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UN GLOBAL COMPACT

COMMUNICATION OF PROGRESS

DECEMBER 2022

UN GLOBAL COMPACT REPORT 2022

RESPONSIBLE GROWTH,
ROOTED IN QUALITY



CONTENTS

BDO LLP

BDO LLP is a key member of the BDO global network of public accounting, tax and advisory firms. The firms have representation in 164 territories, with around 95,000 people working out of more than 1,700 offices. The fee income of the member firms in the BDO network, including the members of their exclusive alliances, was \$11.8bn in the last financial year ending 30 September 2021. Being a member of the BDO global network allows us to meet the needs of businesses who are growing and trading internationally.

BDO INTERNATIONAL

US\$11.8 billion
2020/2021 REVENUE

A YEAR ON YEAR INCREASE OF **10.8%**¹

164 Countries **1,710** Offices
95,400 Staff

¹. At constant exchange rate.

Financial results are as of 30 September 2021. Countries & territories, Offices and People have been updated as of 14 March 2022.





UN GLOBAL COMPACT REPORT 2022

RESPONSIBLE GROWTH, ROOTED IN QUALITY

Dear Secretary General,

We are proud to support the United Nations Global Compact and to be a part of the network of organisations adhering to the UN's aims and guiding principles across human rights and responsible corporate citizenship.

As I look back over the last year, I am struck, yet again, by the sheer scale of upheaval disrupting the global economy and our everyday lives.

In the last twelve months, the world has emerged from one crisis and entered another. The relief of leaving behind the worst of the pandemic has been tempered by the uncertainty brought about by the Russian invasion of Ukraine.

The events of the last few years have reminded us that we live in an interconnected and interdependent world. All businesses and organisations have a responsibility to think about the impact they leave on the planet whether it be around their environmental footprint or how they respond to growing social and human rights agendas.

Time period: July 2021 – July 2022
UN GLOBAL COMPACT –
COMMUNICATION OF PROGRESS
Antonio Guterres Secretary-General
United Nations
New York NY 10017
USA

At BDO our vision is to remain "an independent, sustainably profitable and globally focused business, known for helping people and businesses succeed."

We achieve this through our core purpose "Helping you succeed", underpinned by our firm's four values – Being Bold, Being Collaborative, Being Genuine, Being Responsible and Acting with Integrity.

Taken together, they have been critical for our decision-making, behaviours and support throughout the last year. They have also guided us as we change the way we run our business during these uncertain times.

As our firm flexes and adapts to the rapidly changing world, we are committed to ensuring that the progress we make is focused on the right outcomes for our people, the business world in which we work and for wider society. Being signatories to the United Nations Global Compact is part of the story and one we are immensely proud to tell.

Yours sincerely,

PAUL ENGLAND
Managing Partner on behalf of BDO LLP



1. HUMAN RIGHTS

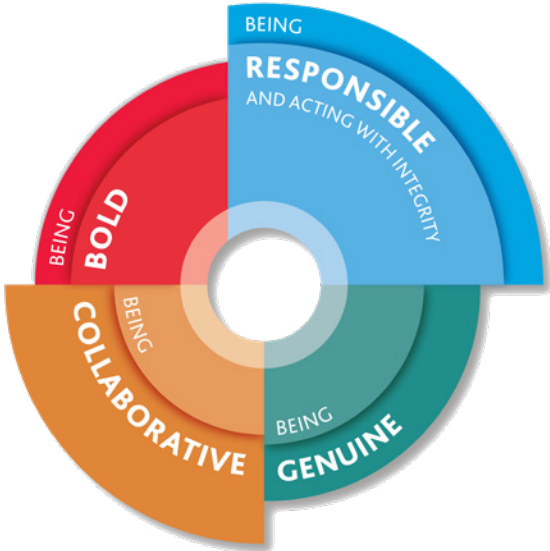
Human rights are vital in protecting standards of basic equality and human dignity. At BDO we are committed to ensuring all our employees, and those working in our supply chain, have their human rights respected and that we uphold the protection of internationally proclaimed human rights throughout our values, practices, policies, and culture.

OUR VALUES IN ACTION

Our Core Purpose – ‘**Helping you succeed**’ - defines why we do what we do. Our values define how we behave.

