

# United Nations Global Compact

Communication on Progress  
2011





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## Communication on Progress 2011



### **We are committed to our people, our clients and our communities**

As an organization rooted in public accounting, we serve the public interest by bringing transparency, reliability and independence to the marketplace. We understand and encourage the positive impact our professionals have in communities around the world.

Drawing on Ernst & Young's financial strength, geographic reach and our people's knowledge, experience and values, we focus our corporate responsibility efforts on three key areas that complement our business strategy: education, entrepreneurship and environmental sustainability.

We place particular emphasis on contributing our most valuable resource, our people, to help communities thrive. We support our people in their individual efforts to do this through formal programs and by creating the right culture.

Part of this culture includes our membership in the United Nations Global Compact (UNGC). The 10 principles outlined by the UNGC align with our values and we are pleased to submit our Communication on Progress 2011, which highlights the progress we have made in the past year, as well as ongoing initiatives. Additional information can be found in our *Global review 2011*, our *Global transparency report* and our *Global Code of Conduct*.

A handwritten signature in black ink that reads "James S. Turley". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

**James S. Turley**  
**Chairman and CEO**  
**Ernst & Young**



# Ernst & Young

Ernst & Young is a global leader in professional services.

Worldwide, our people in more than 140 countries are united by our shared values and an unwavering commitment to quality. Globally, we provide services across four service lines – Assurance, Advisory, Tax and Transaction Advisory – in 16 global industry sectors.

Our combined global revenues were US\$22.9 billion for the financial year ended 30 June 2011, compared with US\$21.3 billion in 2010, a 7.6% increase. We've grown our headcount to 152,000. This is an increase of nearly 11,000 people over the course of the 2011 financial year.

Read our *Global review 2011* to learn more about our 2011 financial year performance and facts and figures about Ernst & Young. It can be found at [www.ey.com/globalreview2011](http://www.ey.com/globalreview2011).

At Ernst & Young, we have one strong global leadership team that sets one single global strategy and agenda. Our business units are grouped into four geographic Areas: Americas, Asia-Pacific, EMEIA (Europe, Middle East, India and Africa) and Japan.

Our Global Executive brings together the leadership of Ernst & Young functions, services and geographies. It is chaired by our Chairman/Chief Executive Officer and includes:

- ▶ The Chief Operating Officer
- ▶ Four Area Managing Partners
- ▶ Global functional leaders – the Global Managing Partners of People; Markets; Quality & Risk Management; and Operations & Finance
- ▶ Global Service Line Vice Chairs – Assurance, Advisory, Tax and Transaction Advisory Services
- ▶ Global Vice Chair – Public Policy
- ▶ A representative from the emerging markets practices

Also, we have a Global Advisory Council (GAC) that meets quarterly and advises on strategic and policy matters. The members approve matters ranging from global budgets and plans to senior-level management appointments. GAC members are senior partners who do not hold management positions and who are elected by their peers. In 2011, they were joined by five Independent Non-Executives (INEs). These INEs are seasoned, senior-level professionals with wide-ranging experience.

# Human rights

*UNGC principles: Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.*

Our values define who we are and what we stand for, and our *Global Code of Conduct* provides a clear set of standards for our business conduct. Together with our commitment to responsible and sustainable business, they guide our support and respect for human rights.

## Our values

Our values guide the actions and behaviors of each of us. They influence the way we work and interact with each other, as well as the way we serve our clients and engage with our wider communities.

### Our values – who we are

- ▶ People who demonstrate integrity, respect and teamwork.
- ▶ People with energy, enthusiasm and the courage to lead.
- ▶ People who build relationships based on doing the right thing.

Every year, we celebrate the way we live our values through our annual Chairman's Values Award. The Chairman's Values Award is considered a high honor at Ernst & Young. It recognizes and celebrates our people around the world who best exemplify our values. In 2011, there were more than 1,600 nominations.

## Code of conduct

The *Global Code of Conduct* provides a clear set of the standards and behaviors that guide our actions and business conduct. It is organized into five categories containing principles, to be followed by everyone within Ernst & Young, that help guide behavior across all areas of activity: working with one another, working with clients and others, acting with professional integrity, maintaining our objectivity and independence and respecting intellectual capital.

In the section on working with others, the *Global Code of Conduct* clearly states that:

- ▶ No client or external relationship is more important than the ethics, integrity and reputation of Ernst & Young.
- ▶ We reject unethical or illegal business practices in all circumstances.
- ▶ We avoid working with clients and others whose standards are incompatible with our *Global Code of Conduct*.
- ▶ We recognize our responsibility as an organization in playing an active and positive role in supporting a successful and sustainable society.

The *Global Code of Conduct* is overseen by the Global Executive and its delegates, who are responsible for evaluating potential breaches, deciding on appropriate sanctions or remediation and monitoring consistent application. We strive to create an environment that encourages all personnel to act responsibly, including reporting misconduct without fear of retaliation.

The *Global Code of Conduct* can be found at [www.ey.com/GL/EN/home/Global-Code-of-Conduct](http://www.ey.com/GL/EN/home/Global-Code-of-Conduct).

We also have EY/Ethics, a global ethics hotline, to provide Ernst & Young people, clients and others outside of the organization with a confidential means to report activity that may involve unethical or improper behavior that may be in violation of professional standards or otherwise inconsistent with the *Global Code of Conduct*. EY/Ethics is operated by an independent external organization that provides confidential and, if so desired, anonymous, hotline reporting services for companies worldwide.

