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PROGRESS WITH PURPOSE
ENVIRONMENTAL
REPORT 2021

INDEPENDENT ANALYSIS PROVIDED BY AVIECO
DECEMBER 2021



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MISSION STATEMENT

BEYOND COMPLIANCE

BDO is a responsibly managed firm that aspires to exceed market expectations across all sustainability issues and go beyond legal compliance to proactively reduce our environmental impacts. Our goals are to reduce our overall carbon footprint by embedding environmental controls and practices into the daily management of the firm and thereby encourage positive behaviour from our staff to achieve a greener culture. To reflect this, we committed in 2019/20 to achieving and maintaining carbon neutrality. We have now also committed to going Net Zero by 2050 or sooner, and are building our detailed Transition to Net Zero plan.

DOING WHAT'S RIGHT FOR ALL

BDO is continuing to act on climate change because it is the right thing to do. We believe that businesses have a moral responsibility to ensure a thriving world. Therefore, our efforts are emphasized towards ensuring that there is efficient use of energy and resources to minimise our carbon footprint. We have set ambitious reduction targets aligned to limit global warming below 1.5°C. We recognise that tackling climate change is not something we can do on our own. BDO is collaborating with third parties and participating in industry forums to communicate the importance of climate change being a board agenda topic.

ABOUT THIS REPORT

A COMPREHENSIVE VIEW

This report provides BDO stakeholders with a comprehensive view of the organisation's performance and action on environmental matters for the year ending 30 June 2021.

It provides performance highlights from 2020/21 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.



FOREWORD

BDO COO AND AVIECO CEO



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



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 our clients choose us because of our people who deliver great ideas to help them succeed. We act on climate change because it is the right thing to do, our people expect it and our clients deserve it.

We are continuously trying to identify new ways to improve our performance management and implement ways to reduce our environmental footprint. As our employees return to the office we are ensuring we have embedded sustainability into our plans for post-COVID office refurbishment, and a move towards permanent agile working.

We have also confirmed that as a business we will commit to going Net Zero by 2050 or sooner. We are currently working on a measurable and achievable Net Zero transition plan which we will publish in 2022. Working alongside the entire BDO global network we hope to make a significant impact in the fight against climate change.

ANDY BUTTERWORTH
Chief Operating Officer, BDO



Businesses are playing a key role in societies' transition to a greener, more sustainable economy. Having a sustainability strategy is no longer enough, business need to ensure their strategy is sustainable.

Avieco are proud to continue supporting BDO UK in their sustainability journey. Over the past years, we have helped BDO identify where their material impact areas lay and set a decarbonisation plan. BDO has committed to reduce its operational emissions in line with the greenhouse gas emissions (GHG) reductions required to limit global warming to below 1.5°C and to neutralise any residual emissions making the business carbon neutral.

Avieco is excited to continue working with BDO on its ambitious journey.

BEN MURRAY
Chief Executive Officer, Avieco

2020/21 ENVIRONMENTAL PERFORMANCE

EXECUTIVE SUMMARY



Due to COVID-19 BDO realised a significant decrease of its overall emissions. This constitutes a 90% reduction in absolute emissions.



EMISSIONS

885
tCO₂e

↓ 90%



ENERGY

2,660
MWh

↓ 50%



TRAVEL

1.9
million km

↓ 94%



EMPLOYEES

6,917^{1*}
kWh/employee

↑ 9%



INTENSITY

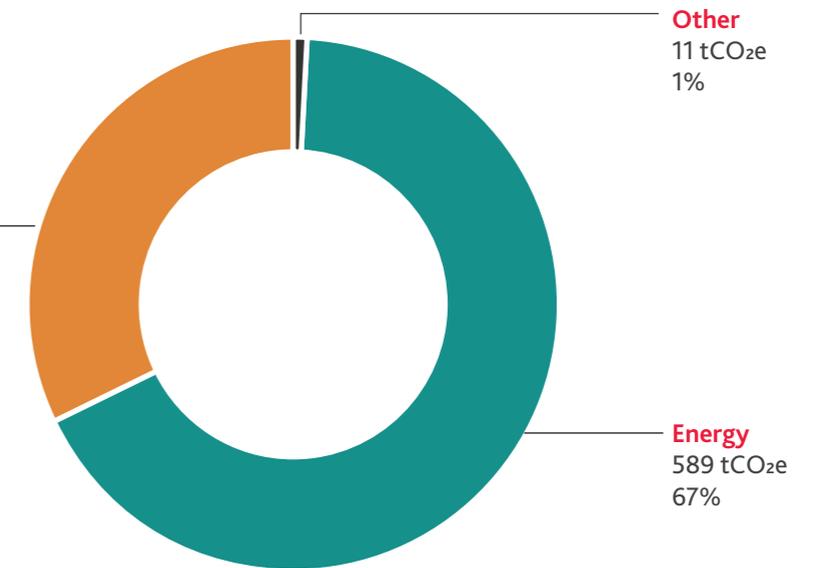
0.13
tCO₂e/FTE

↓ 91%

2020/21 HIGHLIGHTS

- ▶ Total emissions reduced by 90%
- ▶ Emissions per FTE down 91% despite a 9% increase of employees across the business
- ▶ There was a significant reduction of energy consumption (50%)
- ▶ Due to travel restrictions, business travel emissions were reduced by 94%.

