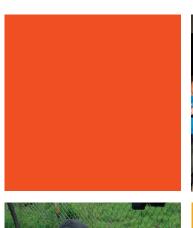
UNITED NATIONS GLOBAL COMPACT



COMMUNICATION ON PROGRESS

AUGUST 2012





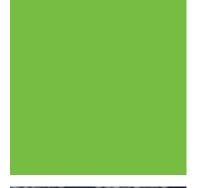




















Company name: APCO Worldwide

Address: 700 12th Street, N.W., Suite 800

Washington, D.C. 20005

Country: United States of America Permanent employees at 12/31/11: 603 Sector: Professional services/consulting Website: www.apcoworldwide.com

UNGC membership: June 1, 2010-May 31, 2012

Contact name: Judit Arenas

Position: Director, Office of the CEO Contact telephone: +1.202.778.1000

STATEMENT BY THE CEO

I am pleased to submit APCO Worldwide's second annual report to the UN Global Compact. In the pages that follow we have provided a summary of our work—with our clients and in our own operations—to meet our commitment to the Global Compact and its principles.

This past year has been one of significant global challenges. Markets around the world continued to push through the slow economic recovery, while others fell deeper into recession. We saw thousands of people take to the streets in what has become known as the Arab Spring. The world watched, listened and supported people across Libya, Tunisia and Egypt striving and fighting for fundamental human rights.

Later we witnessed the Occupy movement command global attention. It showed us the depth of cynicism about both public and private institutions—highlighting why confidence and trust in elected officials and business leaders are at an all-time low. While the specific demands varied, the common ground was clear—the desire to be treated fairly, to have a seat at the table, for their voices to be heard in order to have a better life.

In this environment we believe it is more important than ever that APCO's policies, practices, actions and decisions, as well as those of our clients, promote the goals of the Global Compact.

This past year I am particularly proud of the work we did in terms of:

- Internal alignment: As we worked to promote the values of the principles, we took steps to review and refresh our own core values. Through a series of employee dialogues, new programs and practices we are working to ensure that our values are understood and serve as a useful guide for all of our employees.
- Corporate counsel: We worked with numerous global companies on their sustainability efforts—providing counsel on social, environmental and governance practices as well as their outreach and communication.
- Pro-bono support: We continued and expanded our pro-bono support with organizations where we believe we can have the most impact. An example of this is the Clinton Global Initiative, where we significantly increased our pro-bono commitment in 2011. In 2012, we were also proud to join A Billion + Change, a national campaign to mobilize billions of dollars of pro-bono and skills-based services to address core issues communities face in the United States and around the world.

You will read more about each of these areas in this report. You also will find our reporting on areas where we fell short. For example, we did not make as much progress as we had hoped on our own environmental operations.

We will continue our work in all areas not only to meet our commitment as a member of the Global Compact but because—as we tell our clients—it's smart business and it's the right thing to do. On behalf of my colleagues, we are proud that APCO is a member of the Global Compact and we welcome your feedback on this report.



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In this environment, we believe it is more important than ever that APCO's policies, practices, actions and decisions, as well as those of our clients, promote the goals of the Global Compact.