The values of BDO LLP were developed following extensive firmwide focus groups and surveys. Although it is the responsibility of the Leadership Team to model those values and ensure they are present throughout all we do, it is vital that our values are authentic and draw upon the day-to-day experience of our people. Our values must derive from the innate behaviour of our people but must also set a high expectation of how we must behave. Our four values, now embedded into our processes, policies and everyday language, are:

- ▶ **Being Responsible and Acting with Integrity** – this recognises that we have a choice in how we act, respond to and influence the world around us, conscious of our impact on others, the firm, our clients and the environment. It is about taking responsibility for our actions and learning from our mistakes. It extends to our commitment to acting ethically with integrity, professional competence and scepticism, objectivity, due care, confidentiality and, when appropriate, with independence – always delivering high-quality work with the public interest in mind



- ▶ **Being Genuine** – this means we are true to who we are. We are honest about what we think, believe and feel – as well as our own vulnerabilities. We embrace individuality and difference, which means we don't judge the beliefs and opinions of others, but listen, and where appropriate, learn from them. Being true to ourselves means we speak up when we don't agree with something, but also acknowledge when we're unsure or have got something wrong. Trust has to be earned and we nurture it by being authentic, generous and respectful of others.

EXAMPLES OF OUR VALUES IN ACTION INCLUDE:

- ▶ In October 2022, we updated our Code of Conduct for our BDO partners and employees which is prominent on our intranet as well as our [website](#). This sets out very clearly our commitment to comply with all laws, regulations and professional standards and to seek to avoid actions which may discredit us or the profession
- ▶ BDO's [Supplier Code of Conduct](#), which is publicly available on our website, sets out the standards we expect of any of our suppliers and their subcontractors. In addition to operating in accordance with applicable laws, we expect our suppliers to respect individuals' human rights, provide equal employment opportunities, and reduce the environmental impacts of their products or services. They are also expected to have policies, systems and/or procedures in place to ensure the prevention of unethical business practices, including human rights abuses, money laundering, fraud, bribery and corruption
- ▶ We have established and promote an independently-run whistleblowing reporting mechanism, through which staff can confidentially raise any concerns. Our whistleblowing policy has been designed to ensure that our people deal responsibly and in the interest of all concerned in the event of any malpractice within the firm
- ▶ We have an active Modern Slavery Governance Group, reporting to our Operations Board, which has focused this year on delivering firmwide slavery awareness training, which was launched in July 2022, commencing a review of the terms of our contracts with suppliers to identify opportunities to improve anti-slavery terms and conditions, and developed key performance indicators (KPIs) to monitor our progress. Further details can be found in our annual Modern Slavery Statement on our website.

PRINCIPLE 01 | Businesses should support and respect the protection of internationally proclaimed human rights.

PRINCIPLE 02 | Make sure that they are not complicit in human rights abuses.



2. LABOUR STANDARDS

At BDO we are committed to implementing the highest standard of labour practices and complying with UK labour law in all cases.

PRINCIPLE
03 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

PRINCIPLE
04 The elimination of all forms of forced and compulsory labour.

PRINCIPLE
05 The effective abolition of child labour.

PRINCIPLE
06 The elimination of discrimination in respect of employment and occupation.

In relation to labour standards, our core purpose means we are committed to “helping you succeed” – this applies equally to our people, the businesses we work with and our suppliers.

Examples of our core purpose in action include:

- ▶ Our employment policies are in line with and/or exceed UK labour standards and are consistently reviewed
- ▶ We have developed an agile working framework called WORKABLE which aims to offer more flexibility for our people around how, when and where they work as we emerged from COVID-19 lockdowns in the UK. This framework is designed to achieve the best possible outcomes for our client or audit engagements, our teams and our people. This year marked our one-year anniversary of the framework and we are proud of the positive feedback we have received from our people
- ▶ Our Modern Slavery [statement](#), which is published on our website each year, details the steps we have taken during the year to ensure that slavery and human trafficking is not taking place in any of our supply chains or in any part of our business. See our Human Rights section for further details.



Our published [Supplier Code of Conduct](#) sets out the standards we expect of our suppliers and subcontractors. This specifies that our suppliers shall:

- ▶ Provide equal employment opportunity to all applicants and employees regardless of race, colour, sex, sexual orientation, gender identity, religion, creed, national or ethnic origin, age, disability, citizenship status, veteran status, marital status or any other protected class or characteristic under applicable law
- ▶ Ensure that working hours, wages and overtime pay are in compliance with all applicable laws and workers are paid at least the minimum legal wage or a wage that meets local industry standards, whichever is greater
- ▶ Provide a clean, safe and healthy working environment to protect the occupational safety of all employees, that appropriate health and safety training is in place to prevent accidents and injury at work and that employees should not be subjected to any form of physical abuse or discipline, the threat of sexual or other harassment and verbal abuse or other forms of intimidation
- ▶ Not use child, slave, forced or obligatory labour and never engage in, or support human trafficking
- ▶ Allow workers freedom of association to organise or bargain collectively, without interference, discrimination, retaliation or harassment.

