



IDEAS | PEOPLE | TRUST

ENVIRONMENTAL REPORT

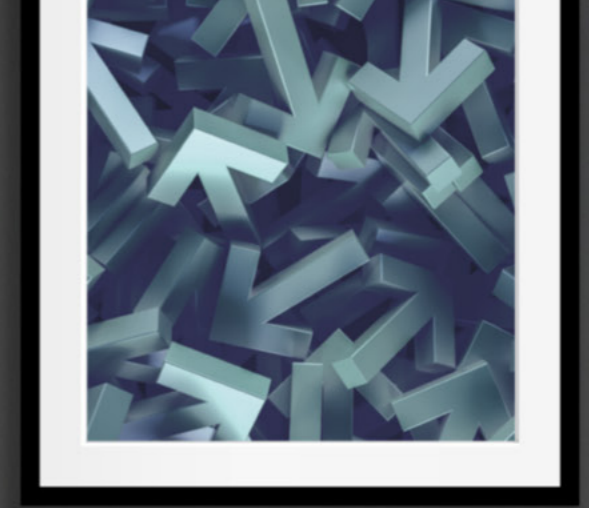
NOVEMBER 2022

INDEPENDENT ANALYSIS PROVIDED BY AVIECO



RESPONSIBLE **GROWTH**

ROOTED IN QUALITY



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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 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 people to achieve a greener culture.

To reflect this, we have committed to achieving and maintaining carbon neutrality moving forward. BDO is looking to move beyond carbon neutrality and towards net zero carbon emissions. We are continuing to work with our sustainability partner, Avieco (part of Accenture), to explore our commitment to Net Zero, and we intend to publish our transition to Net Zero roadmap in FY 2022/23.

DOING WHAT'S RIGHT FOR ALL

BDO is continuing to act on climate change because we believe that it is the right thing to do. We believe that businesses have a moral responsibility to ensure a thriving world. Therefore, our efforts are focussed on ensuring that there is efficient use of energy and resources in our operations to minimise our carbon footprint.

We have set ourselves emissions reduction targets that are aligned to limit global warming below 1.5°C and we are aware that our targets will only grow more ambitious when we focus on our journey towards net zero. We are also aware of the industry's growing consideration for the impact of Scope 3 emissions and the need for these emissions categories to be addressed. As a result, in conjunction with our sustainability partner Avieco, we are building out an approach to quantifying and reducing our scope 3 emissions.

We recognise that tackling climate change is not something we can do on our own. We are also collaborating with BDO Global, with our international member firms, and with third parties to communicate the importance of climate change being a board agenda topic.

ABOUT THIS REPORT

This report provides our stakeholders with a comprehensive view of the organisation's performance and action on environmental matters for the year ending 30 June 2022.

It provides performance highlights from 2021/22, 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.

We also capture the headlines in our 2022 Culture and Impact Report, in which we share more stories about how we're making progress on multiple Environmental, Social and Governance topics to help society succeed.

FOREWORDS



ANDY BUTTERWORTH

CHIEF OPERATING OFFICER,
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 businesses choose to work with 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 businesses we work with deserve it.

We continue to try to identify new ways to improve our performance management and implement ways to reduce our environmental footprint.

As our people return to the office, we are ensuring we have embedded sustainability into our plans for post COVID-19 office refurbishment, and a move towards permanent hybrid working. After significant reductions in emissions due to national lockdowns, we knew our emissions would rise in FY 2021/22.

We are pleased to report FY 2021/22 total emissions are still significantly lower than our total emissions pre COVID-19. We are working on our Transition to Net Zero roadmap, sustaining our carbon neutrality, and are purchasing Renewable Energy Certificates for our offices.

BEN MURRAY

CHIEF EXECUTIVE OFFICER,
AVIECO (PART OF ACCENTURE)



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 (now part of Accenture) is proud to continue supporting BDO in their sustainability journey. Over the past year, we have helped BDO identify where their material impact areas lie, set a decarbonisation plan, and explore a net zero commitment for BDO in line with a GFANZ commitment.

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 offset any residual emissions from building operations and business travel.

We are excited to continue working with BDO on its ambitious journey.



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

EXECUTIVE SUMMARY



We anticipated that the return

to office working and business travel would result in an emissions increase. However, our 2021/22 emissions total demonstrates a 66% reduction in emissions in comparison to our 2019/20 baseline emissions totals.



TOTAL EMISSIONS

3,025
tCO₂e

* ↑ 242%
** ↓ 66%



ENERGY

4,423
MWh

* ↑ 66%
** ↓ 18%



TRAVEL

13.6
million km

* ↑ 619%
** ↓ 60%

2021/22 HIGHLIGHTS: TOTAL EMISSIONS

The previous reporting year was heavily influenced by COVID-19, whilst 2021/22 reflects our return from national lockdowns to more agile business operations. The increase in emissions was expected, and total emissions are still 66% lower than pre COVID-19 total emission. This has resulted in the following comparison:

- ▶ Total emissions increased by 242%
- ▶ Emissions per FTE up 202% with a 11% increase of employees across the business
- ▶ There was a significant increase of energy consumption (66%) due to an increased return to office locations by employees
- ▶ Due to a relaxing of travel restrictions, business travel emissions increased by 619%.