Margung Krous

Margery Kraus Founder and CFO

COMMUNICATING OUR PROGRESS

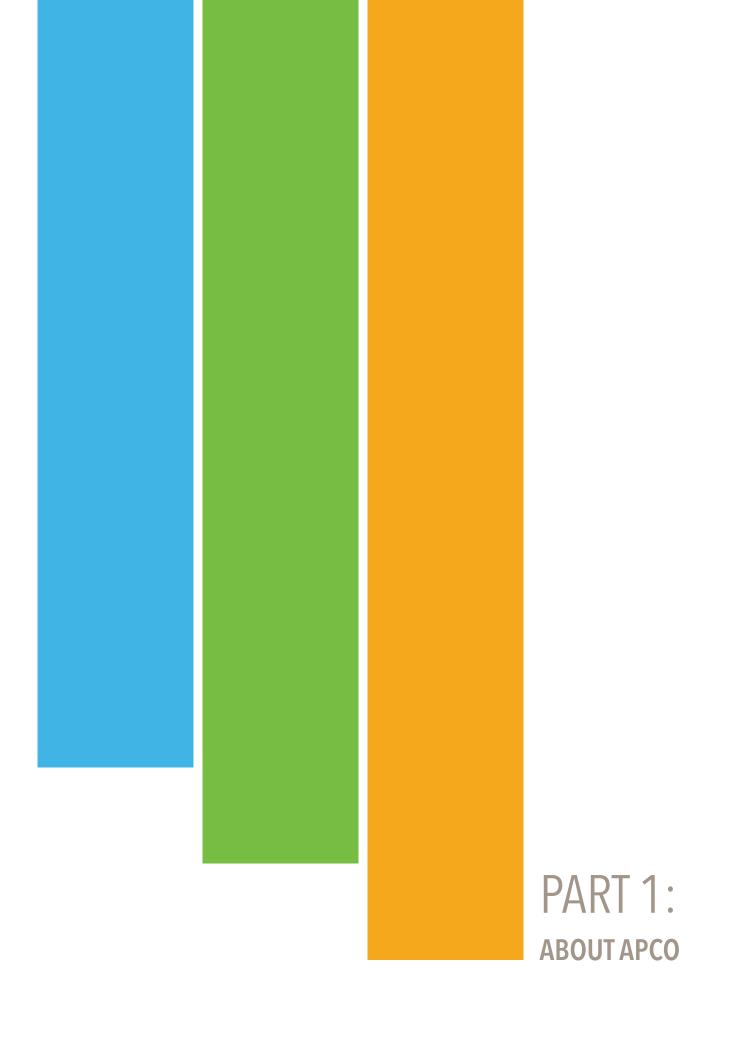
APCO Worldwide Inc. joined the United Nations Global Compact in June 2010. This report is our second Communication on Progress (COP). All data contained in this document relates to the calendar year January–December 2011. In addition, some initiatives mentioned refer to the first quarter of 2012.

This report is in two parts:

PART 1 provides a short overview about APCO including our 2011 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 Global Compact.

This 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, engagement and business strategy firms 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 women-owned business. We believe this designation 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 32 major business, government and media capitals around the world. Our 603 permanent employees (as of December 31, 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. This has caused us to develop a strong culture and an important sense of teamwork. As a result, we operate as one global firm around the world, without barriers to collaboration. We are solicitous of each other's opinions and respectful of each other's cultures.

This "one firm" business model allows us to invest in and bring together the best people for every opportunity and offer our 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 who we believe set the standard in their fields, taking best practices from market to market.

2011 was a solid year for APCO in terms of interesting and impactful projects, revenue and profitability, with global revenue of more than US\$120 million (pre-audit results), which represents an increase of 6.4 percent over revenue performance in 2010.

Since our first COP report we have accomplished the following:

- Opened our 31st and 32nd offices, in Abu Dhabi and Istanbul
- and Council for PR Firms "Best PR
- Won a number of other industry awards, including being recognized as "Large Firm of the Year" by PR of our awards)
- Acquired a majority stake in
- launched in 2012
- U.S. Secretary of State Condoleezza Rice, to assist businesses
- Launched a Health Advisory Board, a specialty group of the Council (IAC), providing clients former chief medical officers, public health leaders and former
- Witnessed our founder and CEO inducted into the Arthur W. Page Society's Hall of Fame, which is the highest honor in our industry and awarded to leaders in the field of public relations who exemplify the

VISION AND VALUES

In 2011, we held a task force to review how well the firm's vision and core values are understood and expressed by our employees around the world. Through various surveys and interviews, we reconfirmed that the firm's vision is well understood and remains a guiding statement for the business. In assessing how well understood the core values were, we learned that staff had varying degrees of familiarity with the actual value statements, but when employees were asked to indicate what they believed the firm's values were in their own words, the responses mirrored the core characteristics reflected in the firm's value statements, although expressed more succinctly.

Upon learning this information, we have taken steps to draw out the core values and ensure our programs, processes and practices are aligned to our vision and values and that there is a systematic way to reinforce our core values through an employee value proposition called the APCO Experience.

The APCO Experience allows us to communicate a consistent, value-driven proposition with employees and prospects highlighting what opportunities can be expected at various levels within the firm as someone grows their career, while also clearly communicating the behaviors expected of employees at all levels which are routed in the firm's core values.

OUR VISION

APCO is the trusted partner of choice—creating value by challenging convention and providing global service, culture by culture.

