

Ketchum's Communication on Progress

December 2012

United Nations Global Compact:

On behalf of Ketchum employees around the world, I am pleased to present the accompanying seventh Ketchum Global Compact Communication on Progress report. This report represents our company's abiding commitment to the Compact's 10 principles through both internal implementation and external communication.

Sincerely,
Rob Flaherty

Senior Partner and Chief Executive Officer
Ketchum

Introduction

Ketchum is proud to be a member of the United Nations Global Compact and since 2001 has practiced the principles of the Compact through active participation in the Compact, as well as through the promotion of this international initiative to our clients, business partners, prospective Compact Members and other audiences.

I. A Proud and Active Member of the Global Compact

Ketchum was the first public relations agency to join the United Nations Global Compact and has been a member since 2001. We have interpreted membership to include not only adherence to the Compact's 10 principles but also voluntary initiatives in the spirit of the Compact's global mission.

Ketchum Policies, Performance Consistent With Global Compact Principles

Each member company of the Global Compact must fulfill its social responsibilities in accord with the nature of its business. As a global communications counseling organization, Ketchum focuses its Communication on Progress by addressing those Global Compact principles that are particularly relevant to the way we operate our business in society.

Labor Rights and Human Rights

Ketchum is in a knowledge-based business. Our human resources policies are therefore tailored to a global workforce that is highly educated and professional. Our services to clients – strategic and tactical communications counsel – require a highly motivated workforce performing in optimum working environments. Many of the Compact principles on human rights and labor standards are not directly relevant to our operations. However, several Ketchum policies support the Compact's labor and human rights principles and include:

- **Harassment and Discrimination Policy** – All employees should be able to enjoy a work environment that is free from harassment – including sexual harassment – and free from discrimination including that of race, color, national origin, ancestry, religion, disability, medical condition, marital or veteran status, sexual orientation, age or gender. Any harassment or discrimination of employees or others at Ketchum undermines the integrity of our employment and our relationships. This conduct is unacceptable and is not tolerated. Ketchum expects its business partners and clients to support these guidelines.
- **Equal Employment Opportunity Policy** – Ketchum is an equal opportunity employer with individuals hired and promoted solely on the basis of ability, training and experience. The company makes every reasonable accommodation to the known physical or mental limitations of qualified employees with disabilities unless the accommodation would impose an undue hardship on other employees or inhibit the efficient service of our clients.
- **Code of Business Ethics Agreement** – At the request of Ketchum's CEO, the Code of Business Ethics policy document is formally acknowledged by each employee. It provides standards for virtually all operations of the company, including truth and accuracy in communications, record keeping, gifts and entertainment, union agreements, conflicts of interest and privacy.
- **Workplace Violence** – It is Ketchum's intent to provide a safe workplace for all employees. Threats, threatening language, or any other acts of aggression or violence made toward or by any Ketchum employee is not tolerated. Threats include but are not limited to any verbal or physical harassment, attempts at intimidation or instilling fear in others, menacing gestures, flashing of concealed weapons, stalking, verbal or physical abuse, or other hostile, aggressive, injurious, and destructive actions undertaken for the purpose of domination or intimidation.
- **Anti-Corruption/Transparency** – Ketchum is acutely aware of its responsibility as an active participant in the free flow of information and ideas in our society. The integrity of independent media is a cornerstone of this vital process. An internal policy document, "Ketchum Disclosure Guidelines," ensures that Ketchum employees are transparent in their dealings with the media, identifying the client or other entities as sources of the information – consistent with UNGC principles and the Public Relations Society of America Ethics Code.

- **Ethical Decision-Making/Media Transparency** – Ketchum has continued its Ethical Decision-Making/Media Transparency training program for all employees, and it donated the program to the Council of Public Relations Firms in 2006 for the benefit of other agencies throughout the industry.

II. Ketchum Voluntary Initiatives Supporting the Global Compact Mission

As a company with more than 85 years of history of voluntary public service through employee volunteerism and corporate contributions, Ketchum in recent years has applied this commitment to global and local pro bono assignments consistent with Global Compact objectives. Ketchum and its employees have donated time and money to various charitable and philanthropic organizations ranging from humanitarian institutions to relief agencies to nonprofits.

