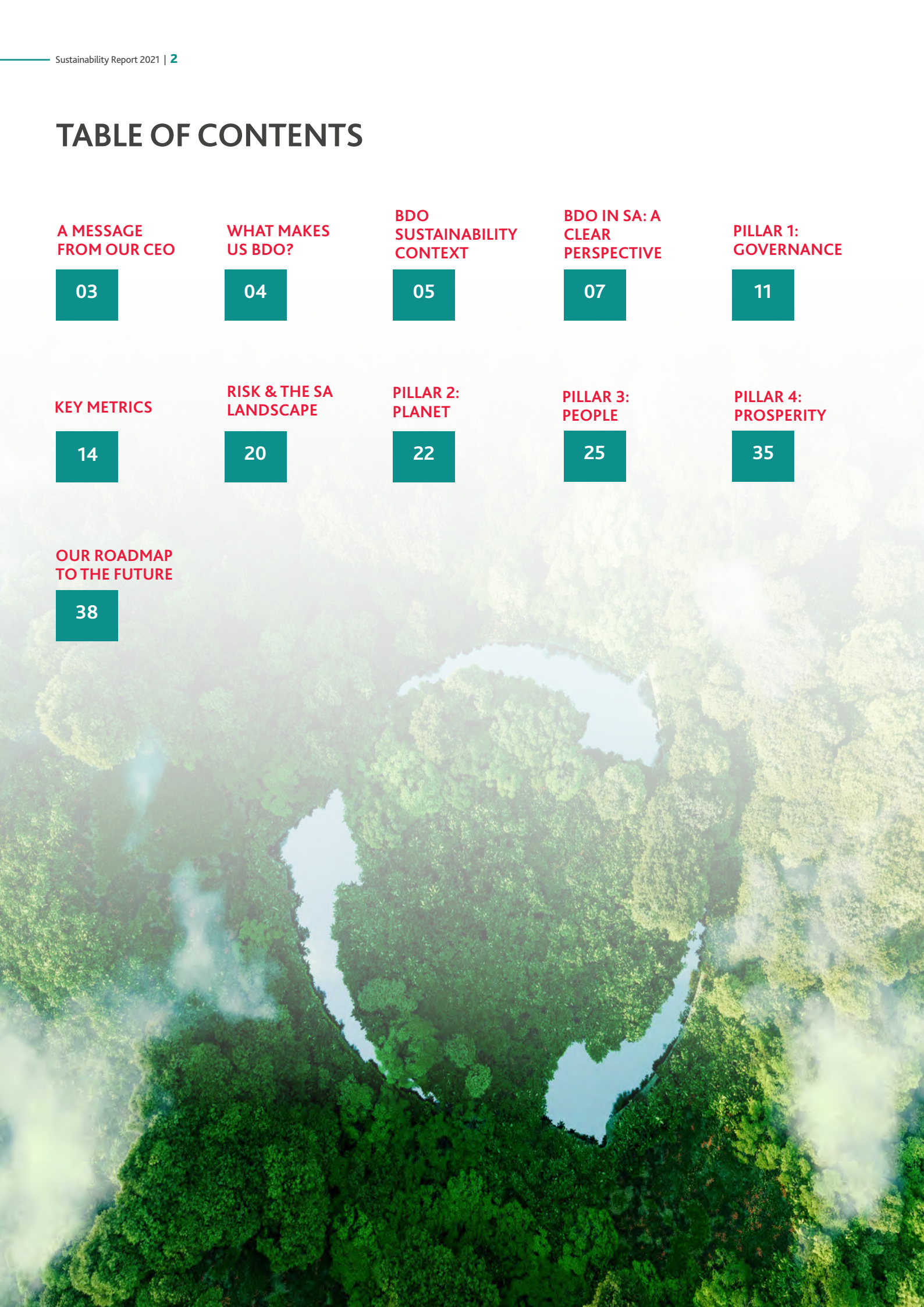


BDO IN SA SUSTAINABILITY REPORT | 2021

# REALISING THE FUTURE, NOW

# TABLE OF CONTENTS

<b>A MESSAGE FROM OUR CEO</b>	<b>WHAT MAKES US BDO?</b>	<b>BDO SUSTAINABILITY CONTEXT</b>	<b>BDO IN SA: A CLEAR PERSPECTIVE</b>	<b>PILLAR 1: GOVERNANCE</b>
<b>03</b>	<b>04</b>	<b>05</b>	<b>07</b>	<b>11</b>
<b>KEY METRICS</b>	<b>RISK &amp; THE SA LANDSCAPE</b>	<b>PILLAR 2: PLANET</b>	<b>PILLAR 3: PEOPLE</b>	<b>PILLAR 4: PROSPERITY</b>
<b>14</b>	<b>20</b>	<b>22</b>	<b>25</b>	<b>35</b>
<b>OUR ROADMAP TO THE FUTURE</b>				
<b>38</b>				



# A MESSAGE FROM OUR CEO



**Mark Stewart, CA(SA)**  
Chief Executive Officer

*All companies' material risks are broadening and becoming more complex with the realities of climate change, global health pandemics and rising industrialisation. With the release of the Intergovernmental Panel on Climate Change Report mid-2021, it's imperative that we rethink how our firm operates and behaves if we are to ensure our systems and foundations are fit for a sustainable future.*

As part of the global BDO organisation, we have a commitment to our colleagues around the world, to join forces and work together to ensure a future for our people and the planet.

This is BDO in South Africa's first Sustainability Report. It is part of our Clarity Charter that we act ethically, transparent and clear in all that we do and say – and this report is one way of demonstrating that commitment. You may also read our Transparency Report for the period 1 April 2020 to 31 March 2021.

## WHY IS BDO GLOBALLY INVESTING IN SUSTAINABILITY?

- ▶ Sustainability, together with the UN's Sustainable Development Goals (SDGs), is our common language to ensure a sustainable future for local communities which is inclusive and resilient.
- ▶ At the same time, market demand is increasing for sustainable products and services and BDO has the competence, the relationships, and the concepts to help our clients in their approach to sustainability and to create business opportunities based on the SDGs.
- ▶ Behaving in an environmentally and socially responsible manner is closely linked to our WHY - People helping people achieve their dreams. Purpose is about taking a stand and making life better, more efficient, easier.

We have been on our own sustainability path for some time, and in 2021 we formalised our efforts under our Sustainability Committee, which works in collaboration with our Social and Ethics Committee. Our journey will continue and gain momentum, as we strengthen relationships with our BDO colleagues (especially Africa), our people, and the communities in which we operate.

Mark Stewart

CEO

A MESSAGE  
FROM OUR CEO

WHAT MAKES  
US BDO?

THE BDO  
SUSTAINABILITY  
CONTEXT

BDO IN SA:  
A CLEAR  
PERSPECTIVE

PILLAR 1:  
GOVERNANCE

KEY METRICS

RISK AND THE  
SOUTH AFRICAN  
LANDSCAPE

PILLAR 2:  
PLANET

PILLAR 3:  
PEOPLE

PILLAR 4:  
PROSPERITY

OUR ROADMAP  
TO THE FUTURE

Our 2021 Sustainability Report is our baseline, and we will be monitoring and measuring a number of metrics in the year ahead much more closely. Our approach covers all seven BDO offices in South Africa, but we hope to include our clients and supply chain in the future. Our reporting boundary considers all BDO offices in South Africa. The data used for our report covers the period 1 April 2020 to 31 March 2021.

## WHAT MAKES US BDO?

From the early days of BDO in South Africa, we have been a firm with strong core values. In 2020 we launched a refreshed set of company values. These underpin our work on Clarity and guide how our people adhere the principles of the Clarity Charter in their everyday work. Without values, our work means nothing.

Our numbers can be correct, our research can be reliable, and our clients may happy; but it will fall apart if we're not acting from a set of values.

Our values are critical to us achieving the principles of our Clarity Charter, which is about clear thinking, transparency and being clear about what's right (and what's not) in the work we do. Our values are the foundation of ALL our conversations, ALL our work, ALL our advice and ALL our relationships. They're a part of our internal culture, how we work, and how we engage. Additionally, BDO's global purpose statement, our WHY, is PEOPLE HELPING PEOPLE ACHIEVE THEIR DREAMS. Managing and growing a sustainable business is vital to deliver on dreams, whether it be for our people, or business dreams for our clients.



**Do the Right thing, always**



We don't only believe that sustainability is a business imperative. We believe that as individuals we can make small choices every day, which are right for our communities, our environment and our growth.

**Be Exceptional**



For us, being exceptional means being committed. As per our ESG Policy, we are committed to the SDGs and focus on SDG 3,4,5, 8 12 and 13 to guide and inform our progress.

**Add value**



We drive sustainability in order to add value to our working environment, our clients and our projects.

**Collaborate to win**



Sustainability is not a green issue. It's not a people issue. At BDO we appreciate the interconnected nature of sustainability and therefore we strive to build strong relationships, across our service lines, our departments and our offices to collaborate on integrating sustainability.

**Stronger together**



We know that sustainability is a process. We know that we need to learn from one another and grow together as we try to find appropriate and practical solutions to the complexity of sustainability. But in doing so, we are stronger together.

A MESSAGE FROM OUR CEO

WHAT MAKES US BDO?

THE BDO SUSTAINABILITY CONTEXT

BDO IN SA: A CLEAR PERSPECTIVE

PILLAR 1: GOVERNANCE

KEY METRICS

RISK AND THE SOUTH AFRICAN LANDSCAPE

PILLAR 2: PLANET

PILLAR 3: PEOPLE

PILLAR 4: PROSPERITY

OUR ROADMAP TO THE FUTURE

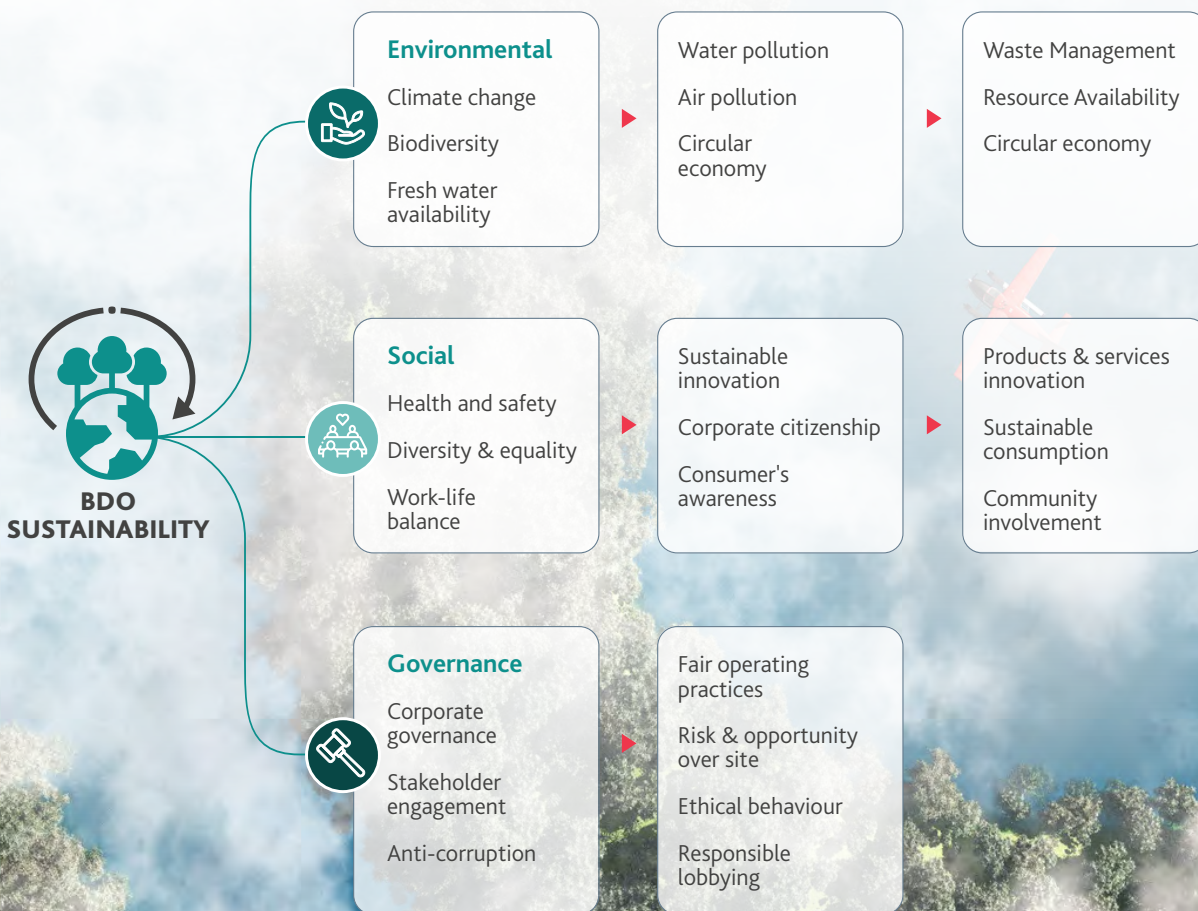


# THE BDO SUSTAINABILITY CONTEXT: REALISING THE FUTURE, NOW

BDO'S GLOBAL SUSTAINABILITY STANCE CAN BE SUMMARISED AS FOLLOWS:



## THE SUSTAINABILITY DIMENSIONS



- A MESSAGE FROM OUR CEO
- WHAT MAKES US BDO?
- THE BDO SUSTAINABILITY CONTEXT**
- BDO IN SA: A CLEAR PERSPECTIVE
- PILLAR 1: GOVERNANCE
- KEY METRICS
- RISK AND THE SOUTH AFRICAN LANDSCAPE
- PILLAR 2: PLANET
- PILLAR 3: PEOPLE
- PILLAR 4: PROSPERITY
- OUR ROADMAP TO THE FUTURE



- A MESSAGE FROM OUR CEO
- WHAT MAKES US BDO?
- THE BDO SUSTAINABILITY CONTEXT
- BDO IN SA: A CLEAR PERSPECTIVE
- PILLAR 1: GOVERNANCE
- KEY METRICS
- RISK AND THE SOUTH AFRICAN LANDSCAPE
- PILLAR 2: PLANET
- PILLAR 3: PEOPLE
- PILLAR 4: PROSPERITY
- OUR ROADMAP TO THE FUTURE

## OUR GLOBAL SUSTAINABILITY STANCE

At BDO, we recognise the need to continually adapt our strategy, our service offering and the way we work to meet the sustainability expectations of all our stakeholders – our clients, our employees, our investors, and our regulators - to protect our environment, our business, and the interests of generations to come. The list of environmental, social and governance (ESG) risks faced by corporations has recently exploded onto every business agenda - diversity and inclusion, climate change, #blacklivesmatter, pollution, corruption, #metoo, human rights and employee welfare, supply chain scandals...and of course COVID-19, with all its disruptive impacts. Our sustainability approach aims to create and foster long-term benefits by taking into consideration how we operate within this increasingly complex environment – recognising threats, mitigating risks and capitalising on development opportunities.

We aim to work with the wider business community to facilitate change, guided by the goals listed in the 2030 Agenda for Sustainable Development (adopted by all United Nations Member States in 2015). These have paved the way for the development of two inextricably linked work-streams, implicitly designed to align our internal sustainability strategy with our external service offering.



# BDO IN SOUTH AFRICA: A CLEAR PERSPECTIVE ON ESG

Sustainability for the continent is paramount for the health, wealth and future wellbeing of all its people. We are serious about the sustainability of our business, our profession, and the economic success of South Africa. We recognise that we earn our social license to operate by contributing to this country and by encouraging as broad a participation in the economy as possible.

We also understand our place and work in South Africa is strongly connected to the global economy, and that our long-term resilience will be guided by our ability to create lasting value for all our stakeholders. The below report outlines the environmental, social and governance (ESG) aspects of our business, the impact we want to create on our communities and the environment.

We define ESG criteria as a set of standards for a company's operations:



## Our ESG approach:

Ethical business practices	Effective governance	Workforce wellness
Staff development and training	Diversity and inclusion	Employee engagement and retention
Digitalisation and cybersecurity protection	Data protection	Social upliftment through our corporate social responsibility initiatives
Climate action and implementing our net-zero commitment	Waste management	Resource efficiency in our offices in terms of energy, water and paper use
Environmental awareness and commitment		

In South Africa, BDO has adopted the World Economic Forum International Business Council (WEF IBC) framework to monitor and report on our sustainability progress and to align with our global counterparts.

The WEF IBC Framework presents a core set of global metrics to achieve a base level of transparency and comparability when reporting on ESG issues.

*"The metrics and disclosures proposed here have been organized in four pillars that are aligned with the SDGs and principal ESG domains: Principles of governance, Planet, People and Prosperity. They are drawn wherever possible from existing standards and disclosures (such as the Global Reporting Initiative, Sustainability Accounting Standards Board, Task Force on Climate-related Financial Disclosures etc.) with the aim of amplifying and elevating the rigorous work that has already been done by these initiatives – bringing their most material aspects into mainstream reports on a consistent basis – rather than reinventing the wheel by creating a new standard."*

A MESSAGE FROM OUR CEO

WHAT MAKES US BDO?