OUR VALUES

The firm's core values are below:

- Client focused exceeding expectations and anticipating what's next
- Integrated working together to advance the best ideas from everyone, everywhere
- Enterprising nurturing a spirit of initiative, creativity and the freedom to challenge convention
- Principled acting with integrity and high ethical standards

APCO OFFICES

AMERICAS

EUROPE

The APCO Experience is about defining an APCO way that connects our vision, values and programs and allows us to preserve our uniqueness. This initiative is about articulating the commitment between APCO and its employees, illustrating our opportunities and programs, demonstrating the various ways employees can grow, and capturing our one firm approach to all aspects of

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life at APCO.

Neal Cohen president and chief operating officer

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 employee shareholders; one board member is independent; two are investors in the company. Three of the five members are non-executive members and the chair of the board is also an executive officer of the company; 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 in person or via conference call. The results of these meetings are communicated to the entire corporation.

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 31 senior staff members from around the world and meets quarterly.

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 who are themselves committed to high standards of integrity and accountability. This objective is reflected in our new business and client service protocols.

AWARDS AND RECOGNITION

Large Firm of the Year

Best PR Firm Diversity Initiative

Hall of Fame Award

Global SABRE Award for Best Public Sector/Government Work

Public Affairs Agency of the Year

Southeast Asia Consultancy of the Year

30 Best Agencies to Work For

Bronze SABRE for Best Annual Report

Public Affairs Agency of the Decade

The Alexander Hamilton Medal for Lifetime Contributions to Professional Public Relations

Top 10 Places to Work in PR

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 to APCO's board of directors. The Responsible Business Committee comprises 15 members, including senior corporate staff, the board of directors, representatives from each of our regions and our corporate responsibility practice group.

Our new business acceptance policy includes a formal mechanism for reviewing all client 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 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 executive director, or president, from working on certain issues or with certain clients for personal or professional reasons.

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. We also conduct a biannual client satisfaction survey across the majority of our client base.

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 which recognize our strength as an employer including, most recently, being the second-ranked global agency in The Holmes Report's "Best Agencies to Work for" in 2011.

In 2011, we continued to expand our training and development platform to offer knowledge sharing webinars about services, key trends happening within a specific market, as well adding additional courses to our formal training program. We also regularly seek to include expert views from our International Advisory Council members in our senior management meetings.

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

The European Public Affairs **Consultancies Association (EPACA)** Code of Conduct

The Association of Professional Political Consultants (UK) Code of Conduct

Confederation of Indian Industry Code of Business Ethics

> De'ge'pol (Germany) Code of Conduct

We also conducted an employee survey, inviting all employees worldwide to participate. The survey used allowed us to assess several different indexes known for driving employee engagement:

- employee commitment
- benefits and compensation
- career development
- work environment
- rational commitment
- manager quality
- company environment
- innovation and risk taking
- communication
- employee retention

The survey also provided benchmarking information for each index. APCO's survey had a participation rate of 57 percent of employees.

Across indexes, the results revealed that APCO employees had higher levels of agreement and engagement than reflected in the benchmark companies. We identified two areas to focus upon over the course of 2011 and 2012:

- Improving the ways we communicate with employees to increase engagement
- Educating employees on the firm's compensation practices so high-performing employees understand their pay opportunity in relation to lower-performing employees to help increase retention of our strongest performers

Our range of opportunities 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. In response to our employee survey results, we have been working to streamline the amount of information sent to employees, ensuring the information sent is necessary, meaningful and directed to the right audience. We have also been focused on increasing the ways employees can express their ideas and engage in a dialogue about activities and challenges in the business. We designed an idea board allowing employees to engage in discussions and share ideas around business pursuits, client challenges, internal processes and new offers we should consider.
- 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.

MEMBERSHIPS

APCO is proud to be a member partner of the following

A Billion + Change

Business for Social Responsibility

Business in the Community

Clinton Global Initiative

International Business Leaders Forum

International Crisis Group

LAGRANT Foundation

Women Presidents' Organization

World Economic Forum Global **Growth Companies**

- 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 2011, new hires averaged approximately 60 hours of induction and training while existing employees averaged approximately 40 hours of training. We also designed a leadership development program to aid in increasing our management and leadership capacity within the firm.
- Mentoring: A robust mentoring program pairs new staff members with longer-tenure employees, as well as junior team members with senior staff to provide counsel and advice outside the traditional reporting systems. Participation in this program continues to increase each year. In 2011, we had 74 employees participating in the mentoring program (as mentee or mentor) representing more than 12 percent of our employee population.
- 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, provide professional development opportunities and encourage collaboration.
- Employee Feedback Mechanism: Every year all staff members are encouraged to participate in the annual Employee Engagement Survey, an 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 empowers 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 projects (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.