Travel
285 tCO₂e
32%



Energy Travel Other

Endnotes

1 Total headcount for full time employees and temporary or interim contractors.

2020/21 ENVIRONMENTAL PERFORMANCE

EXECUTIVE SUMMARY (CONTINUED)

PERFORMANCE SUMMARY

BDO is pleased to report a 90% reduction in total emissions for the financial year 2020/21 vs. 2019/20. The main driver for reduction is the change to ways of working during the COVID-19 pandemic. With employees working from home and offices remaining closed/operating in a very low capacity, our energy consumption dropped significantly compared to last year. Our business travel, previously the largest driver of our emissions, activities were reduced due to restrictions in line with government guidance, which further contributed to the company's lowered overall carbon footprint.

EMISSIONS OVER TIME (tCO₂e)



BDO COMMITS TO NET ZERO

In November 2021, BDO LLP's Leadership Team confirmed that the firm will be Net Zero by 2050 or sooner.

This follows the announcement made at the New York Climate Week conference in September 2021 when BDO globally, alongside other members of the Net Zero Financial Service Providers Alliance, committed to going Net Zero within the same timeframe, consistent with a maximum average global temperature rise of 1.5°C above pre-industrial levels.

We are now working with Avieco to put a measurable and achievable plan in place by next year which outlines how we will deliver on our commitment. By working together across the entire BDO global network we are able to make a significant impact in the fight against climate change.

2020/21 IN NUMBERS



Over the course of last year, our operations and activities have had the following environmental impacts:

TOTAL EMISSIONS



885 tCO₂e
...or **192** cars' annual CO₂

TOTAL ENERGY



2,660 MWh
...or **719** homes powered

DISTANCE TRAVELLED



1.9 million km
...or **47** times around the world

PAPER CONSUMPTION



2 tonnes
...or **48** trees

WATER USAGE



2,496 m³
...or **1** Olympic pool filled

WASTE PRODUCED



62 tonnes
...or **5** fully-loaded waste trucks



2020/21 PERFORMANCE: ENERGY



BDO has achieved a 54% reduction in energy intensity per employee as a result of the COVID-19 pandemic and reduced employee office presence.



TOTAL ENERGY

2,660

MWh

↓ 50%



ELECTRICITY

2,120

MWh

↓ 53%



ENERGY INTENSITY

385

kWh/employee

↓ 54%



NATURAL GAS

540

MWh

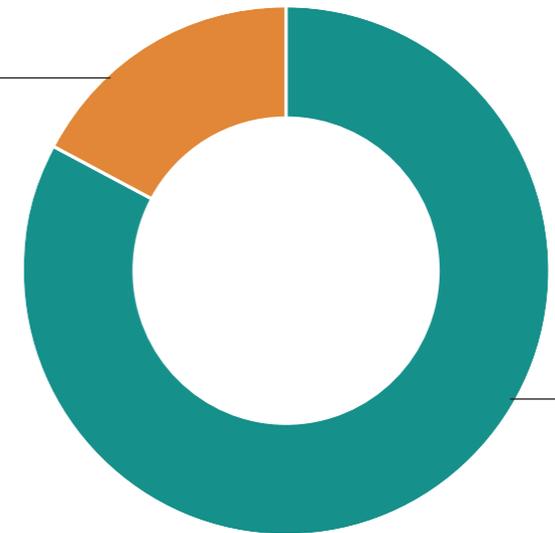
↓ 26%

2020/21 HIGHLIGHTS: ENERGY

- ▶ BDO has achieved an energy intensity reduction for the second consecutive year despite increased headcount
- ▶ 50% reduction in total energy consumption
- ▶ Seventh year of GHG reporting, with reliable energy data and stable energy consumption across BDO's portfolio.

