



OUR PAY GAP REPORT 2022

BDO SERVICES LTD

FOREWORD

BDO is committed to ensuring that we help our people to succeed. Ensuring everyone is paid fairly is important. We want to attract, promote, and retain the best and brightest talent from a diverse range of backgrounds and make an impact on society as a whole.

It is important to remember the difference between 'equal pay' and 'gender pay gap'.

Equal pay is the right to be paid the same level of pay for 'like work, work rated as equivalent and work of equal value'; whereas the gender pay gap is the difference in average pay and bonuses received by male and female employees within a workforce, irrespective of role, responsibilities, or seniority.

Gender pay gap information falls within The Equality Act 2010 (Gender Pay Gap Information) Regulations

We confirm that our gender pay gap figures are calculated and presented within this report in accordance with the required regulations.

2017 ('the Regulations'). The Regulations require employers with 250 or more employees to publish statutory calculations each year showing how large the pay gap is between male and female employees.

We support the regulations and happily and transparently share our data each year, supported by our BE INSPIRED action plan to drive more gender balance in our firm.

Although not a statutory requirement, we have also chosen to report on our ethnicity pay gap for the third year. This supports our Race Action Plan and commitment to improving representation, progression and success of our Black, Asian and Minority Ethnic colleagues.

The data in this report is accurate as of 5 April 2022.



PAUL ENGLAND
Managing Partner



ROB WORRALL
Head of People

PAUL ENGLAND
Managing Partner

ROB WORRALL
Head of People

OUR PEOPLE



HAMID GHAFOOR
Partner

Partner Sponsor for BDO's CEDAR ('Celebrating Ethnic Diversity and Roots') Network

"I am proud of what we have achieved so far with our Race Action Plan but know there is more progress to be made. This year our award-winning video, "Let's Talk about Race" has allowed the firm to continue the conversation in a powerful way."



ANNA DRAPER
Leadership Team member and sponsor for the Gender Balance action plan

"I am excited to have joined the Leadership Team this year and will continue to drive our important Gender Balance work."

¹Equality and Human Rights Commission definition of Equal Pay



OUR GENDER PAY GAP

Our employee gender pay gap has decreased for the fifth consecutive year.

Below are our gender pay gap figures and our workforce composition:

The **mean** is the average of a set of numbers. It is calculated by adding up all of the values in a data set, and then dividing by the total number of values.

The **median** is the middle value of a set of numbers. It is calculated by ordering all of the values in a data set from lowest to highest and identifying the middle value.

Our workforce composition	Female (F)	Male (M)
	45.83%	54.17%

Pay	2022	2021
Mean pay gap	11.59%	12.99%
Median pay gap	11.35%	11.79%

OUR BONUS GAP

	2022	2021
Mean	33.73%	46.61%
Median	14.58%	22.22%
Percentage of employees receiving a bonus		
Male (M)	72.89%	59.68%
Female (F)	78.31%	66.30%

OUR HOURLY PAY QUANTILES

Quartile Band	Female % of employees		Male % of employees	
	2022	2021	2022	2021
Upper	39.17%	38.66%	60.83%	61.34%
Middle Upper	45.82%	46.83%	54.18%	53.17%
Lower Middle	50.74%	53.39%	49.26%	46.61%
Lower	48.67%	49.48%	51.33%	50.52%

ANALYSIS IN BRIEF

We know our gender pay gap data is heading in the right direction as the gap is closing each year; however, we are not complacent and acknowledge that we have more we want to achieve.

Factors that are impacting on the gender pay gap include:

- ▶ Businesses that have more men at Director level and above and more women in support roles will naturally have a larger gender pay gap. At BDO, we know that 77% of those in support roles are female and circa 60% of Directors/Principals and Senior Managers are men. We are taking a number of actions to ensure that more female employees are reaching those senior positions
- ▶ More women than men are receiving a bonus; however, the bonus gap also reflects that women are receiving lower bonuses than men. The Regulations require that bonus pay is calculated on a pro rata basis which means that the mean and median bonus figures are based on the actual bonus received. As more women than men work part-time, this gap is wider
- ▶ It is also worth noting that the calculation of pay gaps is made after deductions are made for salary sacrifice under the Regulations. We want our people to be able to have flexibility in purchasing additional holiday and other benefits; as a result this does mean that some of the pay gap can be attributed to the impact of the benefits choices our employees have made.

The break down by pay quartiles reveals that we are seeing a gradual increase in the percentage of women in the upper quartile, and based on our monitoring of representation, we anticipate that this will continue.

