



Investing for impact

BDO Services Ltd.
Employee pay gap report
September 2024

IDEAS | PEOPLE | TRUST



Foreword

At BDO, we are committed to ensuring that we help our people, the business world, and society to succeed. Ensuring all of our people are paid fairly is a crucial part of this. A key part of our people proposition is our desire to attract, develop and retain the best and brightest talent from a diverse range of backgrounds. As a large employer of 8,000 people, we know that the positive actions we take have a real impact on society as a whole.

Analysing our pay gaps is one way for us to ensure that we regularly review and stay accountable for equality.



One of the fundamental parts of our firm's philosophy is to encourage people to be themselves. We try to achieve this by creating an inclusive workplace where everyone feels valued.

This year marks my last year as BDO's Managing Partner. With regards to our pay gaps and increasing diversity at senior levels, there is still more to do both as a firm and a profession.

I am incredibly proud to have seen the progress we've made over the last eight years, and I have no doubt that Mark Shaw and his new leadership team will continue to have meaningful conversations and take real actions to increase representation across all levels as we work towards closing our gender and ethnicity pay gaps.

As Paul mentions, there is still some way to go with regards to reducing significantly and closing our pay gaps. However, to achieve this, we continue to be on the right track to increase diversity and representation at senior levels within the firm. Looking ahead to the future, I am confident that we can continue to make good progress.



Our pay gap report 2024

Gender pay gap reporting

Gender pay gap information falls within The Equality Act 2010 (Gender Pay Gap Information) 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 these regulations and transparently share our data each year, supported by our Gender Balance Action Plan and ambitions to drive more gender balance in our firm, particularly at senior levels. As part of this, we have been signatories of HMT's Women in Finance Charter since 2018 and are now signatories to the United Nations Women's Empowerment Principles.

It is important to clarify 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'¹, 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. BDO is an equal pay employer. The data in this

report is accurate as of 5 April, 2024. We confirm that our gender pay gap figures are calculated and presented within this report in accordance with the required regulations; the pay gaps shown in this report are for our employees and salaried partners. But we also think it's right that we show our firm's pay gaps when we add in our equity partner earnings. The report analysing our combined equity partner and employee pay gaps is also available.

Ethnicity pay gap reporting

Ethnicity pay gap analysis, as well as other important information such as our employee engagement surveys and listening events, inform our Race Action Plan (RAP). Our RAP ensures that we are taking impactful steps to improve the representation, progression and success of our ethnically diverse colleagues. Though not required by regulation, we think it's right that we also report publicly on our ethnicity pay gaps and the actions we are taking to address them.

Workforce data is effective on the reporting date of 5 April 2024

¹ Equality and Human Rights Commission definition of Equal Pay





Anna Draper
Member of BDO's Leadership Team and sponsor of BDO's Gender Balance Action Plan

After seven years of steady decline, our mean gender pay gap has widened slightly, although our median gender pay gap has decreased. Naturally, we want to see our pay gaps decreasing but due to increased diversity within our trainee and junior partner populations, we knew that at some point we might see a bump in the road. However, gender balance within our senior leadership population is increasing and we remain confident in our action plans longer-term.





Dee Vaghela
Member of U Board and sponsor of BDO's Race Action Plan

We've continued to make progress on our Race Action Plan and we have seen an increase in ethnic diversity across our firm, including diversity at the most senior levels, however we know significant change does not happen overnight. Despite our progress, our ethnicity pay gap has increased largely due to the fact that we have recruited more ethnically diverse colleagues to our trainee programmes, who are on the lower end of the pay scale. We will continue to focus on fostering an inclusive culture to ensure ethnically diverse colleagues are set up for success and continue to progress to more senior positions.

Our gender pay gap

Employees excluding Equity Partners

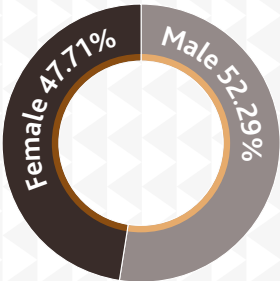
After seven consecutive years of decline, our mean gender pay gap has slightly increased this year. Our median pay gap has narrowed for the eighth consecutive year.

On the right you can see our 2023 and 2024 mean and median pay gaps and employee workforce composition. Our employee pay gap includes salaried partners.