EMPLOYEES

7,693^{†*}
kWh/employee

* ↑ 11%
** ↑ 21%



INTENSITY

0.39
tCO₂e/FTE

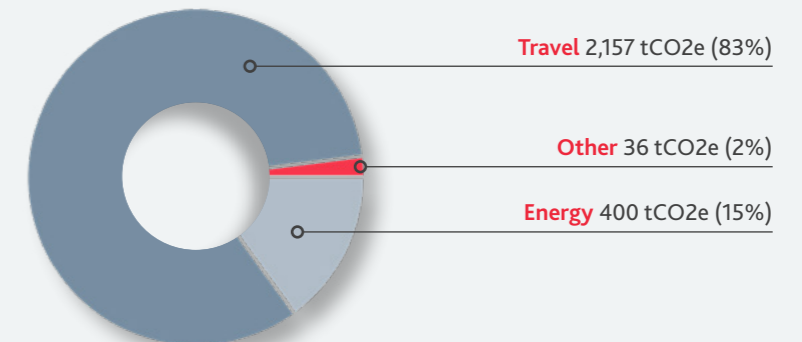
* ↑ 202%
** ↓ 72%

[†] Total headcount for full time employees and temporary or interim contractors.

* Percentage change in comparison to 2020/2021 performance.

** Percentage change in comparison to 2019/2020 performance.

TOTAL EMISSIONS



EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

We are reporting a 242% increase in total emissions for the financial year 2021/22 vs. 2020/21. The main driver for this increase is the change to ways of working after the COVID-19 pandemic.

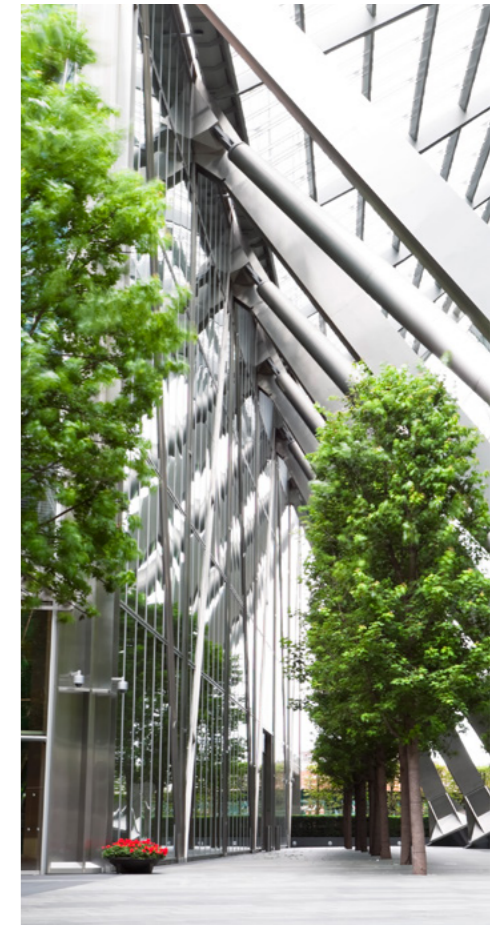
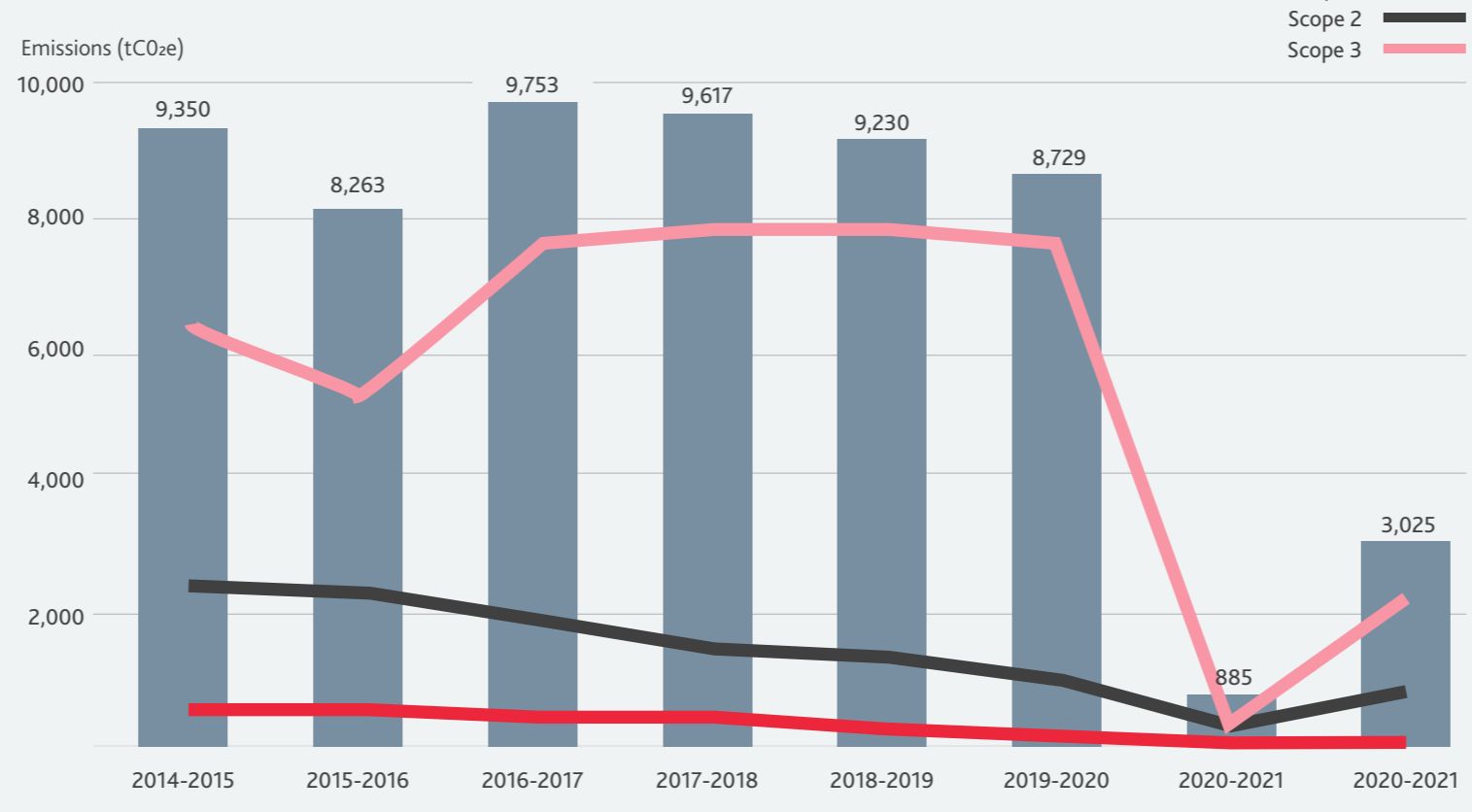
With employees returning to our offices, our energy consumption increased significantly compared to last year where employees worked almost exclusively from home.