Our BE INSPIRED action plan summarises a detailed programme of local and national activity led by the Leadership Team, our Culture Board and BDO Inspire (our women's network, promoting gender diversity within the firm) with the aim of ensuring that there are no barriers preventing talented people from succeeding.

Within our BE INSPIRED plan, we look at attraction, recruitment, training, coaching, inclusive leadership, our policies and processes, mentoring and sponsorship. We also look at what metrics we need to apply to challenge our thinking and check we're heading in the right direction – and that our actions are turning into tangible results over what we know will be a long journey.



BE YOURSELF: GENDER BALANCE

B	Belief	<ul style="list-style-type: none">▶ Be Yourself programme delivered by ED&I Manager and U Board▶ Storytelling through role models.
E	Educate	<ul style="list-style-type: none">▶ Key dates: March (Intl Women's Day), November (partner promotions), October (Publication of Culture Report, Gender Pay Gap data, Women in Finance Charter report)▶ Support BDO Inspire in their skills-based, knowledge-sharing events▶ Ongoing storytelling through central channels.
I	Inclusive leadership	<ul style="list-style-type: none">▶ LT and SBU Leaders: Regular review of gender balance and progression pipelines▶ People Manager Accreditation programme: ED&I and Inclusive Leadership Training Included.
N	Networks and communities	<ul style="list-style-type: none">▶ Internal networks: continue to meet regularly with BDO Inspire (our gender balance network); support NW Inclusion, Transaction Services' Women's Forum, TRA female group and Corporate IT Forum▶ External memberships: continue to support Women in Finance Charter report, 30% Club, SWIFT, Women Working In International Development Group, She Who Discovers.
S	Support and sponsorship	<ul style="list-style-type: none">▶ Active promotion of mentoring: partners, firm-wide, 30% Club▶ Progress with Mentoring Circles▶ Sponsorship for future partners: formal sponsorship of those in the partner pipeline▶ Working Families project, incl launch of Working Families & Carers Network▶ Explore Returner programme, encouraging individuals who've had career breaks to apply to BDO.
P	Policies and programmes	<ul style="list-style-type: none">▶ Ambition = 30% female partners by 2030▶ Active promotion of Whistleblowing and Zero Tolerance policies (in conjunction with Race Action Plan).
I	Investigate, innovate and insight	<ul style="list-style-type: none">▶ Continuing listening events▶ Review UN Women Empowerment Principles and WiF Maturity Model▶ Horizon-scanning▶ Annual competitor review of gender balance.
R	Recruitment and retention	<ul style="list-style-type: none">▶ Recruitment lifecycle review through a D&I lens (in conjunction with Race Action Plan)▶ Active briefings to recruiters on inclusive recruitment actions▶ Regular review from HR of exit interview trends▶ Root cause analysis of attrition - female manager/senior manager.
E	Excite	<ul style="list-style-type: none">▶ Continue to promote Allies to work with and help represent females (partners)▶ Inspiring stories with a link to our 'Be Yourself' priority▶ Leverage network of champions and U Leaders.
D	Development	<ul style="list-style-type: none">▶ A clear development plan linked to our 'Achieving My Potential' framework▶ Work with HR/PD Managers to ensure wider representation for inclusion on Career Development Pathway Programme and other development opportunities▶ Review implementation of 'Identifying and Developing Potential' tool across the business.

OUR AMBITIONS

We originally set an ambition of 20% female partners by July 2021; unfortunately the COVID-19 pandemic impacted us being able to achieve this in 2020. We made the decision to pause partner promotions and new lateral partner hires on a temporary basis, as we took stock and responded to the impact of the global pandemic on our business. This means that we effectively 'lost a year' of our partner pipeline.

The good news is that in November 2021, we met our ambition of 20% female representation at senior management level or in BDO's case, 20% female partners.

Our new ambition is to reach 30% female partners by 2030, and we are currently on track to reach this.



PAUL ENGLAND
Managing Partner

OUR PEOPLE

"After meeting our first ambition of 20% female partners, it was important to set our next ambition. We need to keep up our actions, our conversations, our listening, our allyship and our support."

In addition to achieving these ambitions, since the last report we have:

- ▶ Increased female representation on our Leadership Team to 25%, promoted 11 women to Partner and welcomed 10 female Partners as lateral hires
- ▶ Remained an active member of the 30% Club. This is a cross-company, cross-mentoring scheme which is aimed at developing a broader pipeline of female talent at all levels. BDO has increased the number of mentoring pairs taking part in this
- ▶ Hosted a number of events for women. Topics have included combatting stress and a panel with four female partners discussing their transition from Director to Partner
- ▶ Founded a Working Parents and Carers network to support men and women with caring responsibilities. The network held a listening event with Paul England in August and collaborated with our Enabled Network on a session about caring for yourself as a carer.