2. LABOUR STANDARDS

(CONTINUED)



UNIFYING CULTURE

As part of our business strategy, we are committed to a 'Unifying Culture' and we have established a 'U Board' which coordinates all of our activity related to our firm's culture. Our 2022 Culture and Impact Report is available [here](#).

Our Unifying Culture priorities are Be Yourself, Wellbeing and Citizenship.

Be Yourself

Equality, diversity and inclusion are important to us. Not only is it the right thing to do but it also leads to better business outcomes. Diversity of people leads to diversity of thought which in turn leads to better decision making. Our Leadership Team at BDO champions a 'Be Yourself' agenda – which included the equality, diversity and inclusion agenda - encouraging everyone to be authentic in bringing their whole self to work.

During the year, we announced an important new ambition for representation in terms of race and ethnicity. By 2026, 10% of our partnership will be from Black, Asian and Minority Ethnic heritage and, of these, 10% will be of Black heritage. Having achieved our first ambition of reaching 20% of our partners being female in November 2021, we continue to be committed to greater gender diversity and have set our next ambition to reach 30% of our partners being female by 2030. You'll find more about this in our 2022 Culture and Impact Report available on the BDO website.

We continue to monitor our progress in this area and, whilst there is still more to be done, our latest survey results from the 2022 Culture and Impact report shows we are making progress:

- ▶ 85% said people from different backgrounds and opinions can be themselves at BDO
- ▶ 73% have a strong sense of belonging at BDO
- ▶ 83% say that people can be themselves at work without fear of judgement or discrimination
- ▶ 74% said that when it comes to inclusion, senior leaders' actions support their words
- ▶ 4.49 out of five stars – average rating for our employee D&I training modules.



Wellbeing

Wellbeing – supporting our workforce to care for their physical, mental and financial health - has been an important part of BDO culture for many years but has been particularly vital during the pandemic and continued global economic uncertainty.

- ▶ This year we extended and heavily promoted our 24/7 Employee Assistance Helpline, as well as other wellbeing helplines and points of contact
- ▶ We have trained more Mental Health First Aiders and now have 100 trained across the firm
- ▶ BDO has 97 wellbeing champions – people in every team who work with their local partners and HR managers to keep wellbeing part of team conversations and run local challenges and events
- ▶ We created a one-stop-shop dedicated Wellbeing section of our intranet sharing a wealth of personal stories and resources. This led to a 540% increase in engagement in the first week alone. Our new wellbeing framework – based on Mind's Five Ways of Wellbeing – received 3000 views in its first month
- ▶ Our thanks also go to the psychologists, business academics and other experts who worked on materials, resources and webinars to support the wellbeing of our people this year. This included working with Cognacity to support our people with a series of webinars on managing disruption following the Russian invasion of Ukraine.

Citizenship

We also make a difference by sharing our skills, time and passion with the community. This activity keeps us inspired, engaged and energised - individually and collectively – and very proud of our culture.

- ▶ We have offered ten citizenship days a year to our employees for more than 15 years and continue to encourage more of our colleagues to use them
- ▶ Our people can use five of these days as 'Action Days' for fundraising or local volunteering, and five as 'Strategic Days' to help provide professional expertise and strategic support to schools, charities and other community initiatives
- ▶ We are founder members of Access Accountancy which helps young people from low socio-economic backgrounds gain valuable work experience in professional services
- ▶ We partner with organisations such as The Ahead Partnership, Leadership Through Sport and Business and Tax Aid.



2. LABOUR STANDARDS

(CONTINUED)

SOCIAL MOBILITY

Improving social mobility and socio-economic diversity in our profession and society as a whole is a complex but important issue. We know BDO must play a role in helping to achieve this and that's why we have a formal social mobility strategy in place, designed to make a real impact.

Our social mobility programmes and partnerships aim to create opportunities for young people, no matter what their background, who they know or where they are from. This includes our own annual targets virtual insight programme 'Explore BDO', providing mentoring and skills workshops through the ICAEW's RISE programme and our partnership with social mobility charity Leadership through Sport & Business, supporting young people from less privileged backgrounds to kickstart their careers in business. In 2022, we also launched a new social mobility partnership with Teach First.