In December 2007, Ketchum formally launched Ketchum Social Responsibility (KSR), a company-wide initiative to reinforce Ketchum's and each employee's responsibility to care for the communities, environments and stakeholders we touch. An employee-led process led Ketchum to adopt literacy as its cause in 2008. The goal was to improve literacy qualitatively and quantitatively by doing what Ketchum does best: communicating ideas that raise awareness, change attitude and foster action.

As part of this effort, Ketchum looked at literacy in the broadest possible sense and searched for partners and ways to improve literacy "horizontally" across a spectrum of skills and "vertically" in areas related to both society and our business: health, nutrition, business, work, recreation and government, among others. Subsequently, Ketchum formed a partnership with Room to Read, a nonprofit that is a leader in providing educational opportunities to children in the developing world.

Building on its initial effort with Room to Read, Ketchum expanded its commitment to its Ketchum Social Responsibility initiative by hiring a full-time global KSR director in July 2012. The individual is responsible for activating and evolving Ketchum's corporate social responsibility policy and helping drive all implementation efforts. The director is responsible for driving global engagement in KSR initiatives across Ketchum offices and affiliates and creating a consistent and collaborative global program.

Ketchum's major corporate responsibility commitments fall into the following areas:

1. Room to Read – Ketchum's long-term pro bono partner

Ketchum believes companies make the best philanthropic contributions when offering the service they do best. In Ketchum's case, this core competency is communications, and we are involved with a wide range of activities to help communicate the Room to Read mission around the world.

Room to Read believes literacy skills are the foundation for all future learning, and educating girls is the most powerful and effective way to transform communities and end the cycle of illiteracy. Over the last decade, Room to Read has scaled exponentially to impact more than six million children in Bangladesh, Cambodia, India, Laos, Nepal, South Africa, Sri Lanka, Tanzania, Vietnam and Zambia through its worldwide network of more than 1,500 schools and 13,000 libraries filled with more than 11 million children's books. In addition, more than 13,000 girls participate in their Girls Education program. Working in collaboration with local communities, partner organizations and governments, Room to Read has empowered children with increased access to high-quality educational opportunities.

For the last four years, Ketchum has provided pro bono media relations, message development, media training, translations, chapter support, reputation management and event planning, among other services.

Partnership Highlights

- **Participation in Advisory Board** – Rob Flaherty, Ketchum's senior partner and CEO, actively fulfills his commitment to the Room to Read advisory board by contributing time and expertise to the organization throughout the year.

- **Contributions from 31 Ketchum Offices and Affiliates** – To date, 31 Ketchum offices and affiliates from North America, Europe, the Middle East, Africa and Asia have participated in the pro bono partnership, and the number of active offices continues to grow on an annual basis.
- **Employee Engagement** – More than 400 employees worldwide have contributed time and expertise to the organization. Individuals at all levels and across all geographies are given opportunities to share their skills and participate in the global effort.
- **Ongoing Media Relations Support** – Ketchum has engaged our Global Media Network and other media experts throughout the agency to develop and implement media strategies to support the organization’s mission. Media placements in the U.S. and abroad help generate awareness and funds for the organization and its work.
- **Multiple Language Translations** – Ketchum has translated communications materials into Dutch, German, Japanese and Mandarin to ensure the Room to Read message reaches as many people as possible.
- **Funding for Key Programs** – Ketchum has contributed funds to support the publication and distribution of 5,000 books in Laos, the establishment of a library in Nepal and the financial support for 82 girls on scholarship in Zambia.

2. World Economic Forum

Since 2004, Ketchum has contributed services to the World Economic Forum to increase public visibility and appreciation of three key areas of the World Economic Forum: health, sustainability and anti-corruption.

Ketchum has been an active participant in the World Economic Forum, contributing to its mission to “improve the state of the world” with delegations to its major annual conferences in Davos, Switzerland, and Tianjin/Dalian, People’s Republic of China. In addition, Ketchum has participated in the Forum’s regional events, for example in 2012 in Mexico, Ethiopia, Turkey and Russia.

In keeping with a commitment to supporting organizations with technical expertise, Ketchum “loaned” a consultant from its London office to the Forum’s Geneva headquarters for 2009 and 2010 to support activities related to global health, anti-corruption and general media relations and communications. Similarly, from 2010 to 2011, Ketchum contributed the skills of one of our account supervisors from Chicago to the Forum’s Media and Communications team. Currently, a consultant from Ketchum’s Berlin office is working on-site with the Partnering Against Corruption Initiative, the Healthy Living Initiative and general communications.