A selection of APCO's group volunteering and fundraising projects from around the world in 2011 included:

- In Washington, D.C., to mark 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.
- Across the United States, employees participate in 826, a nonprofit organization whose mission is to help inner city children, ages 6-18, with creative and expository writing skills. Members of staff from all U.S. offices volunteered hours to mentor children through 826.
- In London, our employees participated in Business in the Community's Give and Gain Day, the UK's largest business volunteering event, by helping to organize a community sports day for school children in the London Borough of Lambeth.
- Also in London, employees donated Christmas gifts and raised £500 for The Connection at St Martin-in-the-Fields, a charity offering care and support for homeless people in London, to supply a breakfast and two servings of Christmas lunch. Our London employees also raised money for Comic Relief through a range of activities during the week of "Red Nose Day."
- In Paris, APCO employees continued to work with the association Nos Quartiers ont des Talents (Our Neighborhoods have Talents) to coach young graduates from underprivileged neighborhoods in their job search. APCO volunteers met with their mentees on a regular basis to help them search for employment, provide feedback on their resumé and conduct rehearsals ahead of interviews. Active since 2009, APCO's partnership has supported around 20 graduates in their search for employment.
- In Mumbai, APCO participated in a CEO-led meeting of Business in the Community's Key Cities program, aimed at developing a multi-company employee volunteering initiative.
- In Beijing, members of APCO's team helped organize the Beijing Healthcare Forum, where guest speakers share their insights into important health issues. These well-attended sessions are free of charge and open to the public.
- In Brussels, APCO jointly organized a one-day workshop for around 70 young jobseekers from a disadvantaged area of the city, as part of a pioneering multi-company corporate volunteering project called "Discover Your Talent." Around 30 Brussels employees helped run workshops sharing knowledge with the young people on key skills needed to maximize their employability. The project has already won an Innovation Award from Business & Society Belgium, and was short-listed for a European volunteering award.
- Also in Brussels, staff organized the fourth annual UNICEF Quiz for Children in November 2011. Seventy teams representing the European Union institutions, journalists, companies, law firms and consultancies

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.

- competed. Several thousand euros were raised and donated to UNICEF's "Education in Emergencies" campaign.
- In addition, five APCO employees completed the annual Brussels 20km run as members of a larger "Team Giraffe" which raises funds to support a school in Nairobi. The school is currently housed in a primary school in the slums with more than 70 students and a growing reputation. Our employees raised almost €1,000 as part of Team Giraffe, which overall raised more than €37,000 in the 2011 run.

Corporate Giving and Charity Matching

In 2011, APCO donated more than US\$115,000 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.

Pro-Bono Services

APCO also makes a significant contribution to our local communities and to global causes via pro-bono work. In 2011, our global pro-bono work was equivalent to US\$863,250 in services. We support a wide range of nonprofit organizations around the world, including:

- The Clinton Global Initiative: APCO is proud to provide pro-bono communication and strategic counsel support to the Clinton Global Initiative (CGI). CGI's mission is to inspire, connect and empower a community of global leaders to take action on the world's most pressing challenges. CGI catalyzes its members—leaders from multinational corporations, social enterprises, governments and nonprofits—to maximize their efforts to alleviate poverty, create a cleaner environment and increase access to health care and education. CGI members have to date made more than 2,100 commitments, which have already improved the lives of nearly 400 million people in more than 180 countries. APCO helps CGI members gain interest in the causes they are addressing, demonstrate their successes and highlight the wide-ranging achievements of CGI as a whole. APCO's team handles press outreach before and during CGI's Annual Meeting, including manning the press office of more than 1,000 journalists, as well as offering media and communication training to CGI member organizations. In 2011, APCO significantly increased its pro-bono support for CGI and, for the first time, our team managed the press around CGI's America meeting, as well as its global Annual Meeting. APCO has helped generate many millions of media impressions and hundreds of articles in leading news media and our partnership with CGI has resulted in new levels of visibility for the tremendous work of members and commitment-makers around the world. The pro-bono partnership with CGI is a global effort, including colleagues from several different APCO offices around the world.
- International Health Partners: APCO's London office established a pro-bono partnership with International Health Partners (IHP), an alliance involving health care companies, medical charities and NGOs,

governments, the medical community and concerned individuals and companies who provide pro-bono services and financial contributions. APCO staff provided pro-bono communication and event management services for three months in 2011 and will be supporting IHP with a full range of pro-bono communication services in 2012. To date, IHP has supported more than 500 medical projects in 86 countries with donated medicines, vaccines and medical supplies, with the support of 172 associations and companies.

