

GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS

Company Name	PA Consulting Group	Date	July 2009
Address	123 Buckingham Palace Road London, SW1W 9SR	Membership date	June 2007
Country	UK	Number of employees	2600
Contact name	Ken Rubin		
Contact Position		Sector	Professional Services (Business Consulting)
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Brief description of nature of business

PA Consulting Group is a leading management and technology consulting firm. Operating worldwide in more than 20 countries, PA draws on the knowledge and experience of our people, whose skills extend from the initial generation of ideas, insights and solutions all the way through to detailed implementation. We work across the private and public sectors, offering tailored solutions based on deep sector insights and breadth of experience. PA's experience and unique combination of consulting strengths and capabilities help measure the impact of our client's sustainability, align the strategy with organizational priorities, assess the uses of technology and innovation, and evaluate the effectiveness of the program implementation to ensure delivery of the desired results.

As an employee-owned company, with no exclusive alliances with third-party vendors or service providers, we are answerable only to ourselves and our clients. This independence means the advice we give to clients, and the work we deliver, are based only on what is best for our clients' business. PA's independent, benefits-driven approach is founded on our strength in innovation, our responsiveness to our clients' needs, and our unyielding focus on delivery.

Statement of support

In our opinion, Corporate Social Responsibility (CSR) comprises environmental, economic and social responsibility. PA Consulting's approach to CSR is intrinsically linked to our core business values and we believe that being a socially responsible business makes good business sense. Additionally, PA Consulting Group is a signatory to the United Nations Global Compact, a platform for encouraging and promoting good corporate principles and learning experiences in the areas of human rights, labor, environment and anti-corruption. This Communication on Progress provides an overview of our activities since committing in 2007 to the Global Compact's objectives.

In PA, economic and social responsibility cuts across almost everything we do and is enshrined in our processes as good business practice including:

- The importance PA places on its people
- Our ethical values
- The value we add to our clients through our services
- The way in which we market ourselves and the basis on which we sell services
- Capability development and sharing
- Management of our practices
- The suppliers we choose and the way we deal with them
- Importance of sustainable profitability
- Accountability

Our Core Values and Code of Ethics that we formalized in 1995 and that guides our company today -- embodies the spirit of ethical sustainability and transparency. We define sustainability through our values which give rise to our policies, our ethics and our corporate culture. They commit our company and every employee to environmental stewardship, safe work environments, and socially responsible behavior in our workplaces and our communities, as well as in the consulting services we provide to our clients. PA is fully committed to this and our approach is embodied in PA's policies, service manuals and business practices handbooks.

we are a major global employer and know that to continue to succeed we must draw employees from a rich and diverse talent pool. We rely on the unique contributions of all types of people from all over the world. By improving our performance in the areas of CSR we will be better able to:

- Recruit and retain the best people at PA
- Make our people happier to be at PA and willing always to go the extra mile for our clients
- Improve our standing with clients and all the wider communities in which we operate
- Develop new and wider capabilities and knowledge within PA.

PA's CSR initiatives and corporate structure give all employees the chance to personify PA's core values even more clearly, and to create a company to which we are all the more proud to belong. These initiatives form a key part of our strategy to become the premier consulting firm in the transformational market - a strategy whose success will be based on the unique quality of PA that will be seen both by our clients and our people. In seeking to create that view we have always believed that our status as an employee-owned company is a unique support for our promise of independence and integrity.

Look more closely at our initiatives...

Diversity is focused on two issues: how we can help staff achieve an effective life/work balance within the demands of the consulting environment, and, as a first look at people diversity issues, how we can encourage more women and minorities to progress to senior ranks. This initiative aims to make PA a global workplace where every member is valued as an individual, free from conscious or unconscious discrimination or prejudice, and regards PA as a place to excel as an individual.

Our belief in diversity extends to our business partners: For instance, for our work supporting the United States Agency for International Development, we have to date purchased more than \$ 42,700,000 in goods and services from small businesses and companies owned by ethnic minorities and women.

Partner Ethics (acting generously, not selfishly) reflects the collective recognition by partners that their behaviour can have a major influence on the motivation and performance of others, and their resolution to seek continuous improvement. PA-wide Ethics (doing the right thing) is seeking ways to improve ethical behaviour across PA, by raising further all the standards we set ourselves and ensuring that we achieve them even more often and even more completely.

Giving Back and Volunteering reflects a strong desire among many people in PA to take part in activities or actions which contribute something to meet the needs of wider society, such as involvement with charities and other social causes. We think the best way that PA can support social causes is through the time and skills of our employees. As such, staff interested in committing time to a socially worthwhile project will be able to spend up to three days a year to eligible projects.

