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United Nations Global Compact Communication on Progress

Company name: APCO Worldwide
Address: 700 12th Street, N.W., Suite 800
Washington, D.C. 20005
Country: United States of America
Permanent employees at 5/31/11: 588
Sector: Professional services/consulting
Website: www.apcoworldwide.com

UNGC membership: 1 June 2010

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Contact name: Judit Arenas
Position: Director, Office of the CEO
Contact telephone: +1.202.778.1000
Contact email: jarenas@apcoworldwide.com

SOSTENIBILITA' INNOVATION 커뮤니티 VIELFALT
PARTENARIATS ACCIONISTAS COMMUNITIES
LEADERSHIP الانخراط IDENTITET NUMÉRIQUE
ENGAGEMENT STAKEHOLDERS AUTHENTICITY
ACCOUNTABILITY THAM GIA RESPONSABILITÉ
DIVERSITY EFFICIENCY KOLABORASI תדשנות
ΒΙΩΣΙΜΟΤΗΤΑ SUSTAINABILITY DYPLOMACJA
国際化 DURABILITÉ POLICY 數位化 UTVECKLING
ИННОВАЦИИ ANSVAR ADAPTIBILIDAD ETYKA
GLOBALIZATION DIVERSIDAD CONNECTIONS
MONDIALISATION COMMERCE 声誉 INOVAÇÃO
EFFIZIENZ ETHICS GLOBALIZACJA DIPLOMACY
ETHIQUE ADAPTABILITY FÜHRUNG FLEXIBILITÉ
REPUTACJA DEVELOPMENT COLLABORATION
ΗΓΕΣΙΑ COOPÉRATION DIGITAL CONNEXIONS
LIDERANÇA AUTHENTICITÉ ACTIVISM ROZWÓJ
IMPEGNO גלובליזציה GOVERNACIÓN अभिज्ञान
GOUVERNANCE INNOVAZIONE PARTNERSHIP
IDENTITY COOPÉRATION الابتكار ENTWICKLUNG
PERKEMBANGAN CONNESSIONI KEBERAGAMAN
PARTNERSTWO ГЛОБАЛИЗАЦИЯ REPUTATION
LIDERAZGO ANSEENDE CONEXÕES นวัตกรรม
COMMUNICATION COLABORACIÓN SAMHÄLLE
GOVERNANCE COMMUNAUTÉS ET RÉSEAUX
NACHHALTIGKEIT REPUTAZIONE IDENTITÄT
ACTIVISME CYFROWY ANPASSNINGSFÖRMÅGA
RÉPUTATION ETIK PARTENARIATS ADATTABILITA'
MÅNGFALD KEPEMERINTAHAN GLOBALIZAÇÃO
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IDENTITY COOPÉRATION الابتكار ENTWICKLUNG
PERKEMBANGAN CONNESSIONI KEBERAGAMAN

Statement by the CEO



It is an honor to present this first report, reflecting our commitment to the United Nations Global Compact and its principles. As the founder and CEO of APCO Worldwide, it has been part of my mission to create a world class company that has as its core values the importance of having a

successful business that has a positive impact on society and all those with whom we come in contact: our customers, the constituencies we serve and our extended family of employees around the world.

As an employee-owned company, we believe it is especially important that we reflect the best of what our people represent. We are a company of more than 40 nationalities. We work together side by side for the benefit of the common good of our organization. We feel the same about the societies in which we do business. What is good for these societies will inevitably be good for our employees and their families and we have a responsibility to give back in ways that improve the lives of the people and communities in which we live and work.

We hope that this summary of our accomplishments on the United Nations Global Compact's principles to date reflect our deep commitment these goals.

Margery Kraus
Founder and CEO

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Communicating our Progress

APCO Worldwide Inc. joined the United Nations Global Compact in June 2010. This report is our first Communication on Progress (COP) and covers the period January 2010 to May 2011.

The report is in two parts:

PART 1 provides a short overview about APCO including our 2010 organizational profile and our approach to governance, responsible business and citizenship.

PART 2 covers our policies, programs and actions to promote the Global Compact's 10 principles on human rights, labor, environment and anti-corruption. This section uses the "basic COP" template provided by the Global Compact.

The report was prepared by APCO's Responsible Business Committee and has been reviewed and approved by the CEO.

About APCO

APCO is one of the largest privately owned communication consultancies in the world and has the distinction of being both majority employee-owned and certified by the Women's Business Enterprise National Council in partnership with the Women Presidents' Educational Organization as a woman-owned business. We believe this also creates a special obligation to serve the interests of employee owners and the communities in which they live and work.

Founded in 1984, APCO is the only major consultancy of its kind headquartered in Washington, D.C. We have offices in 30 major business, government and media capitals around the world. Our 588 permanent employees (as of 31 May 2011) comprise more than 40 nationalities and very diverse backgrounds, including former elected leaders; ambassadors; journalists; business and nonprofit executives; government officials; market researchers; and communication, corporate affairs and online experts.