Natural gas

99 tCO_{2e}
17%



Electricity

590 tCO_{2e}
83%

Electricity Natural gas

2020/21 PERFORMANCE: ENERGY

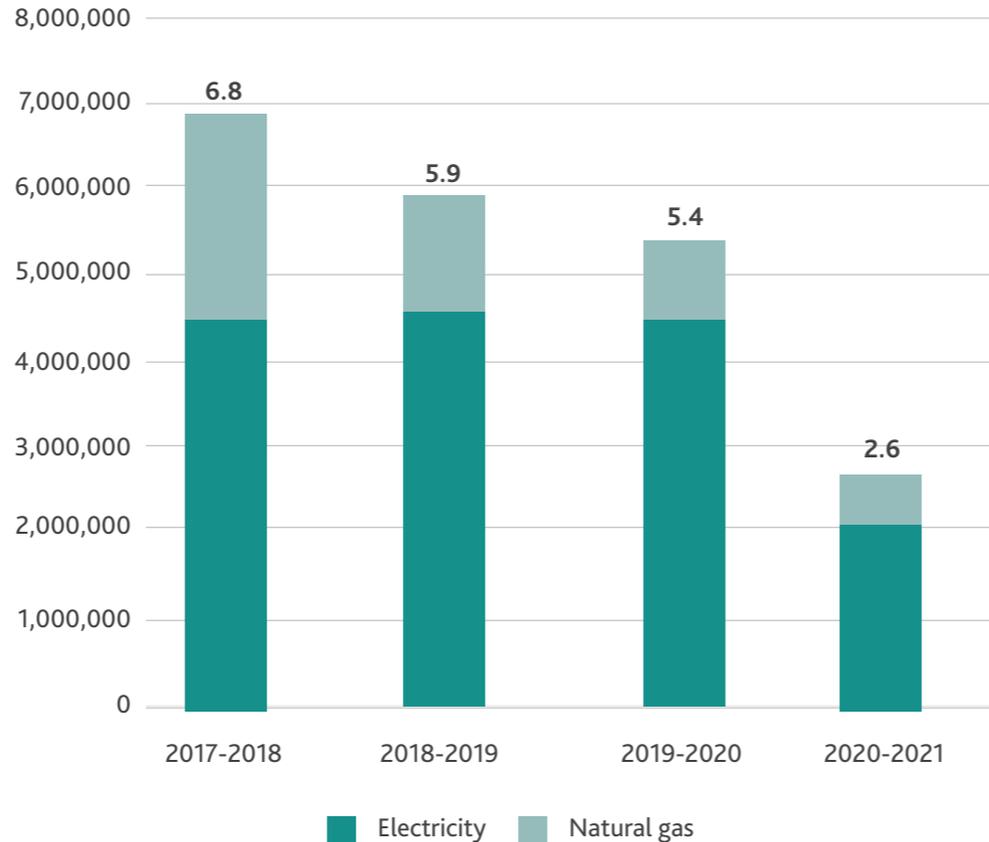
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ENERGY PERFORMANCE

BDO have seen a 50% reduction in total energy consumption due to the global pandemic. Emissions from natural gas and electricity account for 67% of total emissions and as a result are a significant portion of our carbon footprint.

We continue working towards more sustainable business practices. Alongside this, through our collaboration with Avieco, our sustainability partners, we continue to explore ways to identify additional energy savings opportunities across our portfolio as part of a wider commitment to carbon neutrality.

ENERGY CONSUMPTION OVER TIME (kWh)



2020/21 PERFORMANCE: TRAVEL



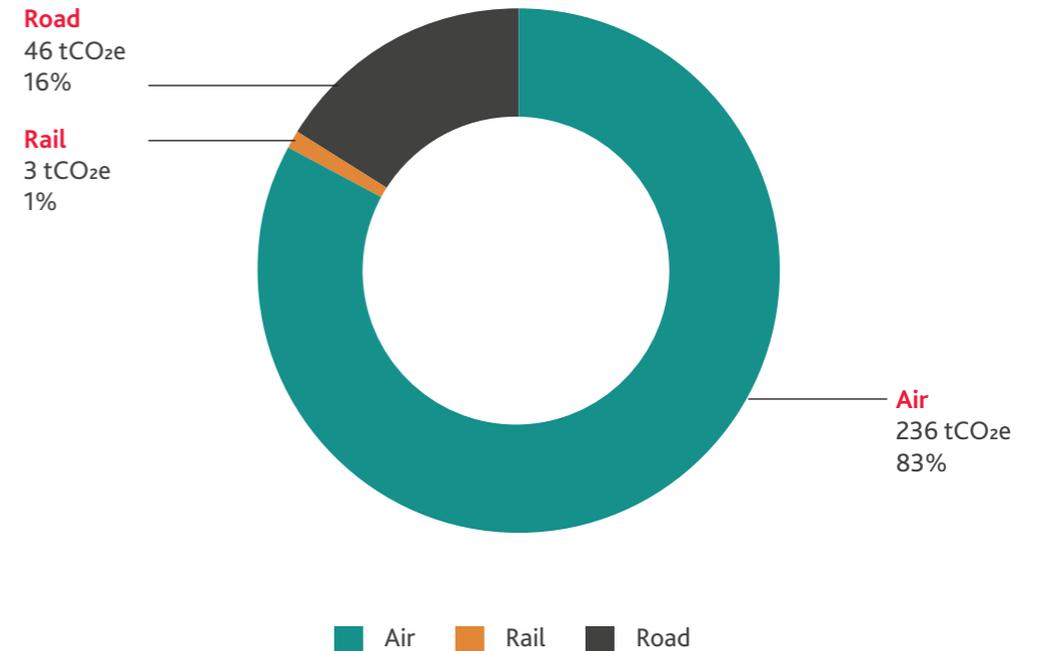
Global travelling was severely affected during our reporting year due to COVID-19 which resulted in a 94% reduction in distance travelled.