- Dubai School of Government: APCO's Dubai office provided pro-bono support to the Dubai School of Government (DSG), a research and teaching institution focusing on public policy in the Arab world. It aims to promote good governance through enhancing the region's capacity for effective public policy. APCO has been the communication partner for DSG since its launch in 2005. In 2011, DSG's efforts were centered around creating awareness about the gender gap in health care, highlighting the increasing incidence of domestic violence and encouraging a policy debate on the effectiveness of social media as a means of women's empowerment.
- International Diabetes Federation: In 2011, the Dubai-headquartered retail and hospitality conglomerate, Landmark Group, partnered with the International Diabetes Federation (IDF), to become the organization's first retail corporate supporter worldwide. APCO's regional communication support for IDF's global fight against diabetes, through the Landmark Group's corporate responsibility program, engaged local ambassadors for the cause, created awareness for a Dubai-based walkathon and urged residents to take a free blood sugar test.
- Asian Cities Climate Change Resilience Network (ACCCRN): APCO drives media strategy and publicity efforts for this pan-Asian, nonprofit initiative, which is helping 10 cities in four Asian countries (India, Indonesia, Thailand and Vietnam) to adapt to the growing impacts of climate change. Our work consists of both strategic and tactical elements and involves international media campaigns to raise the profile of the initiative and its financial supporter, the New York-based Rockefeller Foundation.
- Capital Breast Care Center (CBCC): This organization provides comprehensive, culturally appropriate breast cancer screening services to promote health and wellness to women in the Washington, D.C., metropolitan area, regardless of their ability to pay. In 2011, APCO conducted a communication audit and developed a comprehensive strategic communication plan for CBCC's two-pronged audiences (funders and patients) which included a messaging framework, media strategy (traditional and social) and template materials.
- Horizons for Youth: This is a Chicago-based nonprofit which helps at-risk children. APCO supported this organization with the design and implementation of a communication plan to help them tell their story in 2011. This work included securing a positive front page story and editorial in the Chicago Tribune, among other coverage.

• A Billion + Change: In 2012, APCO was proud to join this national campaign in the United States to mobilize billions of dollars of pro-bono and skills-based services to address core issues communities face in the United States and around the world.

Humanitarian Emergency and Disaster Response

APCO provides opportunities for employees to support people impacted by humanitarian emergencies and disasters around the world by matching employee donations up to US\$10,000.

Commitment to Leadership Development and Civic Services In addition to the 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.

As a women-owned company, APCO is particularly proud to support initiatives to empower women:

- RAND African First Ladies Initiative: APCO is a strong supporter and advocate of RAND's African First Ladies Initiative, which is designed to strengthen the ability of First Ladies' offices to better address specific national challenges, mainly in maternal and child health, women's issues and education.
- Cherie Blair Foundation: APCO supported the Cherie Blair Foundation on a range of initiatives. For instance, our Dubai office helped the foundation launch an in-depth study on the role of women in the mobile phone industry, which helped highlight the social and economic advantages of including more women entrepreneurs into the mobile value chain. We also hosted a member of the foundation's team on a secondment to our London office where she shadowed a senior female executive. Margery Kraus, our founder and CEO, also provided support to the Cherie Blair Foundation on several projects.
- White House Forum on Women and the Economy: APCO was pleased to contribute its expert views to this forum organized by the White House Council on Women and Girls that brings together senior Administration officials and experts on women's issues to discuss how we can better include women in rebuilding and restoring the social and economic well-being of the United States, while increasing more opportunities for women and ending discriminatory practices against women and girls at the work place.
- Women President's Organization: APCO is an active member of the Women President's Organization, and Margery Kraus is currently serving as a chair of its board of directors and advisory council. Through APCO's participation with WPO we are working to make conditions better for women entrepreneurs across all industries.