APCO has grown mostly by organic growth in its more than 25 years of operation. That has caused us to develop a strong culture and an important sense of teamwork. As a result, we operate as one global company around the world, with one bottom line and without barriers to collaboration. We are solicitous of each other's opinions and respectful of each other's cultures.

This enables us to offer clients truly integrated, seamless service around the world. It also provides our employees with the opportunity to engage in a rich diversity of national and international projects, embracing the best thinking of an eclectic group of people.

2010 was one of the strongest years in APCO's history in terms of interesting and impactful projects, revenue and profitability, with global revenue of USD\$113.4 million (pre-audit results), which represents an increase of 13 percent over revenue performance in 2009.

APCO OFFICES

In 2010 we opened our 30th office in San Francisco and strengthened our presence in Europe and the Middle East with two key acquisitions: JiWin, a dynamic strategic communication firm based in Dubai with more than 35 professionals, was acquired in November 2010; and Eloqui, a London-based communication firm with significant consumer public relations expertise, was acquired in December 2010.

In 2010, APCO was named Public Affairs Agency of the Decade by *The Holmes Report* and received a number of other awards (page 6).

VISION AND VALUES

Our Vision

APCO is the trusted partner of choice – creating value by pushing the boundaries of communication and providing global service, culture by culture.

Our Values

- Client service is our measure of achievement.
- Push the boundaries with innovative solutions.
- Tell the truth.
- Empower great people to do great work.
- Nurture an organization where everyone is valued.
- Rely on one another in achieving our personal potential.
- Provide global service culture by culture.
- Building relationships is the best business development.
- Business success assures our future.

AMERICAS

Chicago
New York
Ottawa
Raleigh-Durham
Sacramento
San Francisco
Seattle
Washington, D.C.

ASIA

Bangkok
Beijing
Guangzhou
Hanoi
Ho Chi Minh City
Hong Kong
Jakarta
Kuala Lumpur
Shanghai
Singapore

EUROPE, INDIA, MIDDLE EAST & AFRICA

Berlin
Bonn
Brussels
Dubai
Johannesburg
London
Moscow
Mumbai
New Delhi
Paris
Rome
Tel Aviv
Warsaw

Governance, Responsible Business and Citizenship

GOVERNANCE

The highest governance body of the company is the APCO Worldwide Inc. board of directors, which has the legal and fiduciary responsibility for oversight of the company's management practices and financial activities. The five-member board has a unitary structure. Two of the board members are APCO employees; one is a majority shareholder and the other is a minority shareholder; one board member is independent; and two are non-executive members. The chair of the board is also an executive officer; Margery Kraus, our founder and chief executive. The board meets quarterly. The chief executive also holds annual shareholder meetings with employees who are share and option holders to discuss the company's strategy and financial results.

A nine-member executive committee reports to the board whose mandate is to oversee the company's global business strategy, financial performance, investments, and mergers and acquisitions. Neal Cohen, president and chief operating officer, chairs the executive committee. Also seated on the executive committee are directors of finance and human resources, and directors representing global practices, global client management and geographic areas. Meetings for the executive committee are conducted quarterly in-person and monthly via conference call.

Reporting to the executive committee, the management committee oversees annual business planning and forecasting; operational priorities; and integration of geographies, practice areas and global client groups. The management committee comprises 30 senior staff members from around the world and meets quarterly.

AWARDS & RECOGNITION

**PUBLIC AFFAIRS AGENCY
OF THE YEAR – 2011**
The Holmes Report

**SOUTHEAST ASIA CONSULTANCY
OF THE YEAR – 2011**
The Holmes Report

BRONZE SABRE – 2011
Microsoft annual CR report
The Holmes Report

**PUBLIC AFFAIRS AGENCY
OF THE DECADE – 2010**
The Holmes Report

**WASHINGTON BUSINESS
HALL OF FAME – 2010**
Margery Kraus
Junior Achievement of the
National Capital Area, the Greater
Washington Board of Trade and
Washingtonian magazine

**EUROPEAN CONSULTANCY
OF THE YEAR – 2009**
European Public Affairs Awards

**TOP 10 PLACES TO WORK
IN PR – 2009**
PR News

**TOP 30 BEST AGENCIES TO
WORK FOR IN 2009 & 2010**
The Holmes Report

RESPONSIBLE BUSINESS

We believe that the expert and responsible practice of communication and public affairs is grounded in respect and compliance with the law and both global and local expectations for business conduct, as well as adherence to industry codes and rigorous self-regulation. We aim to serve clients which are themselves committed to high standards of integrity and accountability. This objective is reflected in our new business and client service protocols.