This year we have also started to collect socio-economic data from our 7000 people across the UK using the Social Mobility Commission's official criteria. This will not only help us to understand the DNA of our firm better but also track the career journey and progression of people within the business. We already know that our Leadership Team includes individuals from a good mixture of socio-economic backgrounds and we want to ensure this is the case at all levels across the firm.

There is still progress to be made but we are proud of the work we are doing in this area as we firmly believe that where you start in life should not determine where you end up.



PRINCIPLE
07 Businesses should support a precautionary approach to environmental challenges.

PRINCIPLE
08 Undertake initiatives to promote greater environmental responsibility.

PRINCIPLE
09 Encourage the development and diffusion of environmentally friendly technologies.

3. ENVIRONMENT



AS A FIRM

- ▶ All our offices are carbon neutral and use renewable energy
- ▶ We have resecured our ISO14001 Certification for Environmental Management
- ▶ Obtained the ISO50001 Energy Management Standard Certificate
- ▶ Switched all staff leased cars to electric vehicles
- ▶ Support the activities of 50 environmental champions across the firm's office network
- ▶ Awarded a silver media rating by business sustainability ratings agency, Ecovadis.

After a summer in which temperatures in the UK breached 40C for the very first time, the impacts of human-induced climate change are increasingly clear.

Within this context, it becomes even more important that businesses such as ours remain committed to reducing our emissions and minimise our environmental impact.

Having been carbon neutral for three years, we've made a significant environmental commitment by announcing the firm will go Net Zero. This means we will reduce emissions in line with science to cap temperature increases to 1.5C above pre-industrial levels. 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 our 2022/23 financial year, which will be data-driven and evidence-based.

BDO'S GLOBAL COMMITMENT TO NET ZERO

In September 2021, as we approached COP26, BDO globally made a commitment to go Net Zero by 2050 or sooner as part of the **Net Zero Financial Services Partners alliance**.

BDO LLP is fully supportive of this ambition and we are now working with external experts on our own detailed Net Zero plan. This means that - alongside other BDO firms globally - we can play our part in leading positive change.



4. ANTI-CORRUPTION

PRINCIPLE
10 Businesses should work against all forms of corruption, including extortion and bribery.



At BDO, we don't see ethics and compliance as a standalone undertaking: the behaviours expected by our regulators and the ICAEW are already embedded in the firm's values, our strategic framework and, critically, our working culture. We are committed to serving the public interest by consistently performing quality engagements.

Ethics and ethical behaviour are central to the way we do things at BDO. They sit at the heart of the firm's strategic framework and is reflected prominently in all the major components of our system of internal control and governance structure. Most notably, our ethics partner is a permanent member of our Business Interest Oversight board.

In terms of regulatory obligations, we have a responsibility at a firm level to follow the FRC Revised Ethical Standard (2019) and the ICAEW Code of Ethics (2020) as well as a global network requirement to comply with the International Ethics Standards Board for Accountants' Code of Ethics.

Training is a vital tool to ensure that the ethical behaviour is embedded within the firm. This year's mandatory annual ethics training was part of five mandatory quality and risk training modules which every person in the firm was required to complete by 31 October 2022. These modules cover anti-money laundering, modern slavery, ethics, cyber security awareness and protecting personal data.


























Complementing this firm-wide training, the central ethics team has a schedule of attendance at local management meetings in order to provide training to target the more nuanced and fact-specific needs of these audiences and provide a forum for smaller group discussions.

OUR APPROACH TO ETHICS AND ANTI-CORRUPTION

- ▶ Within BDO's strategic framework, we specifically state: "We are committed to high quality, independence and ethics"
- ▶ BDO is heavily regulated as a firm and all partners and staff comply with the ICAEW Code of Ethics
- ▶ Extensive ethics and anti-economic crime training for all partners and staff is provided each year
- ▶ We have a designated Ethics Partner, Money Laundering Reporting Officer, Head of Quality and Risk Management and Head of Audit Quality and Risk
- ▶ Our code of conduct is published on our website
- ▶ We have clear internal policies regarding the Bribery Act, Gifts, Hospitality and Sponsorships, Political and Charitable Donations and Commissions (Receivable and Payable) all signposted on our firm-wide intranet
- ▶ The firm also has a Public Interest Committee (PIC), comprising four Independent Non Executives. The role of the PIC is to consider public interest matters that affect the firm, with a goal of enhancing stakeholder confidence in the public interest aspects of the firm's activities
- ▶ We have established and promote an independently-run whistleblowing reporting mechanism, through which staff can confidentially raise any concerns. Our whistleblowing policy has been designed to ensure that our people deal responsibly and in the interest of all concerned in the event of any malpractice within the firm
- ▶ Our annual **Transparency Report** documents our approach to ethics, independence, quality and risk.

