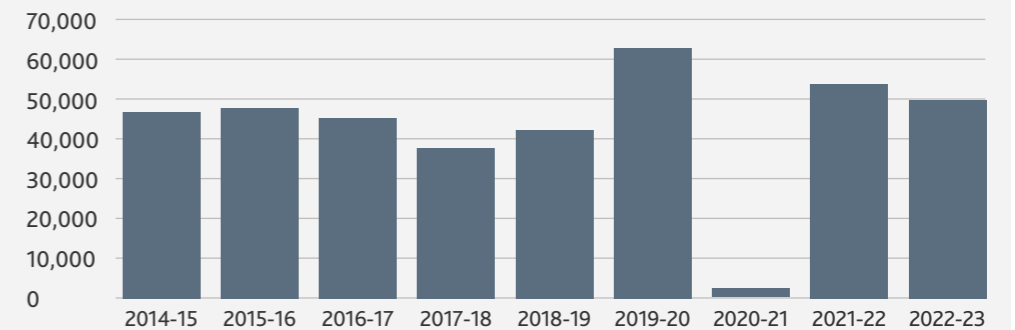
Paper

Figure 5: Paper consumption (tonnes) per financial year (2014 - 2023)



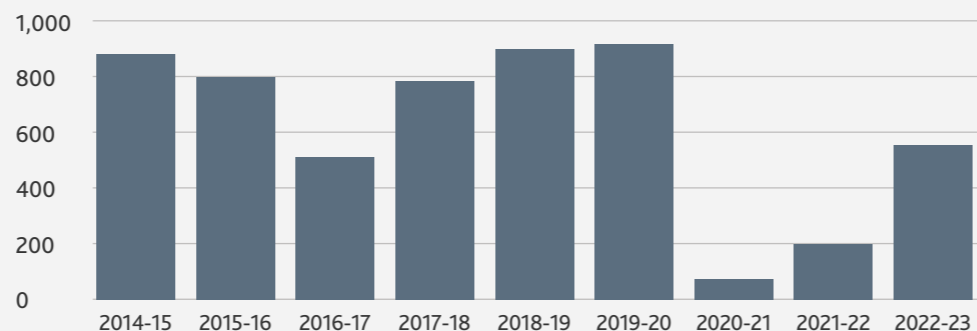
Water

Figure 6: Water consumption (m³) per financial year (2014 - 2023)



Waste

Figure 7: Waste consumption (tonnes) per financial year (2014 - 2023)

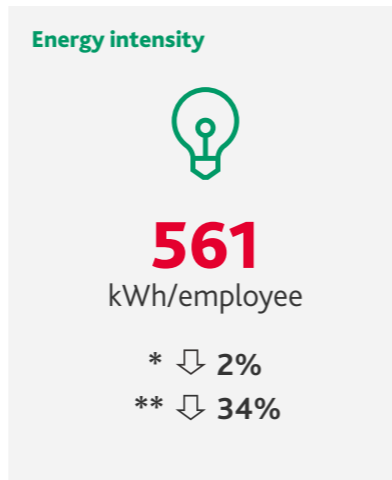
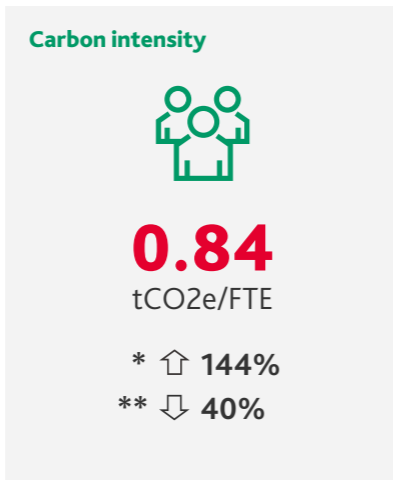


Key Performance Indicators

KPIs are being tracked to maintain a focus on efficiency as well as to monitor our decarbonisation progress.

Like many businesses, 2022/23 emissions are higher than 2021/22 emissions due to the increase in office use and travel, after the COVID-19 lockdown limited office use and reduced travel. In our 2020/21 Environmental Report we acknowledged this year's emissions will rise, rather than reduce still further, as people return to the office and to international business travel, and as we grow.

However, as BDO LLP transforms into a hybrid working firm, we continue to be committed to reducing our emissions.



Next steps and future actions

As we continue to transition to a Net-Zero firm, we are aware that we need to continue to demonstrate progress against targets, as well as report on a wider scope of environmental requirements for the firm.

Looking ahead to the next reporting period, we will seek to build out the commentary surrounding our progress against our Net-Zero targets, as well as bring in TCFD aligned reporting highlights covering environmental risks, opportunities, governance and climate scenarios. We will also seek to incorporate highlights on nature impacts and demonstrate our continued commitment towards being a responsible business.

* Percentage change in comparison to 2021/2022 performance. ** Percentage change in comparison to 2019/2020 performance.



FOR MORE INFORMATION:

Claire Snowdon

claire.snowdon@bdo.co.uk

Rick Gourley

rick.gourley@bdo.co.uk

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication, and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO LLP or any of its partners, employees or agents.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO member firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

Copyright © November 2023 BDO LLP. All rights reserved. Published in the UK.

www.bdo.co.uk

