

OUR PAY GAP REPORT 2020

BDO SERVICES LTD



PAUL ENGLAND
Managing Partner



ROB WORRALL
Head of People

FOREWORD

Ensuring that everyone in our business is paid fairly is paramount to the way we run our business. Part of our strategy is to create an inclusive environment to attract and retain the best people regardless of gender, age, ethnicity or background. It is important to understand that this is not about an equal pay issue, this is about a balance issue – not having enough diverse representation across the firm, and particularly at senior levels.

At BDO, we have been working hard to encourage more women move into senior roles – and our ratios improve each year - but we need to do more. Diversity, creates a stronger, sustainable and valuable business so we need to keep working at creating an environment which is desirable to all our people.

What gender pay gap reporting means is this: if you take a firm that has both a higher level of male directors and a higher level of females in business support, you'll get a high gender pay gap. Our business is not too dissimilar in profile: 78% of support roles are filled by women, and 63% of Directors/Principals and Senior Managers are men (based on our April 2020 data). So we know there will be a perceived average "gender pay gap" but – crucially – a man and woman doing exactly the same role will not be paid any differently.

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

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Starting this year, we are voluntarily reporting our ethnicity pay gap. We are committing to doing this annually together with our gender pay gap. We'd also like to see this be a statutory requirement for all employers.

Our Race Action Plan helps us plot how we can increase BAME representation, and senior representation, across BDO. We can draw two things from this: firstly, it's even more important that we understand how to support, develop and retain our growing BAME population; and secondly, that we need to remember that the term 'BAME' is a catch-all and that there are many different communities who are facing their own challenges and that each individual will have their own definition of success for themselves.

Our culture at BDO encourages everyone to be themselves and our core purpose is to 'help people succeed'. The career aspiration of every person is different, and the way in which they wish to work is different too. Through flexible and agile working we have enabled our people to work in a way that suits them. There is always more we can do to make this happen. But we're working on it.

You can read about the work we are doing to make this happen in this report and in our [2020 Culture Report](#).



BDO was named 'Company of the Year: Creating Change for Women' at the PowerWomen Awards 2020.

OUR GENDER PAY GAP

This is our fourth year of gender pay reporting and below is our employee data for April 2020. Our mean gender pay gap is currently 16.1%. Our results are consistent with our peers but we want to do better.

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)
	48.0%	52.0%

	2020	2019
Mean pay gap	16.1%	16.7%
Median pay gap	16.9%	17.3%

OUR BONUS GAP

Mean bonus gap	41.7%			
Median bonus gap	37.5%			
	Male (M)		Female (F)	
	2020	2019	2020	2019
% of population who received bonus	43.0%	66.6%	39.3%	67.4%

OUR HOURLY PAY QUANTILES

Quartile Band	Female % of employees		Male % of employees	
	2020	2019	2020	2019
Upper	37.8%	35.5%	62.2%	64.5%
Middle Upper	48.0%	46.4%	52.0%	53.6%
Lower Middle	54.7%	54.8%	45.3%	45.2%
Lower	50.9%	52.4%	49.1%	47.6%

WORK TO CLOSE THE GENDER PAY GAP

Our gender pay gap data is heading in the right direction – that is, the gap is closing each year and they remain comparable to the national average. But, of course, we acknowledge that we still have a long way to go to achieve more balance. We continue to use our BE INSPIRED Action Plan to help us do this. BE INSPIRED summarises a detailed programme of local and national activity led by the Leadership Team, our Culture Board, our women’s network BDO Inspire and a group of passionate people, with the aim of ensuring there are no barriers preventing our talented people from succeeding.

BE YOURSELF: GENDER BALANCE**B** Belief

- ▶ Be Yourself strategy promotion and action planning
- ▶ Be Yourself programme delivered by D&I Manager
- ▶ Storytelling through role models.

E Educate

- ▶ Ongoing storytelling through central channels
- ▶ Key dates: March (Intl Women's Day), June (partner promotions), Oct (Culture Report, Gender Pay Gap data, WiF Charter report).

I Inclusive leadership

- ▶ Leadership Team and Strategic Business Unit Leaders: gender balance continues to be discussed on regular agendas
- ▶ Inclusive Leadership training to be rolled out to all partners in 2020 (mandatory)
- ▶ Visibility programme for WW and PE on this agenda to be created eg partner comms, firmwide comms (podcast #2), consider specific senior manager/AD engagement.