As a women-owned company, APCO is particularly proud to support initiatives to empower women.

CHALLENGES AND OPPORTUNITIES

Beyond the dynamic economic and political environment of this past year, there are a number of fundamental issues that can have a material impact on APCO's success in the global marketplace. These issues—which present both challenges and opportunities—are addressed through our policies and practices, as well as the industry code of conduct and ethics to which we adhere.

- The Work We Take On: The clients we take on rightly or wrongly—reflect who we are as a company and therefore have significant impact on our reputation in the marketplace and ability to attract and retain the best talent. We have established strict guidelines—that apply to everyone in the company—as to protocols used to bring on a new client or project that address conflicts not only with existing clients but also with our own vision and values.
- The People We Hire: Talented employees who can deal with the complexity of a global business environment are critical to our being able to provide our clients with the insight needed to create winning strategies that serve them for the long term. Our objective is to build a diverse, creative and knowledgeable team—who can work across borders and issues — and who ultimately choose to build their careers at APCO.
- Our Commitment to Transparency: The communication industry, especially in public affairs and public relations, is often criticized for tactics used to promote their clients' interests. Being transparent—in who we are, what we do and how we do it—is how we build credibility with our clients, their stakeholders as well as with our own employees. Clearly defined policies and practices—supported by training and accountability across all levels of the company—are critical to our continued success



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'S POLICIES, OPERATIONS AND GOALS

Support and respect for human rights and respect for human beings 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. In 2011, our support for Landesa was expanded to include on-the-ground support in China and India, and advocacy/stakeholder outreach in Washington, D.C.

- Supporting the corporate outreach work of a consortium to engage the private sector in preventing violence against women.
- Supporting awareness raising of UNiTE, the UN secretary-general's campaign to end violence against women.
- Promoting adherence to the United Nations Development Fund for Women (UNIFEM), now UN Women's guidelines for the private sector, based on the following principles:
 - Establish high-level corporate leadership for gender equality.
 - Treat all women and men fairly at work—respect and support human rights and nondiscrimination.
 - Ensure the health, safety and well-being of all women and men workers.
 - Promote education, training and professional development for women.
 - Implement enterprise development, supply chain and marketing practices that empower women.
 - Promote equality through community initiatives and advocacy.
 - Measure and publicly report on progress to achieve gender equality.

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 human rights and the rule of law in certain countries in Africa, Eastern Europe and South East Asia.

As a women-owned business, APCO has taken an active interest in womens' rights and in ensuring gender equality. We are proud supporters of the UN secretary-general's campaign on Violence Against Women, UNITE. In 2011, our CEO, Margery Kraus, was a judge of a competition that called on men aged 18-25 across the globe to submit a T-shirt design that would educate and empower others to stop violence against girls and women. Through the professional networks in which APCO is involved, we have continued to promote messages surrounding why and how the private sector can play an active role in curbing violence against women.

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.

Through our thought leadership and speaking opportunities we promote the respect of human rights, by arguing that this is a critical component of the world we live in today.

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 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 APCO's Code of Conduct and our Anti-Discrimination and Equal Employment Opportunity Policy 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 employees' interactions from the very start of their employment.

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.

APCO Experience, our employee value proposition, also reinforces the firm's core values and the behaviors that are expected from employees—and links them to opportunities that employees may receive if they perform and demonstrate those desired behaviors.

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

• Ethics Compliance Line

APCO has 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 and was implemented in 2009.

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 a reporting tool are 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 the senior human resources

MEASUREMENT

Focus area: Employee Ethics Training

2011 Performance: 75 percent of new employees who joined APCO in 2011 received ethics training in 2011 and the first quarter of 2012. Live training has been conducted by APCO's legal team throughout the relevant time period. Participants

An updated global ethics training webinar was implemented in 2011 for those not attending live training and

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.

In 2011, one call was received by the global compliance line. The claim was promptly investigated and resolved.

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 nondiscriminatory 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 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.

We implemented a Diversity & Inclusion (D&I) Program in 2009 and clearly stated our D&I goals to be the employer of choice in our industry for diverse talent. In 2011, we continued our 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.

In addition to our formal procedures, we have also built the firm on a culture of mutual respect which is an essential part of how we work together across projects and continents.

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.

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.

Throughout different offices we encourage our employees to lead a healthy lifestyle.