THE BDO SUSTAINABILITY CONTEXT

BDO IN SA: A CLEAR PERSPECTIVE

PILLAR 1: GOVERNANCE

KEY METRICS

RISK AND THE SOUTH AFRICAN LANDSCAPE

PILLAR 2: PLANET

PILLAR 3: PEOPLE

PILLAR 4: PROSPERITY

OUR ROADMAP TO THE FUTURE

(WEF IBC Framework, 2020)

As per our ESG policy, we are committed to the following Sustainable Development Goals which are strategically material to us:

**13 CLIMATE ACTION**



**Climate action**

Take urgent action to combat climate change and its impacts.


**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**



**Responsible consumption and production**

Ensure sustainable consumption and production patterns.

**8 DECENT WORK AND ECONOMIC GROWTH**



**Decent work and economic growth**

Reduce inequality within and among countries.

**5 GENDER EQUALITY**



**Gender equality**

Achieve gender equality and empower all women and girls.


**4 QUALITY EDUCATION**



**Quality education**

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

**3 GOOD HEALTH AND WELL-BEING**



**– Good health and well-being**

Ensure healthy lives and promote well-being for all at all ages.

A MESSAGE FROM OUR CEO

WHAT MAKES US BDO?

THE BDO SUSTAINABILITY CONTEXT

BDO IN SA: A CLEAR PERSPECTIVE

PILLAR 1: GOVERNANCE

KEY METRICS

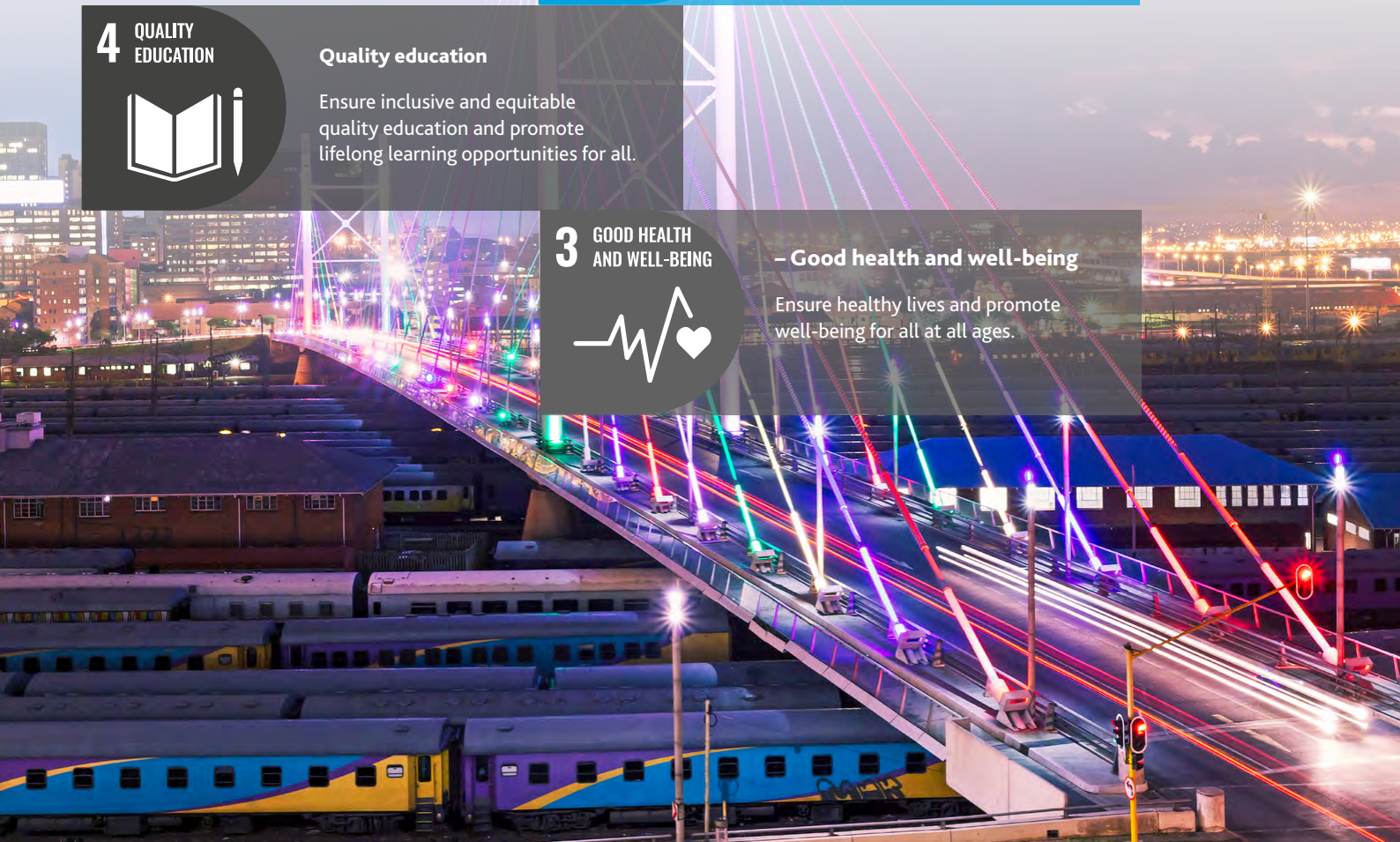
RISK AND THE SOUTH AFRICAN LANDSCAPE

PILLAR 2: PLANET

PILLAR 3: PEOPLE

PILLAR 4: PROSPERITY

OUR ROADMAP TO THE FUTURE





Our approach to sustainability is underpinned by our commitment to our Code of Ethics and our values, and all staff complete an annual declaration to state their compliance. We have adopted the IESBA Code, the IRBA Code and the SAICA Code as the ethical requirements. We have a zero-tolerance policy for transgressions or breaches of the Code. We also provide mechanisms for raising concerns and transgressions through our Ethics and Compliance Hotline.

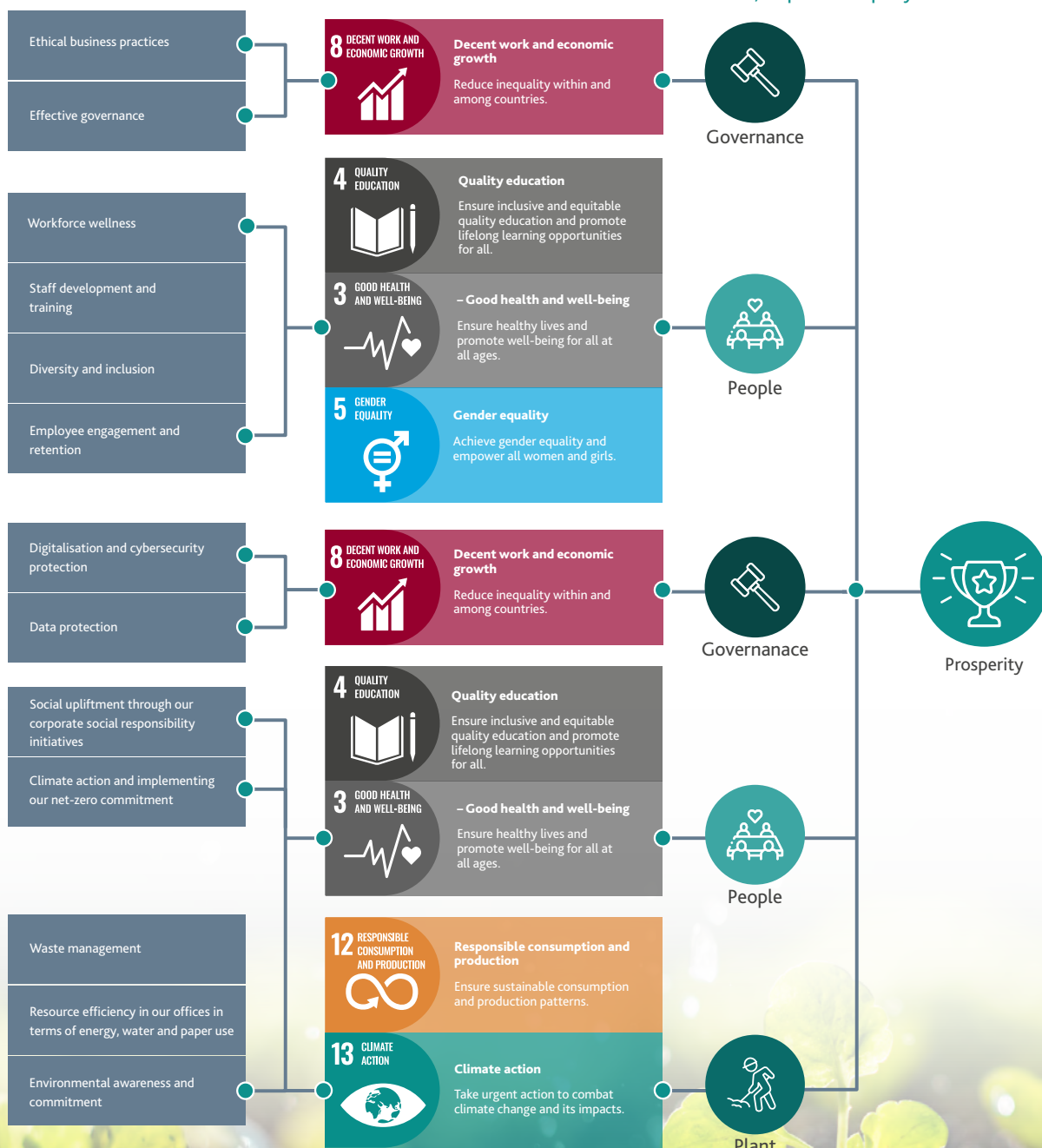
We currently have a Sustainability Working Group to oversee our Sustainability initiatives within the Firm which is run by our National Head of Advisory and involves our Chief Operations Officer, our client facing Sustainability team as well as our Communications team. This Group is currently feeding back into our Global teams and our local EXCO with an aim to align with our newly formed Social & Ethics Committee. We are also members of the Integrated Reporting Committee.

Our Sustainability Report is a reflection of our key sustainability issues as we set out on our journey towards "realising the future, now". Our ESG Policy is the blueprint for our journey. This is supported by our commitment to our material issues and the relationship of these issues to the United Nation's Sustainable Development Goals. We make use of the World Economic Forum International Business Council (WEF IBC) framework to communicate our commitment, targets and progress. This framework provides four reporting pillars; namely Governance, People, Planet and Prosperity.

**Our ESG Policy speaks to the following:**

**In this regard we support the following UN Sustainable Development Goals:**

**Our Sustainability Report reflects and reports on these issues through the World Economic Forum International Business Council (WEF IBC) framework: Governance, Planet, People and Prosperity**



- A MESSAGE FROM OUR CEO
- WHAT MAKES US BDO?
- THE BDO SUSTAINABILITY CONTEXT
- BDO IN SA: A CLEAR PERSPECTIVE
- PILLAR 1: GOVERNANCE
- KEY METRICS
- RISK AND THE SOUTH AFRICAN LANDSCAPE
- PILLAR 2: PLANET
- PILLAR 3: PEOPLE
- PILLAR 4: PROSPERITY
- OUR ROADMAP TO THE FUTURE

## COMMENT ON NET-ZERO

The fight against climate change is a priority for BDO as a global organisation, for our firms and their leadership. While the goal of becoming Net Zero has been part of our wider sustainability programme, the release of the recent IPCC report and the hosting of COP 26, Net Zero has become an even more pressing priority and both BDO and our wider profession have made commitments that require us to accelerate our actions.

As a member of the Net Zero Financial Service Providers Alliance (NZFSPA), BDO is committed to supporting the goal of Net zero greenhouse gas emissions by 2050 or sooner, consistent with a maximum average global temperature rise of 1.5°C above pre-industrial levels.

To guide us in achieving this important goal, BDO has established a Net Zero Advisory Council comprised of experienced members across the regions in which we operate. The objective is to put a measurable and achievable plan in place for BDO as a global network to achieve net-zero greenhouse gas emissions by 2050.

As a global group, we aim to publish interim KPIs and a roadmap for achieving this goal by mid-2022. This common set of KPIs will be set at global level and we, as BDO in South Africa, will integrate these directives, considering our local context and the levels of support or resources we might need in this regard.

Further details on the scope of the commitment that BDO has made along with the other members of the NZFSPA are available [here](#).



**Net Zero  
2050**

A MESSAGE  
FROM OUR CEO

WHAT MAKES  
US BDO?

THE BDO  
SUSTAINABILITY  
CONTEXT

BDO IN SA:  
A CLEAR  
PERSPECTIVE

PILLAR 1:  
GOVERNANCE

KEY METRICS

RISK AND THE  
SOUTH AFRICAN  
LANDSCAPE

PILLAR 2:  
PLANET

PILLAR 3:  
PEOPLE

PILLAR 4:  
PROSPERITY

OUR ROADMAP  
TO THE FUTURE

## WEF IBC STRATEGIC PILLARS

# PILLAR 1: GOVERNANCE

<b>4</b> QUALITY EDUCATION 	<b>Quality education</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	<b>5</b> GENDER EQUALITY 	<b>Gender equality</b> Achieve gender equality and empower all women and girls.	<b>8</b> DECENT WORK AND ECONOMIC GROWTH 	<b>Decent work and economic growth</b> Reduce inequality within and among countries.
---	---	---	--	--	---

## BDO'S GLOBAL SUSTAINABILITY STANCE CAN BE SUMMARISED AS FOLLOWS:

### Governance Of The Network

Management committees of the BDO network are the Council, the Global Board and the Global Leadership Team of BDO International Limited.

The Council comprises of one representative from each voting member and represents the member firms of BDO International Limited in the annual general meeting. The Council approves the central budget of the network, nominates the members of the Global Board and passes resolutions on changes to the Articles of Incorporation and the rules of BDO International Limited. The Global Board represents the management of BDO International Limited and comprises one representative from each of the seven largest member firms of the BDO network, whose respective nomination is for a term of three years and approved by the Council. The Global Board sets the priorities for the BDO network and oversees the work of the Global Leadership Team. The Global Board is convened at least four times a year.

The global leadership team coordinates the activities of the BDO network. It is led by the CEO and comprises the global heads of audit & accounting, tax, HR & development, business development & marketing, IT, the CEO Europe, Middle East and Africa (EMEA) (who is currently also the global Head of advisory), the CEO Americas, the CEO Asia Pacific and the International Secretary.

### The South African firm plays a key role in the following BDO International structures:

- BDO International EMEA Board
- International Business Development & Marketing Committee
- Global industry sector groups - Financial Services, Natural Resources and Cyber
- Global PR Committee
- Global ESG Group
- BDO Global Future Leaders
- Heads of Audit and Assurance Quality Management (HAAQM) attend monthly BDO Global HAAQM Community meetings

## GOVERNANCE OF THE SOUTH AFRICAN FIRM

### Chief Executive Officer (CEO)

Our CEO is elected by the Partners/Directors for a four-year term after which he or she may be re-elected for a further term of four years. Our current CEO is Mark Stewart, has served in this role since 2014. Mark is responsible for the strategic direction, reputation and overall performance, efficiency and sustainability of BDO in South Africa. The firm is currently establishing the nominations and appointments committee to deal with the process of appointing the next CEO.

The appointment will be made in terms of the existing policy regarding the firm's transformation objectives.



- A MESSAGE FROM OUR CEO
- WHAT MAKES US BDO?
- THE BDO SUSTAINABILITY CONTEXT
- BDO IN SA: A CLEAR PERSPECTIVE
- PILLAR 1: GOVERNANCE**
- KEY METRICS
- RISK AND THE SOUTH AFRICAN LANDSCAPE
- PILLAR 2: PLANET
- PILLAR 3: PEOPLE
- PILLAR 4: PROSPERITY
- OUR ROADMAP TO THE FUTURE

## WEF IBC STRATEGIC PILLARS



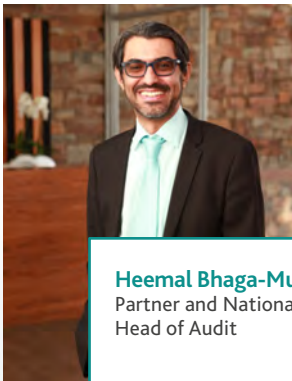
**Mark Stewart**  
Chief Executive Officer  
(CEO), BDO EMEA  
board member



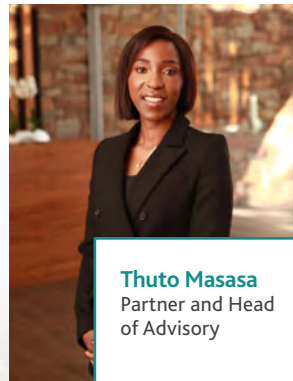
**Eureka Singh**  
Chief Operations  
Officer



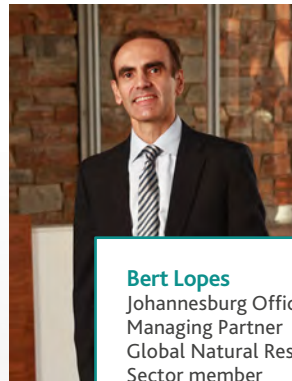
**Daniel Botha**  
Chief Financial  
Officer



**Heemal Bhaga-Muljee**  
Partner and National  
Head of Audit



**Thuto Masasa**  
Partner and Head  
of Advisory



**Bert Lopes**  
Johannesburg Office  
Managing Partner  
Global Natural Resources  
Sector member



**Ian Scott**  
Cape Town Office  
Managing Partner



**Sumesh Somaroo**  
Durban Office  
Managing Partner



**Mark Willimott**  
Gqeberha Office  
Managing Partner



**Bonita de Wet**  
Pretoria Office  
Managing Partner



**Paul Badrick**  
Partner and Head of  
Public Practice and  
Listed Companies

A MESSAGE FROM OUR CEO

WHAT MAKES US BDO?