2020/21 HIGHLIGHTS: TRAVEL

▶ The global pandemic resulted in a significant reduction of business travel and affected all methods of transportation domestically and internationally

▶ Flights continue to account for most of our travel emissions (83%).



2020/21 PERFORMANCE: TRAVEL

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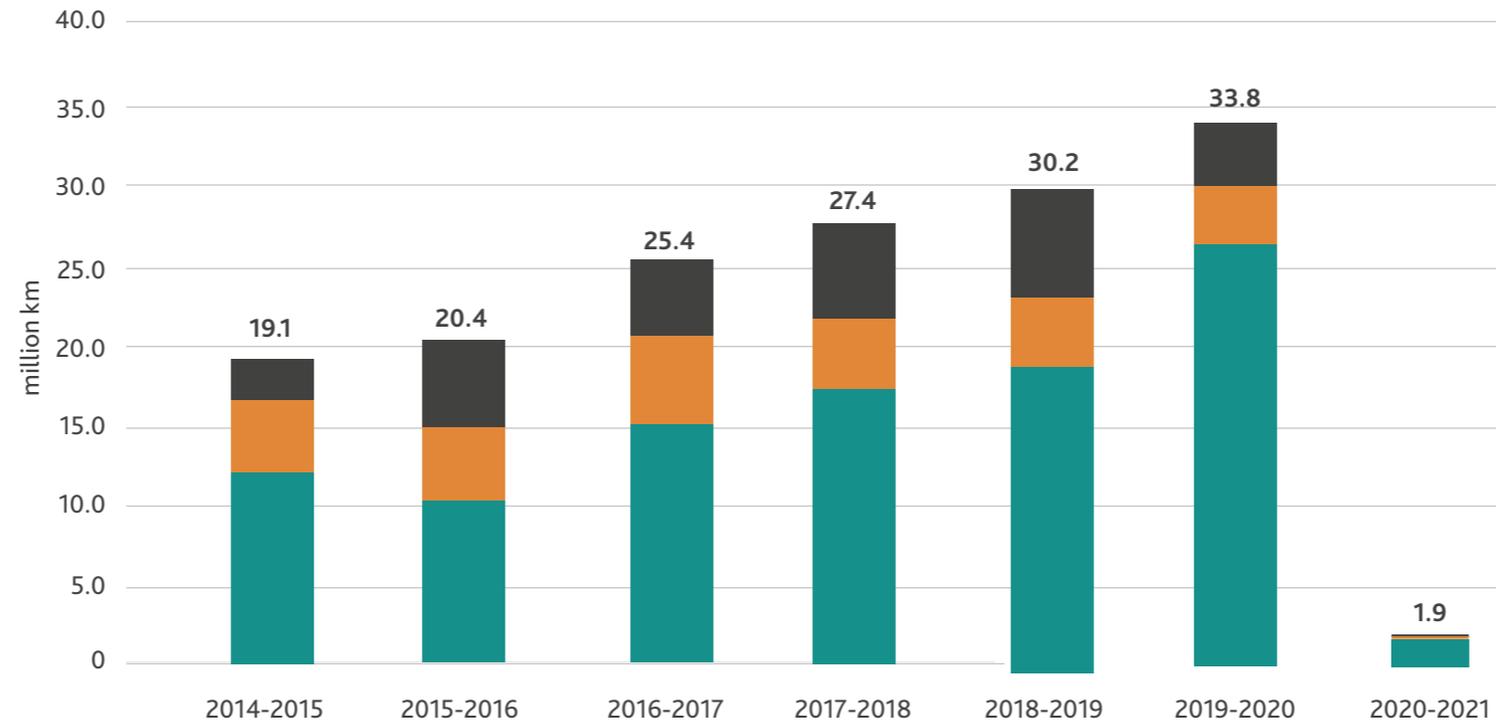
TRAVEL PERFORMANCE

In previous years, business travel accounted for over 80% our carbon footprint, with flights accounting for over half of our total emissions. However, due to the significant impacts of the pandemic on travel both to offices and to client sites for meetings, BDO has seen a significant reduction in travel and, as a result, our overall carbon footprint.