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 performing 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 without 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 can make great strides in reaching a key constituency of future potential candidates and creating a greater awareness of diversity in our industry. Since 2011, APCO has supported the 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. We were also delighted to be the recipient of PRWeek's and the Council for PR Firm's inaugural "Best PR Firm Diversity Initiative" award in 2011.

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.

MEASUREMENT OF OUTCOMES

Focus area: Diversity and non-discrimination

2011 Performance: 5 percent increase in diversity of client-facing staff

39 percent of leadership positions in geographic and global operations held by women

50 percent of global practice leadership positions held by women

43 percent of global account leadership positions held by women

100 percent of APCO Worldwide Inc. corporate officers are women

In 2011, our global staff turnover rate increased to 19 percent, up from 15 percent in 2010.

Health and safety: In 2011, we had no serious incidences or work-related

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 2010-11, 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 showed that office energy usage, business air travel and paper usage constitute the main elements of our carbon footprint (scope 2 and 3 emissions). The next step involves setting up a consistent internal environmental data collection system within our operations team and implementing it in selected large and mid-sized offices.

IMPLEMENTATION AND MEASUREMENT

Business air miles: In 2011, we estimate business air miles originating in our North American and West European operations to have been just under 3 million miles (2,844,097 miles). This is based on third-party travel vendor records for these regions which cover an estimated 95 percent of these regions' business air travel. We estimate these air miles accounted for 712 tons of CO₂ emitted.¹ We have not yet developed a program that appropriately reduces or offsets these emissions.

¹ Conversion based on the UK Department of Transport's calculator tool

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 2011 included:

Recolight: APCO works with Recolight, a not-for-profit recycling scheme for the lighting industry, to promote the importance of recycling low-energy light bulbs to businesses and consumers in the UK. Low-energy light bulbs need to be recycled in accordance with the European Waste Electrical and Electronic Equipment (WEEE) Directive but above that, they contain a small amount of mercury and are therefore classed as hazardous waste, and could be harmful to the environment if allowed to go to landfill. APCO manages a number of awareness-raising initiatives for Recolight, including a school education program "The Big Light Project," regional media tours and on-going PR and social media programs.

Masdar: Abu Dhabi's multi-faceted renewable energy company advances the development, commercialization and deployment of renewable energy technologies and solutions as well as sustainable design. APCO is engaged by Masdar to position it as a leading player in the global renewable energy and clean technology space and to broaden awareness and recognition of the Masdar Initiative with journalists and key stakeholders regionally and internationally. This effort encompasses media outreach, thought leadership, government counsel and strategic communication counsel.

World Future Energy Summit: As part of our work for the UAE Ministry of Foreign Affairs, APCO was a proud partner that supported the formal start of the International Renewable Energy Agency (IRENA), which is dedicated to promoting the adoption of renewable energy worldwide. APCO's communication strategy for its inaugural Assembly effectively communicated to stakeholders around the world the importance of the organization's mission and helped attract approximately 90 high-level ministers, 800 delegates, business leaders and non-governmental organizations from more than 150 nations.

The Zayed Future Energy Prize: This is the preeminent award in the field of clean energy supported by the Government of Abu Dhabi and announced at the World Future Energy Summit in 2008. It recognizes and aspires individuals, organizations and companies making contributions in clean energy research, engineering, theoretical advancement, and/or in the areas public policy and public awareness. APCO's communication partnership for its 2011 edition entailed creating a multi-level media engagement program; the awards received 1,103 entries and a prize total of US\$3.5 million was awarded to five winners.

Dow Corning: APCO continues to provide global communication support to this global leader in silicones and silicon-based technology and helps position them as a solar energy industry leader around the world.

In 2011, for example, APCO helped Dow Corning partner with the Global Alliance for Clean Cookstoves, a coalition of more than 75 governments, civil society organizations, foundations and corporations launched in 2010 by U.S. Secretary of State Hillary Clinton. The alliance is dedicated to the adoption of clean cooking technology throughout the developing world. By providing global leadership and grassroots support, Dow Corning will embed employees into this transformational effort and provide US\$5 million in unrestricted support over five years to the United Nations Foundation-led Alliance, which seeks to make a material difference in solving one of the world's leading environmental, health and social problems: smoke from traditional cookstoves kills nearly 2 million people annually. Through Dow Corning's leadership and its Citizen Service Corps, engineers, scientists, business professionals and executives will work with the Alliance, its partners, and in the field to help empower women and create a thriving global market for clean, efficient cookstoves.