Workforce composition
(excluding equity partners)

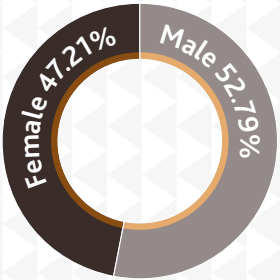
2024



Our employee pay gap

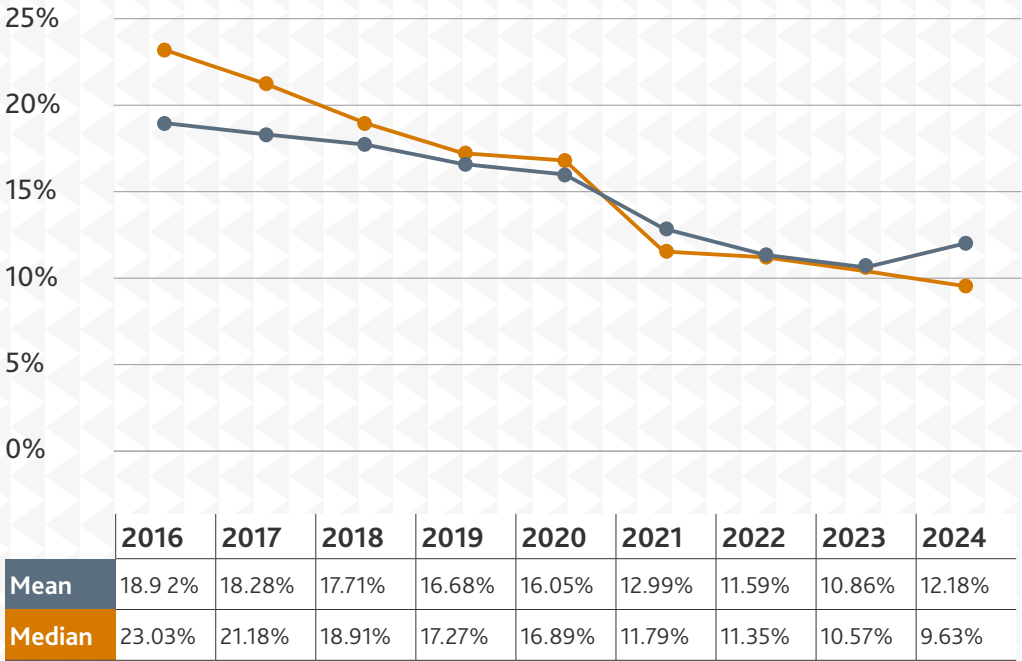
Mean 12.18%
Median 9.63%

2023



Mean 10.86%
Median 10.57%

Gender pay gap 2016-2024





Factors influencing our gender pay gap

Hourly pay quartiles

Quartile Band	Female % of employees		Male % of employees	
	2024	2023	2024	2023
Upper	39.32%	39.87%	60.68%	60.13%
Middle Upper	47.94%	47.11%	52.06%	52.89%
Lower Middle	53.90%	52.97%	46.10%	47.03%
Lower	49.68%	48.89%	50.32%	51.11%



Overall, female representation across the firm has increased slightly compared to last year. Despite increased female representation at partner level, we have seen a marginal reduction in female representation at the upper pay quartile. We have increased the number of women in director positions, but as we have more people in director positions overall, the proportion of women has decreased by 2% compared to 2023. We have marginally increased representation at the other three pay quartiles.