KEY STATISTICS

























FOR FY21-22

<div>7,000 people.</div> <div></div>	<div>91% of BDO people feel able to be themselves at work.</div> <div></div>	<div>2,900 people promoted.</div> <div></div>	<div></div>	<div>11 employee networks covering gender, ethnicity, disability, faiths, citizenship and caring.*</div> <div></div>
<div>£8M multi-year investment in central audit quality infrastructure.</div> <div></div>	<div>19,000+ career objectives created.</div> <div></div>	<div>18,000 people applied to join our trainee programme.</div> <div></div>	<div>85% of our people think individuals from all backgrounds can thrive at BDO.</div> <div></div>	<div>57,700 experienced people applied to join BDO.</div> <div></div>
<div>39,400+ training courses completed.</div> <div></div>	<div></div>	<div>2,600 auditors working to ensure shareholders and businesses have access to trustworthy financial information.</div> <div></div>	<div>100% of BDO's offices are carbon neutral.</div> <div></div>	<div>2,450+ people recruited.</div> <div></div>
<div>11,500+ statutory audit reports signed.</div> <div></div>	<div>74% said that, when it comes to inclusion, senior leaders' actions support their words.</div> <div></div>	<div>£13M paid out in staff bonuses.</div> <div></div>	<div>242% increase in total emissions versus a low base during COVID-19, but emissions are down 66% compared to pre-COVID-19 levels.</div> <div></div>	<div>100 Mental Health First Aiders.</div> <div></div>
<div>97% of our auditors believe they are personally responsible for the delivery of quality on an engagement.</div> <div></div>	<div>40 40 mentees and 40 mentors took part in 30% Club mentoring.</div> <div></div>	<div>300+ new ideas posted on our innovation hub BDO Labs.</div> <div></div>	<div>11.35% median gender pay gap for employees, down from 11.79 in 2021.</div> <div></div>	<div>IDEAS PEOPLE TRUST</div> <div></div>

*Two of these networks were launched between July and October 2022.

KEY STASTISTICS

FOR FY21-22

<div><div>\$11.8BN</div><div><div>is the size of our BDO Global network.</div></div></div>	<div><div>97</div><div><div>Wellbeing Champions.</div></div></div>	<div><div>87%</div><div><div>of our people know how their role makes a difference.</div></div></div>	<div><div>~100</div><div><div>Around 100 different nationalities work at BDO in the UK</div></div></div>	<div><div>5,395</div><div><div>hours devoted to Citizenship activities by BDO staff.</div></div></div>
<div><div>-1.15%</div><div><div>median employee ethnicity pay gap compared to 2.65% in 2020/21.</div></div></div>	<div><div>77%</div><div><div>of people see Values demonstrated in people's behaviours.</div></div></div>	<div><div>24%</div><div><div>female partners – with new ambition to reach 30% by 2030.</div></div></div>		<div><div>67%</div><div><div>of company car fleet is Electric Vehicles.</div></div></div>
	<div><div>6%</div><div><div>of partners are of BAME heritage with an ambition for 10% by 2026.</div></div></div>	<div><div>73%</div><div><div>have a strong sense of belonging at BDO.</div></div></div>		<div><div>86%</div><div><div>of new starters rated the flexibility offered by BDO's agile working policy as good or excellent.</div></div></div>
<div><div>£1.5M</div><div><div>additional investment in IT kit and equipment for people's homes.</div></div></div>	<div><div>78%</div><div><div>is our staff engagement score.</div></div></div>		<div><div>4.49</div><div><div>out of 5 stars is average rating for our employee E,D&I training modules.</div></div></div>	<div><div>50</div><div><div>Environmental Champions.</div></div></div>
<div><div>84%</div><div><div>of our people feel proud of BDO.</div></div></div>	<div><div>£6.1M</div><div><div>invested in training and development.</div></div></div>	<div><div>50%</div><div><div>of our Leadership Team are not from a high socio-economic background.</div></div></div>	<div><div>55,000</div><div><div>trees financed through BDO's use of the Ecosia search engine.</div></div></div>	<div>IDEAS PEOPLE TRUST</div> <div></div>



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