Ketchum’s global CEO is serving as an adviser and board member of the new Healthy Living initiative, which aims to reduce deaths by non-communicable diseases through multi-stakeholder collaboration.

Ketchum’s CEO of Europe sits on the Global Agenda Council on the Future of Media, a group of executives from content producers, creative services, media channels and academia overseeing a wide range of initiatives, including an effort to establish “best practices” in social change campaigns to help NGOs around the world address issues in health, nutrition, the environment and safety, among others.

3. Corporate Sustainability Program

Ketchum has long been an advocate of responsible energy use, and our businesses around the world have set policies to reduce waste, increase energy efficiency and promote sustainable business practices with employees.

In 2012, we developed a set of global policies to help all of our businesses establish improvement targets in energy use reduction; travel/carbon offset policies; supply/service procurement; waste management and recycling; and indoor air quality. These are based on established programs in our London, New York and San Francisco operations and set specific measures for constant improvement. Educational webinars for all employees will be conducted in late 2012 to inform our

staff about the commitments made by the agency and will outline actions employees at every level can do to help make a difference. In addition, the global policies will be made available on the Ketchum website to allow the general public to view our commitment to sustainability worldwide.

4. Ketchum-supported Volunteer Days – KSR Day Worldwide – September 2012

For the last four years, Ketchum has supported up to four hours of donated time per employee to give back to their communities. In 2012, we had one of our most successful KSR Day efforts to date. More than 800 colleagues came together to serve their local communities this fall. Collectively we supported more than 130 organizations and NGOs around the world, including our pro bono partner Room to Read.

These projects reflect thousands of hours of people time and significant financial investment by Ketchum companies. Following are some examples of specific office activities that recently took place:

- **Amsterdam** – The local office recently moved to a new location and organized a housewarming party dedicated to Room to Read. Colleagues, clients and alumni gathered for an informal evening of refreshments that included three inspiring speakers: Tim de Boer, partner and CEO of Ketchum Pleon Amsterdam, Aaf Brandt Corstius, a writer and columnist for daily newspaper *de Volkskrant*, and Member of Parliament Mirjam Sterk. Guests were invited to buy paper “bricks” that symbolized different contribution levels and used them to create a “wall” of support for Room to Read. Attendees contributed generously, and more than €4000 was collected.
- **Beijing** – Employees spent more than three weeks collecting new and used children's books for donation to The Library Project, a U.S.-based organization with offices in China. Connecting with the KSR literacy cause, colleagues gathered 216 books to donate to underfinanced schools, community centers and orphanages in China and Vietnam.
- **Berlin** – Colleagues in Berlin came together for five different volunteer projects throughout the city: renovating a room at a primary school; building a creative “hotel for insects” with teachers and students at a local secondary school; beautifying the gardens at two different locations – a nursing home and at a daycare facility; and cleaning windows and building information displays at a multi-generational community center. Not only did these efforts make a major impact on local communities – they were even featured in a Berlin newspaper article.
- **Brazil** – On Brazilian Arbor Day (Sept. 21), Ketchum Brazil gave each of its 124 employees the gift of a tree. Located in a native forest about 970 miles away from the São Paulo office, the trees are maintained through Curupira.com, an online service that allows contributors to “purchase” single trees, or even whole forests, and monitor them for their environmental impact using photos, videos, texts and more. This activity allowed employees to use an innovative digital platform to support a worthy cause.
- **Buenos Aires** – Staff partnered with the U.S. Embassy to sponsor a workshop that taught communication strategies to representatives of more than 90 NGOs. Among other sessions, Gustavo Averbuj, partner and CEO of Ketchum Argentina, presented international PR best practices from the Social Service category at this year's Cannes Lions International Festival of Creativity, where he also served as a judge.
- **Düsseldorf** – Colleagues engaged in two initiatives that included a bake sale to raise money for the Pumpkin House, a children's home in India serving approximately 75 children in need, and a 6K run through the city called Run4Ideas that resulted in one euro being donated to one of the race's charitable partners for every kilometer completed.
- **India** – Colleagues partnered with the organization Toy Bank to support the children of Asha Sadan, a rescue home for young people in Mumbai. After gathering more than 1,000 donated toys from their families, communities, clients and beyond, colleagues joined senior partner and CEO Rob Flaherty to deliver them personally to Asha Sadan, where everyone spent time with the children.
- **London** – Over the course of a week, colleagues from our London office participated in four different KSR activities around the city:
 - Colleagues removed a large pond in the garden of the Brady Arts and Community Centre to allow more outdoor space for members, filling it in and leveling the ground over the course of one day.