Our business travel, which previously reduced due to COVID-19 travel restrictions, has returned to the greatest contributor to the company's overall carbon footprint which is currently being reported on.

In comparison to the pre COVID-19 year, the financial year 2021/22 is reporting a 66% decrease in total emissions. This highlights that, whilst the adoption of agile business operations has increased business emissions, they are still significantly lower than our historical records.

EMISSIONS OVER TIME (tCO₂e)

FIGURE 1: SCOPE 1-3 EMISSIONS TREND BY FINANCIAL YEAR (2014 - 2022)



2021/22 PERFORMANCE: **IN NUMBERS**



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

TOTAL CO₂ EMISSIONS



3,025 tCO₂e
...or **658** cars' annual CO₂

TOTAL ENERGY



4,423 MWh
...or **1,195** homes powered

DISTANCE TRAVELLED



13.6 million km
...or **3,407** times round the world

PAPER CONSUMPTION



10 tonnes
...or **240** trees

WATER USAGE

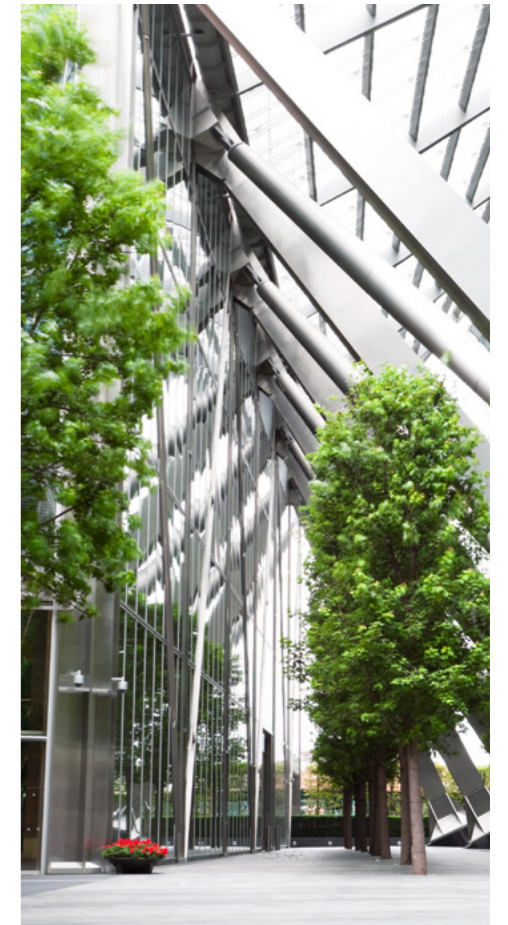


54,104 m³
...or **28** Olympic pools filled

WASTE PRODUCED



198 tonnes
...or **48** fully-loaded waste trucks



2021/22 PERFORMANCE: ENERGY

2021/22 HIGHLIGHTS: ENERGY

The previous reporting year was heavily influenced by the lockdown way of working during COVID-19, resulting in the following comparison:

- ▶ We experienced an energy intensity increase for the first time since 2018/19
- ▶ 66% increase in total energy consumption
- ▶ Eighth year of GHG reporting, with reliable energy data and stable energy consumption across our portfolio.



