

UNITED NATIONS GLOBAL COMPACT

Communication on Progress

July 20, 2012



STATEMENT FROM THE CEO

COMMITMENT TO THE UNITED NATIONS GLOBAL COMPACT

SUPPORT FOR THE GLOBAL COMPACT TEN PRINCIPLES

Waggener Edstrom Worldwide (WE) reaffirms its support of the company's participation in the United Nations Global Compact (UNGC) initiative and the company's commitment to responsible, sustainable business practices; contributing economically and socially to society while helping conserve natural resources and positively contributing to the quality of life of our employees and citizens in the communities in which we operate and beyond.

Since WE issued its first Communication On Progress (COP) last year, the company has continued to show support and make progress on its commitments to key initiatives, including educating employees on human-rights issues in the workplace and encouraging and supporting the positive impact of our professionals through our volunteer and pro-bono programs.

The company's core values — collaboration, curiosity, innovation, integrity, passion and respect — are woven into everything the company does and align with the UNGC principles. Within our influence, we remain committed to adhering to and advancing the Global Compact Ten Principles with respect to human rights, labor, environment and anti-corruption, for the long term.

WE's second COP report builds on the content of the company's previous COP to UNGC. It summarizes initiatives and outcomes of existing and new efforts that support the UNGC principles.



Melissa Waggener Zorkin
CEO, President and Founder
Waggener Edstrom Worldwide Inc.

HUMAN RIGHTS

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.

Since WE is a professional services company with a highly skilled workforce, human rights take the form of nondiscrimination personnel practices that promote equal opportunities and diversity, and a harassment-free workplace environment. WE remains committed to creating and maintaining a safe, clean and healthy work environment, providing professional development opportunities to improve employability and rewarding employment benefits to full-time and part-time staff to support health, wellness and quality of life for employees' lives. WE believes in playing an active and positive role in supporting a successful and sustainable society through education.

Each year WE protects and supports human rights through financial contributions, employee engagement and volunteering, community relations, and pro-bono services geared toward a variety of causes, in particular economic development and education with the goal of helping develop and sustain communities. In 2011, WE donated \$1.2 million to the community, an increase of \$100,000 over WE's 2010 contributions. Sixty eight percent of employees recorded volunteer time using their paid 16-hour volunteer benefit, dedicating a total of 6,375 hours to volunteerism to support more than 200 nonprofit organizations in the community. In May 2012, WE made a pledge to A [Billion+ Change](#) campaign to further underscore the company's commitment to providing pro-bono services to communities.

In 2011–2012, the company became a sponsor for two new public-private partnerships with NetHope and Mercy Corps. They reflect the company's belief in and commitment to increasing the opportunities for underserved populations to succeed economically and to promote human rights.

In January 2012, WE extended its partnership with Mercy Corps, an international nonprofit organization, to carry out a three-year program called [ACT for Impact](#), designed to provide Mercy Corps staff with the tools, technical support and necessary skills to design and fine-tune development projects that reflect gender needs, ultimately improving the organization's work and long-term impact.

In September 2011, WE announced an initiative with [NetHope](#) and its member organizations called [Scaling the Development of Young IT Professionals](#). WE's 2011 commitment to action expands the successful [NetHope Academy](#) to train 1,000 Information Technology (IT) interns in Latin America and Africa during the next three years. NetHope and its partners will identify and screen promising college graduates or near-graduates, giving preference to underserved populations including women and natives of rural communities. NetHope Academy will facilitate IT vocational courses and coordinate in-country six-month internships focused on desktop support, network administration, cloud services and telecommunications.

A three-year economic empowerment program with Mercy Corps announced in 2011 called [Empowering Ethiopian Women and Girls for Peaceful Change](#) has resulted in positive impacts in two local Ethiopian communities during the past 12 months:

- One-hundred and forty female secondary students were awarded scholarships and received the education required to take exams that provided 60 percent of them with the opportunity to attend vocational college.
- Stemming from the scholarship program, Mercy Corps designed an adult literacy campaign in the village to help illiterate mothers learn to read while the school was closed for holidays. More than 100 enrolled mothers have started to write Amharic letters and numbers.
- More than 80 girls enrolled at the Arba Minch Technical and Vocational School, Ethiopia, in training programs in a variety of skill areas from computer applications to training in hair styling at the same college.

As a means of monitoring and evaluating the company's performance in the area of human rights within the workplace, WE tracks employee satisfaction, rates of injury and absenteeism, and the number of work-related injuries and fatalities. The company has not registered any fatalities or injuries in the company's 29 years of business. In addition, the company tracks donations (monetary and time-based) to charitable organizations, tracks progress on long-term initiatives that the company co-sponsors with nonprofit organizations and commits to donating 1 percent of its total fee revenue to the community each year.