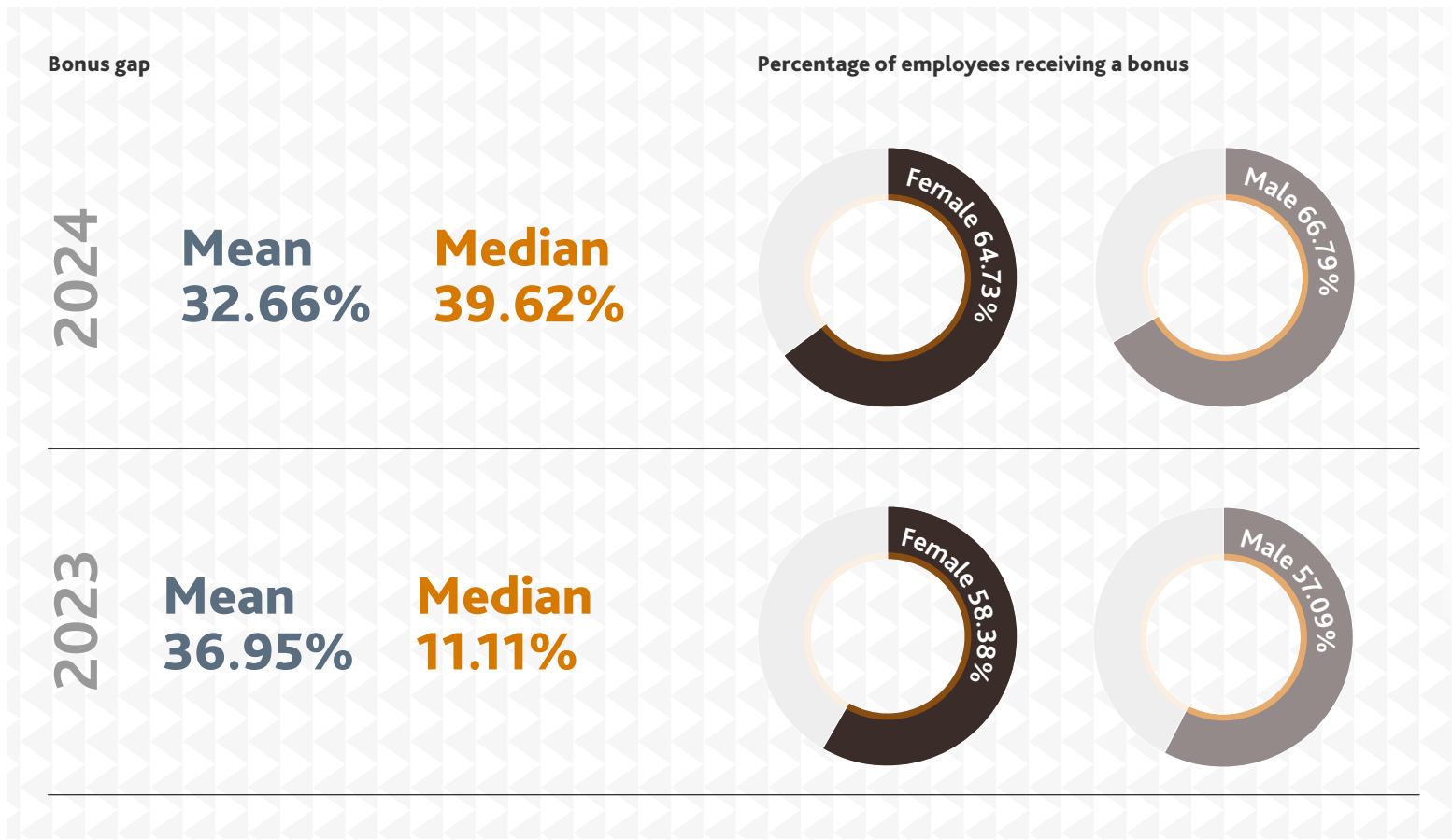
Factors that are influencing our gender pay gap

We have a gender pay gap primarily because we have a higher proportion of men than women in our senior grades.

We continue to take steps to ensure that our women continue to progress and develop their career within the firm; this is called our Gender Balance Action Plan.



Gender bonus pay gap



Our mean bonus gap has decreased this year and our median bonus gap has increased.

The overall percentage of women receiving a bonus has increased year on year.

Our gender bonus gap exists because we continue to have fewer women in senior roles than men.

A further explanation is 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 amount received.

As more women than men work part-time, their actual bonus amount will be lower than those who work full-time and thus, the gap is wider.

Our ambitions for gender representation

Our ambition is to reach 30% female partners by the end of 2030. We regularly monitor our partner pipeline to ensure that we recruit and retain talented women. We are encouraged to see that we are on track to reach our ambition.