TOTAL ENERGY

4,423
MWh

* ↑ 66%



ELECTRICITY

3,746
MWh

* ↑ 77%



ENERGY INTENSITY

575
kWh/employee

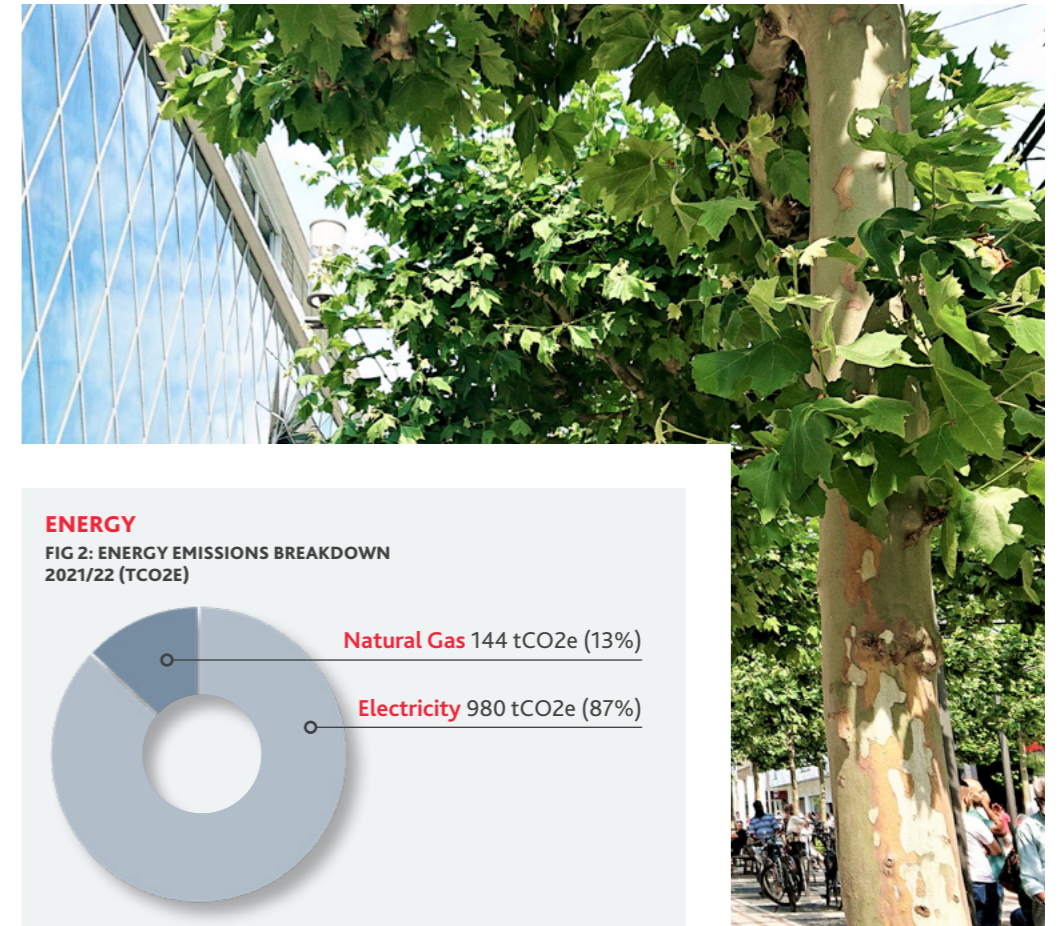
* ↑ 49%



NATURAL GAS

676
MWh

* ↑ 25%



* Percentage change in comparison to 2020/2021 performance.

2021/22 PERFORMANCE: ENERGY

ENERGY PERFORMANCE

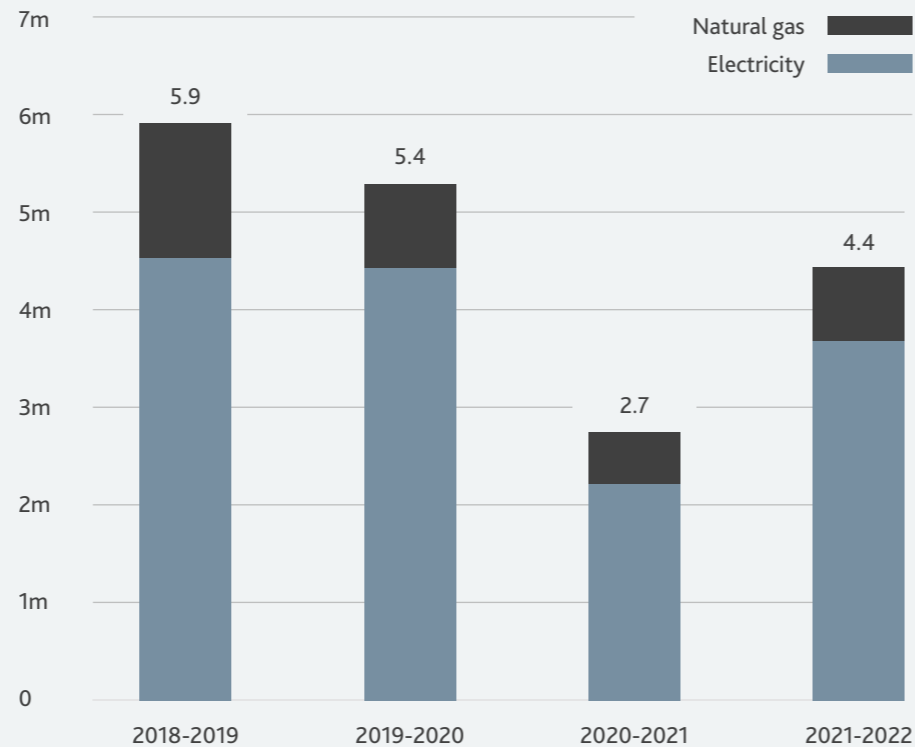
We have seen a 66% increase in total energy consumption due to a return to pre COVID-19 working behaviours with employees returning to hybrid working patterns and the increased footfall in our offices.