Established in 2008, APCO's Responsible Business Committee has oversight for management of APCO's Code of Conduct and responsible business policies and systems, including compliance and ethics training. The Responsible Business Committee is represented on the management committee and reports biannually to APCO's board of directors. The Responsible Business Committee comprises 15 members, including representatives from each of our regions, senior corporate staff, the board of directors, International Advisory Council and our corporate responsibility practice group.

Engagement with our clients is critical to APCO's long-term success. APCO has a formal Global Client Management (GCM) structure managed by two senior members from APCO's executive committee. The goals of GCM are to continuously improve the quality of our work, service and client satisfaction, as well as to share best practices in client service across the entire firm. As part of GCM, each global and key client is formally reviewed internally by APCO senior management on an annual basis. In addition, formal yearly reviews are held with each global and key client. Finally, each client is asked to complete a formal yearly client satisfaction survey. In addition, we conduct a biannual client satisfaction survey across the majority of our client base.

Our new business acceptance policy includes a formal mechanism for reviewing all opportunities on their merits, taking into account our existing client base, contractual obligations, the potential client and their objectives and openness to advice, potential conflict with APCO's

INDUSTRY CODES

APCO has endorsed and adheres in all our activities to the following industry codes:

COUNCIL OF PUBLIC RELATIONS FIRMS
Code of Ethics

PUBLIC RELATIONS SOCIETY OF AMERICA
Member Code of Ethics

INTERNATIONAL ASSOCIATION OF BUSINESS COMMUNICATORS
Code of Ethics for Professional Communicators

CONFÉDÉRATION EUROPÉENNE DES RELATIONS PUBLIQUES
European Code of Professional Conduct in Public Relations

THE ASSOCIATION OF PROFESSIONAL POLITICAL CONSULTANTS (UK)
Code of Conduct

mission and values, as well as the fit with our service offering. It has been and continues to be APCO's policy that staff may be excused by their managing director or regional president from working on certain issues or with certain clients for personal or professional reasons.

Employee Development and Engagement

APCO is committed to providing employee learning and development opportunities and benefits packages that are industry-leading. We are proud to have won a number of industry awards including, most recently, being the second ranked global agency in *The Holmes Report's* "Best Agencies to Work for" in 2011.

We also have a wide range of initiatives to ensure employees at every level of the company have the opportunity to engage with senior management on a regular basis. This includes:

- **Communication:** Regular communication from management with staff takes place in person, via email and internal blogs and through regular team meetings and other programs that encourage open dialogue.
- **Orientation:** A comprehensive six-month orientation program for all new employees at the start of their APCO career, culminating in the APCO Academy, a two-day session led by the company's senior management and focused on the fundamentals of our business, culture, business approach and key programs.
- **Training:** Diverse and frequent training on financial, project and people management, and on public affairs and communication issues and trends, is available throughout our employees' careers through APCO University. In 2010, new hires averaged approximately 40 hours of induction and training while existing employees averaged approximately 30 hours of training.
- **Mentoring:** A robust mentoring program pairs new staff members with longer-tenure employees, as well as junior team members with senior staff

MEMBERSHIPS

APCO is proud to be a member or partner of the following organizations:

Business for Social Responsibility

Business in the Community

Clinton Global Initiative

International Business Leaders Forum

International Crisis Group

Lagrang Foundation

Women Presidents' Organization

to provide counsel and advice outside traditional reporting systems.

- **CEO Councils:** Each region hosts an annual CEO's Council where top performing employees at the mid- and junior-levels meet directly with APCO's founder and CEO for a half day of in-depth discussions about the firm's future, employees' concerns, ideas and interests, and new opportunities to explore for the company.
- **Senior Management Meetings:** An annual global senior management meeting and quarterly regional management meetings bring senior staff from across the company into the business strategy and planning process, provides professional development opportunities and encourages collaboration.
- **Employee Feedback Mechanism:** Every year all staff members are encouraged to participate in the annual Employee Engagement Survey, an anonymous online survey that gives all employees the opportunity to share their opinions on APCO as a place to work. The results of the survey are shared with all staff members globally, and specific action plans are developed to address any areas of concern that emerge.

Citizenship and Community Engagement

The "APCO Gives Back" program was created to empower employees to contribute to their communities through volunteerism with support from APCO – in the form of both time and financial resources. "APCO Gives Back" is a worldwide program, providing all APCO employees with the following opportunities:

Group and Individual Volunteerism: All APCO offices are encouraged to nominate an "APCO Gives Back" coordinator or committee to arrange and manage group volunteer activities for employee participation in "hands-on" activity (e.g., planting trees, serving meals, mentoring youth). In addition to group volunteering activities, APCO provides each employee with an opportunity to spend up to eight working hours each year volunteering with a charity or cause of their choice.