## Our global approach to corporate responsibility

At Ernst & Young, we ask ourselves what we can do to make a difference not just for the companies we serve and for our own business and profession, but also for our communities, for the greater good of people everywhere and for the sustainability of our planet.

As an organization that embraces our communities, we think carefully about how to invest in society today to make sure there will be a business context where both we and society can thrive tomorrow and long into the future. We focus on three issues that lay the foundation for a better world and reflect the strengths of our people and organization: entrepreneurship, environmental sustainability and education.

Our emphasis on skills-based volunteering means we contribute our most valuable resource, our people, to help communities achieve their potential. Through skills-based volunteering, our people participate in activities that range from donating their accounting, finance and business advisory skills to develop high-potential entrepreneurs in emerging markets, to coaching, mentoring and teaching young and underserved students, to promoting environmental sustainability in our communities.

Around the globe, Ernst & Young teams work with not-for-profit organizations and non-governmental organizations (NGOs) to drive our community engagement efforts. Our relationships with highly respected organizations give us opportunities to advance leading-edge research and participate in collaborative problem solving. While our flagship relationships span Ernst & Young worldwide, we also work with local organizations chosen by our individual practices.

### *Engaging the community*

Here are a few examples of how our people made a difference in communities around the world in 2011:

- ▶ In Australia, Ernst & Young has joined 280 organizations in developing a Reconciliation Action Plan (RAP) to help close the gaps between the social and economic status of the First Australians, Aboriginal and Torres Strait Islander communities and other Australians. Our RAP focuses on education and entrepreneurship.
- ▶ Our Middle East and North Africa (MENA) practice has continued to provide long-term support to those affected by devastating floods in Pakistan in July 2010. We have reached 86,000 students by providing basic necessities to allow low-income students to return to school, including uniforms, school bags and notebooks, as well as classroom materials such as whiteboards and basic laboratory equipment. Additionally, for intermediate,

college and university students whose families faced financial hardships caused by the floods, we awarded 2,500 merit scholarships to cover educational expenses.

- ▶ In Belgium and the Netherlands, Ernst & Young is recycling old BlackBerrys, iPhones and other mobile devices to raise money for FairPhone, an initiative that builds awareness around the social and environmental challenges within the mobile phone industry. Mobile phones contain valuable metals and minerals, often mined in Africa under difficult conditions. FairPhone will use the funds to empower the mine workers in getting a fair price for the minerals.
- ▶ In the UK, Ernst & Young became a founding member of Social Business Trust (SBT). SBT was founded to provide support to a number of social enterprises capable of scaling up their operations on a regional and national level and has a clear and ambitious goal: to help transform the impact of social enterprises and thereby improve the lives of over a million of the UK's most disadvantaged people.
- ▶ Ernst & Young India supports the Srinivasan Services Trust (SST) to help scale up their village development model. To begin with Ernst & Young is funding 11 villages.
- ▶ Several offices in MENA provide pro bono services to local NGOs and our United Arab Emirates office mentored Emirati entrepreneurs working on business plans at the Dubai Men's College, part of Higher Colleges of Technology – the largest higher educational institution in the UAE with a community of more than 19,000 students and almost 2,000 staff based on 17 campuses.
- ▶ As part of a commitment to contribute AU\$250k in pro bono work under the Australian Government's Professional Partnership Project (Job Fund), Ernst & Young teams were allocated to nine social enterprises that had received government funding and provided them with guidance, coaching and business skills ranging from financial modeling to the development of marketing and business plans to enable them to manage their operations in a more effective and sustainable manner.
- ▶ In the Commonwealth of Independent States (CIS) and across the US, Ernst & Young people volunteer their time as mentors, tutors and board members of Big Brothers Big Sisters, an NGO that helps children reach their potential through professionally supported, one-to-one relationships with mentors.
- ▶ One way our UK and Ireland practice enriches local communities is through its work with the Prince's Trust. Ernst & Young is committed to raising at least £500,000 for the charity by 2014, enabling at least 550 young people to secure education, employment or training.

Below we have some details of our entrepreneurship and education initiatives. The environmental initiatives are covered under the UNGC principle "Environment" on page 12.

### ***Broadening access to education***

As one of the world's great global training organizations, we help our people realize their full potential. And through educational programs and outreach, we are able to help young people in the communities around us realize their full potential as well. Some examples include:

- ▶ In the US, we have collaborated with the PBS series *Cyberchase* to build math and problem-solving skills in children aged 8 to 11. The curriculum has been translated into French, Hebrew, Portuguese and Spanish. In 2012, *Cyberchase* will be rolled out in Brazil, Canada, Chile, Israel and Mexico. To learn more about our work with *Cyberchase*, please visit [www.ey.com/us/cyberchase](http://www.ey.com/us/cyberchase).
- ▶ Across the UK, through our Education Partnerships Program, we are building long-term partnerships with state schools in underprivileged areas. We take a "whole school" approach that supports administrators and teachers as well as students and offers the kind of help each particular school needs most. The initiative helped us achieve a CommunityMark, a prestigious award that is the UK's only national standard publicly recognizing excellence in community investment.
- ▶ In Australia, we are represented on the boards of 60 primary and secondary schools or university boards and councils. We also provide mentors and leadership coaches for the Associates of "Teach for Australia."
- ▶ In India, Ernst & Young will be working with the Dr. Reddy Foundation (DRF) to fund 14 vocational centers. The vocational training centers target people at the bottom of the pyramid. We will also assist DRF with a process review and help to convert some of their existing content into e-content.