Through our agile working policy, we aim to take the positives of this increased use of technology, such as improvements in video conferencing; and integrate these with our new business travel policy. 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
- ▶ Flying economy class when taking domestic and short haul flights
- ▶ When travelling by car, selecting low emissions vehicles or car sharing
- ▶ Continuing to utilise video conferencing where possible.

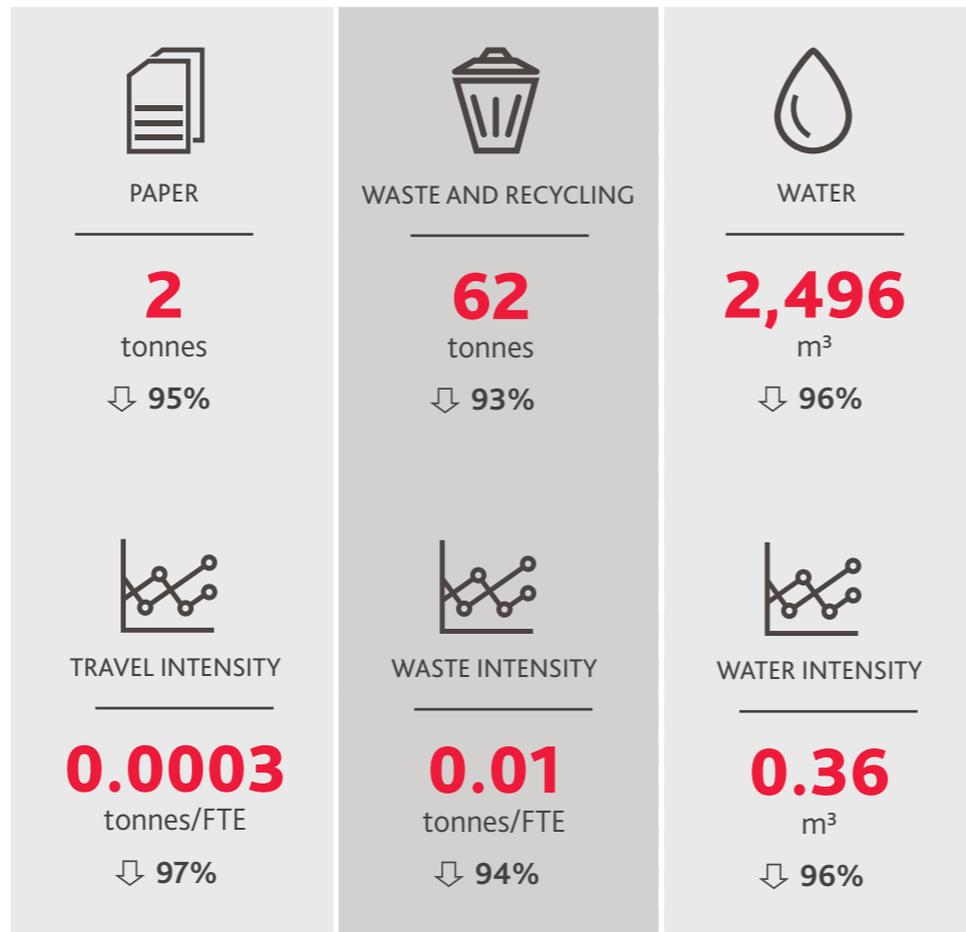
BUSINESS TRAVEL OVER TIME (KM)