THE BDO SUSTAINABILITY CONTEXT

BDO IN SA: A CLEAR PERSPECTIVE

PILLAR 1: GOVERNANCE

KEY METRICS

RISK AND THE SOUTH AFRICAN LANDSCAPE

PILLAR 2: PLANET

PILLAR 3: PEOPLE

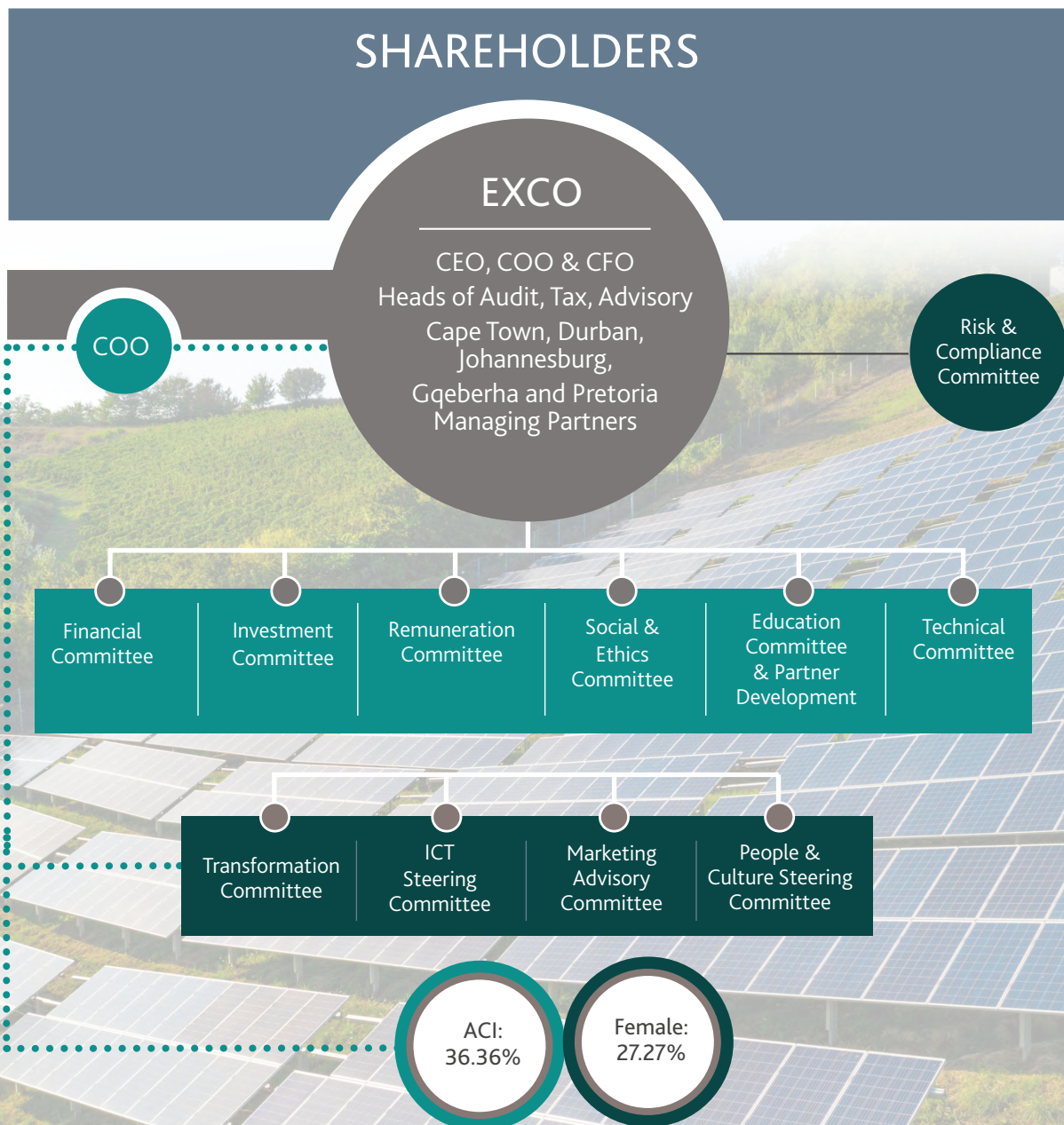
PILLAR 4: PROSPERITY

OUR ROADMAP TO THE FUTURE

### Exco roles and responsibilities

▶ Approvals framework	▶ Partner/director affairs
▶ BDO international relationships	▶ Partner/director performance and remuneration
▶ Financial performance and reporting	▶ Partner/director protocol
▶ Governance, compliance, risk management and quality control	▶ Policy development and custody
▶ Leadership and succession	▶ Strategy and sustainability
▶ Meet at least six times a year and ad hoc as required	▶ Transformation strategy

### Governance framework



- A MESSAGE FROM OUR CEO
- WHAT MAKES US BDO?
- THE BDO SUSTAINABILITY CONTEXT
- BDO IN SA: A CLEAR PERSPECTIVE
- PILLAR 1: GOVERNANCE**
- KEY METRICS
- RISK AND THE SOUTH AFRICAN LANDSCAPE
- PILLAR 2: PLANET
- PILLAR 3: PEOPLE
- PILLAR 4: PROSPERITY
- OUR ROADMAP TO THE FUTURE

## KEY METRICS

We are dedicated to upholding the highest standards of ethics and compliance in accordance with both internal policies and external laws and regulations. All our Partners, Directors and employees are expected to uphold the highest degree of ethical, legal, and professional conduct.

### Leading from the top

Our leadership fosters a culture that embraces high standards in independence and professional ethics. We embed this culture through detailed policies on matters such as ethical behaviour and engagement performance. Our leaders also frequently and consistently communicate the firm's purpose and values.

### Anti-corruption

Having an anti-corruption stance and measures in place to mitigate corrupt activities is important to the sustainability of any organisation.

### Anti-corruption training

Currently we do not have separate policies in relation to anti-corruption. BDO in SA sits on a BDO Global committee which will be implementing a global framework to ensure that all BDO member firms have such policies in place and what the requirements in relation to those policies should be. We include economic crime measure clauses around Anti-Bribery and Corruption in our Standard Terms and Conditions as well as in supplier contracts.

We will implement training for staff on Anti-Money Laundering and Anti-Bribery and Corruption in the next reporting period.

### Ethics

BDO in South Africa has adopted the IRBA Code and the SAICA Code as the authoritative reference point for all matters dealing with ethics in carrying out audit services as well as non-audit services. The IRBA Code and SAICA Code are consistent in matters regarding ethics with the International Ethics Standards Board for Accountants (IESBA) Code.

In addition, every BDO employee is responsible for consistently following BDO's Code of Conduct, and policies and procedures, as well as choosing the right course of action if faced with an ethical workplace dilemma. All staff members must complete an annual declaration to confirm their compliance with the member firm's Code of Conduct, policies and procedures and BDO values. Our policies and procedures govern the actions and working relationships of our Partners, Directors and employees with current and potential clients, fellow employees, competitors, government and regulatory agencies, the public, the media and anyone else with whom we have or may have contact.

*Compliance with these policies and procedures are conditions of employment and partnership with BDO in South Africa, and failure to adhere to its provisions may result in disciplinary action, including termination of service or employment. During the past financial year (2020-21), four incidents were reported to our Ethics and Compliance Hotline and subsequently addressed. No material issues were identified and no one was found guilty of breaching or committing an offence.*

A MESSAGE  
FROM OUR CEO

WHAT MAKES  
US BDO?

THE BDO  
SUSTAINABILITY  
CONTEXT

BDO IN SA:  
A CLEAR  
PERSPECTIVE

PILLAR 1:  
GOVERNANCE

KEY METRICS

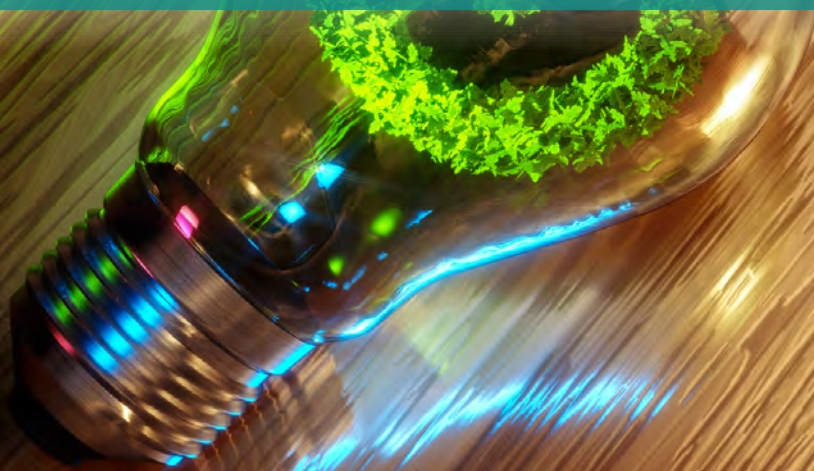
RISK AND THE  
SOUTH AFRICAN  
LANDSCAPE

PILLAR 2:  
PLANET

PILLAR 3:  
PEOPLE

PILLAR 4:  
PROSPERITY

OUR ROADMAP  
TO THE FUTURE



## Monitoring

BDO's monitoring of ethics includes:

An investigation of all exceptions identified through the firm's annual independence declaration process through the firm's quality assurance review process:

- ▶ A review of compliance with our policies in relation to Partner rotation;
- ▶ And a review of independence questionnaires completed on audit engagements.

The monitoring of compliance is a continuous process. The firm has a help desk through which employees can ask for guidance on any independence issues encountered.

## Conflicts of interest

Conflicts of interest may prevent us from accepting a client or an engagement. It is the responsibility of our Partners to identify possible conflicts and ensure that any such conflicts can be properly managed before an engagement is accepted.

Before accepting any new client or assurance engagement, our engagement teams must perform specific procedures to identify potential conflicts of interest and threats to our independence.

Procedures include:

- ▶ A custom-developed web-based tool to facilitate local and international conflict of interest and independence checks throughout the BDO network.
- ▶ An independence declaration per audit engagement signed or confirmed by email by all Partners and staff members who are involved in the performance of the audit engagement.
- ▶ A database of all our restricted entities, including listed companies and other public interest entities (PIEs). This is available to all staff on our intranet and its objective is to prevent the performance of prohibited non-assurance services or investment in these entities. The database is continuously updated.

We also have a disciplinary structure in place to determine the appropriate sanction for any professional who violates the independence rules and firm policies and procedures. We have two committees to assess client acceptance:

- ▶ Independence committee
- ▶ Public sector independence committee

These committees investigate all contentious and borderline independence matters, conflicts of interest and reputational client acceptance/client re-acceptance issues, and advise the engaging Partner/Directors on whether to continue with the process or terminate the process/relationship.

Our compliance team further remains focused on adhering to Partner rotation rules and protocols. When needed, they assist engagement Partners and the Head of Audit to prepare clients for transition of engagement.

A MESSAGE  
FROM OUR CEO

WHAT MAKES  
US BDO?

THE BDO  
SUSTAINABILITY  
CONTEXT

BDO IN SA:  
A CLEAR  
PERSPECTIVE

PILLAR 1:  
GOVERNANCE

KEY METRICS

RISK AND THE  
SOUTH AFRICAN  
LANDSCAPE

PILLAR 2:  
PLANET

PILLAR 3:  
PEOPLE

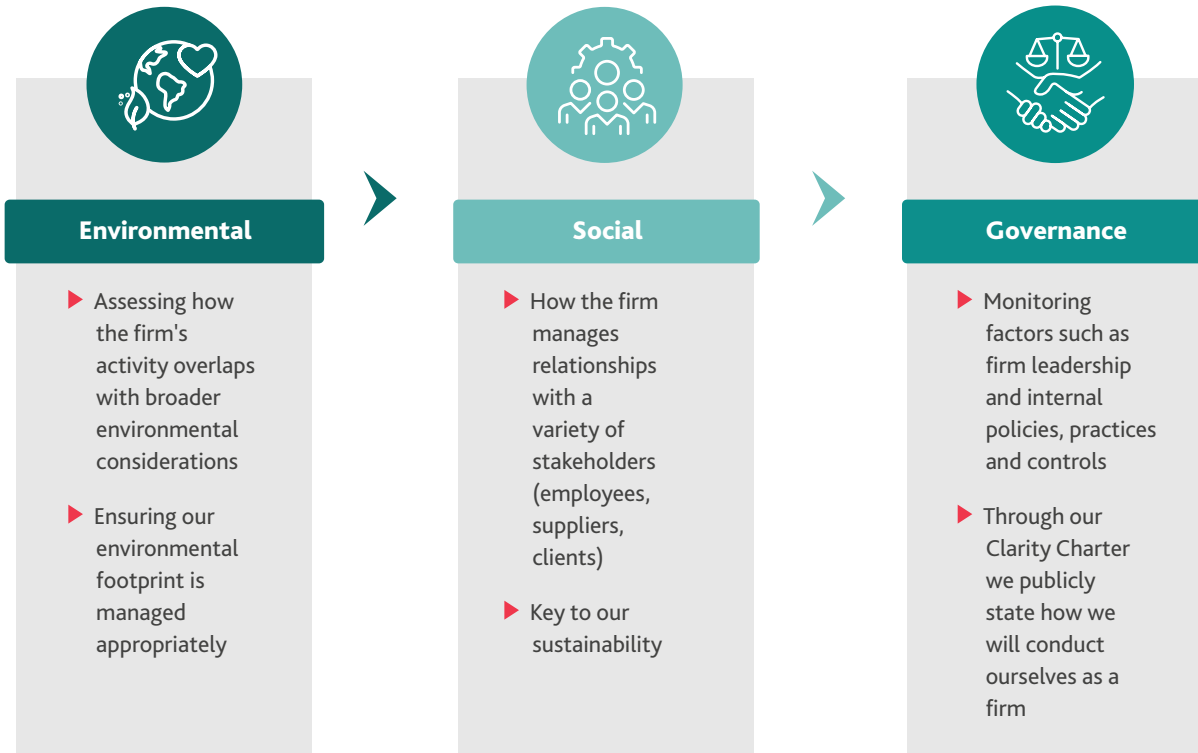
PILLAR 4:  
PROSPERITY

OUR ROADMAP  
TO THE FUTURE



## STAKEHOLDER ENGAGEMENT

We define Environmental, Social and Governance (ESG) criteria as a set of standards for how we operate in South Africa:



Our approach to ESG is underpinned by our commitment to our Code of Ethics and our values and is reinforced by our Non-discrimination Policy, Social and Ethics Policy, and Whistle-blowing Policy.

We know that stakeholder engagement is key to sustainability and going forward we will host structured sessions with staff, clients, and suppliers to discuss sustainability issues. We have made use of available information and existing staff surveys to build a baseline for this year's report and will build on it future years.

## ETHICAL BEHAVIOUR

### What is the Clarity Charter?

The Clarity Charter is our firm's pledge to be ethical, independent, and quality driven. It is a pledge that we would like all staff to agree to follow. We chose to use the word Clarity because by speaking truthfully, honestly and being transparent in our work, we can make a positive change in the profession.

### Why a Charter?

A formal Charter shows just how seriously we take honesty and transparency. It is part of who we are, we live it, we commit to it, to have it written down makes it real, tangible and something we can all live by.

### How will this impact BDO in South Africa?

Being ethical, independent, and quality-driven is nothing new to us. The Clarity Charter formalises the way we choose to work. It shines a light on us and our work to remind us, and all our stakeholders, that what we do and how we do it is important to us all – as individuals, as a firm and as a profession.

A MESSAGE FROM OUR CEO

WHAT MAKES US BDO?