### **A MAP for success**

Our US-based initiative, College MAP (Mentoring for Access and Persistence), encourages disadvantaged students who might not have considered applying for college to do so. We then work with students to build the skills that will help them complete their four-year degree, including:

- ▶ **Awareness of the lifelong benefits of getting a higher education.**
- ▶ **Financial readiness to help students apply for aid and pay for college.**
- ▶ **Persistence skills to help students complete a degree and succeed in careers.**

To implement the program, we collaborate with high schools and a not-for-profit organization called College For Every Student (CFES). Together, we identify young people in 12 US cities who most need our support. College MAP benefits our communities and our people:

- ▶ **Our communities.** Schools receive Ernst & Young's professional experience and support; a helping hand at a time when many school guidance counselors handle caseloads of more than 500 students.
- ▶ **Our people.** College MAP lets our people create positive social change while developing and practicing their professional skills: demonstrating leadership, speaking in public, and negotiating and collaborating with people from diverse backgrounds.

### **Championing entrepreneurship**

Our Strategic Growth Markets practice has helped many of the world's most dynamic young companies grow into industry leaders. The Ernst & Young Entrepreneur Of The Year® Award, which celebrates successful entrepreneurs in 50 countries, is the most prestigious award of its kind. Google, IKEA and Infosys are all former Entrepreneur Of The Year winners.

We encourage our people to donate their skills to smaller ventures that otherwise could not access such sophisticated advice – but that still have the potential to contribute significantly to the economy of a household, a village or an entire nation.

For the past two years, Ernst & Young has served on the board of the Network For Teaching Entrepreneurship (NFTE), which began as a program to prevent children leaving school before they graduated. NFTE aims to improve academic performance among students who are at risk of failing or not finishing school. Working with students from disadvantaged backgrounds, NFTE helps them see the relevance of their studies as they learn skills in key subject areas alongside business and financial planning. The students create business plans for their ideas and compete in classroom, city-wide and national competitions.

Ernst & Young has provided 16 scholarships to NFTE's Youth Entrepreneur Award winners in the US. In 2011, we extended our support by funding new scholarships in Belgium, China, Germany, India, Ireland, Israel, the Netherlands and New Zealand. We also aim to have an Ernst & Young partner on every NFTE affiliate board around the world, and our people have the opportunity to volunteer their time to NFTE.

Additionally, we collaborate with the Schwab Foundation for Social Entrepreneurship (an affiliate of the World Economic Forum) to highlight the Social Entrepreneur Of The Year Award to business leaders who successfully apply practical, innovative and market-oriented approaches to benefit the marginalized and the poor.

### **Fostering inclusive growth**

The largely untapped economic potential of women around the world is enormous and developing it is an economic and social imperative.

Our Entrepreneurial Winning Women™ Program identifies and celebrates high-potential female entrepreneurs and provides them with personalized one-on-one business insights as well as insider access to strategic networks of established entrepreneurs, executives, advisors and investors. The program supports women with existing enterprises to scale up and become market leaders.

The program currently operates in the US, Indonesia and Australia and will launch in Brazil, Hungary and Ukraine in 2012.

### **Empowering entrepreneurs**

We sponsor Endeavor, a not-for-profit organization that identifies and supports entrepreneurs in 12 emerging economies. Endeavor connects entrepreneurs with a network of seasoned business leaders, who provide mentoring, strategic advice and inspiration. Endeavor entrepreneurs generate sustainable economic value and on average employ more than 200 workers and pay 10 times the minimum wage, with 96% of the businesses surviving after 10 years.

Ernst & Young sponsors Endeavor's global selection panels for new entrepreneurs and provides one-on-one mentoring and support to entrepreneurs. We have two programs in place through which Ernst & Young professionals use their professional skills to support Endeavor entrepreneurs: the Corporate Responsibility Fellows program and the Intrapreneurship program

Through the Corporate Responsibility Fellows program, Ernst & Young Fellows have supported 55 entrepreneurs through seven-week assignments in Central and South America. For example, an Ernst & Young senior manager supported Diagnostika, a provider of surgical and oncology diagnostic services to hospitals and clinics in Brazil, in reengineering key business processes. Another manager helped GrupoMIA, a provider of low-cost housing solutions in rural and semi-urban Mexico, identify major risk indicators and link them to key performance indicators to provide a balanced scorecard to track GrupoMIA's progress.

Through our Intrapreneurship program, Ernst & Young financial services consultants help Endeavor entrepreneurs in South Africa, Turkey, Egypt, Jordan and Lebanon tackle their challenges to growth, such as international expansion, financial management and operational efficiency. The Intrapreneurship program is a combination of overseas placements and a virtual network of Ernst & Young professionals donating their time to work on critical business challenges faced by entrepreneurs.

Additionally, Ernst & Young is developing a financial management curriculum for Endeavor entrepreneurs including topics such as assurance practices, tax issues and effective risk management.



# Labor

## Working with the UNGC – an example from Ernst & Young Australia

In June 2010, the UNGC established the Principles for Social Investment Secretariat (PSIS) to develop a set of voluntary principles intended to guide private sector social investment activities.