2020/21 PERFORMANCE: OTHER

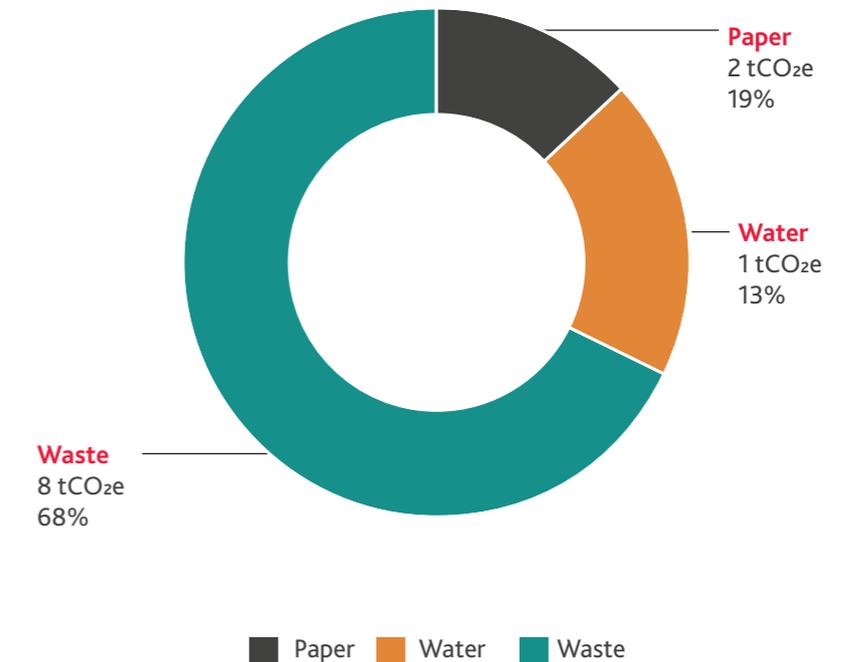


Paper consumption has decreased YoY with employees working from home. However, BDO intends to continue with paper consumption reduction when employees return to the office.



2020/21 HIGHLIGHTS: OTHER

- ▶ Waste, water and paper account for about 1% of total emissions
- ▶ Consumption of paper and water, as well as waste production, has decreased due to home working
- ▶ Waste and water data remain estimated for selected sites, with consumption decreasing as employees were working from home during the reporting year.



2020/21 PERFORMANCE: OTHER

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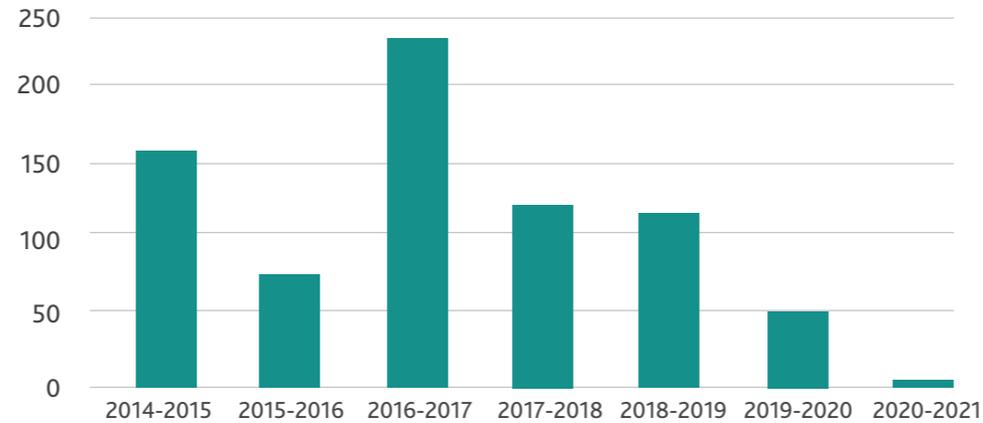
OTHER PERFORMANCE

Emissions from other building sources account for about 1% of our total footprint with emissions from landfill disposal of waste accounting for more than half of this impact.

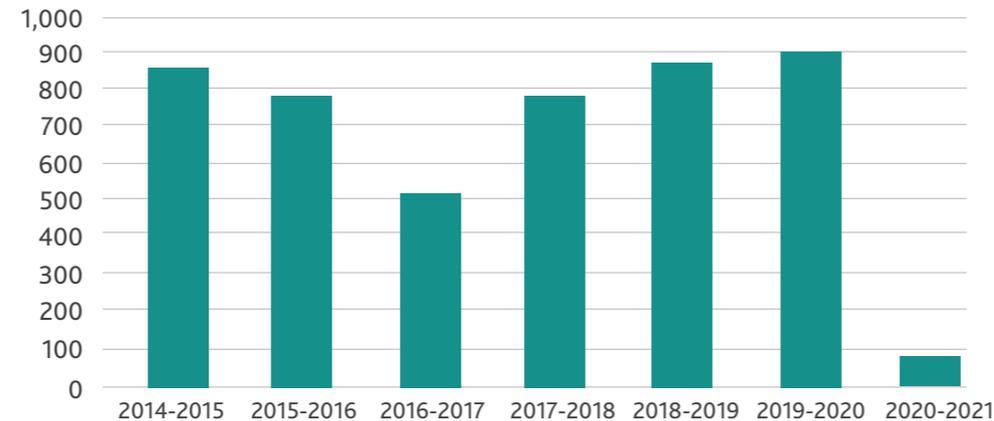
Waste and recycling remain partially estimated with recycling data received for all offices and waste to landfill based largely on historic assumptions.

In line with our agile working approach, we have reduced our paper consumption significantly with the use of digital alternatives. BDO intends to enhance the reduction of paper use in the office through various initiatives.