- At the City Gateway Women's Literacy Project, colleagues spent a morning with 25 Bangladeshi women to improve their confidence in speaking and writing English. In the afternoon, they repainted the classroom used by women to develop social enterprise skills and fixed up a children's play area outdoors, in addition to donating a bookcase and books for the children.
- Colleagues helped the Greenwich & Bexley Community Hospice by clearing a section of its grounds for a future vegetable garden.
- For the third year in a row, colleagues supported St. Peters Church Community Hall at Bethnal Green by repainting the walls of its meeting hall and helping renovate a room to be used as a base for a local food-parcel project.
- **Los Angeles** – Colleagues in Los Angeles put their efforts toward the restoration of a local schoolyard garden and helped beautify a facility close to the Ketchum offices.
- **Madrid** – Colleagues in Madrid hosted a flea market that gathered funds to provide more than 20 NGOs with materials for education programs that serve poor or at-risk children in the city. Held in the office's conference room, the sale featured hundreds of books, DVDs, snacks and other items, as well as a table set up with information from the NGO Acción contra el Hambre ("Action Against Hunger").
- **MMG** – Ketchum's complementary business that recruits patients for clinical trials participated in a wide array of KSR activities:
 - Colleagues purchased supplies for, prepared and delivered 84 lunches for Montgomery County Coalition for the Homeless.
 - The office held a mini-fundraiser for the Cystic Fibrosis Foundation, which included admission to a Pranayama (breathing yoga) session.
 - Colleagues participated in a "blank-a-thon" by purchasing supplies, trimming fabric, assembling and delivering blankets to the local chapter of Project Linus, an organization that provides blankets to children going through traumatizing events.
 - The office hosted a neighborhood-wide blood drive with local businesses encouraged to participate through hand-delivered invitations.
 - Colleagues donated hundreds of books to Room to Read via a book drive in partnership with bookseller Better World Books.
 - More than 50 pairs of unused prescription eyeglasses were collected to benefit Lions Clubs International's Glasses for Sight initiative, which distributes glasses to needy people around the world to help them read for school, work and life.
- **New York** – The New York office teamed up with Publicolor, a non-profit organization that uses painting to engage local students in their community and teaches them valuable work skills. Colleagues were paired up with junior high school and high school students at August Martin High School in Jamaica, Queens, where they worked together to paint the school's interior, with some informal mentoring along the way. An additional team worked to clean up the city block outside the school in partnership with the New York City Sanitation Department.
- **Pittsburgh** – Employees volunteered time at the Carnegie Library distribution center. The distribution center is the main hub for the Carnegie Library, where all of the books are sorted to be distributed to various libraries around the city. Groups sorted more than 16,000 books in a four hour timeframe. Additionally, the office held a book sale and raffle earlier this year to coincide with "Take Our Daughters and Sons to Work Day," with all proceeds going to Room to Read. All unsold books were donated to the Carnegie Library.
- **San Francisco** – Employees worked together to beautify a local landmark. Volunteers spent several hours cleaning up Alamo Square Park. Collectively the volunteers contributed 90 hours of work, which equals more than two weeks of park staff time.
- **Washington, D.C.** – Colleagues from our Washington office volunteered at Food & Friends, a local nonprofit that prepares and delivers meals and groceries to men, women and children living with HIV/AIDS, cancer and other life-challenging illnesses. Ketchum staff prepared more than 1,200 meals for distribution and packaged hundreds of bags of groceries to also be delivered to those in need.