Annette Kimmitt, Ernst & Young Melbourne Office Managing Partner, with the support of Ernst & Young's Australian leadership, became a founding member of the PSIS and drew upon her experience working in public policy to develop its mission, vision and strategic plan.

"I became involved in the PSIS because I realized how powerful corporate contributions could be when channeled in the right way," said Annette. "I saw an opportunity for sustainable economic development, through the huge investments corporations were making in their corporate social responsibility programs, which in some cases dwarf government aid programs.

"We were able to start with a blank piece of paper and develop the architecture for the PSIS."

Moving forward, the PSIS will use this framework and work with corporations, including UNGC signatories, to help align their social investment activities with community needs.

*UNGC Principles: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation.*

We demonstrate our commitment to upholding UNGC principles on labor through our approach to building the leading people culture in the profession. This includes our efforts to attract, include, engage and develop our people.

## A relationship that lasts a lifetime

In today's mobile and interconnected world, people are looking for varied and rich careers, often spanning a range of roles, geographies and sectors.

We want the relationships that people make at Ernst & Young and the experiences they have – whether they stay three months as an intern or 30 years as a partner – to last a lifetime. To achieve this, we are committed to building a leading people culture everywhere in the world by including, developing and engaging with our people at every stage of their career.

This "whole of life" relationship begins by recruiting people who are curious and entrepreneurial, who thrive in international teams and who have a global mindset.

We give our people opportunities to develop diverse careers that can span different disciplines and countries, to work on complex issues and to develop the habits of inclusive leadership that will last them a lifetime.

If and when people choose to leave Ernst & Young, we don't see this as an end to the relationship, just the next stage. Whether people go on to work with a client, a competitor or start their own business, they will always remain a lifelong member of the Ernst & Young network.

Our alumni represent a diverse global community, and our different alumni programs around the world are designed not only to keep this community connected to Ernst & Young and former colleagues, but also to share knowledge and industry expertise and keep people updated and informed about planned events and activities.

We're very proud that a high proportion of our people are what we call "boomerangs" – people who have left Ernst & Young to try out other employers, but who have subsequently returned to us. For example, between the 2009 and 2011 fiscal years, 5,537 people returned in our Americas Area alone.

## Choices and flexibility

We want our people to have balanced, well-rounded lives because people are at the center of how we deliver our services to our clients. We can't decide for each individual what that balance looks like because everyone has different needs. However, what we can do is provide our people with the flexibility for those important decisions affecting their work life.

To support this, growing from successful efforts in other geographies, our MENA practice recently launched a new formal flexible working arrangement policy. It incorporates guidelines around reduced hours or part-time working, term-time working, career breaks and compressed working hours. The policy recognizes that flexibility goes beyond work practices; it's also about adapting to individual styles and perspectives.

In terms of our global policy on employee assistance, we are working toward an Employee Assistance Program (EAP), which is global in concept but local in execution. We aim to create a menu of options for countries to choose from, which allows countries to take account of local needs, culture and practices.

We are always looking at leading practice, and innovative and versatile ways to implement EAPs. So far, we have more than 30 countries with country-specific EAPs, 17 of which provide counseling and lifestyle support.

## Diversity and inclusiveness

We embrace diversity as a key strength of our global organization. Quality of service is enhanced when employees of different cultures, backgrounds and experiences work together and challenge each other to resolve business issues. We respect one another and strive for an inclusive environment free from discrimination, intimidation and harassment. An inclusive culture better enables Ernst & Young to deliver high-quality service to our clients, create competitive advantage and drive market leadership.

We achieve this through fostering inclusive leadership throughout our global organization. Inclusive leadership is the ability to leverage the inherent strengths and individual talents of everyone on a team for better business outcomes.

Read more about our views on inclusive leadership at [www.ey.com/21century](http://www.ey.com/21century).

### Our diversity data

Data from our *2011 Global People Survey* indicates that 81% of respondents say the people on their team reflect a diversity of backgrounds and experiences.

Around the world, our culture is recognized by a number of external organizations. In 2011, examples include:

- ▶ **Fortune:** 100 Best Companies to Work For, US, 2011 (for 13 consecutive years)
- ▶ **Great Place to Work Institute:** Latin America's Best Places to Work, Mexico, Peru, 2011

## Caring in a crisis

At times of crisis, we rise to the need to care for others – not only our employees – but also our clients and our wider communities.

In 2011, there were a number of large-scale natural disasters, but the biggest was perhaps the earthquake and tsunami in Japan. We were shocked by the scale of this disaster and the hardships it imposed, and our immediate reaction was to reach out and help.

As an organization, we responded with a US\$2m donation to support the Tohoku region.

Local management focused on the immediate welfare of the 60 people working in our Sendai, Fukushima and Mito offices, establishing an emergency task force to account for our people, identifying damage to our offices and responding to the situation as it developed. Simultaneously, we issued guidance to our global people who were serving Japan-based clients and monitored the situation closely in order to update our travel advice and safeguard our teams.

Our clients also faced major challenges. It's estimated that one-third of Japanese public companies suffered damage and many had to stop all or some of their operations. Ernst & Young people in Japan who were able to work through the disaster made great efforts to support our clients and assist with their recovery needs.

We also worked with the Financial Services Authority, stock exchanges and the Japanese Institute of Certified Public Accountants to help ensure the profession took appropriate action to address issues that arose as a result of the disaster, as local businesses approached their year-end on 31 March 2011.