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APCO group volunteering projects in 2010 included:

- In Washington, D.C., in honor of the September 11 day of service, a team of nearly 50 APCO employees volunteered at a local organization that helps people living in poverty and homelessness achieve economic independence.
- In London, our employees participated in Business in the Community's Give and Gain Day, helping to organize a community sports day for school children in Westminster.
- In Paris, our employees volunteer with Nos Quartiers ont du Talent, an association that provides coaching to young underprivileged graduates to help them find a job. Our volunteer mentors meet regularly with their mentees and provide ad hoc support during crises. Since 2009, 15 young people have been coached by APCO volunteers and six have secured employment.
- In Brussels, our employees organized the annual Brussels EU policy community "Quiz for Children" for the third consecutive year, raising several thousand pounds each year for UNICEF.
- Our Brussels employees also helped to develop the pioneering multi-company Brussels volunteering project "Discover Your Talent" to share workplace skills with young jobseekers from a disadvantaged area of the city. The project launched in February 2011 with a one-day workshop for 70 youth alongside volunteers from APCO, five other companies and MAKES, a social NGO working to promote employability. The project already won an Innovation Award from Belgium's Business & Society and is short-listed for a European volunteering award.

Corporate Giving and Charity Matching: In 2010, APCO donated more than USD\$250,000 to community causes, including foundations and nonprofit sponsorships, corporate matching of employee donations for major disaster relief efforts and other employee donations to nonprofit and charitable causes.

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Pro Bono Services: APCO also makes a significant contribution to our local communities and to global causes via pro bono work. In 2010, our global pro bono work was equivalent to almost USD\$900,000 in services, supporting 25 nonprofit organizations, including:

- In North America, we supported 17 pro bono clients during 2010, including the Clinton Global Initiative, the Calvert Foundation, the Solar Electric Light Fund, the Fort Dupont Ice Arena and The Partnership for an HIV-Free Generation.
- In Europe, we supported three pro bono clients and provided pro bono services to two membership organizations during 2010, including Business in the Community's International campaign, the International Crisis Group, the Clinton Global Initiative, NeXii Global and Protimos.
- In Asia, we provided pro bono services as part of client mandates to Landesa, the Rockefeller Foundation funded Asian Cities Climate Change Network (ACCCRN) and the China Compliance Practitioners' Association.

Humanitarian Emergency and Disaster Response: APCO provides opportunities for employees to support people impacted by humanitarian emergencies and disasters by matching employee donations up to USD\$10,000. In 2010 APCO matched USD\$10,000 in employee donations to aid organizations assisting the Haitian earthquake recovery effort, and in 2011 APCO matched USD\$2,200 in employee donations to agencies assisting the Japanese tsunami and earthquake relief efforts.

Commitment to Leadership Development and Civic Services: In addition to the corporate endorsed activities above, APCO's senior management serve in leadership positions in important civic and educational organizations, including university trustees, educational foundations, civic organizations, community foundations, industry oversight bodies and professional societies.

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UN Global Compact Principles

HUMAN RIGHTS PRINCIPLES

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

APCO Policies, Operations and Goals

Support and respect for human rights and respect for your fellow human being is an integral part of APCO's values, which transcend geographical boundaries and are embraced in every APCO office. In addition, at the core of APCO's governance are two essential policies with which all employees of APCO and its subsidiaries are required to comply – APCO's Code of Conduct and APCO's Anti-Discrimination and Equal Employment Opportunity Policy.

APCO's Code of Conduct details the high standards of behavior expected of all APCO employees in their interactions with each other, vendors, clients, prospective clients, government officials, etc. Underlying the Code of Conduct is a belief in treating others with respect and acting in good faith and transparently in all transactions.

APCO's Anti-Discrimination and Equal Employment Opportunity Policy specifically prohibits APCO employees from engaging in or supporting discriminatory behaviors. Specifically, it is APCO's policy: (i) to recruit, hire and promote the most qualified staff for all jobs; (ii) to ensure that all staff actions (including, but not limited to, recruitment, hiring, compensation, benefits, transfers, layoffs, and all company-sponsored training, social and recreational programs) are

administered in a nondiscriminatory way, all without regard to an applicant's or employee's race, color, religion, national origin, sex, age, marital status, personal appearance, sexual orientation, gender identity or expression, family responsibility, disability, veteran status, education, political affiliation, genetic information, or any other classification protected by applicable law.

Human Rights Principles Applied to External Work

In addition to respecting human rights in our own operations, we contribute to promoting awareness and respect for international human rights through pro bono and client assignments, including:

- Providing global communication and advocacy support to Landesa, a global NGO that works with governments on behalf of the world's rural poor to help them secure ownership or long-term rights to the land they work as a pathway out of poverty.
- Conducting a communication workshop for the staff of Protimos, a UK-based international NGO that provides access to law for indigenous communities in developing countries.
- Delivering communication advice about engaging business to a coalition working to prevent maternal mortality.
- Supporting the corporate outreach work of a consortium to engage the private sector in preventing violence against women.