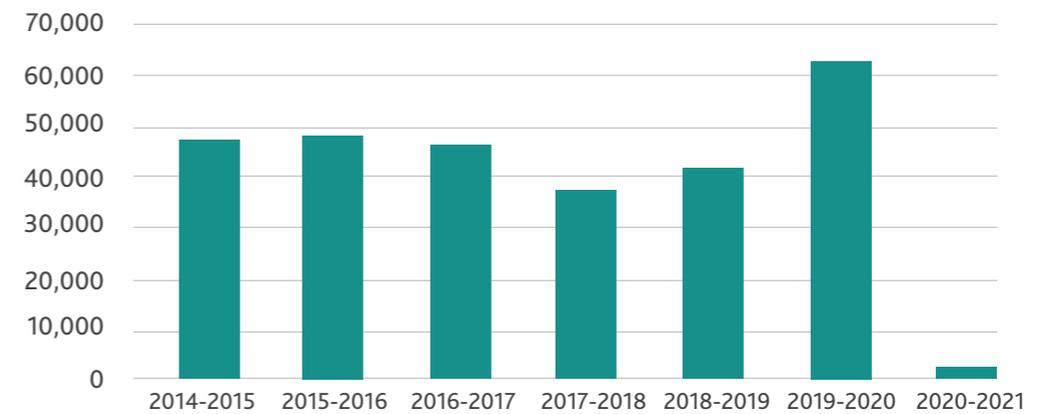
PAPER (TONNES)



WASTE (TONNES)



WATER (M³)



CARBON MANAGEMENT PLAN

BDO has achieved carbon neutrality in the financial year 2020/21, for the second year running. We have chosen to follow the PAS 2060 standard, evidenced in the appendices, a key requirement for which is to implement our ongoing carbon management plan.

As a result of the changing working practices throughout 2020/21, caused by the COVID-19 global pandemic, our carbon footprint reduced by 90%. Our challenge is now to maintain working practices that continue to reduce our operational carbon footprint as our workforce returns to the office under our hybrid working model.

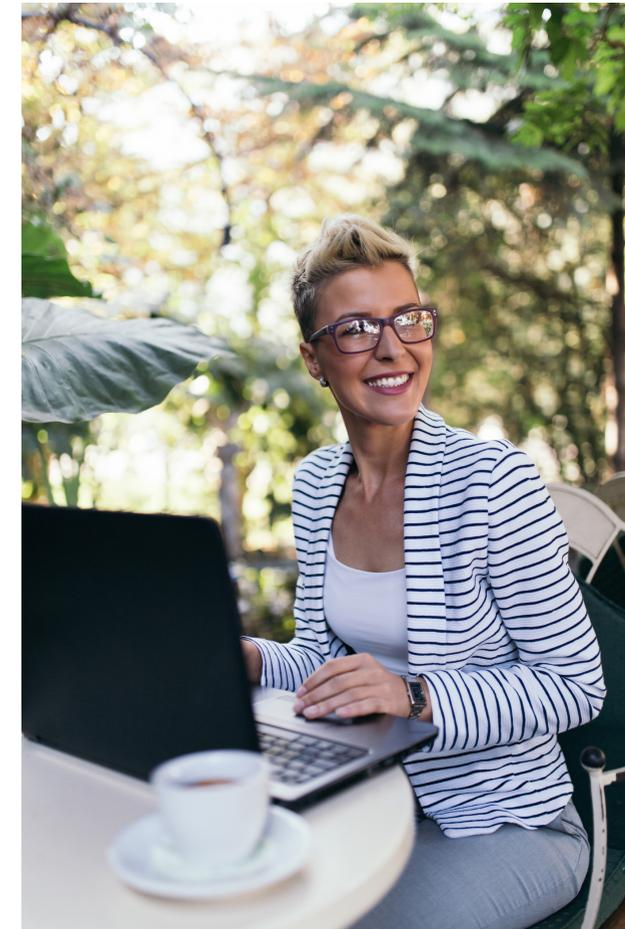
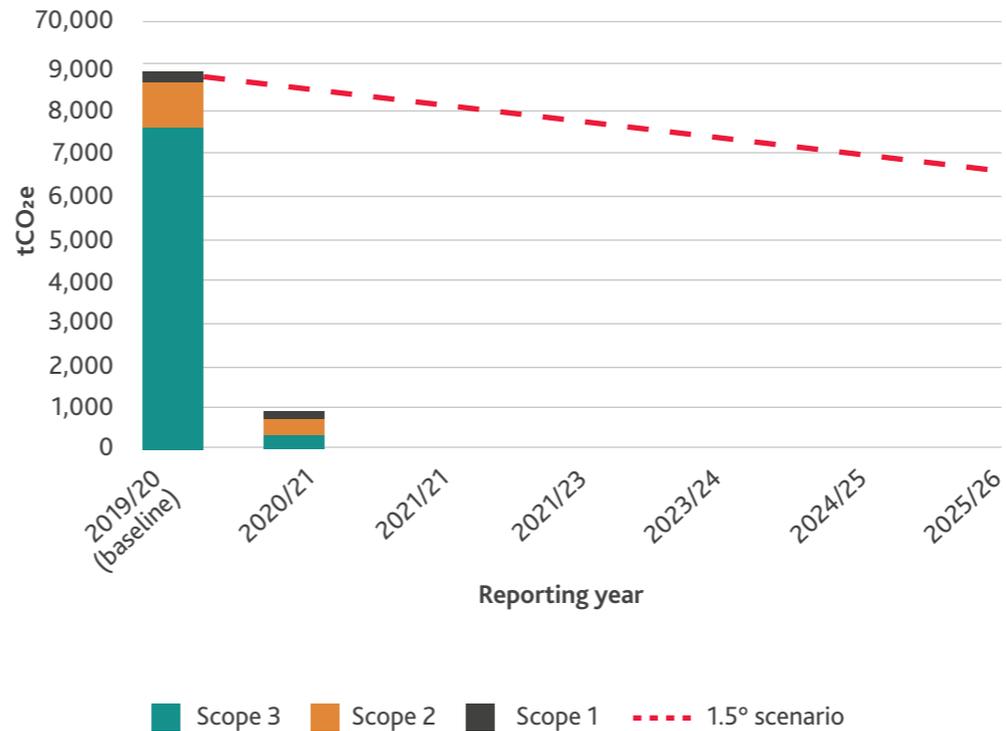
Our progress during 2020/21 on our carbon management plan is outlined below. We remain committed to reducing emissions in line with the 1.5C science-based target and the requirement of the Paris Agreement.