Emissions from natural gas and electricity account for 34% of total reported emissions and are highlighted as a significant contributor to our carbon footprint.

As we continue to work towards more sustainable business practices, our collaboration with Avieco (part of Accenture) enables us to continue to explore ways to identify additional energy savings opportunities across our portfolio, as part of a wider commitment to carbon neutrality.

ENERGY CONSUMPTION PER REPORTING YEAR (KWH)

FIGURE 3: ELECTRICITY AND NATURAL GAS CONSUMPTION (KWH) BY FINANCIAL YEAR (2018 - 2022)



2021/22 PERFORMANCE: TRAVEL

2021/22 HIGHLIGHTS: TRAVEL

The previous reporting year was heavily influenced by COVID-19, resulting in the following comparison:

- ▶ Returning to a hybrid working model after the global pandemic resulted in a significant increase of business travel and affected all methods of transportation domestically and internationally
- ▶ Flights continue to account for most of our travel emissions (65%).



TOTAL DISTANCE

13.6

million km

* ↑ 620%



AIR

8.9

million km

* ↑ 485%



RAIL

3.7

million km

* ↑ 3,223%



ROAD

1.1

million km

* ↑ 304%



TRAVEL INTENSITY

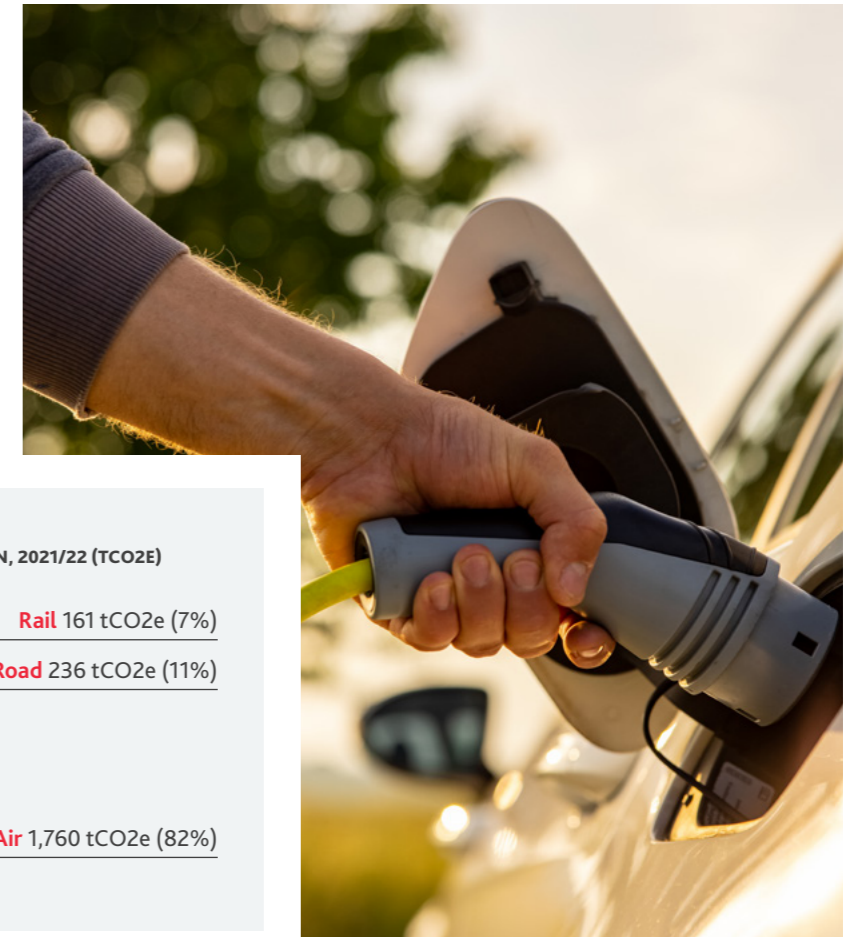
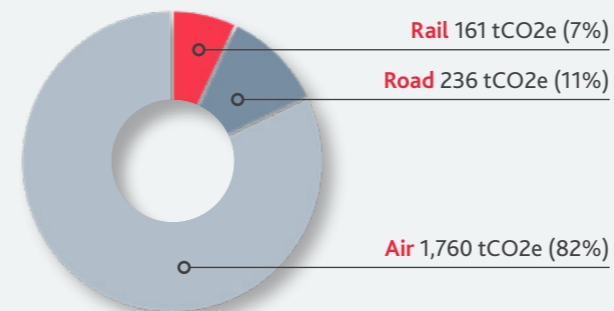
1,772

km/employee

* ↑ 547%

TRAVEL

FIGURE 4: TRAVEL EMISSIONS BREAKDOWN, 2021/22 (TCO2E)