Another example of a Dow Corning initiative supported by APCO includes a project undertaken in India in October 2011, where, as part of its corporate responsibility program, Dow Corning undertook the second Citizen Service Corps (CSC) project in Ujire, South Karnataka. Ten Dow Corning employees from locations across the globe spent four weeks in Ujire working on three projects—the improvement of technologies used in areca-nut farming, solar energy and garment production. As a part of the solar energy project, the team worked on SELCO, a social enterprise that works to enhance the quality of life of under-served households through sustainable energy solutions and services. The team researched and assessed which technologies may be best suited for use in decentralized solar applications. APCO supported Dow Corning to create awareness about the CSC activity in Mangalore, Bangalore, Pune, Mumbai and Delhi through media relations and media activities.

MIYA: Urban water distribution utilities worldwide face the challenge of reducing water leakage in decaying pipe systems and improving their water efficiency management. Businesswoman and philanthropist Shari Arison created Miya, an Arison Investments company, to become a global provider of comprehensive water efficiency solutions, as a way to address this pressing global challenge. This valuable initiative advances water efficiency, maximizes on the abundance of existing water supplies and substantially reduces costs and energy consumption. In 2011 and 2012, APCO provided specific targeted exposure within the framework of the Arison Investments global effort to spread awareness of Miya's services.

The China Green Tech Initiative: This is a commercial collaborative platform focused on identifying, developing and promoting green technology solutions in China. APCO provides communication and government relations support on a pro-bono basis.

The Cleantech Open: The largest incubator and business competition in the United States focuses on finding, funding and fostering clean-tech entrepreneurs. APCO works as the Pacific Northwest region's public relations and marketing team to increase visibility of the competition and its competing start-up companies with regional media, investors and the entrepreneur community. APCO's core activities included leading media relations, managing social media and assisting in the execution of multiple events. The organization continues to be increasingly recognized as a core driver of developing the region's "green" economy through facilitation of innovation. APCO supports the Cleantech Open on a pro-bono basis.

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. APCO's 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 our 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 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, the International Association of Business Communicators (IABC) Code of Ethics for Professional Communicators and the Confederation of Indian Industry Code of Business Ethics.

APCO requires its business partners to adhere to anti-corruption principles and has instituted procedures to implement compliance. 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.

APCO has zero tolerance for corruption, bribery and extortion.

IMPLEMENTATION

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

- Formation in 2008 of the Responsible Business Committee—see page 8
- Regular executive memos to all staff on APCO's commitment to ethics, integrity and social responsibility
- Training conducted on 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
- Memos from APCO founder and CEO on the use of the Compliance Line along with additional training on reporting alleged misconduct either through the Compliance Line or directly with management as part of APCO's Ethics & Compliance training
- Procedure 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, its Code of Conduct and the law, and for reporting any perceived misconduct.

As stated on page 8, 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 instance, APCO's German offices work for Transparency International, the global civil society organization leading the fight against corruption. In 2011, APCO supported them by providing media and communication training for leaders of their organization in Germany.

Additionally, APCO's Moscow and New York teams supported the third international National Council on Corporate Governance conference, held in Moscow in May 2012. This event attracted more than 300 attendees to listen to a roster of prominent speakers, among them former U.S. Senator Chris Dodd (the keynote speaker). Academics, professionals, executives and representatives of multinational institutions spent two

APCO has procedures in place to ensure compliance with the requirements of the **UK Bribery Act and the U.S. Foreign Corrupt** Practices Act.

days discussing the quest for global corporate governance. The event included a thought-provoking panel session focusing specifically on anti-corruption practices and enforcement.

This year APCO also assisted the United Nations in developing a strategy for engagement on the UN Convention Against Corruption by the business community on behalf of the UN Office of Drugs and Crime (UNODC) in Vienna. As part of that work, APCO professionals participated in the development of substantive programs on academic initiatives, approaches and materials to combat corruption in connection with major international public events, such as the Olympics. APCO is also working with the UNODC to develop online and other materials designed to facilitate engagement on anti-corruption activities with the private sector.

In addition, APCO has signed the World Economic Forum's Partnering Against Corruption Initiative (PACI) 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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