Finally, a special page on our intranet site provided information on the Japan relief effort and the ways our people could contribute, as well as our latest guidance on travel to Japan.

- ▶ **Hispanic Business:** Diversity Elite Top 60 for Hispanics, 2010; Best Companies for Diversity, US, 2011
- ▶ **Human Rights Campaign:** Best Place to Work for Lesbian, Gay, Bisexual and Transgender (LGBT) Equality, US, 2011
- ▶ **Working Mother:** Working Mother Hall of Fame: 100 Best Companies, US, 2011
- ▶ **Stonewall Top 100 Employers:** The Workplace Equality Index, UK, 2011
- ▶ **Equal Opportunity in the Workplace Agency:** 2011 Employer of Choice for Women, Australia, 2011
- ▶ **Women in Business Third Annual Leadership Awards:** Diversity and Inclusion Award, China, 2011
- ▶ **South African Department of Trade and Industry:** Recognized Ernst & Young for our ongoing commitment to the Broad-Based Black Economic Empowerment (B-BBEE) initiative.
- ▶ **Spanish Ministry of Health:** Ernst & Young is one of only 29 businesses to obtain the Corporate Equality Distinction, a public certification governing equal opportunities, 2011.
- ▶ **Ministry for Family, Youth and Sports and the Ministry of Social Policy, Ukraine:** Ranked Ernst & Young first among companies employing 101 - 1000 employees for gender equality and family-friendliness, 2011.

We also publish various studies promoting diversity and inclusiveness. Two recent examples:

- ▶ *Leading across borders: Inclusive thinking in an interconnected world*, for a copy of the report, visit [www.ey.com/Publication/vwLUAssets/Leading\\_across\\_borders:\\_inclusive\\_thinking\\_in\\_an\\_interconnected\\_world/\\$FILE/Leading\\_across\\_borders.pdf](http://www.ey.com/Publication/vwLUAssets/Leading_across_borders:_inclusive_thinking_in_an_interconnected_world/$FILE/Leading_across_borders.pdf).
- ▶ *Women of Africa: A powerful untapped force for the continent*, for a copy of the report, visit [www.ey.com/Publication/vwLUAssets/Women\\_of\\_Africa/\\$FILE/Women%20of%20Africa%20final.pdf](http://www.ey.com/Publication/vwLUAssets/Women_of_Africa/$FILE/Women%20of%20Africa%20final.pdf).

We are recognized for supporting inclusive leadership outside of Ernst & Young, with many efforts to advance underrepresented groups. In 2011, Ernst & Young US and our internal network of lesbian, gay, bisexual and transgender (LGBT) professionals were honored with the Trevor 2020 award for our commitment to creating an inclusive environment.

In 2011, Ernst & Young hosted a CEO Champions program at the Women's Forum for Economy and Society in Deauville, France. This program focused on developing shared commitments to women's advancement among CEOs of global companies. We also work with Catalyst, the leading non-profit membership organization working globally with businesses to build inclusive workplaces and expand opportunities for women in business. Our Chairman and CEO, James S. Turley, has served on Catalyst's board for several years and is the current Chairman. He has also signed the Women's Empowerment Principles, which were developed by

UN Women and the UNGC.

We also participate in the US State Department's Pathways to Prosperity Program and the La Pietra Breakthrough Initiative Coalition. In addition, Beth Brooke, our Global Vice Chair – Public Policy, has previously been a US delegate to the United Nations Commission on the Status of Women and was recently appointed to US Secretary of State Hillary Clinton's International Women's Business Leadership Council.

## Development and empowerment

Our commitment to developing people helps build an engaging and positive workplace that is stimulating and rewarding. This way, we can build the skills and knowledge we need to develop and retain the talented people who will drive our future success.

Empowering people is also about giving them the knowledge and skills they need for a rewarding and stimulating career. How we do this centers around Ernst & Young and You (EYU), our global learning and development framework. No matter where our people may be based, they have access to formal learning via EYU in a format that suits them – videos, webcasts, classroom lectures, case studies or simulations.

In our financial year 2011:

- ▶ There are approximately 15,500 courses available on technical and non-technical topics.
- ▶ Ernst & Young professionals attended approximately 1.55 million courses (955,000 classroom and 600,000 web-based courses), consisting of approximately 8.3 million learning hours.

We encourage all of our people, using EYU and working with their counselors, to identify the experiences that will help them grow, such as international assignments. While formal reviews of performance are undertaken annually, we also encourage timely and relevant coaching and feedback throughout the year.

As part of our commitment to developing our people, we have a number of milestone events that mark key points in our people's careers. In 2011, our New Manager and Assistant Director Program in the Netherlands was our biggest milestone event to date in EMEA, with more than 2,000 newly promoted managers and assistant directors in attendance. The four-day program included workshops on management and client relationships, as well as networking opportunities.

We also piloted Global NextGen, our partner pipeline program. The goal of the two-year program is to help future partners develop strong market leadership skills, a global mindset, wider networks and a broad understanding of our business.

Our 2011 *Global People Survey* results tell us that 76% of our people have access to meaningful experiences that help them to grow and develop. We also know that 78% believe Ernst & Young provides them with opportunities to build the skills they need to be successful in their current role.

# Environment

*UNGC Principles: Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.*

Awareness of climate change has moved steadily from research and academia to government and policy circles and now to the boardroom. Business leaders around the world understand that they face the responsibility of measuring and reducing their organizations' carbon footprints, energy use and material waste. Whether driven by increased government restrictions, market-based incentives or customer demands, no business can afford to stay on the sidelines.