Throughout our client assignments, we strive to provide guidance on adherence to the Universal Declaration of Human Rights and other international instruments, including providing specific recommendations to promote and respect the rule of law in certain countries in Eastern Europe and on women's rights in South East Asia.

2010 was a landmark year for the Millennium Development Goals (MDGs) and APCO was pleased to work towards raising awareness of the importance

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of achieving the MDGs by 2015. APCO was an active voice in promoting business engagement in the MDGs, in particular on maternal mortality, during events around the UN General Assembly. We also provided media training for key campaigners in the UN's MDG Campaign team. Following the General Assembly, APCO supported a consortium of human rights NGOs by providing branding and communication advice on how to promote economic, social and cultural rights taking into account the outcomes of the 2010 UNGA Special Session.

As a women-owned business, APCO has taken an active interest in women's rights and in ensuring gender equality. We are proud supporters of the UN Secretary-General's campaign on Violence Against Women, *UNITE*. Our CEO, Margery Kraus, addressed the business leaders breakfast hosted by the Secretary-General on the occasion of the 2010 International Day on Violence Against Women and also spoke at the official commemoration of the day. Through the professional networks in which APCO is involved, we have continued to promote the why and how the private sector can play an active role in curbing violence against women.

APCO has also assisted the Tom Lantos Foundation on Human Rights through pro bono assistance and participation in its programs.

Through our thought leadership and speaking opportunities we also promote the respect of human rights, by arguing that this is a critical component of the world we live in today. Through the contributions our senior leadership makes at international conferences and other speaking opportunities, we seek to promote the need to uphold and respect human rights by all sectors.

Internal Implementation

In order to live these values, APCO takes several concrete actions to ensure employees understand and are compliant with the policies it espouses. In the hiring process, candidates are interviewed not only by management but also by their peers. This is to

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assure that the candidates understand the importance of mutual respect as a core value of the firm. This is reinforced in a number of ways:

Employee Orientation and Training: Within the first few days of joining APCO, both above mentioned policies are reviewed with all new employees as part of the standard Global Orientation Program, underscoring the importance of following and abiding by these principles in the employees' interactions from the very start of their employment at APCO.

Several APCO executives conduct periodic ethics and values training throughout the business year to reinforce the importance and adherence to these policies.

Every two years, all employees are required to participate in anti-discrimination and code of conduct training where we reaffirm the principles and re-educate everyone on the various reporting mechanisms for concerns, questions or violations.

Informally, these values are reinforced by "calling out" people who go out of their way and exemplify model behavior and participation.

Ethics Compliance Line: In May 2009, following a recommendation of the Responsible Business Committee, APCO instituted a global compliance line which provides employees with an additional avenue to raise questions or file complaints about unethical or illegal conduct. This line is monitored daily.

When concerns are raised, whether it be through direct line management or via another reporting channel (Human Resources, Legal Counsel, Responsible Business Committee, etc.), we determine the appropriate course of inquiry and party best suited to pursue follow up action. Typically, most questions or concerns about following a specific business practice or use of reporting tool is handled by members of the Responsible Business Committee. Claims that are more serious in nature or have a personnel implication are handled by the office of the general counsel and

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the senior human resources executive collaboratively. Responsible Business Committee calls are held monthly to report on any common questions or use of the compliance line. Significant issues, if any, are brought to the attention of the executive committee and board of directors. Annually, a report is prepared for the company's executive committee and board of directors on usage of the compliance line and trends.

LABOR PRINCIPLES

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

APCO Policy and Goals

It is our practice to at a minimum follow, and where possible exceed, local employment laws in each of the countries in which we operate, and to ensure that individuals meet country and local employment eligibility standards, such as regulations governing age. Furthermore, APCO's equal opportunity policy, mentioned above, provides the framework for non-discriminatory actions affecting labor.

APCO does not prevent employees from joining trade unions. Our approach to human resources is to foster and maintain an open and transparent work environment and dialogue with employees, and to address any issues raised by employees in accordance with the law and with our values and policies.

We do not promote, engage or employ child labor in any of the countries in which we operate and our

FOCUS AREA	2010 PERFORMANCE
Employee ethics training	75 percent of new employees who joined APCO in 2010 received introductory ethics training in 2010 and 2011 Q1 Updated global ethics training module being implemented in June 2011
Compliance Line	Formal complaints received in 2010 and 2011 Q1: one (1)

anti-discrimination policy clearly defines the company's position on employment practices that may harm communities or individuals on a broad range of personal characteristics.

In 2009, we implemented a Diversity & Inclusion (D&I) Program and clearly stated our D&I goals to be the employer of choice in our industry for diverse talent. In 2010, one of our D&I program goals was to focus on education – supporting educational efforts of women and minorities, educating ourselves and educating others.