N Networks and communication

- ▶ 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, SWIFT, 30% Club, Women Working In International Development Group, 1 Loud Voice.

S Support and sponsorship

- ▶ Support through mentoring: partners, firm-wide, 30% club – continue to promote this
- ▶ Support through people managers – link into CM communications via HR
- ▶ Sponsorship programme for future partners – formalise this in 2020, including guidelines.

P Policies and programmes

- ▶ Revision of our 'Life Event' policies – check-in with HR team at mid-year point
- ▶ Regular promotion of success stories - ongoing.

I Investigate, innovate and insight

- ▶ Horizon-scanning session to check on other external initiatives, trends or awards may be helpful
- ▶ DNA survey.

R Recruitment and retention

- ▶ Active briefings to recruiters on inclusive recruitment actions and stories
- ▶ Root cause analysis of female manager/snr manager departures.

E Excite

- ▶ Introduce 'Allies' to work with and help represent females (partners)
- ▶ Inspiring stories with a link to our 'Be Yourself' priority - ongoing
- ▶ Leverage network of champions and U Leaders.

D Development

- ▶ A clear development plan linked to our 'Achieving My Potential' framework - ongoing.



2020 ACTIONS



Our BE INSPIRED plan, we look at 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.

In November 2018, BDO signed up to HM Treasury's Women in Finance Charter. Created by the HM Treasury, this is a pledge for gender balance across financial services and to build a more balanced and fair industry.

As a signatory firm our pledge involves:

- ▶ An initial stretch target of 20% female partners by July 2021. As of July 2020, we are at 17% female partners. Due to COVID-19, we paused all 2020 promotions and lateral hires and we have therefore now reset our target of 20% female partners by the end of 2022
- ▶ Rolling out Be Yourself training to all partners within the firm, this focuses on inclusivity, unconscious bias and managing the diverse talent within the firm. We aim to have 80% attendance rate by December 2020
- ▶ Publishing progress annually against this target in our new Unifying Culture report on our website in October each year and internally on our 'Gender Balance' page of our intranet
- ▶ Being active members 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
- ▶ Ensuring the pay of the senior executive team is linked to delivery against these internal targets on gender diversity
- ▶ Paul England, as Managing Partner, has included the following in his personal objectives: "to lead and fully support the BE INSPIRED plan to ensure we progress towards our Women In Finance Charter target".



PAUL ENGLAND
Managing Partner

OUR PEOPLE

Paul England was shortlisted as Male Diversity Champion of the Year in the Women In Finance & Accountancy Awards.





OUR PEOPLE

Hamid Ghafoor is our Partner Sponsor for BDO's BAME Network.

HAMID GHAFOOR
Partner

OUR ETHNICITY PAY GAP

To support our wider commitment to improve the representation, progression and success of our Black, Asian and Minority Ethnic (BAME) colleagues, we have chosen to publish our ethnicity pay gap.

As part of us understanding our starting point, for the first time, we've been able to see a draft indication of our ethnicity pay gap. Our employee ethnicity pay gap is 10.7% mean and 5.3% median.

We need to treat this data as indicative only in this first year of reporting. This is because the calculation is based on c. 60% of our BDO workforce having shared their demographic data through the BDO DNA survey.

Our new Race ActionPlan, sponsored and launched by Paul Eagland, specifically includes our commitment to capture and publish this data each year from now.

Our workforce composition	BAME	Non BAME	Unknown
	10.9%	38.3%	50.8%
Mean pay gap			10.7%
Median pay gap			5.3%

OUR BONUS GAP

Mean bonus gap	26.6%	
Median bonus gap	26.6%	
	BAME	Non BAME
% of population who received bonus	48.0%	34.6%

OUR HOURLY PAY QUANTILES

Quartile Band	BAME % of employees	Non BAME % of employees
Upper	17.7%	82.3%
Middle Upper	24.2%	75.8%
Lower Middle	24.5%	75.5%
Lower	22.0%	78.0%

WORK TO CLOSE THE ETHNICITY PAY GAP

We know we're already doing a lot of the right things – but we also know they will take time to become sustainable, long-term fixes. It won't happen overnight but, with support of our people, we know we can make sure our future statistics reflect our current ambition.