OUR ETHNICITY PAY GAP

We have chosen to publish our ethnicity pay gap since 2019. It is not currently a requirement, but we feel it is important and our Race Action Plan, sponsored by our Managing Partner, Paul Eagland, specifically includes our commitment to capture and publish this data each year.

The data is based on 76.1% of our people who have chosen to share their ethnicity data with us. The number of people sharing their ethnicity data with us is increasing and we hope to be able to report on more data in future years.

We are reporting our ethnicity pay gap using the same methodology used in accordance with the required regulations for calculating our gender pay gap.

We are comparing the pay and bonus gaps of employees who identify as Black, Asian or Minority Ethnic. ('BAME'). For reporting purposes, we are using the terms 'BAME' and 'Non-BAME' but we recognise that the experiences of people within the scope of the term are different. As our data becomes more complete, we are analysing our workforce in a more granular way to better support our people.

Our workforce composition	BAME	Non BAME
	30.28%	69.72%

Pay	2022	2021
Mean pay gap	11.22%	10.10%
Median pay gap	-1.15%	2.65%

OUR BONUS GAP

	2022	2021
Mean	36.96%	27.60%
Median	24.89%	25.00%
% Of population who received bonus		
BAME	65.45%	55.00%
Non BAME	81.00%	66.00%

OUR HOURLY PAY QUANTILES

Quartile Band	BAME % of employees	Non BAME % of employees
2022		
Upper	24.51%	75.49%
Middle Upper	38.95%	61.05%
Lower Middle	32.06%	67.49%
Lower	30.85%	69.15%
2021		
Upper	21.76%	78.74%
Middle Upper	30.06%	69.94%
Lower Middle	27.73%	72.27%
Lower	26.14%	73.86%

ANALYSIS IN BRIEF

The mean pay gap has widened slightly this year.

We would expect the mean gap to widen slightly as representation increases in the lower and middle quartiles. Looking at the pay quartiles, we can see that the percentage of BAME employees in every quartile has increased, including an increase in the lower and lower middle quartiles. The largest increase in representation has been in the middle upper quartile.

The mean bonus gap has narrowed by nearly 10%. This may be because the percentage of BAME employees receiving a bonus has increased.

However, more non-BAME employees receive a bonus than BAME employees and more work is needed to reduce the bonus gap. We review the performance appraisal process to ensure it includes a review of ED&I metrics to mitigate and minimise the impact of any unconscious bias.

RACE ACTION PLAN

We signed the Business in the Community Race at Work Charter in June 2020. Since then, we have launched our Race Action Plan which confirms our five key pillars of action to increase representation across the firm.

This year we changed the name of our Race and Ethnicity network from BAME to CEDAR. We wanted a name which reflects the goals of our network which are inclusive, supportive and collaborative. The name CEDAR stands for 'Celebrating Ethnic Diversity and Roots'.

In the last 12 months:

- ▶ Black, Asian and Minority Ethnic representation at every level from trainee to partner has increased
- ▶ We have shared our ambition to have 10% BAME partners by 2026, of which 10% are from or of a Black Heritage. We are currently at 5% BAME partners and are monitoring our progress towards our ambitions.

At BDO, we celebrate difference.

With close ties to CEDAR, we have two new networks:

- ▶ **East and Southeast Asian network (ESEA)** – ESEA formed as part of the wider CEDAR network to support employees of East and Southeast Asian origin and colleague of all backgrounds who are interested in learning about the culture
- ▶ **African Caribbean Heritage network launched during Black History Month** – Established as part of the CEDAR network, the aim is to provide an opportunity for members to optimise the experiences within BDO and the Professional Services industry. It will also provide a chance for colleagues of all backgrounds to learn about African Caribbean culture by joining the network
- ▶ **CEDAR mentoring** – As part of our Race Action Plan, 60 mentees and mentors participated in a mentoring scheme intended to help with networking, confidence building and career planning. We celebrated the completion of the scheme for the first cohort in July and are planning the next
- ▶ **Black Heritage work experience** – We ran our second Black Heritage virtual insight week. This is designed to allow Black university students gain insight into what a career in accountancy and a BDO might look like for them
- ▶ **10,000 Black Interns programme** – This initiative is designed to help transform the prospects of young Black people in the UK.



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