APCO is committed to a healthy and safe work environment for all our employees and we take pride in creating environments that are not only compliant with various country regulatory standards in this respect, but are also pleasant environments for our employees to work in. We have a number of policies and procedures in place to address health and safety related issues. Whether it is complying with Belgian standards of ensuring access to natural light into employee work spaces, or confirming that hallways and furniture are laid out with adequate distance to meet U.S. fire standards, we are diligent in our practices to create a healthy and safe work environment. Throughout different offices we encourage our employees to lead a healthy lifestyle.

Implementation

Non-Discrimination, Child and Forced Labor: We take a number of actions to ensure a work environment free of discriminatory practices and do not allow or condone the engagement of child or forced labor. Employees of APCO's worldwide offices enter willingly into employment contracts reflective of the laws of the country in which they work and reside, and we follow market standard practices with regard to notice period requirements.

The global compliance line (referenced above) is promoted throughout APCO's offices (through posters, brochures, wallet cards and information on APCO's intranet) as one mechanism for reporting issues or concerns about inappropriate or disrespectful behavior.

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This compliance line is monitored by the general counsel's office and the senior human resources executive for follow up and action, as necessary.

Health and Safety: During our standard orientation program, all new hires are provided with information on health and safety practices for their local office to include: fire evacuation routes, alarm testing procedures, leave reporting procedures for employees to follow in the event of national emergencies, inclement weather procedures and policies prohibiting drug use at work.

We take steps to abide by health and safety requirements on an ongoing basis including, but not limited to, participation in emergency drills, confirming the ban of any weapons or dangerous instruments on work grounds, ensuring smoke-free work environments in all countries where smoking in buildings is banned, and checking that all building dimensions are continuing to meet the building code standards for emergency evacuation as well as accommodating individuals with mobility impairments or disabilities.

Diversity: To ensure the spirit of the employment (labor) policies and practices are maintained, human resources reviews progress against the stated Diversity & Inclusion (D&I) goals as well as performs market-based pay survey research in the majority of the countries in which APCO operates. In doing so, we ensure sound practice and are able to continue to offer competitive wages absent any adverse or unintentional pay discrimination practices.

Given the shortage of diverse talent expressing interest in pursuing careers in our industry, we have taken a long-term strategic focus on education and it is quickly becoming one of the cornerstones of the D&I program. We have learned that through educational outreach, we are making strides in reaching a key constituency of future potential candidates and creating a greater awareness of diversity in our industry. In 2009 and again in 2010, APCO has continued to support the

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MEASUREMENT OF OUTCOMES

Margery Kraus Scholarship for the study of Global Communications and Public Affairs at American University which supports women who are studying abroad. Additionally, APCO remains a supporter of the LaGrant Foundation's Scholarship which supports minority students majoring in communication.

Striking the right balance and diversification is something we are committed to today and in the long-term. We are proud of our accomplishments to date in working towards creating a diverse and inspired workforce and know there is always more work to be done.

ENVIRONMENT PRINCIPLES

Principle 7: Business should support a precautionary approach to environmental challenges;

Principle 8: Business should undertake initiatives to promote greater environmental responsibility; and

Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.

APCO Policies and Goals

As a professional services firm, our environmental footprint arises primarily from our office operations and business travel. Accordingly, our global policy is based on adhering to all applicable environmental laws and regulations; while at the same time applying the principles of reduce, reuse and recycle in the workplace, using a Green Office checklist covering office and IT energy efficiency, office supplies and recycling, travel preferences and large company meetings.

In 2010, we commenced a pilot program to analyze the carbon footprint of several mid-sized offices, to guide the development of our measurement tools and reduction/offset strategy. This exercise is due for completion in late 2011.

FOCUS AREA	2010 PERFORMANCE
Diversity and non-discrimination	<p>10% increase in diversity of client-facing staff</p> <p>40% of leadership positions in geographic and global operations held by women</p> <p>44% of global practice leadership positions held by women</p> <p>59% of global account leadership positions held by women</p> <p>100% of APCO Worldwide Inc. corporate officers are women (president, treasurer and secretary)</p>
Talent retention	In 2010, our worldwide staff turnover was 15%, down from 17% in 2009 and 2008, and 19% in 2007
Health and safety	In 2010, we had no serious incidences or work related injuries reported

Implementation

As our offices around the world are located in leased premises, we aim to select premises with energy efficiency systems and to fit out our offices with renewable and recyclable materials. The model for this was created in 2005 when we relocated our headquarters office in Washington, D.C.