As a leading professional services organization, we have a responsibility to consider changes in corporate reporting that properly reflect environmental, social and other impacts. As part of this effort, we are a member of the International Integrated Reporting Committee, which works to create a globally accepted integrated reporting framework that brings together financial, environmental, social and governance information in a clear, concise, consistent and comparable format.

At Ernst & Young, we believe we have a responsibility to our people, the companies we serve and our communities to reduce our impact on the environment. We are implementing measurable actions across all of our practices to reduce our waste, increase energy efficiency in our offices, reduce the impact of business travel and work in our communities to promote responsible treatment of the environment.

Additionally, our Climate Change and Sustainability Services (CCaSS) practice helps guide our clients through significant challenges related to climate change, whether it's by transforming business processes, changing purchasing patterns, recognizing incentives for greater responsibility or responding to policy risk. Through our involvement in the World Business Council for Sustainable Development (WBCSD) and the Global Reporting Initiative (GRI), we are actively engaged in the climate change debate.

For more information on our CCaSS practice, including the range of services we provide to clients to address environmental challenges, and various Ernst & Young thought leadership on today's environmental challenges and their impact on business, visit [www.ey.com/GL/en/Services/Specialty-Services/Climate-Change-and-Sustainability-Services-Overview](http://www.ey.com/GL/en/Services/Specialty-Services/Climate-Change-and-Sustainability-Services/Climate-Change-and-Sustainability-Services-Overview).

## A global commitment to make our operations greener

Our Operations Executive Committee (OEC) – led by our Area CFOs and COOs – has committed to driving five global environmental initiatives:

1. Measuring our own carbon footprint by collecting and analyzing data on business travel and energy consumption in our offices
2. Setting operational goals and key performance indicators that measurably reduce our environmental footprint and promote sustainable business practices
3. Putting in place an environmentally responsible travel policy
4. Establishing guidelines for waste management
5. Making our meetings more environmentally friendly

## Efforts around the world to reduce our carbon footprint

Ernst & Young practices across the world have taken various steps to make us more environmentally friendly. Here are a few examples:

- ▶ The Real Estate & Facilities Management functions of our UK offices have been certified to the ISO 14001 environmental management standard. This achievement demonstrates an independently verified process in place for controlling and improving our environmental performance.
- ▶ Our practices conducted an office-wide survey to understand current practices and perform a gap analysis to reduce our carbon footprint.
- ▶ In Germany, Spain, CIS, the Netherlands and Sweden, we publish sustainability reports linked to GRI standards.
- ▶ In Belgium and the Netherlands, we introduced electric cars to our fleet of business cars.
- ▶ Our UK operations have been awarded the internationally recognized Carbon Trust Standard (CTS) after taking action on climate change by measuring, managing and reducing our carbon emissions.
- ▶ Our practices in Asia and Europe host an Environment Week to build internal and external environmental awareness.

## Global procurement policy

In 2011, Ernst & Young introduced a global procurement policy. In addition to requirements for compliance with the rules of doing business in a responsible way and ensuring our independence when dealing with suppliers, our procurement policy requires that we evaluate the environmental impacts of our procurement decisions and encourage suppliers to support our environmental initiatives.

Our procurement policy provides a supplier code of conduct for our suppliers that also applies to the suppliers of our suppliers, including:

- ▶ Obligatory compliance with legislative requirements
- ▶ Environmental risk management, including policy recommendations for minimizing resource and energy consumption, reducing waste production and implementing eco-friendlier technology
- ▶ Compliance with human rights, particularly compliance with employee rights, ensuring a friendly working environment and zero tolerance to the exploitation of child workers and representatives of vulnerable groups
- ▶ Equal opportunities policy, particularly non-discrimination of employees or counterparties for any reason and equal treatment of suppliers based on transparent selection criteria
- ▶ Occupational health and safety
- ▶ Highest ethical standards and zero tolerance to any types of corruption, extortion, bribery or embezzlement
- ▶ Contractors' control of compliance with the provision of the code

The code also recommends that our suppliers increase their cooperation with local communities in order to promote these communities' social and economic development.

- ▶ In India, as part of our commitment to the environment and in partnership with NGOs, we planted a total of 100,000 trees in the states of Uttarakhand and Tamil Nadu.

Efforts to reduce our carbon footprint start in our offices. Nearly all of our carbon output comes from two sources: energy consumption and business travel. Across our practices, we have taken various activities to promote recycling and reduce waste. Here are a few examples of actions we're taking:

- ▶ Investing in high-definition videoconferencing capabilities to reduce business travel.
- ▶ Promoting more aggressive use of alternative workspaces, reducing the need for occupied office space and taking steps to make our remaining workspace more environmentally responsible.
- ▶ Implementing more energy-efficient cooling and heating systems.
- ▶ Providing our people with financial incentives to encourage carpooling, rail travel and bicycle usage.
- ▶ Replacing bottled water at events with water pitchers or moving from branded bottled water to locally sourced mineral water in reusable bottles.
- ▶ Replacing disposable cups with ceramic mugs.
- ▶ Expanding the number of locations with recycling bins and introducing battery recycling schemes.

We believe that lasting change comes when we adjust our daily habits to be more environmentally responsible and engage in the community to make the world a greener place.

