



BDO'S  
APPROACH  
TO ESG

IDEAS | PEOPLE | TRUST

**BDO**

# BDO'S APPROACH TO ESG

FOREWORD FROM MATTHEW WHITE, BDO SENIOR PARTNER  
AND CO-CHAIR OF BDO'S ESG BOARD

## **ESG matters – to our people, our clients, our regulators and to wider society.**

We believe that businesses have an ethical responsibility to do what they can to ensure a thriving, sustainable world.

As a firm, we want to play our part to address the challenges facing people and planet without adding to them.

That's why we have put in place a strategic framework to allow us to respond to, and embed, ESG into our business – thoroughly, meaningfully and strategically.

In 2021, we set up an ESG Board to oversee the development of our ESG strategy and priorities.

With membership drawn from across the business, the ESG Board acts as an advisory group to the firm's Leadership Team to ensure we focus on areas in which BDO can have the most positive impact whilst also minimising negative impacts.

While we progress our own ESG strategy and performance, we are also committed to helping clients with their own ESG ambitions.

As the ESG reporting landscape becomes more harmonised and demand for robust, reliable, and credible information grows, we aim to play a greater role in providing advice and assurance to help our clients succeed.

Like many businesses, BDO's approach to ESG will be a 'work in progress'. We recognise that fully embedding ESG into our decision making and delivering sustained improvements over the longer term will take years of concerted effort.

But, importantly, we have made strong progress to date and are fully committed to continuous improvement, being bold and genuine as we go.

**MATTHEW WHITE**  
Senior Partner, BDO



# E IS FOR OUR ENVIRONMENT

OUR PRIORITY IS TO PUBLISH A TRANSITION TO NET ZERO ROADMAP

**We continue to achieve carbon neutral status through reducing our emissions and offsetting our residual carbon emissions.**

**In 2019/20, BDO became carbon neutral across its GB office network. Nine of BDO's offices now hold a BREEAM rating of very good or higher for energy efficiency.**

Some of the measures we have taken to improve environmental performance and reduce our greenhouse gas emissions in line with the 1.5°C Paris agreement include:

- ▶ Introducing a new, real-time sustainability reporting platform to improve performance management
- ▶ Delivering a number of energy efficiency measures, as well as schemes to reduce waste to landfill and reduce plastic packaging
- ▶ Reducing total emissions by 90%, business travel emissions by 94% and energy consumption by 41% in 2020/21 vs the prior year, although this was primarily due to COVID-19 lockdowns
- ▶ Switching to green tariffs for our energy in our solely-managed offices
- ▶ Increasing the ratio of Electric Vehicles in our staff car fleet
- ▶ Training Environment Champions in each office to help activate environment programmes locally.

While we have made good progress, we recognise that there is much more to do.

As business flights specifically account for over 80% of our travel emissions, we have updated our business travel guidance to encourage staff to consider carefully what level of travel will be necessary and what work can remain virtual.

Further details on our environmental targets and actions can be found in our [Environmental Report 20/21](#).

## BDO'S COMMITMENT TO NET ZERO

In December 2021, BDO in the UK made a commitment to go Net Zero.

We are currently working with an external carbon consultancy to explore how soon we can get there and to create and publish our Transition to Net Zero plan.

In the lead-up to COP26, BDO globally also committed to going Net Zero by 2050 or sooner, as part of the Net Zero Financial Services Partners Alliance.

## CARBON OFFSETTING

We have offset carbon through ClimateCare's [Gyapa Stoves project](#) in Ghana. The Gyapa is an efficient cookstove which cooks food more quickly, uses 50% less fuel and is less smoky. This cuts carbon emissions, reduces exposure to toxic fumes, saves money and helps reduce deforestation.



# S IS FOR SOCIAL

OUR PRIORITY IS TO ACTIVATE A STEP-CHANGE IN OUR SOCIAL IMPACT

**As a large employer with 6,500 people working across the UK, we believe the Social element of ESG is where we can have a particularly positive impact.**

This starts with fostering a culture within BDO in which people are encouraged to feel they can truly be themselves at work.

We want our people to work in an environment in which they are inspired and challenged, collaborative and successful. And we want to provide support to all our people so that they can give something back to their local communities in a way that is meaningful and motivating for them.