With the goal of contributing to environmental stewardship and the local community, we selected Envision Design, an internationally recognized local architecture and design firm whose principal was Leadership in Energy and Environmental Design (LEED) certified and a member of the Green Building Council. The office design and fit-out incorporated a range of eco-friendly materials, including recycled, renewable and locally manufactured materials. For example, the carpet is made from more than 50 percent recycled and bio-based materials; the metal studs used to frame the walls use steel containing 30 percent recycled content; the ceiling tile is made of 45 percent recycled content; and the custom cabinetry is made from wheat board, a rapidly renewable material made from agricultural waste.

We also utilize technology such as video-conference, PC webcam, Microsoft Office Communicator and Skype for internal and client meetings to reduce our carbon footprint. In addition, the Green Office checklist – based on innovations developed in our Washington, D.C., and Paris offices – provides guidance on day to day green office actions, and covers information technology; low-energy lighting; travel and public transport; office furniture and equipment; and recycling of paper, metal and glass. The exclusive use of hybrid taxis is another example of an initiative of our Paris office.

The corporate marketing team maintains a “Green APCO Events” checklist for global events such as management meetings and staff retreats, covering venue selection, travel arrangements, use of recycled materials and recycling of event materials and a zero waste approach to food.

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Environment Principles Applied to External Work

In addition to focusing on our own operations, we contribute to promoting environmental responsibility and greener technology through pro bono and client assignments, which in 2009 and 2010 included:

Dow Corning: As the world's primary provider of silicon-based solutions throughout the solar energy value chain, Dow Corning wanted to work with government, industry and NGOs to ensure the emergence of a viable solar industry in the United States. APCO assisted Dow Corning with the development of a comprehensive communication program to engage stakeholders and build allies in support of a viable and sustainable "green energy" economy for future domestic prosperity.

Cascade Land Conservancy: APCO developed an outreach strategy, materials and media relations to announce an innovative partnership between the world-renowned rock band Pearl Jam and the Cascade Land Conservancy (CLC), a national expert in urban forest restoration programs. Arising from Pearl Jam's voluntary initiative to mitigate the carbon emissions from the band's 2009 world tour, the collaboration aimed to demonstrate the importance of innovative partnerships in creating a sustainable green economy by mitigating and reducing the use of fossil-based energy.

Land Trust Alliance: APCO worked with the Land Trust Alliance, the national convener of more than 1,700 land trusts across America, to develop a Corporate Advisory Council to engage corporations in how they can help preserve private lands to benefit communities and natural systems.

Solar Trust of America: APCO provides government relations, communication and social media counsel and creative services to Solar Trust of America, a utility-scale renewable energy provider in the solar energy sector. Solar Trust of America is building and managing the country's largest utility scale solar facilities.

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The Make it Right Foundation: APCO provides government relations support to Make it Right, a nonprofit based in New Orleans, Louisiana, dedicated to building the world's largest, greenest most environmentally sustainable community in the world. Make It Right is building more than 150 LEED Platinum, Cradle-to-Cradle certified and affordable homes for victims of Hurricane Katrina.

3TIER: As the global leader in providing renewable energy information, data, assessment and forecasting for risk analysis of wind, solar and hydro power, 3TIER uses weather science to help clients manage the risk of weather-driven variability – anywhere on earth and across all time horizons. APCO assisted 3TIER with corporate positioning, media relations, thought leadership and online communication support to build awareness of its services.

Hydrovolts: APCO provided investor relations and ongoing public relations support to Hydrovolts, a kinetic hydro electrical power company focused on small power generation that can be applicable in developing countries for power generation and distribution.

Clean Tech Open: APCO provides pro bono support in the form of strategic counsel for Clean Tech Open, a nonprofit that runs a business competition for cleantech entrepreneurs.

The Rockefeller Foundation and the Asian Cities Climate Change Network (ACCCRN): Since October 2009, APCO has been working with the Rockefeller Foundation funded ACCCRN initiative. Under the terms of the grant to APCO, we provide 25 percent of our services and support on a pro-bono basis. ACCCRN is a network of 10 cities across four countries in Asia – India, Indonesia, Thailand and Vietnam – working to develop integrated plans that address climate change risks and build urban resilience. ACCCRN brings particular focus to vulnerable and poor communities within its cities, and the interrelationship between rapid urbanization and climate change risks and impacts. APCO's primary role

APCO provides government relations support to Make it Right, a nonprofit dedicated to building the world's largest, greenest most environmentally and sustainable community in the world.

is to support the Partners and Rockefeller Foundation in their outreach with donors and the private sector globally, in addition to disseminating the methods, best practices and lessons emerging at the city level. This will enable broader impact and the building of climate change resilience beyond the Network and Asia.

Measurement

We are presently working on developing a common global reporting framework for office recycling, energy use and travel miles.

ANTI-CORRUPTION PRINCIPLES

Principle 10: Business should work against corruption in all its forms, including extortion and bribery.