TARGETS

We have set a number of targets to drive our decarbonisation ambitions:

- ▶ BDO's decarbonisation target: Reduce emissions in-line with the 1.5°C science-based target and our 2025/26 reporting year.

CARBON MANAGEMENT PLAN PROGRESS PROJECTION



CARBON MANAGEMENT PLAN

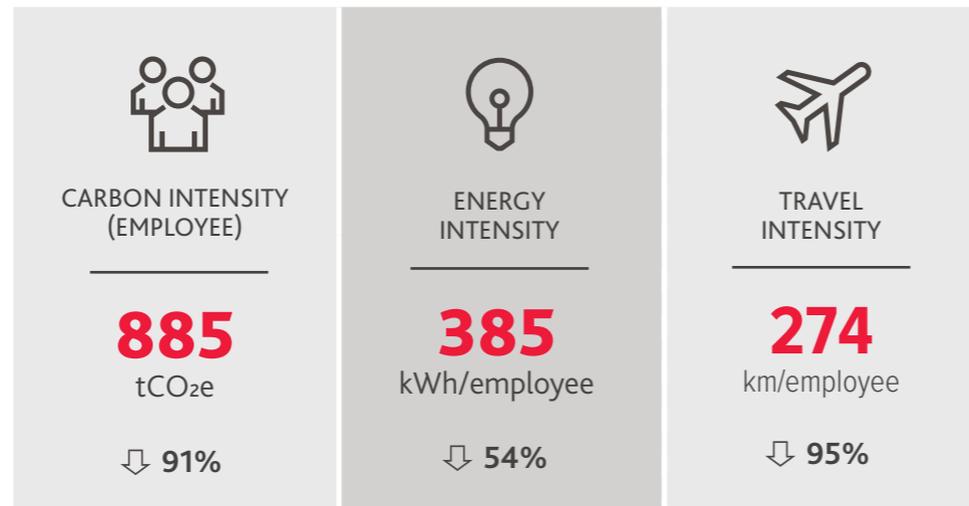
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KEY PERFORMANCE INDICATORS

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

Like many businesses, 2020/21 emissions are unusually low due to lockdown limiting office use and reducing travel. We acknowledge next 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 in size.

However, as BDO transforms into an agile working firm, we continue to be committed to reducing our emissions. We have presented our performance against our KPIs for 2020/21 below²:



MAINTAINING EMISSIONS REDUCTIONS THROUGH COVID-19 RECOVERY

Whilst our workforce now returns to the office in a COVID-19 recovery world, we have adopted a hybrid working style, allowing employees to choose a way of working that most suit them on any given day. We are providing employees with the technology required to access our systems securely, enabling permanent agile working, where our teams work from either our offices, home or client sites depending on the task at hand.

We anticipate this will result in a reduction in GHG emissions across all three scopes and categories which we currently measure.



² Our KPI's also include carbon intensity per revenue (tCO₂e/£m). We will present this metric following finalisation of our 2020/2021 financial results.

FOR MORE INFORMATION:

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