THE BDO SUSTAINABILITY CONTEXT

BDO IN SA: A CLEAR PERSPECTIVE

PILLAR 1: GOVERNANCE

KEY METRICS

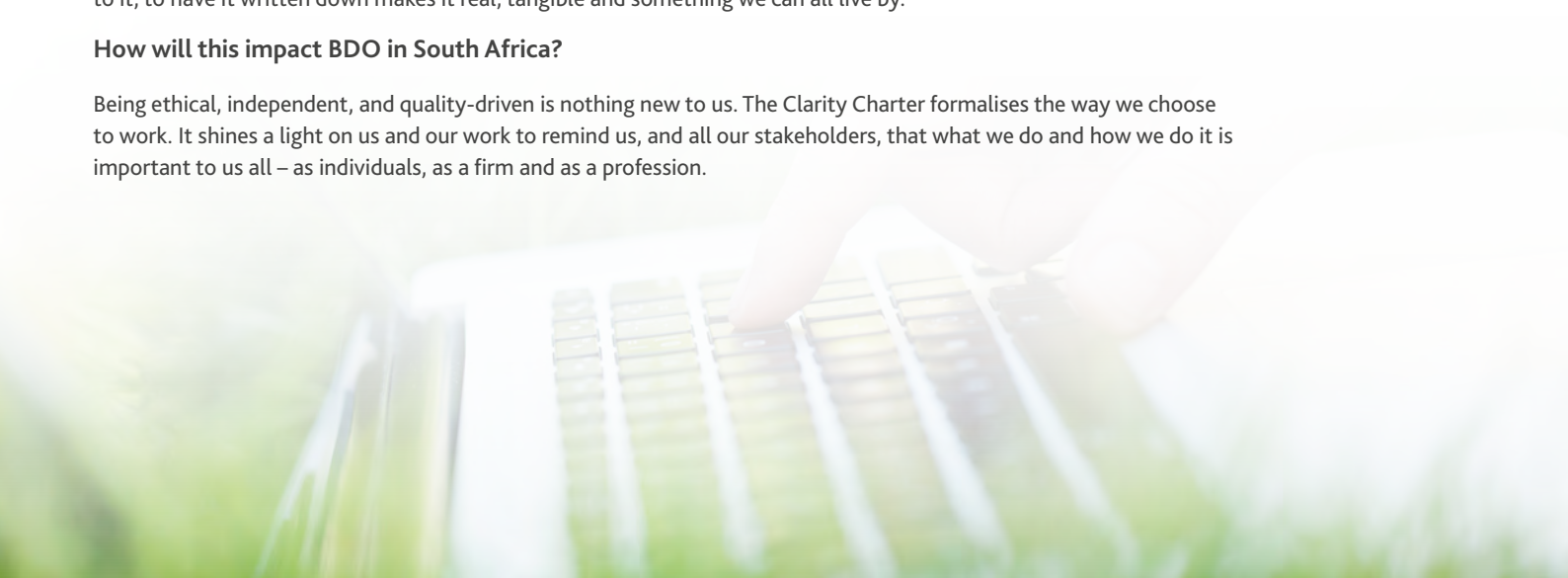
RISK AND THE SOUTH AFRICAN LANDSCAPE

PILLAR 2: PLANET

PILLAR 3: PEOPLE

PILLAR 4: PROSPERITY

OUR ROADMAP TO THE FUTURE





### Let's be clear.

Let's say it right and do it right.

Let's cut through the noise - say what we mean, and act like we mean it.

Clarity isn't the opposite of complexity.

Clarity doesn't mean there's only one answer.

Clarity isn't a shortcut.

Instead it's a process, a refining of all our thinking and doing until all that's left is the clearest articulation who we are and how we work.

Clarity is our line in the sand, our non negotiable, and our clear way forward.

### Risk and opportunity oversight

BDO in South Africa has an established National Risk Management Committee (NRC) that is responsible for ensuring that BDO SA adheres to good corporate governance principles (including enterprise-wide risk management), achieves regulatory compliance and protects the assets and the reputation of BDO SA through risk management and quality control processes.

This committee ensures that processes are in place that look at the broad areas of Governance and Enterprise Wide Risk Management while addressing the succession planning of key risk positions within BDO SA and liaising with BDO International on relevant risk matters.

### National Risk Management Committee (NRC)



**Keith Bowman**

National Head of Risk Management



**Denise Nel**

National Head of Compliance



**Christel Pretorius**

National Head of Audit and Assurance Quality Management

### Regional office risk partners



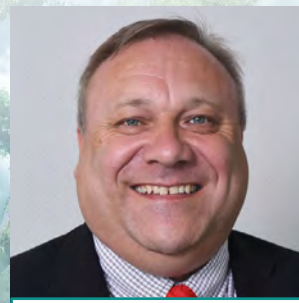
**Garron Chaitowitz**

Johannesburg



**Stuart McIlroy**

Durban



**Keith Bowman**

Cape Town

A MESSAGE FROM OUR CEO

WHAT MAKES US BDO?

THE BDO SUSTAINABILITY CONTEXT

BDO IN SA: A CLEAR PERSPECTIVE

PILLAR 1: GOVERNANCE

KEY METRICS

RISK AND THE SOUTH AFRICAN LANDSCAPE

PILLAR 2: PLANET

PILLAR 3: PEOPLE

PILLAR 4: PROSPERITY

OUR ROADMAP TO THE FUTURE



**Tinus Jansen van Vuuren**  
Pretoria



**Mark Willimott**  
Gqeberha

## Responsibilities and duties

The primary responsibility of the NRC is to oversee and approve the company-wide risk management practices to assist the EXCO in the following:

- ▶ Overseeing that the executive team has identified and assessed all the risks that the organisation faces and has established a risk management infrastructure capable of addressing those risks
- ▶ Overseeing, in conjunction with other oversight committees, risks such as strategic, financial, IT, legal, regulatory, reputational, and other risks
- ▶ Overseeing the division of risk-related responsibilities to each committee as clearly as possible and performing a gap analysis to determine that the oversight of any risks is not missed
- ▶ Approving the company's enterprise-wide risk management framework.
- ▶ In carrying out its duties and responsibilities, the NRC has the authority to meet with and seek any information it requires from employees, officers, directors, or external parties.
- ▶ During the year we reviewed and refreshed our assessment of the risks facing the firm including those which could result in loss, damage to reputation and failure to deliver an exceptional client service.

## Principal risks and uncertainties

The key risks and responses faced by our business are summarised below:

### Covid-19 health and safety risks

At the time of publishing our previous report, the Covid-19 pandemic had already led Government to place South Africa under a strict lockdown. Since that time, the country has experienced a second wave of infections from November 2020 to January 2021 with consequences that were significantly more severe than the first wave.

The pandemic has challenged us to balance the business imperative of ensuring productivity with the human imperative of ensuring safety. Our goal here is and will always be to provide a working environment for our people that is safe, focusing on keeping them physically and mentally healthy. In response to this risk we have:

- ▶ updated and overhauled our remote working policies and capabilities, encouraging all staff to work from home if they can.
- ▶ installed infection control facilities at all our operations like hand sanitisers, masks and reminders to be physically distanced.
- ▶ under the lower levels of lockdown, a return to the workplace is permitted up to 50% capacity. We have consistently hit our 50% capacity limit each day, suggesting that our people see the value of in-person collaboration within the limits of what is safe. To this end, we ensure that our staff are adequately equipped to work remotely within a safe environment.

### Business continuity risks

Covid-19 has impacted the movement of goods and people both within and across borders, affecting every industry in the world to some extent. While good risk strategies do consider fat-tail risks in their scenario planning, many businesses have been unable to manage all the unknowns associated with the virus.

A MESSAGE  
FROM OUR CEO

WHAT MAKES  
US BDO?

THE BDO  
SUSTAINABILITY  
CONTEXT

BDO IN SA:  
A CLEAR  
PERSPECTIVE

PILLAR 1:  
GOVERNANCE

KEY METRICS

RISK AND THE  
SOUTH AFRICAN  
LANDSCAPE

PILLAR 2:  
PLANET

PILLAR 3:  
PEOPLE

PILLAR 4:  
PROSPERITY

OUR ROADMAP  
TO THE FUTURE

In response to this risk, BDO has used technology as an enabler to keep the business going. We have an established ICT Steering Committee with representation from the National Risk Committee.

Our investments into technological capabilities allowed our ICT team, through the Global Client Portal, to mobilise our workforce to deliver their work from home with minimal business interruption. This was done in a way that maintained the firm's information security protocols and safeguarded all information, services and client engagements.

Our ability to adapt to and mitigate the increasing risks associated with technology remains a priority going forward.

## Quality

Auditing and professional services businesses have been challenged to self-regulate more effectively in light of recent scandals. This is not only a South African phenomenon, but it does call for firms to carefully mitigate any risk of engaging with inappropriate clients, delivering inadequate services and the possibility of future litigation or damage to reputation.

BDO has comprehensive and well-established internal quality and compliance procedures, as well as support teams to address the risks of audit quality failure, including:

- ▶ rigorous client engagement and acceptance processes.
- ▶ using methodologies and tools as prescribed by our regulatory authorities (SAICA, IRBA, IESBA, FSCA)
- ▶ access to specialist staff within the BDO network of firms.
- ▶ performing rigorous internal engagement quality reviews.
- ▶ monitoring and reviewing KPIs as set by our EXCO.
- ▶ BDO supports efforts like Mandatory Audit Firm Rotation to help reduce audit concentration and strengthen internal governance

## People and talent

In line with the previous year's report, the 2021 Risk Report issued by the Institute of Risk Management SA identified that a dwindling leadership and lack of leaders who are both visionaries and ethically inclined are among the top risks for South Africa in the public and private sectors. BDO continues to monitor and address this risk by attracting and retaining top performing staff within the organisation.

This includes:

- ▶ having a dedicated presence at universities and career forums;
- ▶ conducting regular engagement surveys and acting on areas of concern;
- ▶ building our teams' capacities through management development programmes;
- ▶ offering regular wellness counselling through our in-house psychologists.

## Public perception and reputation

BDO in South Africa recognises the impact of failing to respond transparently to issues raised by the current environment, including adverse media coverage, which can impact the firm's reputation. There is a possibility that even with our rigorous client acceptance and media monitoring processes in place, the firm can be associated with a client or individual that can harm the firm's reputation.

To mitigate these risks, BDO drives a strong culture of integrity through our Clarity brand positioning, our refreshed values, and our public commitment to taking the audit and advisory professions forward in an ethical and transparent manner.

## Regulatory compliance

The audit profession in South Africa is under increasing regulatory scrutiny and pressure. Due to our size, recent merger activities and range of services we offer, there is the possibility that the firm could on occasion be engaging with different parties in a way that could threaten our objectivity and confidentiality. To support our regulatory compliance efforts, we have split the Risk Management and Compliance functions and in doing so, each area has the dedicated focus and resources needed to mitigate risk.

A MESSAGE  
FROM OUR CEO

WHAT MAKES  
US BDO?

THE BDO  
SUSTAINABILITY  
CONTEXT

BDO IN SA:  
A CLEAR  
PERSPECTIVE

PILLAR 1:  
GOVERNANCE

KEY METRICS

RISK AND THE  
SOUTH AFRICAN  
LANDSCAPE

PILLAR 2:  
PLANET

PILLAR 3:  
PEOPLE

PILLAR 4:  
PROSPERITY

OUR ROADMAP  
TO THE FUTURE

The firm has:

- ▶ independence and conflict checks built into the client onboarding, engagement and acceptance
- ▶ annual independence declarations that all staff complete
- ▶ clear policies, procedures and guidance internally and within the BDO network of firms
- ▶ ethics training and workshops to enhance our understanding and compliance with ethical and regulatory matters.

## RISK AND THE SOUTH AFRICAN LANDSCAPE

BDO continues to remain exposed to an ever-increasing number of risks due to continuous changes in the legislative environment as well as the rapid changing economic landscape.

With the evolving risks that we are exposed to, enterprise-wide risk management remains a key focus to ensure that BDO is equipped with the necessary tools to adequately identify and respond to current and potential risks.

The table below shows the top country risks identified in the 2020/2021 Institute of Risk Management Risk Report, divided into risks that have improved over the last five years and those that have deteriorated.

Source: <https://files.irmsa-techlibrary.org.za/riskreport2020/>

Risk	Risk movement over the last 5 years	2020/2021 movement
1) Sparseness of unified ethical and visionary leadership	Risk increase	Ineffective risk responses and an increasing risk
2) Continuing private and public governance failures	Risk increase	Ineffective risk responses and an increasing risk
3) Failure to root out deeply entrenched corruption	Risk decrease	Ineffective risk responses and an increasing risk
4) Changes in legislation and regulations	Risk increase	Ineffective risk responses and an increasing risk
5) Ill-conceived NHI policy and/or sub-optimal implementation	New risk identified in 2020/2021	Ineffective risk responses and an increasing risk
6) Ill-conceived land reform policy and/or sub-optimal implementation	New risk identified in 2020/2021	Ineffective risk responses and an increasing risk
7) Failure to develop, attract and/or retain talent	Risk increase	Ineffective risk responses and an increasing risk
8) Extreme weather events, natural disasters, and climate change	Risk increase 2021	Ineffective risk responses and an increasing risk
9) Insufficient electricity and/or energy	Risk increase	Ineffective risk responses and an increasing risk
10) Disruptive technologies	Risk increase	Ineffective risk responses and an increasing risk
11) Cyber-attacks, data fraud and data theft	Risk has remained stable	Risk responses are not having an impact on the risk either because of a time element or due to the effectiveness of the risks as they become more frequent, more sophisticated and more successful
12) Failure, delay and/or sub-optimal implementation of economic reform initiatives	Risk increase	Ineffective risk responses and an increasing risk

A MESSAGE FROM OUR CEO

WHAT MAKES US BDO?

THE BDO SUSTAINABILITY CONTEXT

BDO IN SA: A CLEAR PERSPECTIVE

PILLAR 1: GOVERNANCE

KEY METRICS

RISK AND THE SOUTH AFRICAN LANDSCAPE

PILLAR 2: PLANET

PILLAR 3: PEOPLE

PILLAR 4: PROSPERITY

OUR ROADMAP TO THE FUTURE

Our risk management team has identified risks that directly affect our organisation and work continuously to improve the risk management process. As part of the risk management process, the risk management team focuses on identifying the likelihood and impact of risks and implementing and ensuring that mitigating policies and procedures are put in place.

We continue to strengthen our risk management capabilities through actively using the BDO Global Risk Management network, which includes guidance in the form of manuals, policies and frameworks.

### The ethics and compliance hotline

Although we encourage transparent communication between staff and their managers, we also maintain our whistle-blower programme that allows for anonymous reporting on any potential ethical violation, including:

- ▶ breaching our Code of Conduct
- ▶ non-compliance to our policies
- ▶ financial fraud
- ▶ racism and discrimination of any kind
- ▶ unethical behaviour

All allegations are thoroughly investigated by our compliance team.

Our whistle-blower programme is overseen by Exco, who receive regular reports from our Head of Compliance on the number and nature of issues raised and the progress of all material investigations.

### Data protection

We regularly assess and meet a broad range of security controls, including data security. Among our most important assets is the trust and confidence that is placed in BDO to properly handle personal information of our clients, employees, and business partners. As such we have developed Data Privacy Policies and Guidelines to ensure data privacy and protection. These policies have been communicated to all Partners, Directors and employees and will continue to be regularly reinforced through various means.

Our staff are required to comply with the principles of our Data Privacy Policies which ensure that all applicable data privacy laws, namely POPIA and GDPR, are met. Data privacy obligations are also included in our Terms and Conditions and Engagement letters.

### Information security

We continue to focus on managing information security risk to ensure that our business mitigates the latest security threats and that we are prepared to detect and respond to cyber-incidents. Our Information Security Policy is aligned to industry best practice standards to ensure that our systems, processes and procedures keep our information secure.

As 2020 and 2021 have been a period of mostly remote working, it has become even more essential to ensure that our information security protocols and protections are effective. In an environment where the IT network perimeter no longer ends at the front door but extends to homes across the country, the safety and security of our data and networks is even more of a business imperative.

Employees across our business receive cybersecurity awareness training, and we conduct regular cyber assessments, including vulnerability and penetration testing. Advanced cybersecurity solutions and processes have also been implemented to ensure that we are well-equipped to protect BDO within the context of an increasingly sophisticated cyber landscape.

*Effective governance means doing business the right way. For BDO, this is not an abstract principal or philosophical commitment, but something we openly and publicly challenge our people and our peers on through our work on Clarity and our determination to take the audit, tax and advisory professions forward.*

A MESSAGE  
FROM OUR CEO

WHAT MAKES  
US BDO?

THE BDO  
SUSTAINABILITY  
CONTEXT

BDO IN SA:  
A CLEAR  
PERSPECTIVE

PILLAR 1:  
GOVERNANCE

KEY METRICS

RISK AND THE  
SOUTH AFRICAN  
LANDSCAPE

PILLAR 2:  
PLANET

PILLAR 3:  
PEOPLE

PILLAR 4:  
PROSPERITY

OUR ROADMAP  
TO THE FUTURE



# PILLAR 2: PLANET

<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p><b>Responsible consumption and production</b></p> <p>Ensure sustainable consumption and production patterns.</p>	<p><b>13</b> CLIMATE ACTION</p> 	<p><b>Climate action</b></p> <p>Take urgent action to combat climate change and its impacts.</p>
---	---	---	--

At BDO, we recognise the value of our natural resources and our role in conserving these resources, managing our environmental footprint, and understanding the implications thereof for our profession and our clients. Given the current global landscape, we also need to adapt to a changing business environment where environmental sustainability remains high on the global risk agenda.

## CLIMATE CHANGE

Climate change is ranked as one of the top global risks, both in terms of impact and likelihood, by the World Economic Forum. In South Africa, we understand the dynamic pressures associated with finding a balance between meeting social development objectives and also driving emissions down.