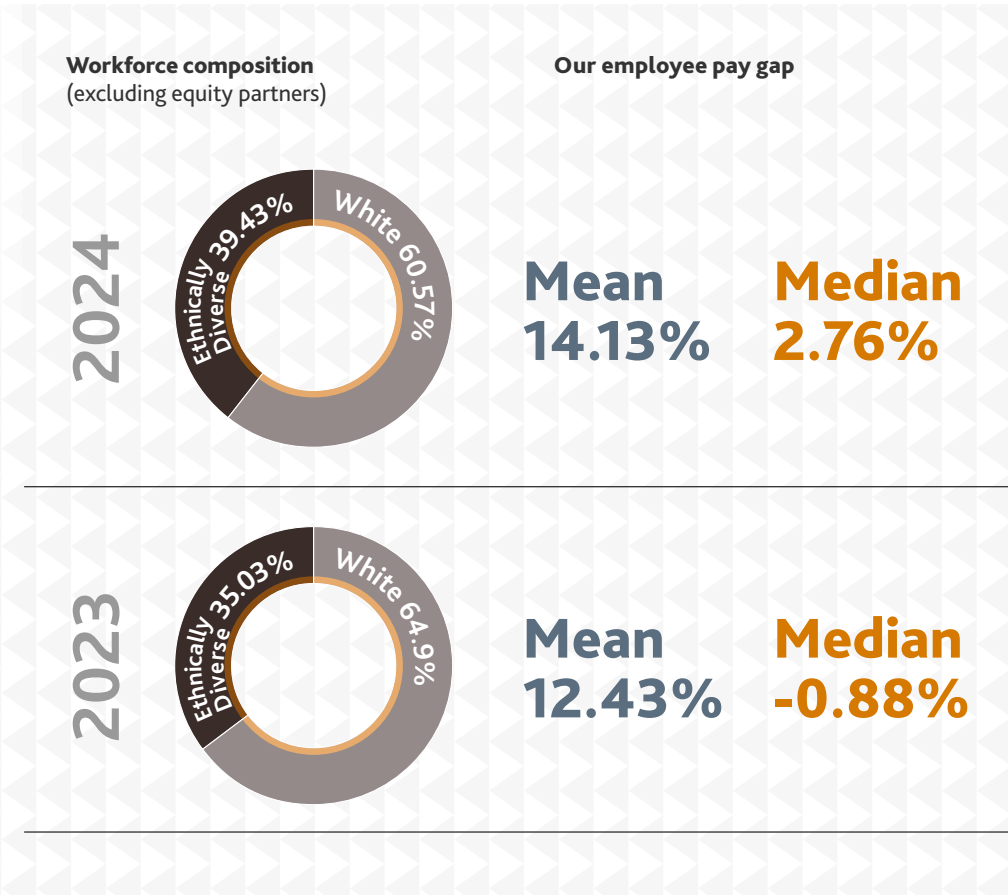


Our ethnicity pay gap

We have chosen to publish our ethnicity pay gap since 2020. It is not currently a requirement, but we feel it is important to be transparent.

Our Race Action Plan specifically includes our commitment to capture and publish this data each year. The data is based on 84.4% of our people who have chosen to share their ethnicity data with us.

We are reporting our ethnicity pay gap with 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 from a Mixed Heritage or Minority Ethnic background. For reporting purposes, we are using the terms "ethnically diverse" and "white"; however, we recognise that the experiences of people within the scope of the terms are different. As our data becomes more complete, we will be able to analyse our workforce in a more granular way to better support our people.



Factors influencing our ethnicity pay gap

Hourly pay quartiles

Quartile Band	Ethnic minority % of employees		White % of employees	
	2024	2023	2024	2023
Upper	29.42%	27.00%	70.58%	73.00%
Middle Upper	48.18%	46.82%	51.82%	53.18%
Lower Middle	40.40%	37.15%	59.60%	62.85%
Lower	39.72%	34.44%	60.28%	65.56%

While our ethnicity pay gap has increased in both median and mean measures, we're encouraged that we have seen an increase in ethnically diverse representation at all pay quartiles. The greatest increase is at the trainee level, which is in the lower pay quartile and is one reason our gap has widened.

Our pay gap remains primarily because we have a higher proportion of white employees in our senior grades.

Overall, 39.43% of colleagues across our employee and salaried partner workforce identify as ethnically diverse, which is 4.4% higher than last year. We expect to see a lower ethnicity pay gap as our ethnically diverse colleagues progress through the firm into higher pay quartiles.



Ethnicity bonus gap

Employees excluding Equity Partners



Our ethnicity mean bonus gap has decreased slightly but our median bonus gap has increased. Our median bonus pay gap remains for the same reason as our overall hourly pay gap - we have a higher proportion of white colleagues than ethnically diverse colleagues in our senior grades and these grades receive a higher actual bonus amount.

We are encouraged that the percentage of ethnically diverse employees receiving a bonus has increased to 57.4% from 48.5%.

Bonus gap

2024

Mean
36.19%

Median
64.61%

2023

Mean
38.29%

Median
46.67%

Percentage of employees receiving a bonus



Our ambitions for ethnically diverse representation

Our ambition is to reach 10% ethnically diverse partners by the end of 2026, of which 10% should identify as Black Heritage. We regularly monitor our partner pipeline to ensure that we recruit and retain ethnically diverse talent. We are broadly on track to reach our ambition and have made significant progress in recent years. We are confident in the steps we have already taken and continue to review our approach to see where else we may be able to improve.



Conclusion

While representation continues to improve, and our 2023 annual employee survey showed higher scores than 2022 for inclusion and belonging, we are frustrated that our progress is slower than we aim for and we will continue implementing programmes to support our diverse talent to thrive, with the overall aim of increasing representation at all levels, which will positively impact our pay gaps in time.

Our focus now turns to ensuring that we continue to increase representation, and help female and ethnically diverse talent to move up through the pay quartiles.

To this end, we:

- ▶ Are introducing new 'leading inclusively' training for people managers
- ▶ Will be rolling out allyship and active bystander training for all colleagues
- ▶ Have mentoring schemes specifically for ethnically diverse talent
- ▶ Have evolved our Gender Balance Action Plan and our Race Action Plan
- ▶ Are continuing our popular Black Heritage and Explore BDO insights programmes.

You can read more about our progress throughout the year and see our full gender Balance and Race Action Plans in our Culture & Impact Report.



FOR MORE INFORMATION:

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