WHAT HAVE WE DONE?

First, we have listened, learned and supported.

Listening Events: Our immediate response to the reignited Black Lives Matter movement was to listen. There were circa 20 Listening Events held by local teams across the firm. These provided a space for our black colleagues to – bravely – talk, reflect and share experiences, as well as for others to listen and build more understanding on how to make BDO a more inclusive place. This was an important time: we were having meaningful conversations about race. Common themes were: unconscious bias, ethnicity pay gap, role models, microaggressions, mentoring and increasing black representation at BDO.

Education: Key to achieving change is education: we need everyone in the firm to take responsibility to educate themselves on this complex subject. We shared many resources across the firm, storing them in an online library for all to access; and our International Institutions & Donor Assurance team held a virtual book club. Out of the various updates we provided on Black Lives Matter over summer 2020, our 'Resources' page was by far the most popular.

Learning: We also engaged with external experts such as Business in the Community, Black Young Professionals Network and EMpower, and we are considering how best to use external support – as well as BDO globally, our client base and supplier network - to help us on our journey.

Second, we have brought people together.

Because our U Board (that's our culture board), our BAME Network and our 'Be Yourself' priority were already established, we were structurally well-set-up to work together on our Race Action Plan:

- ▶ Our Be Yourself Working Group's priority became the creation, and implementation, of our Race Action Plan to ensure we deliver on our Race At Work Charter commitments, thereby tackling race and ethnicity barriers. Their aim is to 'Be Brave, Be Bold'
- ▶ We set up a Black Lives Matter employee consulting group, to whom we listen and with whom we tested our action plan
- ▶ We recognised that our BAME Network was borne out of our London office, and it was important to be representative across our whole BDO population. We now have local representatives from each of our regions that can feed into the national BAME network
- ▶ Our HR team – covering Early in Careers, Experienced Hire, HR Generalists, People Development, HR Services, Management Information and Professional Qualifications – came together to review our employee life cycle and ensure our everyday policies and processes are free of discrimination.



WENDY WALTON
Tax Partner

OUR PEOPLE

Wendy Walton, member of our Leadership Team, has won Woman of the Year in a global practice at the 2020 Women in Accountancy & Finance Awards.

When we shared the list of female BDO colleagues shortlisted a few months ago, Wendy commented:






"to be shortlisted is incredible. When I started at BDO as an A-level trainee, I wouldn't have dreamt that I would be recognised in this way."



Third, we have launched our Race Action Plan.

We signed the Business in the Community's Race at Work Charter in June. We used the Charter as the framework for our Race Action Plan. Some of those actions are:

RACE ACTION PLAN: OUR 5 COMMITMENTS

 LEADERSHIP SUPPORT	 CAPTURE DATA	 ZERO TOLERANCE	 EQUAL RESPONSIBILITY	 HELPING YOU SUCCEED
<p>We will support our Race Action Plan from the top</p> <ul style="list-style-type: none"> ▶ Assigned Managing Partner as Exec Sponsor ▶ Created a team to support the Exec Sponsor to implement the plan ▶ Briefed our Leaders and U Leaders on the plan. 	<p>We will measure and report on our data and progress</p> <ul style="list-style-type: none"> ▶ Capture, measure and publish data ▶ Starting with our ethnicity pay gap Reporting ▶ Use Workday to improve data collection ▶ Actively monitor pipeline. 	<p>We will have zero tolerance to racial harassment and bullying</p> <ul style="list-style-type: none"> ▶ Committed at both Board level and firm-wide to zero tolerance of racial harassment and bullying ▶ Define and promote what 'zero tolerance' looks like for us ▶ Promote whistleblowing policy. 	<p>We will take equal responsibility for equal opportunities</p> <ul style="list-style-type: none"> ▶ Making it clear that supporting equality in the workplace is the responsibility of all leaders and managers ▶ Unconscious bias and inclusive leadership training, starting with partners and people managers. 	<p>We will help you succeed</p> <ul style="list-style-type: none"> ▶ Taking action that supports ethnic minority career progression ▶ Career support: launch mentoring circles ▶ Tailored development pathways ▶ Identify sponsorship and partnership options.

We will communicate our progress on these Commitments and the actions below them throughout the year. We also will provide an annual review of our Commitments to the Business in the Community Race at Work Charter panel.



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