Due to the nature of our business, our carbon footprint is limited. However, as a responsible corporate citizen we appreciate that measuring, monitoring and transparently communicating our carbon footprint is important to our employees and clients. In this regard, we will put a plan in place to monitor our carbon footprint across the offices and identify suitable options to offset carbon emissions.

We recognise that the BDO Global Office has committed to a Net Zero target by 2050 as part of the NZFSPA. This target considers, first and foremost, aligning our relevant services and products to achieve Net Zero greenhouse gas emissions by 2050 or sooner and scaling and mainstreaming Paris Agreement-alignment into the core of our business. We need to unpack this commitment in the necessary detail to understand what it means for our business, our employees and our clients.

## TCFD ALIGNED REPORTING

The Taskforce on Climate-Related Financial Disclosure (TCFD) is a market-driven initiative set up by the Financial Stability Board (FSB).

The TCFD published its draft report "Recommendations of the Task Force on Climate-related Financial Disclosures" in December 2016 and the final report in July 2017. The report recommends that companies report the risks and opportunities it is exposed to in its mainstream reports. Recognising that climate-related financial reporting is still evolving, the Task Force's recommendations provide a foundation to improve investors' and others' ability to assess appropriately and price climate-related risk and opportunities.

We recognise the four core elements of the TCFD recommendations. Our annual reporting, through this report and our Transparency Report, discuss these elements.



- A MESSAGE FROM OUR CEO
- WHAT MAKES US BDO?
- THE BDO SUSTAINABILITY CONTEXT
- BDO IN SA: A CLEAR PERSPECTIVE
- PILLAR 1: GOVERNANCE
- KEY METRICS
- RISK AND THE SOUTH AFRICAN LANDSCAPE
- PILLAR 2: PLANET**
- PILLAR 3: PEOPLE
- PILLAR 4: PROSPERITY
- OUR ROADMAP TO THE FUTURE



- A MESSAGE FROM OUR CEO
- WHAT MAKES US BDO?
- THE BDO SUSTAINABILITY CONTEXT
- BDO IN SA: A CLEAR PERSPECTIVE
- PILLAR 1: GOVERNANCE**
- KEY METRICS
- RISK AND THE SOUTH AFRICAN LANDSCAPE
- PILLAR 2: PLANET**
- PILLAR 3: PEOPLE
- PILLAR 4: PROSPERITY
- OUR ROADMAP TO THE FUTURE

We recognise that the WEF IBC Framework suggests that companies report per the TCFD recommendations. Our Sustainability Committee will develop a roadmap to guide our climate change reporting going forward. In our sustainability reporting, BDO in South Africa needs to determine the most appropriate use of the TCFD recommendations and contextualise climate change appropriately.

Our ESG policy also recognises governance, strategy, metrics, and targets as a blueprint to guide and inform our sustainability journey.

### NATURE LOSS / LAND USE AND ECOLOGICAL SENSITIVITY (CORE THEME)

We understand that growing supply chains and increased demands for products contribute to the conversions of ecosystems and subsequent nature loss. Due to the nature of our business, this is not a material issue to BDO in South Africa at this point. However, our takeaway from this is to understand the various potential environmental impacts associated with our supply chain and our suppliers, where relevant. Therefore, we will consider, as part of managing our carbon footprint, our supply chain and potential areas of materiality.

### FRESH WATER AVAILABILITY / FRESH WATER CONSUMPTION IN WATER STRESSED AREAS (CORE THEME)

South Africa is considered a water-stressed country. As BDO we understand the critical importance of conserving this natural resource. We recognise that the first step in this regard is to manage our behaviour in using water responsibly and managing our waste in such a manner as to avoid pollution of our urban watercourses.

As part of our sustainability roadmap, we will consider appropriate ways to share information on water conservation in our offices and also understand water use and potential efficiency measures in our buildings.

### LIMITING OUR ENVIRONMENTAL FOOTPRINT ACROSS THESE THEMES

Although we are committed to unpacking our environmental impact and mitigating actions in future reports, we have already started to implement several initiatives as part of our sustainability journey.

We continue to invest in digital transformation, which supports our desire for environmental efficiency and our goal of becoming a paperless environment.

In the previous financial year, we assessed our print volumes and have kicked off a project to significantly reduce our print volumes by introducing tools to enable e-signatures and by introducing platforms that enable the sharing of documents for collaboration and review.

During the national lockdown, we realised that many of our staff could maintain high productivity levels when working remotely. We are committed to making a blended work environment a reality in the future. We see this as an ideal opportunity to reduce our environmental impact. Enabling remote working for a large portion of our workforce will have many positive environmental impacts including:

- ▶ reduced greenhouse gas emissions and reduced fossil fuel consumption due to less commuting
- ▶ reduced paper consumption
- ▶ improved air quality
- ▶ reduced paper and plastic consumption.

### Building a strong (concrete) foundation – starting with our 'own home':

In line with our commitment to the environment, we need to relook our current physical office spaces and ensure our 'houses' are in order as we move toward being more sustainable. In our bid to reduce GHG emissions and plastic waste we are committed to do the following in our offices.

- ▶ Our Pretoria and Cape Town offices do not make use of any plastic products whatsoever and make use of water filtration systems rather than water bottles/water coolers.
- ▶ Our Pretoria office specifically is a newly built building so has been designed to ensure the least water and electricity consumption possible.
- ▶ Our Johannesburg office has removed all polystyrene cups and plastic cutlery/crockery and is currently undergoing a canteen overhaul to ensure only recyclable cutlery, crockery, cups and packaging are used. This office will also be removing the plastic water coolers with an aim of end of 2021 for all the above.
- ▶ Our Durban offices are in a 4 Star Green Building. Some of the features of the building are
  - ▶ No opening windows for more efficient climate control
  - ▶ Vegetated roof
  - ▶ 'No flush' urinals
  - ▶ Sensors on taps to limit water usage
  - ▶ A chiller plant instead of a traditional aircon

All our offices have energy-efficient lighting, motion sensors and monitoring of our water and energy use. Our remaining offices are being reviewed to ensure alignment nationally while we also continue to investigate better waste/recycling initiatives. This is just a start but a very necessary step to ensure we are actively playing our part within our own homes.

*Our ESG Policy considers SDG 12 (Responsible consumption and production) and SDG 13 (climate change), which speak to environmental indicators covered in this Sustainability Report. These SDGs cover the materials and natural resources we use in our day-to-day operations (such as water and plastic), energy use and greenhouse gas emissions. Our ESG policy offers an integrated approach to recognising, monitoring, and reporting on these issues pertaining to our business and our sustainability commitments. Through our ESG policy, we can report with clarity on our sustainability journey – both in terms of what we have achieved and what the road ahead looks like.*

A MESSAGE FROM OUR CEO

WHAT MAKES US BDO?

THE BDO SUSTAINABILITY CONTEXT

BDO IN SA: A CLEAR PERSPECTIVE

PILLAR 1: GOVERNANCE

KEY METRICS

RISK AND THE SOUTH AFRICAN LANDSCAPE

PILLAR 2: PLANET

PILLAR 3: PEOPLE

PILLAR 4: PROSPERITY

OUR ROADMAP TO THE FUTURE





## PILLAR 3: PEOPLE

### 3 GOOD HEALTH AND WELL-BEING



#### – Good health and well-being

Ensure healthy lives and promote well-being for all at all ages.

### 4 QUALITY EDUCATION



#### Quality education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

### 5 GENDER EQUALITY



#### Gender equality

Achieve gender equality and empower all women and girls.

## DIGNITY AND EQUALITY (CORE THEME)

This is our first report. We agree with reporting the principles of the indicators and our reporting system collects this information in the following way.

### SKILLS FOR THE FUTURE

#### The YES intern programme

Because youth unemployment is a persistent challenge in South Africa, BDO invests in the skills and employability of our youth through the YES (Youth Employment Service) programme and by providing bursaries to deserving and talented students. The YES 12-month programme equips unemployed youth with a toolkit that gives them a greater chance of securing permanent employment after the programme is completed.

Unfortunately, due to the uncertainty created by the COVID lockdown in 2020, we were unable to take on any YES interns in 2020 but have taken on 54 interns for the 2021 calendar year.

#### Bursaries

BDO offers deserving students annual bursaries. In 2020 we invested a total of R138 593 for studies in the following courses:

- ▶ Bachelor Business Science
- ▶ CTA – Certificate in the Theory of Accounting
- ▶ Advanced Diploma in Accounting Science

#### Our Traineeship Programme

Annually, we recruit accounting graduates to participate in the South African Institute of Chartered Accountants (SAICA) and South African Institute of Professional Accountants (SAIPA) programmes. The trainees are awarded a 36-month training contract. The SAICA trainees are given the opportunity to learn all the required SAICA skill sets to pass the APC qualification to become a registered Chartered Accountant. The SAIPA trainees are upskilled to enable them to pass the SAIPA Professional Evaluation (PE) Examination.

Audit trainees are given the chance to work in various industry sectors and on various categories of clients, with management's support.

#### Addressing the pay gap

We acknowledge that our gender and transformation pay gap is driven by fewer women and ACI employees in senior positions. We are addressing this imbalance and remain confident that the actions we are taking, as set out in our transformation and inclusion plans, will continue to bring about the change needed to close the gap. The gender and transformation pay gaps show the difference in the average annual salary between men and women and white and ACI Partners/Directors.

A MESSAGE FROM OUR CEO

WHAT MAKES US BDO?

THE BDO SUSTAINABILITY CONTEXT

BDO IN SA: A CLEAR PERSPECTIVE

PILLAR 1: GOVERNANCE

KEY METRICS

RISK AND THE SOUTH AFRICAN LANDSCAPE

PILLAR 2: PLANET

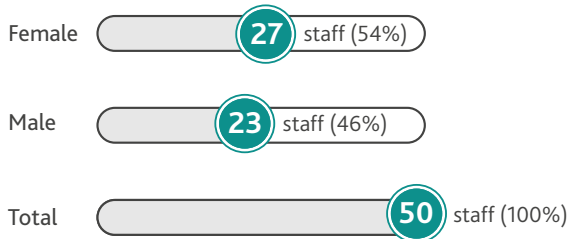
PILLAR 3: PEOPLE

PILLAR 4: PROSPERITY

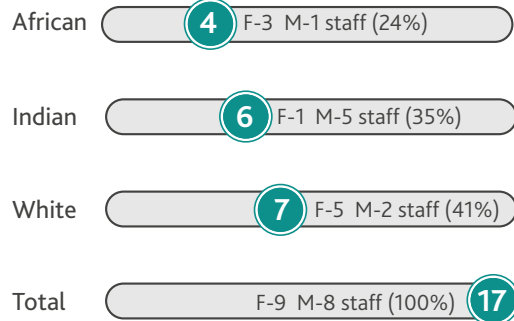
OUR ROADMAP TO THE FUTURE

The pay gaps between the average lowest and highest earning employees, as at 31 March 2021 are:

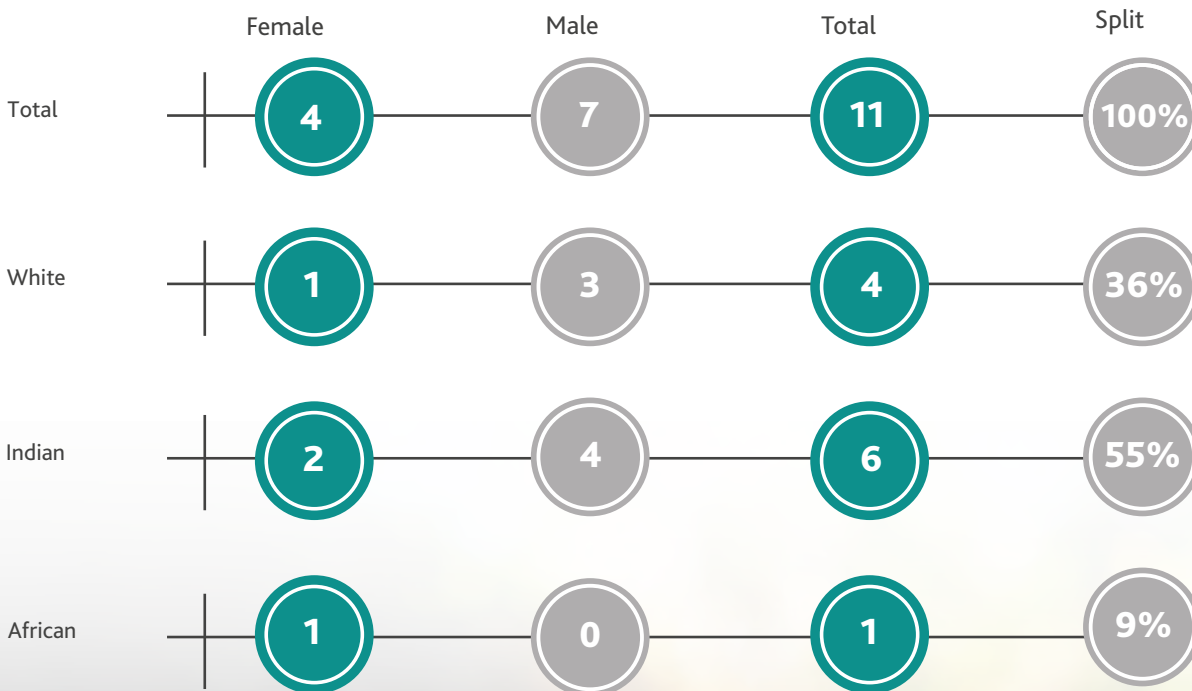
### Promotions by gender



### Promotions and Appointments - Audit Partner and Director



### Promotions - Associate Director



A MESSAGE FROM OUR CEO

WHAT MAKES US BDO?