* Percentage change in comparison to 2020/2021 performance.

2021/22 PERFORMANCE: TRAVEL

TRAVEL PERFORMANCE

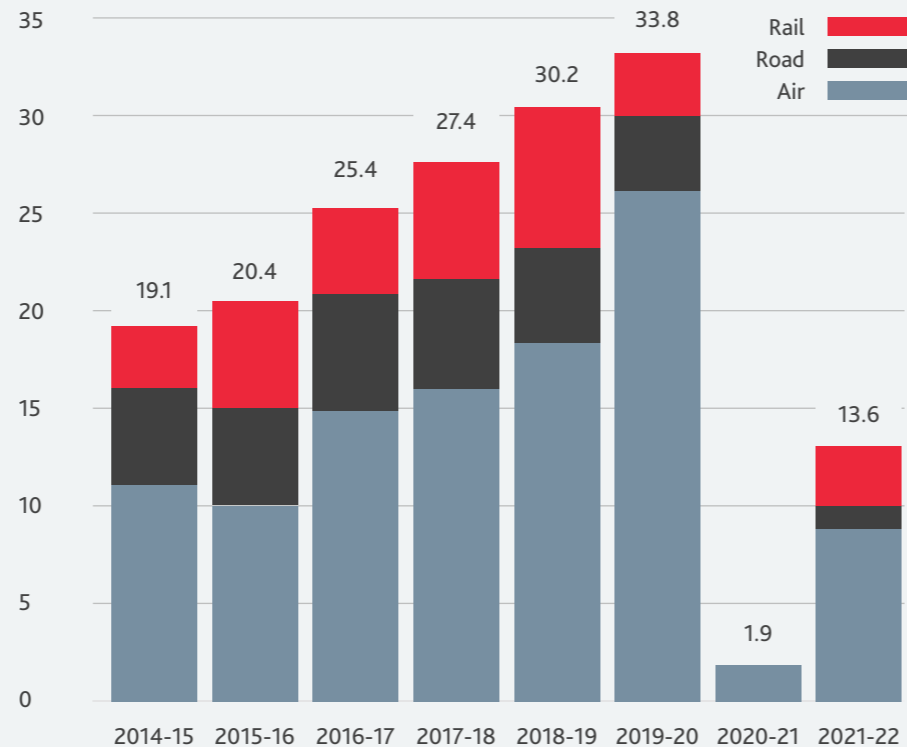
In previous years, business travel accounted for over 80% of our carbon footprint, with flights accounting for over half of our total emissions. However, during 2020/21, due to the significant impacts of the COVID-19 pandemic on travel, both to offices and to client and audited entity sites for meetings, we experienced a significant reduction in travel and, as a result, overall carbon footprint. However, in 2021/22, due to the adoption of a hybrid working model, we have experienced a rise in business travel which accounts for over 80% of our carbon footprint.

Through our hybrid working model, we aim to take the positives of the 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 (MILLION KM)

FIGURE 5: DISTANCE TRAVELLED IN MILLION KM, BY FINANCIAL YEAR (2014 - 2022)



2021/22 PERFORMANCE: OTHER

2021/22 HIGHLIGHTS: OTHER

- ▶ Waste, water, and paper account for less than 1% of total emissions
- ▶ Consumption of 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.



PAPER

10

tonnes

* ↑ 333%

INTENSITY

0.0013

tonnes/FTE

* ↑ 289%



WASTE AND RECYCLING

198

tonnes

* ↑ 218%

INTENSITY

0.0006

tonnes/FTE

* ↑ 186%



WATER

54,104

m³

* ↑ 2,067%

INTENSITY

7.03

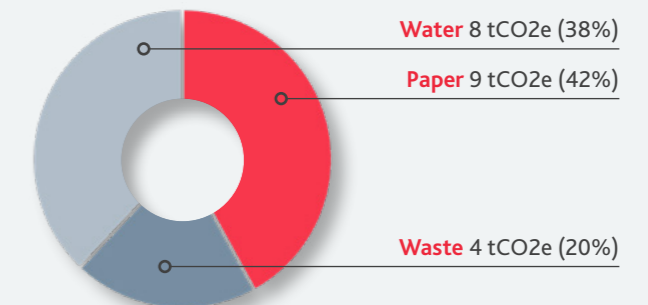
m³/FTE

* ↑ 1,849%



BUSINESS EMISSIONS

BUSINESS EMISSIONS BREAKDOWN, 2021/22 (tCO₂e) *PERCENTAGE CHANGE



* Percentage change in comparison to 2020/2021 performance.