To ensure we nurture what is special about BDO's culture, we have three strategic priorities: Wellbeing, Be Yourself and Citizenship.

## WELLBEING

- ▶ We have a long-established commitment to wellbeing and have been awarded Gold in the Mind Workplace Wellbeing Index, a benchmark of best policy and practice for supporting mental health at work
- ▶ We have over 80 Wellbeing Champions who organise local activities and wellbeing sessions. We have also trained nearly 60 Mental Health First Aiders
- ▶ We actively promote a range of wellbeing tools ranging from a 24/7 employee assistance helpline to the latest DigiCare app
- ▶ In February 2021, we signed up to the Mental Health at Work Commitment
- ▶ We are working on our agile working programme to give people flexibility and choice in their working pattern in a post-COVID world.





## BE YOURSELF

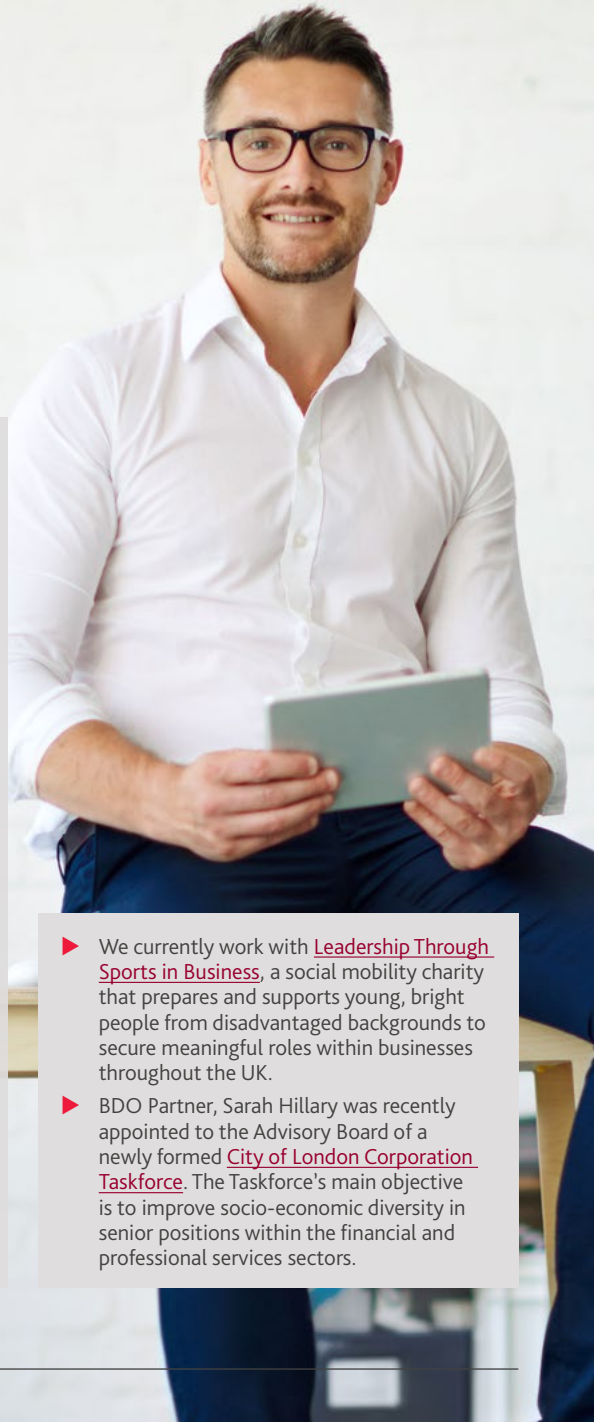
- ▶ We encourage our 6,000 individuals to 'Be Yourself' as part of our Equality, Diversity & Inclusion strategy
- ▶ As signatory to the Women in Finance Charter, we had an ambition of 20% female partners by the end of 2022. This was achieved in November 2021. We now have an ambition to have 30% female partners by 2030
- ▶ We support the annual publication of Gender Pay Gap and Ethnicity Pay Gap data – for partners, as well as for employees. We have continued to improve our Gender Pay Gap year-on-year, now at 11.79% mean (down from 16.9% in 2019-20) and published our first Ethnicity Pay Gap in 2021. Our detailed Pay Gap reports for both employees and partners are available on [www.bdo.co.uk](http://www.bdo.co.uk)
- ▶ As signatory to the Race At Work Charter, we have published our first Race Action Plan. We have an ambition that our number of partners who identify as BAME will increase from 4% to 10% by 2026, with 10% of those partners identifying themselves as being of black heritage
- ▶ We encourage people to educate themselves through our ED&I eLearning modules, which have received 5-star ratings from course attendees
- ▶ The firm supports seven ED&I networks: BDO Inspire (women), BLEND (LGBTQ+), Enabled (those with disabilities, neurodiverse conditions and their carers), BAME, Muslim, Jewish and Christian – all aimed at supporting the communities they represent, raising awareness and educating.