THE BDO SUSTAINABILITY CONTEXT

BDO IN SA: A CLEAR PERSPECTIVE

PILLAR 1: GOVERNANCE

KEY METRICS

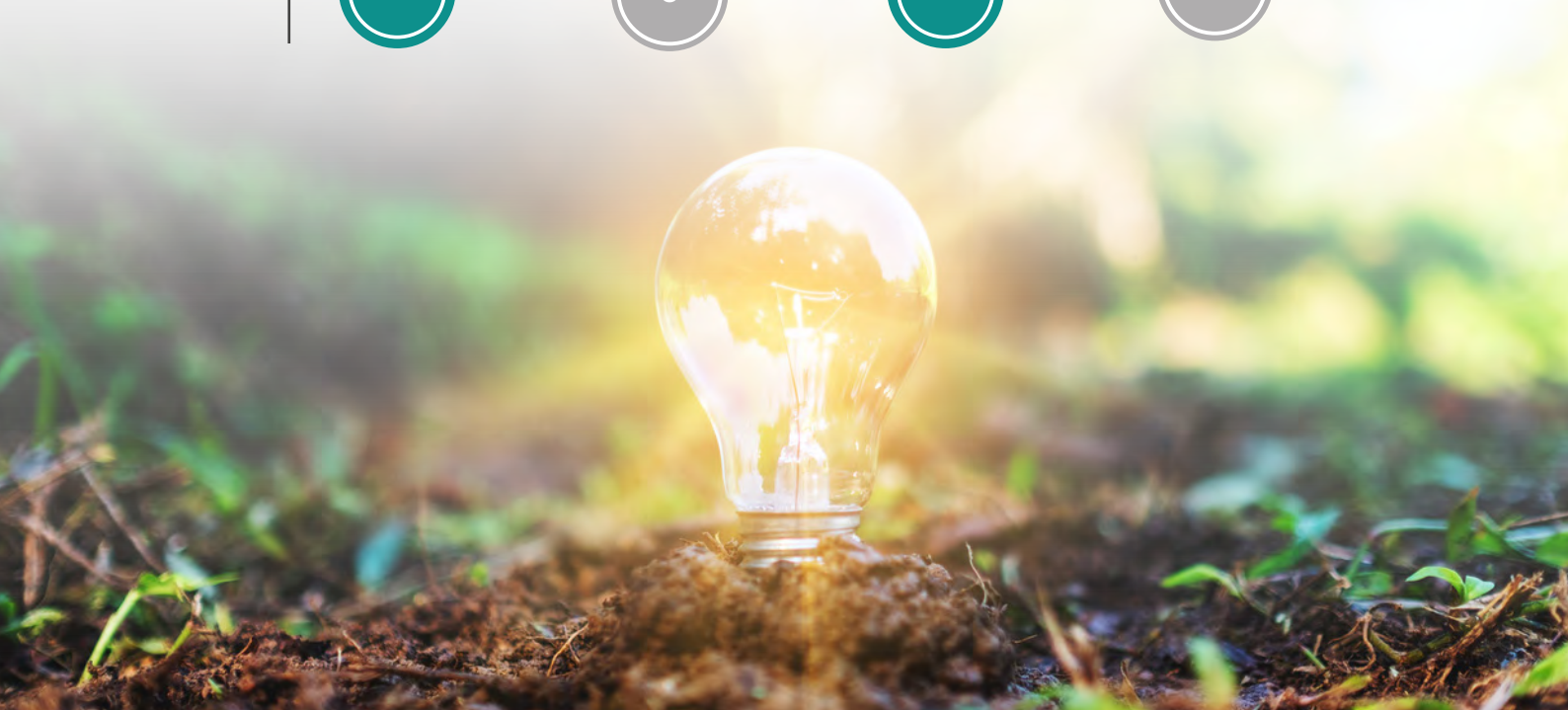
RISK AND THE SOUTH AFRICAN LANDSCAPE

PILLAR 2: PLANET

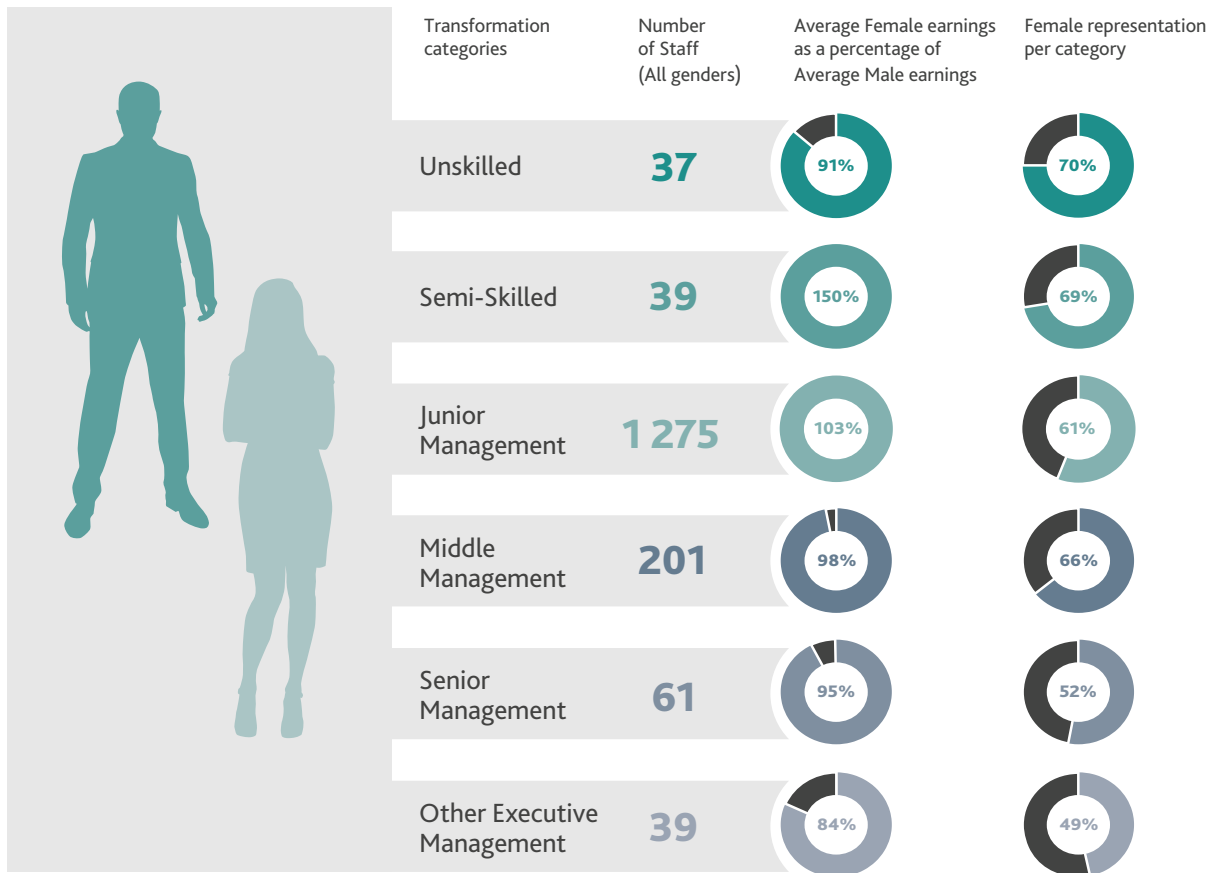
PILLAR 3: PEOPLE

PILLAR 4: PROSPERITY

OUR ROADMAP TO THE FUTURE

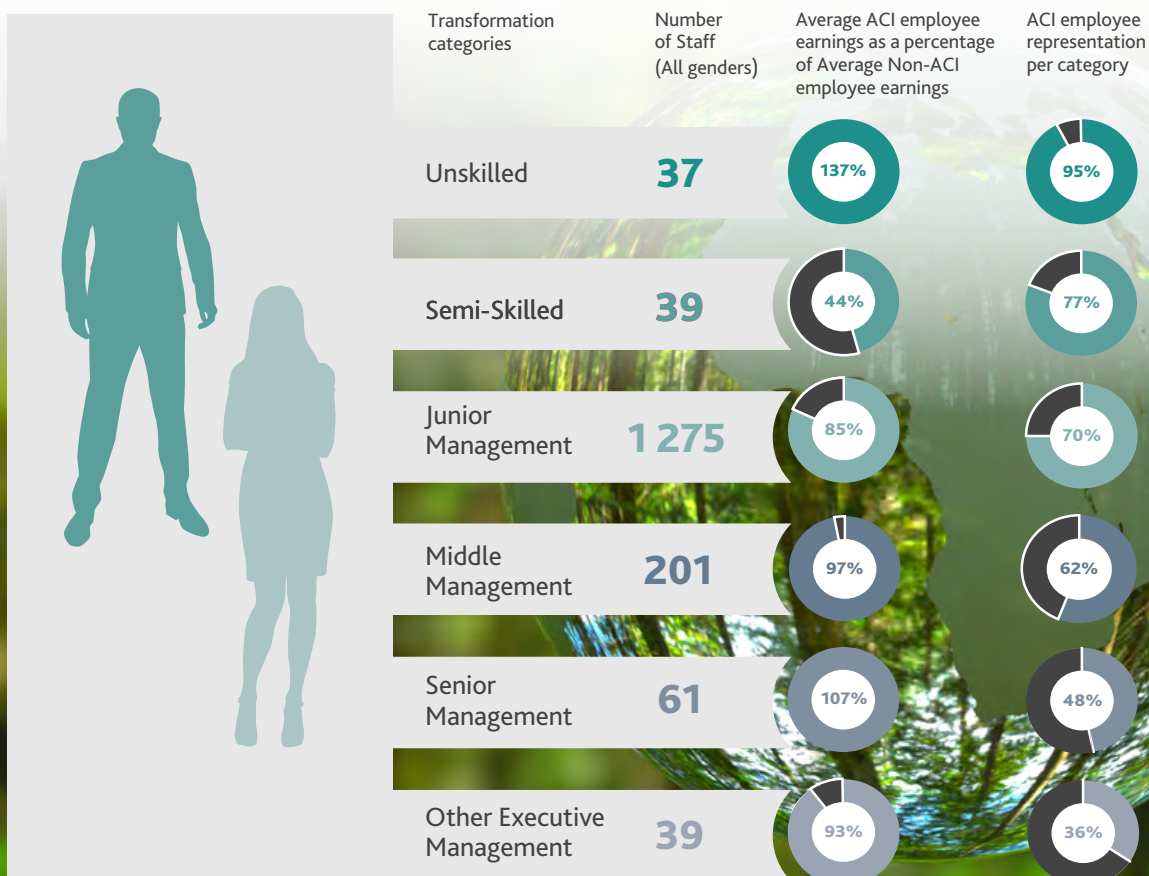


## Gender Pay Gap



## Transformation pay gap

\*\*\* The pay gaps can be driven by several factors including fewer women and ACI candidates in senior positions



A MESSAGE FROM OUR CEO

WHAT MAKES US BDO?

THE BDO SUSTAINABILITY CONTEXT

BDO IN SA: A CLEAR PERSPECTIVE

PILLAR 1: GOVERNANCE

KEY METRICS

RISK AND THE SOUTH AFRICAN LANDSCAPE

PILLAR 2: PLANET

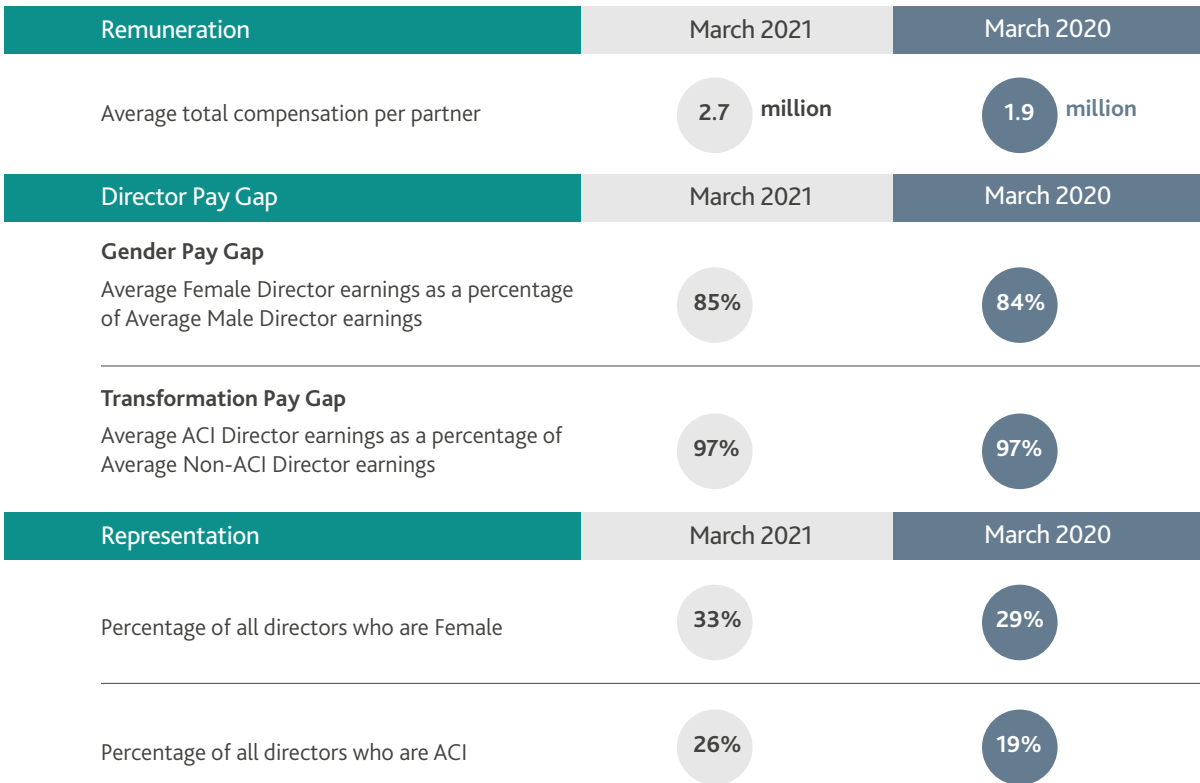
PILLAR 3: PEOPLE

PILLAR 4: PROSPERITY

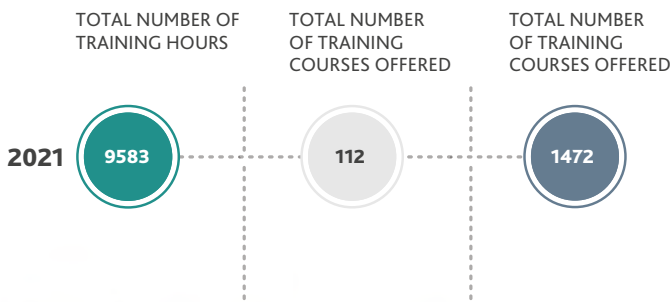
OUR ROADMAP TO THE FUTURE

## Gender Pay Gap

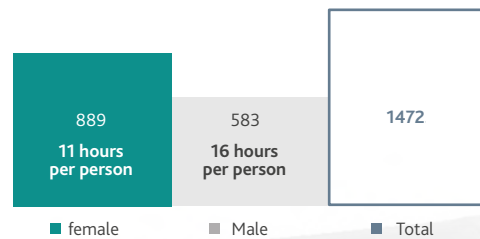
Pay gap between the average lowest and highest earning partners/directors



## Training provided



### TRAINING STATISTICS BY GENDER AND AVERAGE HOURS:



Category	Grades	Totals	Hours of training per occupation category
Unskilled	AL	4	26
Semi-Skilled	BL - BU	30.00	195.31
Junior Management	CL - CU	1014.00	6601.33
Middle Management	DL	197.00	1282.51
Senior Management	DU	70.00	455.71
Other Executive	EL	31.00	201.82
Top Management	FL - FU	126.00	820.28

A MESSAGE FROM OUR CEO

WHAT MAKES US BDO?

THE BDO SUSTAINABILITY CONTEXT

BDO IN SA: A CLEAR PERSPECTIVE

PILLAR 1: GOVERNANCE

KEY METRICS

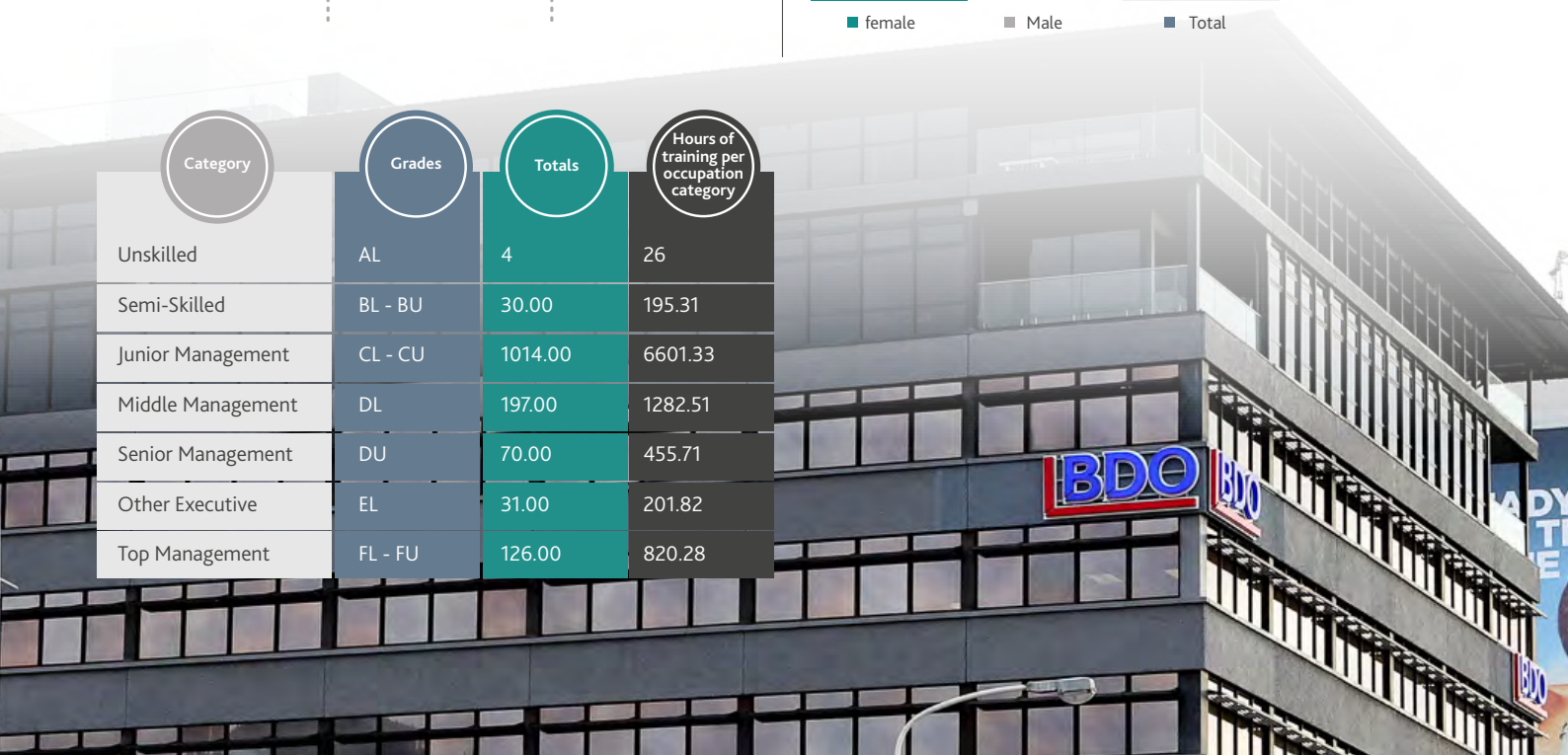
RISK AND THE SOUTH AFRICAN LANDSCAPE

PILLAR 2: PLANET

PILLAR 3: PEOPLE

PILLAR 4: PROSPERITY

OUR ROADMAP TO THE FUTURE



## TRANSFORMATION

As a company with a purpose grounded in helping people, we embrace diversity and transformation both within our industry, as well as within the South African business environment. BDO is committed to sustainable empowerment that is forward looking, upskilling and which realises the true advantage and benefits of a diversified work force at all levels.

At a current **B-BBEE level 1** with black ownership at **48%** we are striving to attain at least **51%** black ownership and **30%** Black Women ownership within the short to medium term.

We are clear about the fact that we need to do better and be better as a profession. We are committed to leading this charge, especially at a time when South Africa is increasingly facing uncertainty and there is a lack of trust in corporate communities.