LABOR

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 LABOUR;

PRINCIPLE 5

THE EFFECTIVE ABOLITION OF CHILD LABOR; AND

PRINCIPLE 6

THE ELIMINATION OF DISCRIMINATION IN RESPECT TO EMPLOYMENT AND OCCUPATION.

At WE, we believe in the importance of working and living according to strong ethical values. Integrity and respect are values on which WE is based and the company's reputation is built. WE prohibits harassment and discrimination based on race, color, religion, age, gender, national origin, disability, sexual orientation, marital status or any other basis protected by law. All WE employees are employed of their own free will; contracts state the terms and conditions pertaining to

employment and provide for the parties' rights to terminate the employment relationship (general procedures associated with departures are posted on the corporate intranet site). Child labor and forced and compulsory labor issues are not material risks to our business and both are unacceptable to the company. WE has not identified any risks for incidents of child labor. WE supports the right of employees to exercise freedom of association and collective bargaining in adherence with local laws. WE employees in Paris are subject to a collective bargaining agreement, under the country's national collective governing body (La Fédération SYNTEC), which applies to all employees of engineering, IT and consulting firms. WE's business expansion strategy and process involves assessing local and national laws and norms to ensure compliance to, adherence to and support of local cultures and labor laws.

Attracting and retaining a diverse and engaging global workplace is critical to our business. We commit to creating a diverse workplace where differing perspectives, experiences, lifestyles and cultures are embraced and respected, the differences among individuals are valued, and diversity within our workforce is welcomed. We support and obey laws that prohibit discrimination everywhere we do business and are committed to ensuring opportunities for all employees to develop their abilities and contribute to WE's success. WE has an equal opportunity hiring and recruiting policy to support the company's commitment to attracting and retaining a diverse community of employees. WE tracks voluntarily disclosed gender and ethnic diversity among its employees. The company does not — and legally it cannot — require its employees to disclose their ethnicity, and the nondisclosed missing data is estimated by the hiring human resources partner as is required by [U.S. Equal Employment Opportunity Commission](#) reporting guidelines. Currently, 84 percent of WE's diversity data is self-reported, and the remaining 16 percent is estimated.

WE measures the outcomes of initiatives associated with labor rights by setting goals and measuring initiatives' success against the goals for mandatory employee training about policies and procedures concerning labor rights and tracking gender metrics. In 2011, 75 percent of U.S. managers (308 employees, or 46 percent of the total employee population) completed a collective 816 hours of workplace harassment training (two hours per employee).

In 2011, WE's global employee population was made up as follows:

- 71.7 percent women | 28.3 percent men
- 7.9 percent nonwhite | 78.3 percent white

ENVIRONMENT

PRINCIPLE 7

BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES;

PRINCIPLE 8

UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY; AND

PRINCIPLE 9

ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES.

WE remains committed to integrating sustainable business practices into the company's operations, contributing economically and socially to society while respecting and helping conserve natural resources and being accountable for our actions. Since 2008, WE has measured its annual carbon footprint with the goal of identifying material aspects of its business and ways to continually reduce or minimize its impact on the environment and increase cost efficiencies.

In 2011, WE achieved a 9 percent reduction in its greenhouse gas (GHG) emissions from its 2008 baseline. Total GHG emissions were 3,868 metric tons of CO₂ equivalents in 2011, which equates to an average of 4.8 metric tons per employee (versus 4.9 metric tons per employee in 2010). Nearly all areas of WE's global facilities saw a decrease in carbon emissions, particularly in the areas of employee commuting, energy use, paper consumption and waste, which have steadily declined since 2008. The only area of increased emissions has been business travel, which increased 10 percent from 2010. As the economy showed positive signs of recovery, so did our business, which resulted in higher travel compared with 2010. Increasing revenue goals while decreasing emissions continues to be a challenge for WE, in light of the heavy reliance on travel to deliver services. This is an area that WE continues to monitor and seek cost-effective, sustainable and alternate solutions that would have a substantial impact on its environmental record while supporting the company's growth strategy.

WE continues to reduce its environmental footprint by refining its procurement practices, investing in technology and encouraging behavioral changes among employees that translate into actual reductions in carbon emissions. The company is committed to making continued investments in communications and remote access technology, which is available to all full-time employees to avoid unnecessary travel, and to stabilize and ultimately reduce the most material areas of the company's environmental impact, namely travel and employee commuting.