- ▶ In the US and UK, more than 1,000 employees participate as environment champions, getting involved in community education efforts about the environment and leading sustainability initiatives in our offices.
- ▶ In Germany, our professionals work together with a local NGO to build environmental awareness in schools across the country.

## An office in the forest?

Since 2009, Ernst & Young has collaborated with the Earthwatch Institute on our Global Ambassadors Expeditions, sending our people to collect data for scientific research on climate change and provide skills-based volunteering to local entrepreneurs. Their projects help organizations develop economically and environmentally sustainable practices and help our communities reduce their impact on the environment. In 2011, our volunteers went to Brazil, Costa Rica and India.

### Brazil

The expedition to the Atlantic Forest in Brazil enabled 10 volunteers to work alongside scientists to record and measure a variety of tree species, weigh stingless beehives and identify leaf samples. The data will be used to make recommendations on how to best manage these forests in a changing climate. Additionally, the volunteers worked closely with a native bee breeders association, which comprises 22 member families who sell their honey throughout the region. Beekeeping has emerged as an important source of income for the members, and the volunteers provided recommendations to the association about how to expand its business in the short and long term by making suggestions on cash flow, organizational structure and sales and marketing.

Melanie Steiner, who led the Ernst & Young team for the 2011 Brazil expedition, said, "The Earthwatch program was a great experience for my team. It allows young leaders in our firm to get a more tangible sense of how to approach problem solving for environmental sustainability issues."

### Costa Rica

In Costa Rica, 10 volunteers continued to build on the work of past Ernst & Young teams, working with

Coope Tarrazú, a coffee-farming cooperative with 2,600 members. Participants collected data to determine how many pollinators (bees, wasps, etc.) were present in and around the forested areas on coffee plantations to help determine how their presence may bolster coffee crop yields. Volunteers also assisted the cooperative with its overall Social Responsibility plan, including reporting processes, community engagement initiatives and a carbon footprint assessment.

"It was great to learn from the CFO of Coope Tarrazú that they'd taken our recommendations on pricing strategies from last year's expedition and that it had positively affected their bottom line. It motivated the team by showing that our work was truly valued," said Matthew Hammer, participant in the 2010 and leader of the 2011 Costa Rica expedition.

### India

Sixteen volunteers traveled to the Earthwatch Climate Center in India to assess the effects of climate change on the Western Ghats forests. Participants collected data on the forests and learned about the local ecosystems and agriculture. The participants worked closely with two local organizations using their professional skills to help address the business challenges affected by climate change on the forest: Totgars' Co-Operative Sales Society, a farmer's cooperative, and Sahadri Parisara Vardhini, a grassroots NGO involved in promoting environmentally friendly energy devices, such as fuel-efficient woodstoves.

"People in our industry often take their business skills for granted and often don't realize that they can use them to help communities and social enterprises. Volunteering projects like this one help show just how much our people can contribute and what a difference their enthusiasm and experience can make," said Melissa Blackford, participant on the 2011 India expedition.

## Reducing our footprint – a spotlight on the Americas

We devised a strategy that looked at both where we were leasing office space and how we could build out our interiors to make them more energy and water efficient, as well as healthier places to work. Today, one-third of our US office space portfolio is LEED (Leadership in Energy and Environmental Design) certified, and we have an ambitious goal of 50% by the end of 2012.

In the Americas, when moving into new spaces, we ensure that the interiors are fitted with efficient lighting, such as occupancy sensors and daylight responsiveness controls and low-flow plumbing fixtures. And some of our existing offices are being retrofitted with LED lighting to reduce energy consumption.

To reduce our footprint, the total amount of office space has been reduced by more than 10% per person from 2008

to 2011. This has been achieved through desk sharing and alternative workspace programs, including allowing employees to work from home.

In addition:

- ▶ In the New York (US headquarters) office, we have begun retrofitting 15,000 lighting fixtures to increase energy efficiency, purchased renewable energy credits (RECs) for 100% green energy and earned Green Restaurant® certification in our café.
- ▶ In the US, we reduced paper purchases by 107 million sheets in two years and expanded recycling. Today, more than 70% of our offices recycle: cans, bottles, plastic, non-confidential paper, cardboard and toner cartridges.
- ▶ In the Toronto office, we implemented a “zero waste” pilot program, diverting 80% of trash from landfill.
- ▶ In South America, we have eliminated disposable cups in several offices and expanded involvement in recycling efforts and environment-oriented community engagement.
- ▶ In Mexico and Central America, we’ve switched to double-sided printing as the default setting for all printers and engaged employees in a reforestation project near Mexico City.

# Anti-corruption

*UNGC Principle: Businesses should work against all forms of corruption, including extortion and bribery.*

Our global approach strengthens our ability to establish and execute on global policies and practices that raise the bar for service quality. Our range of global tools and processes supports our people in evaluating, accepting and serving the right clients with the right services. These tools include GTAC, our Global Tool for Client Acceptance and Continuance, and SORT, our Service Offering Reference Tool, which allows people to assess quickly which services can be delivered to our audit and non-audit clients.

Our *Global Code of Conduct* provides a clear set of standards that guide our member firms' actions and business conduct. Member firms comply with applicable laws and regulations, and our values underpin our commitment to do the right thing. This important commitment is supported by Ernst & Young policies and procedures covering anti-bribery, insider trading, data privacy and document retention.