Our efforts are led by the BDO Transformation Committee which oversees and drives the steps needed to ensure that all staff have access to equal opportunities. The Committee's key focus areas are the increased recruitment of African, Coloured and female staff; and succession planning to redress the employment profile at senior levels within the organisation. The CEO, CFO and COO are members of the Transformation Committee and it is supported by an Employment Equity Committee, CSR Committee, our Balance for Better gender initiative, a Social Justice Committee and an Approvals Committee (whose sole mandate is to ensure that we are following employment equity legislation).

Through the efforts of these structures, we are proud that for the 2021 trainee intake we have **70%** ACI candidates at a national level. The African and Coloured 1st year intake represents **80%** of the **70%** total ACI intake.

These committees work-hard to help us be clear in our societal commitments:

- ▶ We grow our future leaders from within the business, but we also understand that growth requires investment and time, which is why we have the BDO High-Performance Programme. This programme aims to accelerate these future leaders in their learning and development through advanced courses, run both internally and externally.
- ▶ We assist the Thuthuka Bursary Fund, which sponsors previously disadvantaged students at selected SAICA-accredited universities. This initiative has proven to be fruitful for the firm and we are committed to investing in this programme.
- ▶ From a CSI perspective we have worked for 61 pro bono clients nationally with a value exceeding R10 million.
- ▶ The firm has strict supplier development procedures and policies to ensure the use of B-BBEE suppliers, with a specific focus on Qualifying Small Enterprises (QSE), Exempted Micro Enterprises (EME) and entities that are predominantly black female owned.
- ▶ In 2020, the ownership body of BDO South Africa Incorporated approved the increase of economic interest and voting rights of ACI partners, at no additional cost to them. While this will not fix the past, we hope it will provide surety to our staff that they have our commitment to changing the future.

## DIVERSITY

Diversity is good for our business and a moral imperative that forms part of our social licence to operate in South Africa. At BDO, we recognise that we do not work in a vacuum but need to form part of the fabric of change in society. To this end, we are on a strategic journey to transform the firm, particularly around black women ownership.

We support our professional women and drive their success through a range of women inclusion strategies. This includes

- ▶ professional development activities and social networking events that offer BDO women in all professional roles the opportunity to support each other, speak candidly and share advice about real business issues.
- ▶ Diversity is not only good for business, but also for our people. It stimulates robust conversations and intellectual debates and positions us to perform better as an organisation. In 2020, BDO hosted Diversity and Inclusion training for leaders and managers.

Please read our [2021 Transparency Report](#) for additional information.

A MESSAGE  
FROM OUR CEO

WHAT MAKES  
US BDO?

THE BDO  
SUSTAINABILITY  
CONTEXT

BDO IN SA:  
A CLEAR  
PERSPECTIVE

PILLAR 1:  
GOVERNANCE

KEY METRICS

RISK AND THE  
SOUTH AFRICAN  
LANDSCAPE

PILLAR 2:  
PLANET

PILLAR 3:  
PEOPLE

PILLAR 4:  
PROSPERITY

OUR ROADMAP  
TO THE FUTURE

## HEALTH AND WELLBEING

We take the wellbeing of our people very seriously. The operating environment in South Africa, as well as in a professional services firm, is stressful with clients, regulators and the media placing the profession under intense scrutiny.

Our Wellness team sees two in-house psychologists offer group and individual counselling. They also implement a number of proactive wellness initiatives during the year to ensure our people are able to thrive, feel less stressed, pursue opportunities with confidence and stay calm and centered in the face of adversity. Some key initiatives:

- ▶ Wellness Wednesdays talks focus on mental wellbeing
- ▶ Monthly Mindful Calendar with actions for everyday to help staff become more resilient
- ▶ Wellness Wednesday Body fitness class once a month
- ▶ Soft Skills Series for managers
- ▶ Wellness Days offer health assessments and checkups for staff
- ▶ Gym membership benefits

### BDO's Balance for Better Programme

As with our transformation journey, BDO is also committed to gender equality to correct historical imbalances in South Africa, particularly around black women ownership, which was the backdrop for our Balance for Better survey.

The under-representation of women in senior positions is not unique to BDO in South Africa and is both a national and profession phenomenon. National research findings show that more women complete a tertiary education but occupy fewer managerial positions. From a profession perspective, numerous national and global studies confirm that more women than men enter the audit profession but fewer women progress to partner level. The research further indicates that women exit the profession earlier than men, at the audit manager level.

Gallup analytics confirm that for successful cultural transformation to be achieved there must be a strong connection between what is communicated and what is lived in a firm. Furthermore, meaningful change is more effective in organisations that are inclusive. In November 2020 we invited all staff to participate in a survey to assess perceptions of BDO's culture relating to gender equality and inclusion. The findings are being used to give guidance to several initiatives aimed at achieving gender parity.

The key findings of the survey have been grouped into three categories: leadership commitment, creating an inclusive culture, and retention. Employees perceive BDO leadership as committed to gender equality and creating an inclusive culture. Nationally, employees trust that BDO has their best interests at heart, treats employees fairly and takes employee complaints seriously.



A MESSAGE  
FROM OUR CEO

WHAT MAKES  
US BDO?

THE BDO  
SUSTAINABILITY  
CONTEXT

BDO IN SA:  
A CLEAR  
PERSPECTIVE

PILLAR 1:  
GOVERNANCE

KEY METRICS

RISK AND THE  
SOUTH AFRICAN  
LANDSCAPE

PILLAR 2:  
PLANET

PILLAR 3:  
PEOPLE

PILLAR 4:  
PROSPERITY

OUR ROADMAP  
TO THE FUTURE

### Leadership commitment

Questions	Strongly Agree	Agree	Disagree	Strongly Disagree
I trust that BDO has my best interests at heart.	17%	67%	15%	3%
All employees are treated fairly.	15.6%	56.2%	22.2%	6.1%

When asked if BDO takes employee complaints regarding discrimination, ethics, bullying and sexual harassment seriously, over **77%** of staff feel that BDO does take complaints seriously whereas just on **6%** feel that BDO does not take complaints seriously. Some **17%** of staff feel that at least one of the four types of complaints are taken seriously.

### Service line feedback

Questions	Agree	Disagree
<b>BDO treats staff fairly</b>		
Advisory	75%	25%
Audit	66%	34%
Shared Services	55%	45%
Tax	72%	28%
Other	73%	27%

A MESSAGE FROM OUR CEO

WHAT MAKES US BDO?

THE BDO SUSTAINABILITY CONTEXT

BDO IN SA: A CLEAR PERSPECTIVE

PILLAR 1: GOVERNANCE

KEY METRICS

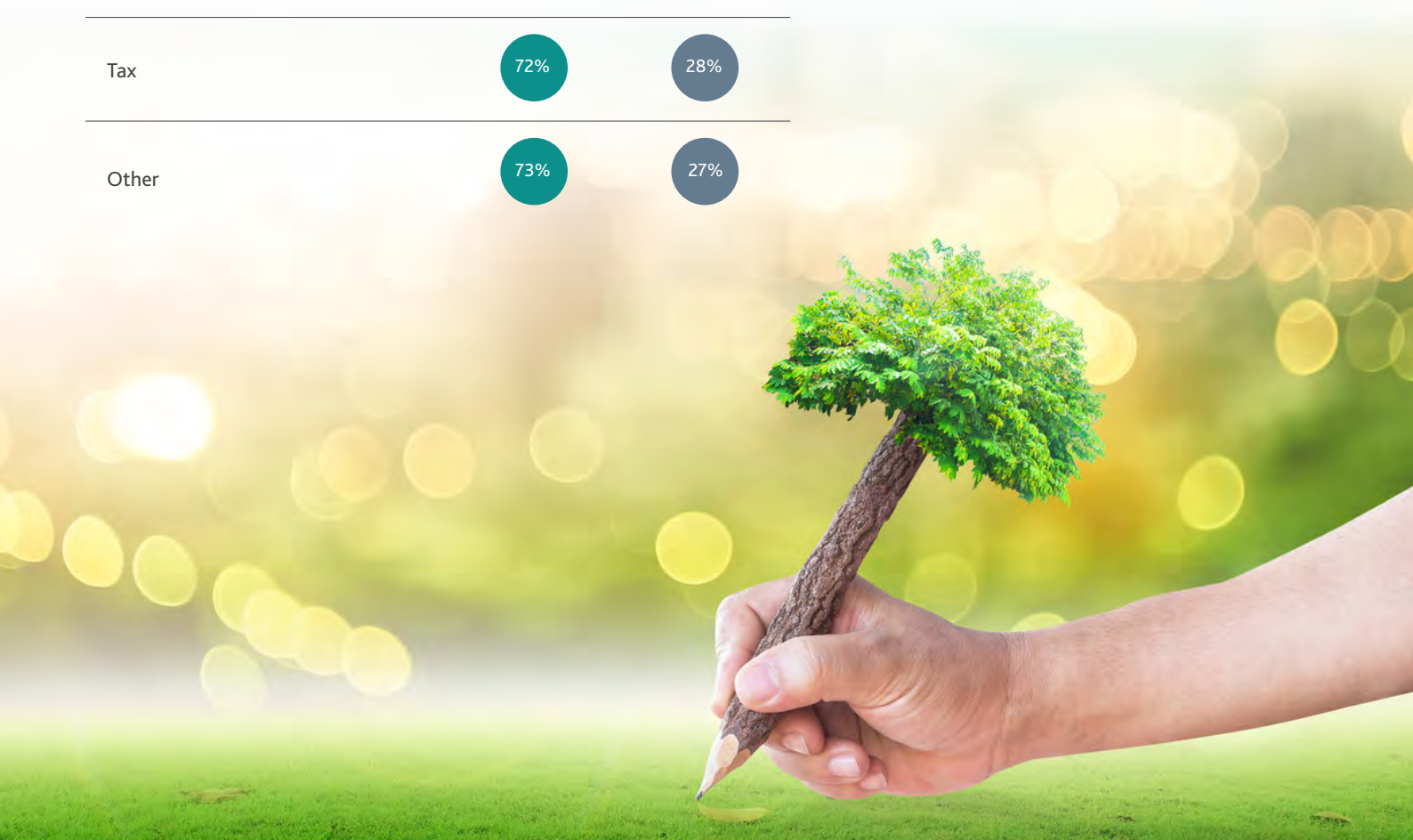
RISK AND THE SOUTH AFRICAN LANDSCAPE

PILLAR 2: PLANET

PILLAR 3: PEOPLE

PILLAR 4: PROSPERITY

OUR ROADMAP TO THE FUTURE



### Inclusive culture

The results indicate that managers create a psychologically safe environment where employees feel valued and respected. At the co-worker level, there is a strong sense of belonging.

Questions	Strongly Agree	Agree	Disagree	Strongly Disagree
<b>Safe Space</b>				
I feel comfortable sharing personal information about myself at work	10.43%	55.83%	26.26%	7.48%
I can approach my manager about non-work related issues	18.61%	51.48%	26.26%	7.65%
<b>I feel valued</b>				
My manager, or someone at work, cares about me	29.50%	57.80%	9.61%	3.09%
<b>Respected</b>				
At work, my opinions seem to count	14.19%	63.15%	18.61%	4.15%
<b>Belonging</b>				
My colleagues take time to get to know me	14.90%	66.38%	17.33%	1.39%

### Employee retention

The questions assessing retention strategies at BDO showed that employees do not have confidence in the processes around performance and promotion. Even though our policies promote flexible working arrangements and work-life balance, women feel that their commitment to BDO would be questioned if they did not work long hours and were not always immediately available to co-workers and clients. They also did not feel comfortable taking time off for family and personal reasons. The lack of work-life balance is cited by research as one of the reasons for women exiting the audit profession.

#### My commitment to BDO would be questioned if:

Questions	Agree	Disagree
I did not work long hours	67%	33%
I was not always immediately available to other staff	67%	33%
I was not always immediately available to clients	65%	35%
I took time off for family and personal reasons	71%	29%
All of the above	69%	31%

- A MESSAGE FROM OUR CEO
- WHAT MAKES US BDO?
- THE BDO SUSTAINABILITY CONTEXT
- BDO IN SA: A CLEAR PERSPECTIVE
- PILLAR 1: GOVERNANCE
- KEY METRICS
- RISK AND THE SOUTH AFRICAN LANDSCAPE
- PILLAR 2: PLANET
- PILLAR 3: PEOPLE**
- PILLAR 4: PROSPERITY
- OUR ROADMAP TO THE FUTURE



As a result of the survey, several initiatives have been identified that we plan to implement over the next few years to address the issues in question.

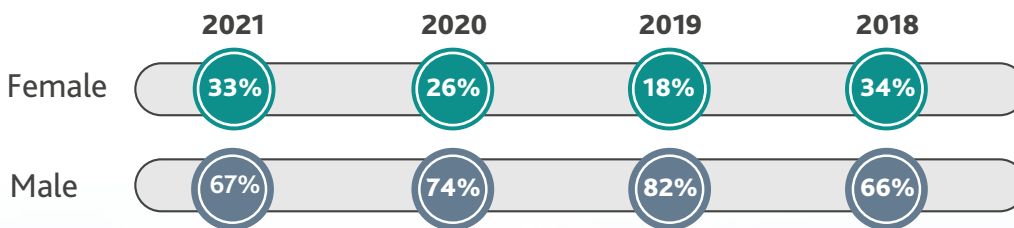
These include:

- ▶ Confirming leadership commitment by setting gender equality targets and timelines that are aligned with BDO's transformation objectives and employment equity target
- ▶ Increased communication on gender equality and inclusion – internally and externally
- ▶ Address gender bias in policies and employment practices
- ▶ Increase initiatives to support women in senior positions, and all employees' transition to leadership positions
- ▶ Build a strong pipeline for women leadership
- ▶ Wellness initiatives should include providing training to address managing employees in a remote work context and to teach employees how to negotiate the demands of work and personal commitments when working from home
- ▶ Co-ordinate initiatives around social justice, CSI and transformation to ensure we address gender stereotyping
- ▶ Measure and monitor success with respect to the above initiatives

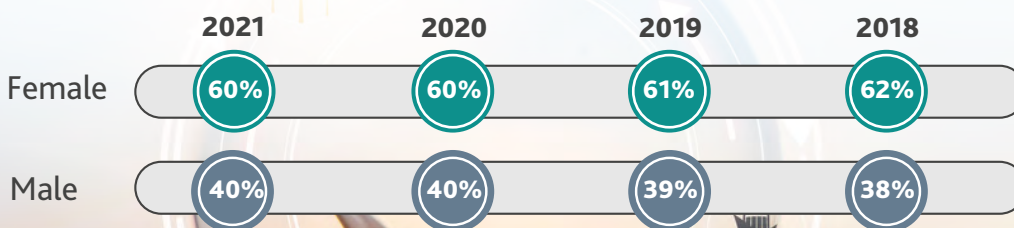
We aim to achieve a workplace where, at every level, BDO women are supported in building relationships and creating well defined career paths. We want our working environment to be flexible and supportive, as well as professionally rewarding. It is this balanced approach that will help our people achieve their dreams – and ultimately deliver better solutions for our clients.

### Diversity

#### Ownership



#### Across the firm



A MESSAGE FROM OUR CEO

WHAT MAKES US BDO?

THE BDO SUSTAINABILITY CONTEXT

BDO IN SA: A CLEAR PERSPECTIVE

PILLAR 1: GOVERNANCE

KEY METRICS

RISK AND THE SOUTH AFRICAN LANDSCAPE

PILLAR 2: PLANET

PILLAR 3: PEOPLE

PILLAR 4: PROSPERITY

OUR ROADMAP TO THE FUTURE

Our ESG Policy considers the following SDGs, which speak directly to how we value our employees.

SDG 3 (good health and wellbeing), SDG 4 (quality education), SDG 5 (gender equality), and SDG 8 (decent work and economic growth) all represent our focus on our people and our commitment to our employees. Through our ESG policy we:

- ▶ Strive to create a workplace that encourages and contributes to the wellbeing of all employees;
- ▶ Invest in the training and upskilling of our people;
- ▶ Recognise and celebrate gender diversity, leadership, and achievement; and
- ▶ Set high standards to achieve decent work and economic growth.



A MESSAGE FROM OUR CEO

WHAT MAKES US BDO?

THE BDO SUSTAINABILITY CONTEXT

BDO IN SA: A CLEAR PERSPECTIVE

PILLAR 1: GOVERNANCE

KEY METRICS

RISK AND THE SOUTH AFRICAN LANDSCAPE

PILLAR 2: PLANET

PILLAR 3: PEOPLE

PILLAR 4: PROSPERITY

OUR ROADMAP TO THE FUTURE

# PILLAR 4: PROSPERITY

8

DECENT WORK AND ECONOMIC GROWTH

Decent work and economic growth

Reduce inequality within and among countries.