2021/22 PERFORMANCE: OTHER

OTHER PERFORMANCE

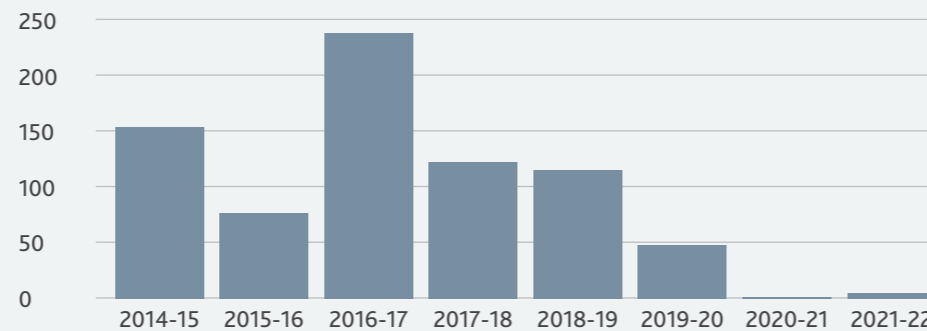
Building sources account for about 1% of our total footprint with emissions from landfill disposal of waste accounting for more than half of this impact.

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 hybrid working approach, we have reduced our paper consumption significantly with the use of digital alternatives. We intend to enhance the reduction of paper use in the office through various initiatives.

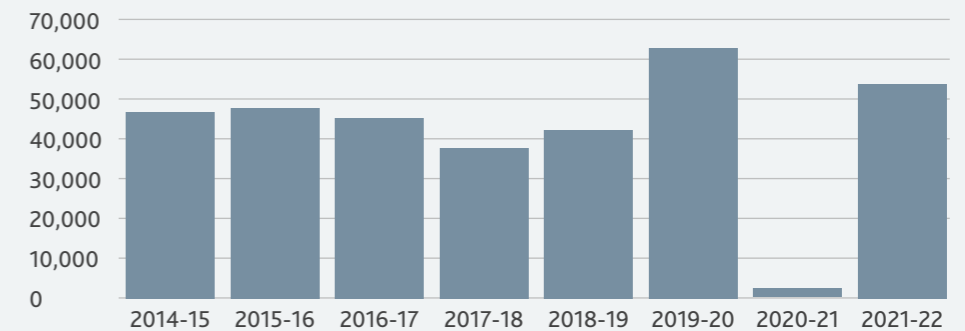
PAPER

FIGURE 7: PAPER CONSUMPTION (TONNES) BY FINANCIAL YEAR (2014 - 2022)



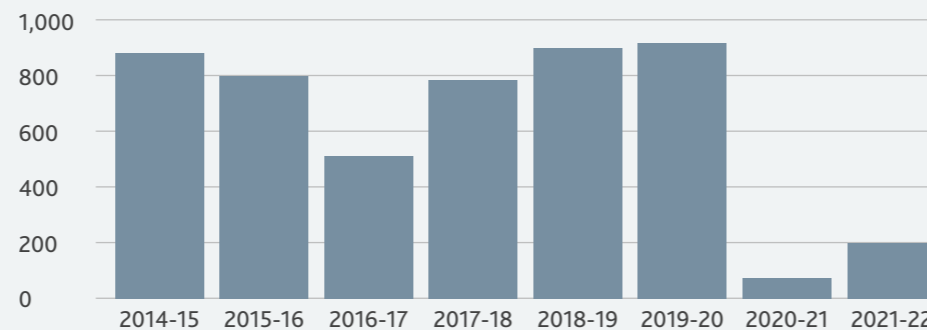
WATER

FIGURE 9: WATER CONSUMPTION (M³) BY FINANCIAL YEAR (2014 - 2022)



WASTE

FIGURE 8: WASTE CONSUMPTION (TONNES) BY FINANCIAL YEAR (2014 - 2022)



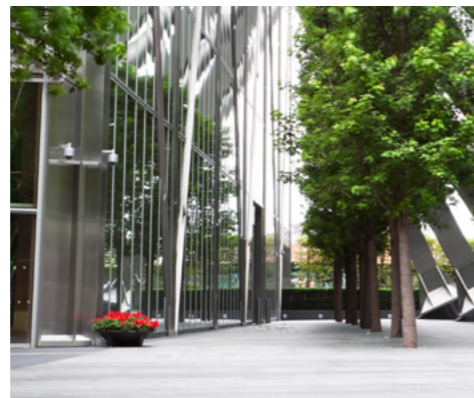
OPERATIONAL CARBON MANAGEMENT PLAN



Our carbon footprint has increased by 242% compared to FY 2020/21. This is a result of the changing working practices throughout 2021/22, caused by the recovery from COVID-19 global pandemic.

Our challenge is now to instigate and maintain working practices that continue to reduce our operational carbon footprint as our workforce return to the office under our hybrid working model.