APCO Policy and Goals

APCO is a professional services company with subsidiary companies around the world. The APCO legal team does ongoing risk assessment paying heightened alert in those countries where APCO does business and Transparency International's Corruption Perception Index shows a culture of corruption.

Other factors taken into consideration in deciding the amount and kind of risk assessment needed include the sector in which APCO is providing services, the value and duration of the project, and whether third-party consultants, agents, and or affiliates are being engaged. APCO considers the totality of the circumstances in managing bribery risk.

APCO has zero tolerance for corruption, bribery and extortion. This is clear in its Code of Conduct and policies dealing with the Foreign Corrupt Practices Act and the UK Bribery Act that clearly state that a breach of their anti-corruption, bribery and extortion standards is grounds for immediate termination. APCO is also a signatory to several industry Codes that have provisions relevant to anti-corruption, *i.e.*, the UK Association of

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Professional Political Consultants Code of Conduct, the Code of Lisbon-European Code of Professional Conduct in Public Relations, the Code of Athens-International Code of Ethics and the International Association of Business Communicators (IABC) Code of Ethics for Professional Communicators.

APCO requires its business partners to adhere to anti-corruption principles. APCO's policy is to conduct due diligence on third-party consultants, agents and affiliates/strategic partners. APCO also requires its affiliates/strategic partners to sign onto its Charter for Professional Ethics & Conduct for Strategic Partnerships with its anti-corruption requirements and to contractually represent and warrant that they will not participate in corrupt acts.

A specific goal in the area of anti-corruption for the upcoming year is to conduct training on the UK Bribery Act and to put the required "adequate procedures" in place to implement compliance.

Implementation

Anti-corruption is imbedded in APCO's culture. Its compliance program takes many forms including:

- Formation in 2008 of the Responsible Business Committee – see page 7
- Regular executive memos to all staff on APCO's commitment to ethics, integrity and social responsibility
- Training conducted on APCO Values, Ethics & Compliance that includes its Code of Conduct and Foreign Corrupt Practices Act and UK Bribery Act policies both in person and by webinar for current and new employees
- Extra training attention given to those offices in countries where there is a known culture of corruption
- Legal alerts written by the APCO legal team and sent to all staff reminding staff of anti-corruption requirements

A specific goal for the upcoming year is to conduct training on the UK Bribery Act and to put the required "adequate procedures" in place to implement compliance.

- Memos from APCO founder and CEO on the use of the Compliance Line along with additional training through APCO Values, Ethics & Compliance training on reporting alleged misconduct either through the Compliance Line or directly with management
- Procedure establishment for evaluating entertainment and hospitality and gift expenses for clients to distinguish between reasonable expenses and lavish expenditures that could be considered a bribe

Responsibility for anti-corruption implementation within APCO rests with the Responsible Business Committee and the general counsel. However, each individual at APCO is responsible for abiding by APCO's anti-corruption policies and its Code of Conduct, and for reporting any perceived misconduct.

As stated on page 7, APCO has signed on to a number of public relations/public affairs codes of conduct prohibiting corruption and related acts.

In addition to focusing on our own operations, we contribute to promoting anti-corruption through pro bono and client assignments.

For example, over the course of 2010, APCO worked closely with CSR Asia to investigate the feasibility of establishing a professional association for social and environmental (S&E) auditors conducting factory-level monitoring within the Greater China region. One of the fundamental objectives of the proposed association was to create a platform that would address endemic and systematic corruption within the S&E auditing industry. APCO conducted broad outreach and engagement with multi-national buyers, factory supplier groups, auditors themselves and regulatory bodies, such as the Independent Commission Against Corruption in Hong Kong, in the course of a mapping exercise aimed at developing a road map and business plan for the proposed association. One of the key recommendations regarding association governance and structure included establishing a committee to deal with complaints,

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whistle-blowing and disciplinary actions against members found to have engaged in corrupt, unlawful or improper activities in the course of their monitoring work.

APCO has signed the World Economic Forum's Partnering Against Corruption Initiative (PACI) <http://www.weforum.org/en/initiatives/paci/index.htm> supporting the PACI Principles for Countering Bribery. By signing the PACI Principles, we have committed to having a zero tolerance policy towards bribery and to developing and implementing or maintaining a broad-based, anti-corruption program to guide the behavior of our employees. These principles also apply to key business relationships with controlled subsidiaries, joint ventures, agents and other intermediaries, as well as contractors and suppliers.

Measurement

APCO believes that its extensive compliance training program including training on the Compliance Line has been successful. No incidents of corruption have been reported and there have not been any legal cases, ruling or fines assessed on APCO related to corruption. APCO's external auditors conduct audits of the company each year and have not uncovered any incidents of corruption.

Moving Forward

We hope this summary of our work to date provides both the sense of how important these goals are to us as a firm and the full range of things we do to support these goals as part of our DNA. We look forward to sharing our continued progress to be world class not only in what we do but how we do it.

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