## WEALTH CREATION AND EMPLOYMENT (CORE THEME)

Direct economic value created by BDO in South Africa in the financial year April 2020 to March 2021 was **R1,525bn.**

### New employee hires

- 513

Total number new employee hired during the reporting period
- 43

Rate of new employee hires during the reporting period

### Number of new employees hired during the reporting period, by age group

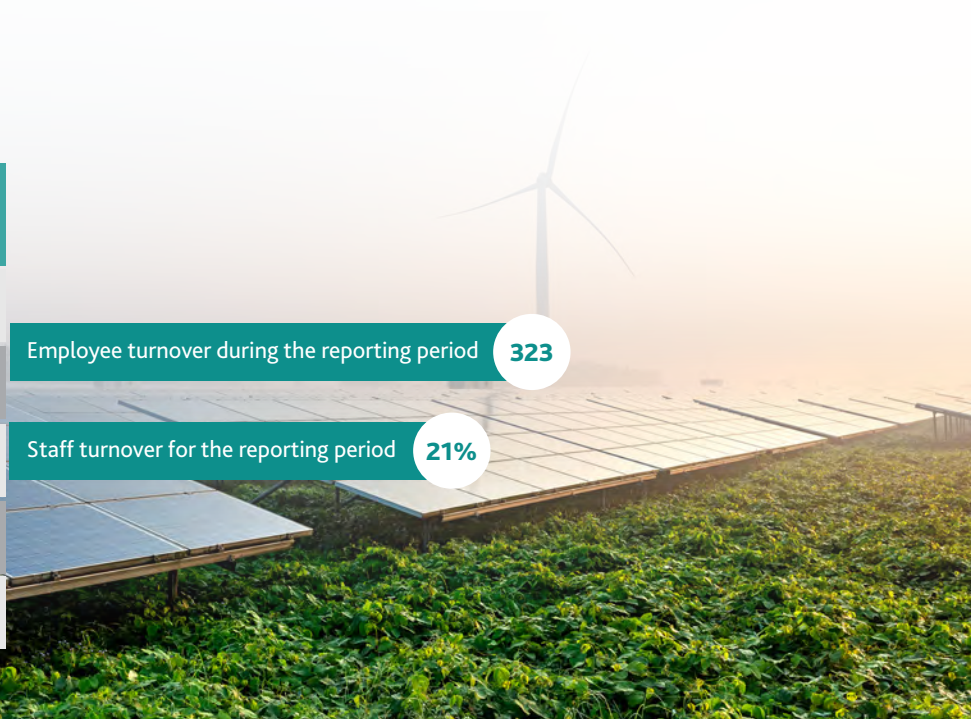
Age Category	Number of Employees	%
20-29	387	75%
30-39	97	19%
40-49	23	4%
50-59	5	1%
61-69	1	0%

### Number of new employees hired during the reporting period, by gender

Gender	Number of Employees	%
Female	291	57%
Male	222	43%

### Total employee turnover during the reporting period, by region

Region	Number of Employees	%
CTN	99	19%
DBN	53	10%
JHB	290	57%
PE	44	9%
PTA	27	5%



Employee turnover during the reporting period 323

Staff turnover for the reporting period 21%

- A MESSAGE FROM OUR CEO
- WHAT MAKES US BDO?
- THE BDO SUSTAINABILITY CONTEXT
- BDO IN SA: A CLEAR PERSPECTIVE
- PILLAR 1: GOVERNANCE
- KEY METRICS
- RISK AND THE SOUTH AFRICAN LANDSCAPE
- PILLAR 2: PLANET
- PILLAR 3: PEOPLE
- PILLAR 4: PROSPERITY
- OUR ROADMAP TO THE FUTURE

**Total employee turnover during the reporting period, by age group**

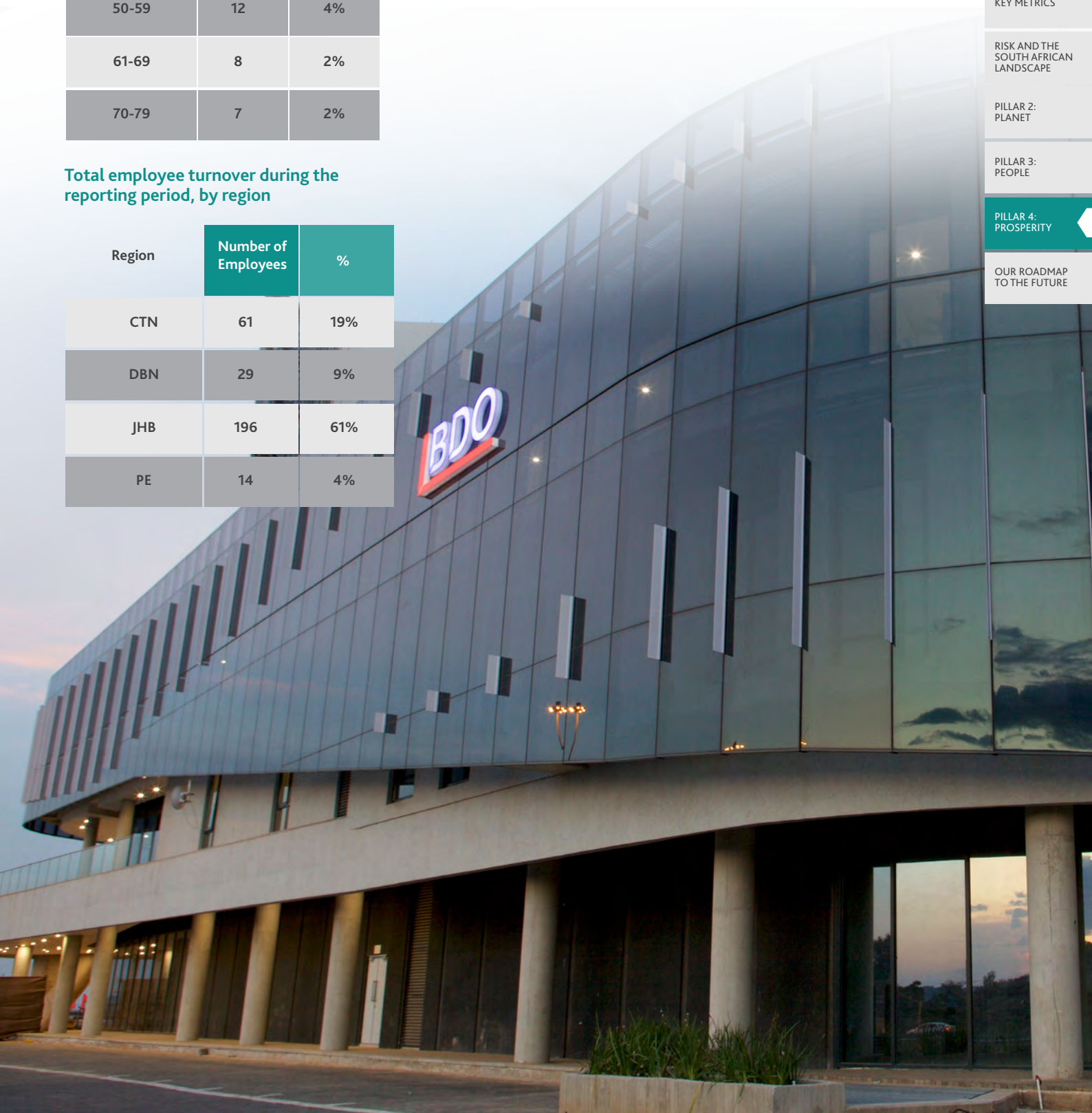
Region	Number of Employees	%
20-29	187	58%
30-39	83	26%
40-49	26	8%
50-59	12	4%
61-69	8	2%
70-79	7	2%

**Total employee turnover during the reporting period, by gender**

Gender	Number of Employees	%
Female	181	56%
Male	142	44%

**Total employee turnover during the reporting period, by region**

Region	Number of Employees	%
CTN	61	19%
DBN	29	9%
JHB	196	61%
PE	14	4%



- A MESSAGE FROM OUR CEO
- WHAT MAKES US BDO?
- THE BDO SUSTAINABILITY CONTEXT
- BDO IN SA: A CLEAR PERSPECTIVE
- PILLAR 1: GOVERNANCE
- KEY METRICS
- RISK AND THE SOUTH AFRICAN LANDSCAPE
- PILLAR 2: PLANET
- PILLAR 3: PEOPLE
- PILLAR 4: PROSPERITY**
- OUR ROADMAP TO THE FUTURE

## INNOVATION IN BETTER PRODUCTS AND SERVICES (CORE THEME)

This is our first Sustainability Report. We will report on innovation in products and services in the next reporting period.

## COMMUNITY AND SOCIAL VITALITY (CORE THEME)

In a country such as South Africa, with a devastatingly high unemployment rate and many social challenges, it is incumbent upon individuals and companies to provide support to those in need. Engaging our people to become involved in community outreach programmes not only makes a difference in the lives of others, it also enables us to connect with one another. 2020/21 was a challenging year. Most of us have experienced highs and lows due to the pandemic but this didn't stop us from supporting hundreds who were worse off than us. Our passion for doing good did not abate and our CSI initiatives continued, albeit a bit differently and without our physical presence.

### Our CSI efforts are undertaken under the auspices of our Evolution Committee, comprising staff in each office.

Through Evolution, each of our offices supports a range of local organisations, from collecting food for animal shelters, Christmas presents for under-privileged children, making sandwiches for street children, hosting tea parties for the elderly, collecting warm clothing and blankets, supporting Casual Day, Slipper Day, Movember, Daredevil Run and AIDS Awareness Day, to name a few.

During the social unrest that plagued parts of our country in July 2021, BDO supported staff in our Durban office through the delivery of food and other essential items.



Our regional offices supported the following organisations during the years:

CAPE TOWN	The Haven, CT homeless, Ladles of Love, children's homes, communities affected by the pandemic, the Women for Change virtual race, paid school fees for children, the Santa Shoebox project, blanket drives, LEAP, SPEAR feeding scheme, football kits, masks, sanitisers, gloves, scarves and schoolbags for learners, Belhar Scouts, and feeding schemes.
DURBAN	Various Covid-19 initiatives and provided grocery vouchers to Haven of Rest.
GQEBERHA	Donations to Love Story and through the Investec Mountain Bike Challenge we raised money for Soul Food.
JOHANNESBURG	Baragwanath Hospital, Gerald FitzPatrick Home, Illumula House, Meriteng Squatter Camp, Noodbokse, Roodepoort Old Age Home, Sibonile School for the Blind, Soup Kitchen Braamfontein.
PRETORIA	The Beeld Children's Home Spinnathon, the Santa Shoebox Project, donated food parcels, and assisted the SPCA.

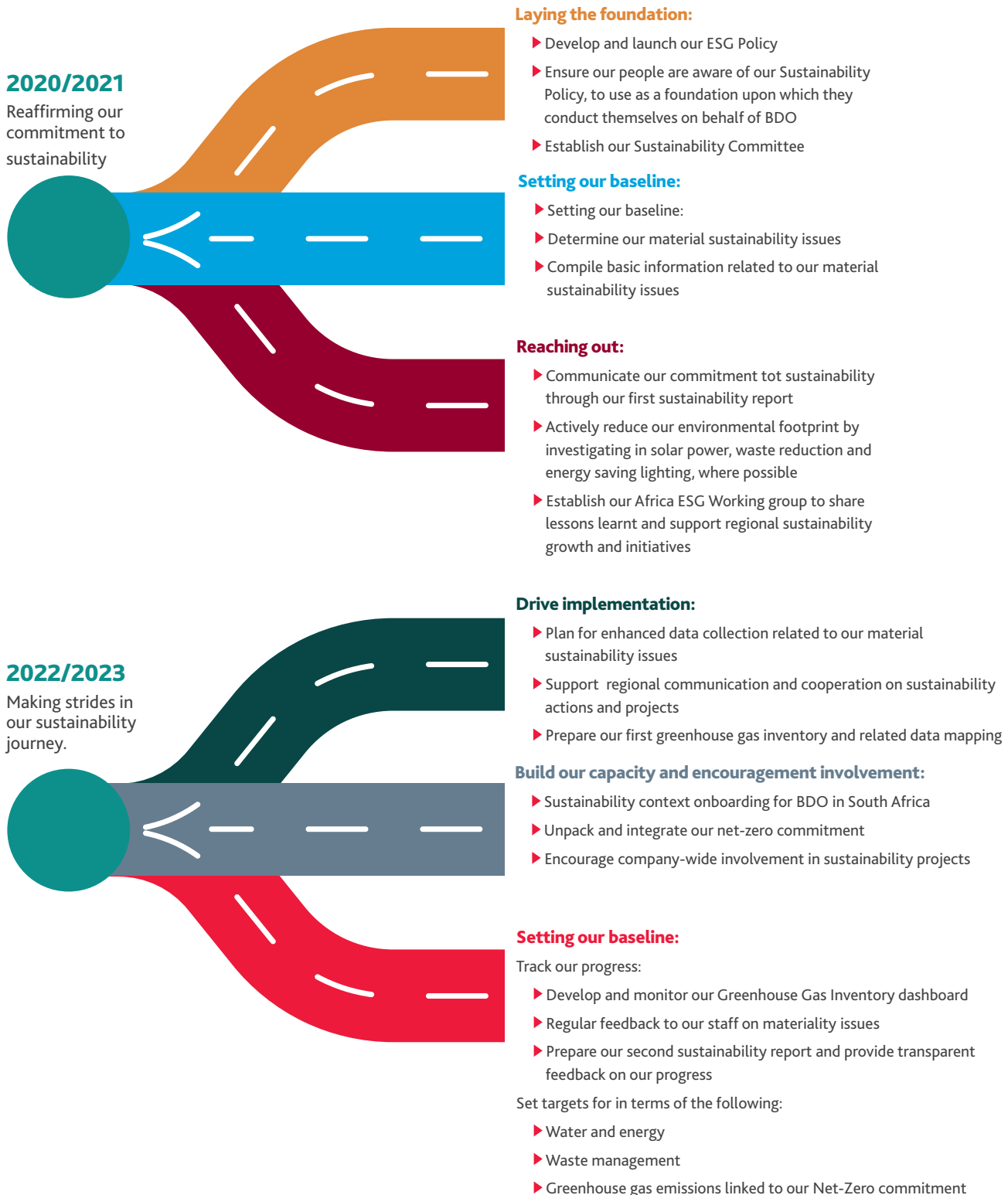
- A MESSAGE FROM OUR CEO
- WHAT MAKES US BDO?
- THE BDO SUSTAINABILITY CONTEXT
- BDO IN SA: A CLEAR PERSPECTIVE
- PILLAR 1: GOVERNANCE
- KEY METRICS
- RISK AND THE SOUTH AFRICAN LANDSCAPE
- PILLAR 2: PLANET
- PILLAR 3: PEOPLE
- PILLAR 4: PROSPERITY**
- OUR ROADMAP TO THE FUTURE

## TAX AND SUSTAINABILITY (CORE THEME)

BDO recognises the importance of tax as a driver of sustainability and ESG. We follow a total tax contribution framework with a responsible and transparent strategy when assessing our social impact and contribution to public finances.

# OUR ROADMAP TO THE FUTURE

While we have reported on sustainability in our last two Transparency Reports, this is our first stand-alone Sustainability Report. Our Sustainability Committee is driving the work needed to be done to build on our efforts, and all our people are encouraged to play an active role in our journey. Our roadmap for the immediate future incorporates:



- A MESSAGE FROM OUR CEO
- WHAT MAKES US BDO?
- THE BDO SUSTAINABILITY CONTEXT
- BDO IN SA: A CLEAR PERSPECTIVE
- PILLAR 1: GOVERNANCE
- KEY METRICS
- RISK AND THE SOUTH AFRICAN LANDSCAPE
- PILLAR 2: PLANET
- PILLAR 3: PEOPLE
- PILLAR 4: PROSPERITY
- OUR ROADMAP TO THE FUTURE

Learn more about BDO in SA from our latest [Transparency Report](#)

## FOR A CLEAR PERSPECTIVE, PLEASE CONTACT US:

### **THUTO MASASA**

Head of Advisory  
[TMasasa@bdo.co.za](mailto:TMasasa@bdo.co.za)

### **EUREKHA SINGH**

COO  
[ESingh@bdo.co.za](mailto:ESingh@bdo.co.za)

### **RICHARD WALKER**

Head of Risk Advisory Services  
[RWalker@bdo.co.za](mailto:RWalker@bdo.co.za)



[/BDOSouthAfrica](#)



[/bdoafrica](#)



[/bdo\\_sa](#)



[/company/bdo-south-africa](#)

[www.bdo.co.za](http://www.bdo.co.za)

Copyright © 2022. BDO South Africa Services (Pty) Ltd, a South African company, is an affiliated company of BDO South Africa Inc., a South African company, which in turn is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO to discuss these matters in the context of your particular circumstances. BDO, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

The information contained in these documents is confidential, privileged and only for the information of the intended recipient and may not be used, published, or redistributed without the prior written consent of BDO South Africa Services (Pty) Ltd. The opinions expressed are in good faith and while every care has been taken in preparing these documents, BDO South Africa Services (Pty) Ltd makes no representations and gives no warranties of whatever nature in respect of these documents, including but not limited to the accuracy or completeness of any information, facts and/or opinions contained therein. BDO South Africa Services (Pty) Ltd, its subsidiaries, the directors, employees and agents cannot be held liable for the use of and reliance of the opinions, estimates, forecasts and findings in these documents.

**BDO**