WE's environmental policy is accessible to employees from the corporate intranet. The policy applies to all employees and operations of WE, including wholly owned subsidiaries for which we have financial control. All employees are requested to understand their responsibilities for environmental compliance and management and comply with the intent of this policy and the environmental laws and regulations relevant to their positions. In 2012, WE will develop general sustainability operating standards for its facilities aimed at reducing its environmental impact as much as possible, recognizing that it will be limited to some extent by landlord reporting requirements.

WE conducts a carbon footprint assessment for each calendar year. Since 2008, WE has been focused on reducing its carbon footprint from its baseline year over year. WE's challenge moving forward is to set intentional goals that map to long-term milestones. In 2011 and 2012, WE has carried out several planned initiatives to support these goals (e.g., WE issued a revised work-from-home policy to maximize remote workplace productivity, invested in a tracking mechanism to more accurately track employees' work-from-home patterns and is making concerted efforts in three offices in the area of energy management in 2012).

ANTI-CORRUPTION

PRINCIPLE 10

BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY.

Integrity is a corporate value that drives decisions, shapes the services that the company provides and the quality of the work, and shapes the relationships that we hold. This is particularly important as a professional services company where our employees have an active role in facilitating discussions and disseminating information between a wide variety of stakeholders on behalf of clients, including but not limited to media, bloggers, customers and nongovernmental organizations.

WE is committed to working against corruption in all its forms, including bribery and extortion, and is committed to being in compliance with all relevant laws in the countries where it operates. WE leadership and employees are committed to acting with integrity in their dealings with clients and stakeholders, as well as being transparent, truthful and substantiated in the agency's communications, while honoring the confidential agreements between and proprietary rights of the company and third-party clients and vendors.

As part of WE's newly published employee handbook (2012), WE outlines its guidelines to avoid insider trading to protect the agency and employees from the serious penalties that can result from violations of U.S. federal securities laws. Each employee is advised of his or her responsibility for ensuring that he or she does not violate federal or state securities laws or the agency's policies and for the compliance of employees' immediate family and personal household members, including any account over which employees have investment direction or discretion.

In spring 2012, in line with the company's commitment to developing a comprehensive code of conduct policy, WE published a series of six online, geography-specific employee handbooks on its corporate intranet, accessible to all employees worldwide. The living document outlines a comprehensive and clear set of standards and policies to guide behaviors, actions and business conduct. They include information relevant to a code of conduct, including electronic use and social media policies, insider trading guidelines, and employee conduct expectations. WE will publish a code of conduct policy in 2013.

Since the last COP, there have not been any recorded incidents of corruption involving WE employees, clients or stakeholder relationships; therefore no actions were necessary. The company continues to pride itself on a clean record. WE is equipped to respond if corruption, including extortion and bribery, occurs. The company has a disciplinary procedure in place should such a situation arise. Information about the handling and process of dealing with anti-corruption matters are addressed in the employee handbook and would be managed under the guidance of human resource business partners, who are assigned to each business group.

ABOUT THIS REPORT

The COP 2011–2012 provides brief highlights of actions that WE is taking on a global basis to address UNGC principles on human rights, labor, the environment and anti-corruption. For more details on our efforts in countries around the world and additional actions demonstrating how we act on the UNGC principles, please visit <http://waggeneredstrom.com>.

WE will publish its fourth Corporate Citizenship Report in August 2012. WE uses the Global Reporting Initiative (GRI) guidelines as a basis for its report. Based on GRI's Sustainability Reporting Guidelines, the company self-declared the 2010 report to be GRI application level B+.

This report will be published on the Global Compact website and the WE website, <http://waggeneredstrom.com>. The report highlights relevant initiatives and progress between Jan. 1, 2011, and July 2012.

ABOUT WAGGENER EDSTROM WORLDWIDE

Waggener Edstrom Worldwide (WE) is a global, integrated communications agency. For more than 25 years the independently owned firm has developed strategic communications programs for innovative and world-changing clients, working to influence markets, inspire people and improve lives. This year, the agency was named Best Large Agency to Work For by The Holmes Report. In 2011, the agency was named Digital PR Firm of the Year by PR News, was listed in PR News' Top Places to Work in PR and received Bulldog Reporter's Stars of PR Awards' Communications Agency of the Year. In 2010, The Holmes Report named WE the Technology Agency of the Decade. The agency has more than 800 employees in 18 offices around the world, and its Global Alliance partners expand the agency's reach to more than 80 additional international markets. WE has seven global practices: Analyst Relations, Consumer, Corporate, Healthcare, Public Affairs, Technology and WE Social Innovation, along with its WE Studio D[®] digital strategies group. To learn more, visit <http://www.WaggenerEdstrom.com>.

Copyright © 2012 Waggener Edstrom Worldwide Inc. All Rights Reserved.