## CITIZENSHIP

- ▶ We have offered ten citizenship days a year to our employees for the last 15 years and continue to encourage more of our colleagues to use them
- ▶ We are founder members of [RISE](#) a social mobility initiative that aims to help young people develop the essential skills that businesses need
- ▶ We partner with organisations such as the Social Mobility Foundation, Leadership Through Sport & Business and TaxAid
- ▶ We are experts in developing vital business and financial skills across thousands of our employees. We are exploring further strategic programmes to see how we can share these skills more with the wider community
- ▶ We have launched our first Citizenship network. The Trustee Network aims to connect, develop, support and celebrate trustees, PTAs and governors in the firm.

Further information on all of BDO's social programmes can be found in the firm's annual [Culture Report](#).





One area in which BDO can have the most positive impact is in social mobility.

- ▶ We are founding partners of [Access Accountancy](#), an organisation that exists to ensure that everyone has an equal chance of accessing the accountancy profession based on merit, not background. BDO, along with other firms and professional bodies, has recently become a signatory of the renewed and updated Access Accountancy commitments of work experience opportunities for young people and collecting socio-economic data from our people.
- ▶ We are also founding partners of [RISE](#), a social mobility initiative that aims to help young people develop the essential skills that businesses need. Led by education charity Talent Foundry, RISE offers skills workshops to schools in areas of low social mobility, supported by business volunteers from BDO and other participating firms.
- ▶ In 2021 we hosted our first, annual, 'explore BDO' virtual insight programme, aimed specifically at students from Y 10, 11 & 12 who are from a lower socio-economic background. The programme gives these young people the opportunity to develop their professional skills and learn more about the career opportunities within the profession and BDO. We are repeating this in 2022.

- ▶ We currently work with [Leadership Through Sports in Business](#), a social mobility charity that prepares and supports young, bright people from disadvantaged backgrounds to secure meaningful roles within businesses throughout the UK.
- ▶ BDO Partner, Sarah Hillary was recently appointed to the Advisory Board of a newly formed [City of London Corporation Taskforce](#). The Taskforce's main objective is to improve socio-economic diversity in senior positions within the financial and professional services sectors.

# G IS FOR GOVERNANCE

OUR PRIORITY IS TO EMBED ESG INTO OUR DECISION MAKING

**Good governance is crucial for making sure there are the right checks and balances in the way that we run our business. It provides oversight and challenge of the decisions being made by the firm's leadership – ensuring these decisions are in line with the firm's culture and grounded in our core purpose, that they comply with law and regulations and that they meet the needs of all our internal and external stakeholders by enabling the firm to deliver high quality work.**

We have recently undertaken a comprehensive Governance Review to evaluate the governance requirements of our growing firm, and to make the changes necessary to strengthen our governance model so that it is fit for the future.