5. Other Ketchum-supported Efforts

- **Hopenhagen** – As an advocate for sustainable environmental business practices, Ketchum was a proud adviser to the U.N. and its Conference of the Parties 15 – the Copenhagen summit to negotiate the details of the Kyoto Protocol. The United Nations, together with the International

Advertising Association and a coalition of the world's leading advertising, marketing and media agencies created Hopenhagen – a movement to empower global citizens to engage in the United Nations Climate Change Conference (COP15) in Copenhagen in December 2009. Among the results of the public relations campaign, more than six million people around the world signed up as Hopenhagen citizens, and coverage promoting the campaign appeared in more than 50 countries.

- **We Are Family Foundation** – Our global chairman serves on the board of directors of Nile Rodgers' We Are Family Foundation, a leading nonprofit dedicated to building global coalitions that foster tolerance and respect. One of the foundation's signature initiatives is Three Dot Dash, a program that regularly brings together exceptional global teen leaders who are actively working on projects that address basic human needs and promote peace. Each year, Ketchum works with these teens to help them learn how to effectively communicate and better tell the stories of their efforts and NGOs.
- **The LAGRANT Foundation** – Ketchum's senior partner and CEO joined the LAGRANT Foundation's Board of Directors in October 2012. The LAGRANT Foundation addresses the lack of diversity in the advertising, marketing and public relations fields. TLF provides scholarships, career development workshops, professional development, mentors and internships to African American/Black, American Indian/Native American, Asian American/Pacific Islander and Hispanic/Latino undergraduate and graduate students. Ketchum has been a major donor of TLF since 2006 and actively participates in TLF's programs including the career development workshops at their offices in Los Angeles, New York and San Francisco.

III. Preaching What We Practice

We believe that as a communications counseling company, our core competency – communications – should be applied to sharing the Global Compact message. We do that by communicating that message – the Compact principles and the value of membership – in many venues. Below is a sampling of our activities:

A. Global Compact Meetings

Ketchum participates in and/or helps develop Global Compact meetings of members and potential members:

- **2012 U.S. UNGC Network Conference** – As so often in the past, Ketchum will participate in the October UNGC U.S. Network Conference in New York City.
- **2012 Global Compact Conference Rio de Janeiro** – Ketchum worked with UNGC prior to its Rio Corporate Sustainability Forum to encourage client attendance and participation. Several clients are among those that made 200 new CSR/Sustainability commitments during the Forum. We have promoted the Forum outcomes in several speeches and articles.
- **2010-2011 Global Compact Meetings** – Ketchum extended its long participation in the Global Compact, especially in its active involvement with the Compact's U.S. network. A Ketchum representative attended two network meetings that advanced the Compact agenda. In addition, Ketchum provided liaison service between the Compact and a new Washington-based nongovernmental organization addressing global water issues.
- **2012 International Integrated Reporting Committee** – The Global Compact is a leading member of this new and very significant NGO, which seeks to give new standing to environment, social, governance and corporate commitments. The International Integrated Reporting Committee is developing guidelines for integrating nonfinancial and financial data for review and reflection by shareholders and other corporate stakeholders. In 2012, a Ketchum representative began pro bono counseling for IIRC's new communication department. He has attended planning meetings in London and New York and has generated several messages on IIRC's pilot program progress on the website of the Global Alliance for Public Relations and Communication Management and was instrumental in arranging for the appearance of the IIRC Chairman at the 2012 GA World Public Relations Forum in Melbourne, Australia.

B. Speeches, Presentations and Published Articles

Ketchum executives addressed The United Nations Global Compact substantively on a variety of occasions:

2012

- “UNGC as a Central Player in Global CSR/Sustainability” – Interview by Sinovision New York (June)
- “PR Conversations” article – “UNGC as a Key Element in Corporate External Relations” (October)
- Graduate student discussions of business in international society – Lectures at Georgetown University (February), New York University (June)
- Ketchum office updates on UNGC progress: Advance promotion of Rio Corporate Sustainability Forum – São Paulo (April), London (May)

2011

- “The Rise of CSR 3.0 in Asia,” – (October)
- “PR Conversations” article – “Public Diplomacy: Public Relations’ Higher Calling” (August)
- “From the Harmonious Society to the Harmonious *World* Society” speech – Chinese Public Relations Society, Beijing (June)

IV. Continuing Commitment

In the years ahead, Ketchum looks forward to building on its Global Compact commitment and experience with additional internal initiatives and external outreach to all Global Compact audiences.