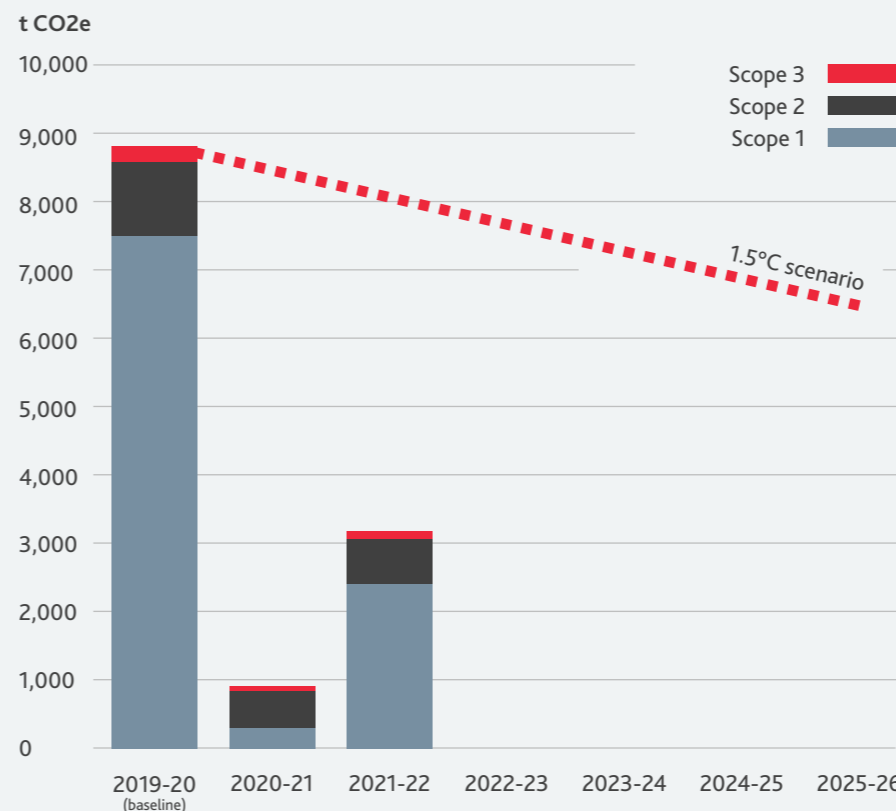
Our progress during 2021/22 on our carbon management plan is outlined below. We remain committed to our annual reduction target of 4.2%, in-line with the 1.5°C science-based target and the requirements of the Paris Agreement, with our 2025/26 reporting year as our target.



We have chosen to follow the PAS 2060 standard, a specification detailing how to demonstrate carbon neutrality. A key requirement of this specification is for BDO to implement our ongoing carbon management plan.

TARGETS

FIGURE 11: SCOPE 1 - 3 REDUCTION BY FINANCIAL YEAR, COMPARED TO 1.5 SCIENCE-BASED REDUCTION TARGET



OUR 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 reporting year
- ▶ Net Zero target: Reduce emissions in line with Science Based Target 1.5°C aligned pathway to achieve Net Zero by 2050 or sooner. We will be publishing our transition to Net Zero Roadmap in FY 2022/23.

These targets will be reviewed to align with our net zero targets once defined, as we will need significant decarbonisation action above what has previously been stated, to achieve a net zero target.



KEY PERFORMANCE INDICATORS

KPIs are being tracked to maintain a focus on efficiency as well as to monitor our decarbonisation progress. Like many businesses, 2021/22 emissions are higher than 2020/21 emission due to the increase in office use and travel, after COVID-19 lockdown limited office use and reduced travel. In our 2020/21 Environmental Report we acknowledged this as people return to the office and to international business travel, and as we grow.

However, as we transform into a hybrid working firm, we continue to be committed to reducing our emissions. We have presented our performance against our KPIs for 2020/21 here*.



CARBON INTENSITY
(EMPLOYEE)

0.39
tCO₂e/FTE

↑ **202%**



ENERGY
INTENSITY

575
kWh/employee

↑ **49%**



TRAVEL
INTENSITY

1,772
km/employee

↑ **547%**

MAINTAINING EMISSIONS REDUCTIONS AFTER COVID-19 RECOVERY

Our workforce has now returned to the office in a post COVID-19 world, where we have adopted a hybrid working style. Called agile working (or as we call it internally, **WORKABLE**) this allows people to work from a location that best suits the work they are doing and what is right for the client or audit engagement, team and individual. We are providing employees with the technology required to access our systems securely, enabling permanent hybrid working, where our teams work from either our offices, home or client sites depending on the task at hand.

We anticipated that this return to office working, and business travel would result in an emissions increase, and has been reflected by an 887 tCO₂e increase in emissions from 2020/21. However, our 2021/22 emissions fall below the baseline year 2019/20 (8792 tCO₂e), with a 66% reduction between the baseline year and 2021/22.

We have already begun this process with the purchase of renewable energy certificates (RECs) for all our office locations to support the reduction in office-based emissions.



* Our KPIs also include carbon intensity per revenue (tCO₂e/£m). We will present this metric following finalisation of our 2021/2022 financial results.

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