Across the world, our member firms are complying with the requirement of the EU 8th Directive that statutory auditors of EU public-interest entities publish an annual transparency report. As strong advocates of transparency, we have extended this by publishing a global report that provides an overview of our global governance and quality standards.

As a responsible employer, we encourage our people to apply their workplace skills to create positive change in communities close to home and around the world. And as a global business leader, we join with organizations like the World Economic Forum and Transparency International to help find ways to address the social and economic challenges of our time.

Additionally, our Fraud Investigation & Dispute Services professionals work with clients to investigate alleged misconduct, fraud and non-compliance with regulations, such as the UK Bribery Act and the US Foreign Corrupt Practices Act. Our professionals develop strategies to pre-empt, manage and resolve the risks of business conflict that can emerge across organizations.

## **Raising awareness to fight corruption**

Ernst & Young is a signatory to the World Economic Forum Partnering Against Corruption Initiative (PACI).

PACI's mission is to develop multi-industry principles and practices that will result in a competitive and level playing field based on integrity, fairness and ethical conduct. It is a platform for companies to commit themselves to develop, implement and monitor their anti-corruption program through peer network meetings and provision of private sector-driven support tools.

Ernst & Young is one of approximately 170 companies that have committed to strengthening efforts to counter corruption and bribery through PACI. These companies have signed a statement supporting the PACI Principles for Countering Bribery. These principles call for a commitment to two fundamental actions: a zero-tolerance policy toward bribery and the development of a practical and effective implementation program. For more information, please visit [www.weforum.org/paci](http://www.weforum.org/paci).

Another example of Ernst & Young's commitment to anti-corruption is our ongoing relationship with Transparency International. Since 2006, Ernst & Young has been a sponsor of some of Transparency International's most widely distributed studies, including the *Corruption Perceptions Index*, the *Bribe Payers Index* and the *Global Corruption Barometer*. For more information, visit [www.transparency.org/](http://www.transparency.org/).



# The journey ahead

We see responsible and sustainable business as part of everything we do. Our efforts to promote transparency, entrepreneurship, access to education and environmental sustainability allow us to make a real difference for our communities.

Across the world, we have a network of community leaders who manage our efforts at the local level. We also have a global corporate sustainability leader who is responsible for the overall execution of the global corporate responsibility strategy.

This second communication on progress highlights our longstanding commitment to the UNGC principles. In our next Communication on Progress, we will aim to focus on specific achievements and progress that build on the themes outlined in this report. For more information on any of the content in this report, please contact Nicky Major, Ernst & Young Global Corporate Sustainability Leader, at [nmajor@uk.ey.com](mailto:nmajor@uk.ey.com).

To learn more about our efforts in communities across the world, visit [www.ey.com/GL/CR](http://www.ey.com/GL/CR).

## Looking ahead in 2012

Every year we aim to strengthen our commitment to communities. Here's a brief snapshot of some of our plans for 2012.

### Women Leaders for Africa Academy

Ernst & Young and the African Leadership Academy have partnered to host a series of workshops in 2012 targeted at teenage girls to develop Africa's next generation of female leaders. The workshops are designed to encourage budding entrepreneurs to recognize their ability to change the world and the need for continual self-improvement. The curriculum develops connections between participants and promotes confidence and self-awareness.

### Smart Futures

Smart Futures, a pilot program launching in Summer 2012 in London, is a social mobility program targeting 16- and 17-year-olds from disadvantaged backgrounds with the academic potential to succeed in professional services. It will provide in-depth insight into careers at Ernst & Young and is designed to provide a realistic stepping stone toward employment.

### Accelerate

Accelerate will initially run as a series of 14 workshops in London over five months beginning in February 2012 to encourage the start up and growth of small and medium enterprises. The free workshops, led by Ernst & Young leaders, will be aimed at individuals with different levels of business experience and will discuss issues from planning and forecasting, to scaling-up a business, sales effectiveness and taxation. More than 300 places will be available, and participants will be identified through a number of not-for-profit organizations, including The Prince's Trust, UnLtd, Bright Ideas Trust, Social Business Trust and Teach First.

### Ernst & Young Entrepreneur Of the Year Alumni Fund

In the US, Ernst & Young will provide NFTE students with college scholarships through the Ernst & Young Entrepreneur Of the Year Alumni Fund. The fund will also support NFTE's adopt-a-class initiative, in which Ernst & Young professionals volunteer as coaches and mentors to students.

### College MAP

In 2012, we will be expanding our US program, College MAP from 330 scholars in 11 cities to 840 scholars in 14 cities. Working with high schools and College For Every Student (CFES), a not-for-profit committed to raising the academic aspirations and performance of underserved youth, we identify students who might not apply for college and support them in both the application process and in building the skills that will help them complete their four-year degree.

### Dutch Sustainable Growth Coalition

A group of Dutch multinationals, chaired by Ernst & Young's Netherlands practice, has launched the Dutch Sustainable Growth Coalition (DSGC) to jointly drive and promote sustainable growth business models. The group, which consists of Akzo Nobel, DSM, FrieslandCampina, Heineken, KLM, Philips, Shell and Unilever, is supported by the Dutch Employers Federation VNO-NCW and facilitated by Ernst & Young. The DSGC was announced in January 2012 at the World Economic Forum in Davos by Jan Peter Balkenende, chair of the DSGC, partner at Ernst & Young and a former Prime Minister of the Netherlands.

**About Ernst & Young**

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 152,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

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