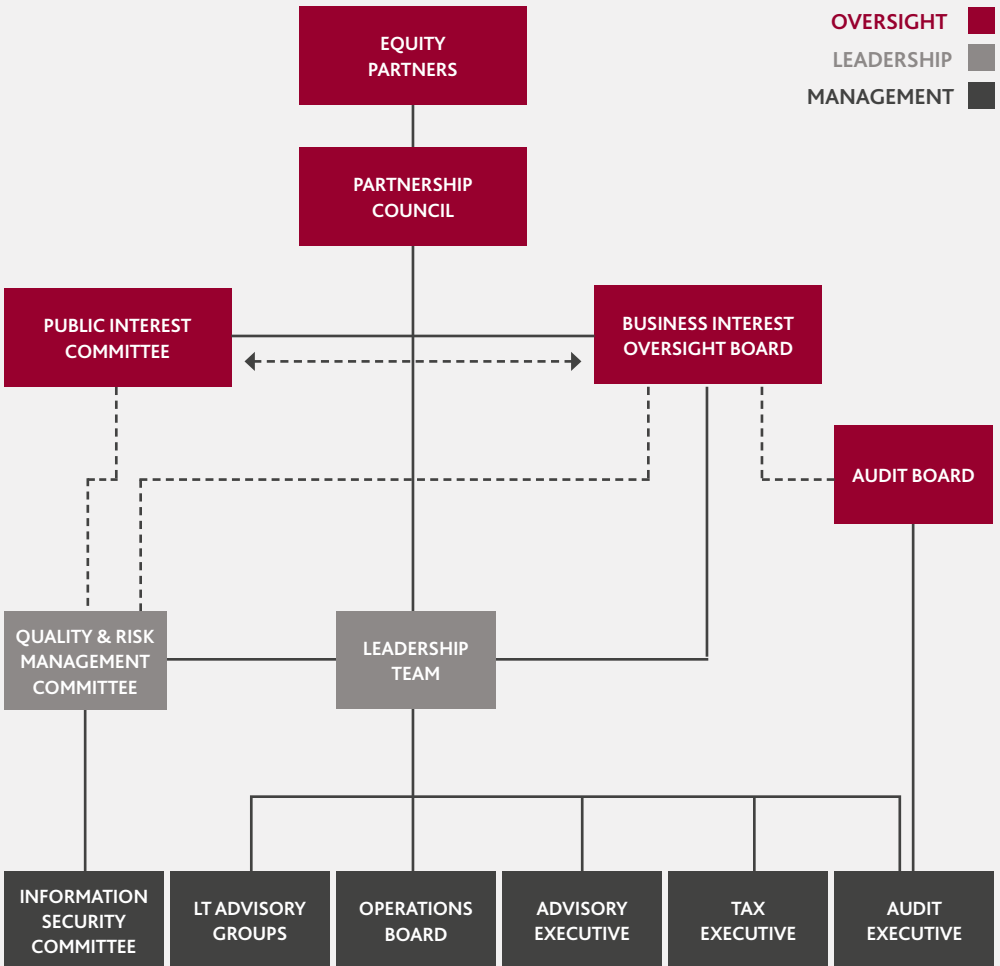
Our Governance structure has three tiers – Oversight, Leadership and Management (see chart on next page)



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## GOVERNANCE STRUCTURE





**Following our Governance Review, we established a new body in the Oversight tier called the Business Interest Oversight Board. This new body will have delegated responsibility from the firm's Partnership Council to hold the Leadership Team and Managing Partner to account for their stewardship and leadership of the firm and the delivery of the agreed strategy.**

We have also established a new Audit Board which is responsible for the oversight of the strategy, performance and operations of the Audit Practice.

Our Independent Non-Executives (INEs) also have a crucial oversight role in our new governance model. Two INEs will now sit on the Business Interest Oversight Board, two on the Audit Board and all four make up the membership of the Public Interest Committee.

Although the Audit Firm Governance Code requires us to have only three INEs, we have committed to going beyond this by having four.

In 2021, the firm also set up a new ESG Board to oversee the development of our ESG strategy and priorities. It acts as an advisory group to the Leadership Team, Partnership Council and our other management groups to ensure we are focusing our energies on where BDO can have the most positive impact on helping society succeed.

In 2022, the ESG Board will focus on four key objectives - to conduct an ESG materiality assessment, publish our Transition to Net Zero plan, activate a step-change in our social impact and to be more active in horizon scanning to help embed ESG into business decision-making and actions.

Taken together, these governance reforms should ensure the firm benefits from more rigorous oversight and greater accountability. They also underline and reinforce the firm's commitment to High Quality, Independence and Ethics.

Further information on all the commitments and programmes mentioned above can be accessed from BDO's Annual Report, Transparency Report and Culture Report, all available via the BDO website.



## FOR MORE INFORMATION:

### **MATTHEW WHITE**

+44 (0)207 893 3310  
matthew.white@bdo.co.uk

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