Speaking Up/Whistle blowing is about encouraging staff across PA to take active responsibility for improving our performance, whether through enhancing working practices or drawing attention to behaviours or other issues which give them concern. This involves introducing procedures and mechanisms to allow people to speak up, and the cultural change that will give them confidence to do so in good faith and in the expectation of being heard.

Treating Our People Well is seeking ways to do more to make staff throughout PA feel that they are being treated fairly and well and at least in line with comparable standards elsewhere. Its remit includes financial and tax issues, development issues (including training and technology), social events and benefits packages.

Outside the office, we encourage and support our people to give their time, skills and energy to improve and strengthen PA in activities or actions which contribute something to meet the needs of wider society. Such initiatives have the potential to improve the capabilities and confidence of our people and help them acquire learning and insights outside the range of their normal work.

We demand continuous improvement in all facets of our organization, including those that affect sustainability. We are a member of the World Business Council on Sustainable Development, and through direct dialogue with non-government organizations and professional associations we share invaluable experiences and lessons learned to improve our standards of performance and scale of impact.

Signature



ALAN MIDDLETON

Position

CHIEF EXECUTIVE OFFICER

PRINCIPLE 1 BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

PRINCIPLE 2 BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

Our Commitment or Policy

PA Consulting Group believe respect for the dignity, rights and ambitions of all people is a cornerstone of business excellence. We treat all employees equitably regardless of local economic conditions, traditions and cultures. We do not tolerate harassment, discrimination, threats or acts of violence, intimidation or coercion. We permit no exploitation of children, physical punishment or abuse. We do not use forced labour, including bonded, indentured or prison labour.

A brief description of our Processes or Systems

Speaking Up is about raising PA's performance through praising good behaviour, and addressing any instances of poor behaviour. We recognise the difficulties created for individuals by others' poor behaviour, and encourage staff across PA to speak up so that we can improve our performance, with confidence that each of us will be heard and supported. Confidential and anonymous routes for speaking up are also available, both internally and externally.

Treating Our People Well is seeking ways to do more to make staff throughout PA feel that they are being treated fairly and well and in line with comparable international standards wherever we operate.

These initiatives are just part of PA's broader approach to supporting its diverse workforce, with its diverse needs in terms of working arrangements, through the application of fair, consistent and supportive people policies. Just one example would be our annual review of the complete global workforce to check our demographics in terms of, to name but a few, ethnicity, gender, age. The aim of course being to ensure we do treat our people ethically.

Actions implemented in the last year / planned for next year

In addition to revamping several of our personnel policies in the last year, a major focus for PA in 2009, going into 2010, is ensuring our leaders are 'doing the right thing' by their people. This is to be achieved by:

- Developing new and improved Partner competencies, designed to increase the emphasis that our Partners should live out PA's five core values and Partner ethics mentioned previously
- Developing and rolling out a new course entitled 'Values Driven Leadership in PA', which support the emphasis for our leaders to do the right thing

Measurable Results or Outcomes

We believe that our work in the area of diversity of working arrangements and family friendly policies is paying dividends and will continue to build goodwill amongst our people. When comparing our workforce in the last 12 months against the previous 12 months, globally the:

- Percentage of part-time workers has increased from 5.6% to 6.6%
- Numbers of maternity and paternity cases we have supported has increased from 4.6% to 5.3%
- People approved to take a sabbatical or career break has increased from 0.9% to 2.4%
- Number of people supported with compassionate leave increased from 5% to 5.3%

PRINCIPLE 3 BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

PRINCIPLE 4 BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR

PRINCIPLE 5 BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR

PRINCIPLE 6 BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

Our Commitment or Policy

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A brief description of our Processes or Systems

We all benefit from working in truly global teams with cultural diversity, where we are actively encouraged to maximize our individual potential; developing ourselves and our careers at PA, free from prejudice and discrimination. We see the diversity of our global team as important to our success and to reinforce this, a Diversity initiative has been running since 2005. Our aspiration is to support:

- Diversity of the individual (eg. gender, ethnicity, age, sexual orientation, disability)
- Diversity of working arrangements (eg. part-time working, sabbaticals, maternity/paternity arrangements)
- Diversity of personal style and approach (ie. appreciating that diverse working styles offer different strengths within teams).

Delivering Diversity at PA

This initiative is focused on two issues: how we can help staff achieve an effective life/work balance within the demands of the consulting environment, and, as a first look at people diversity issues, how we can encourage more women and minorities to progress to senior ranks.

Supplier Diversity

PA views diverse suppliers as small and medium enterprises; suppliers from underrepresented or ethnic minority groups; and suppliers demonstrating a diverse workforce composition. Our supplier diversity policy to help ensure that the contracts that PA places with suppliers provide value for money, and that a diverse range of suppliers have fair opportunity to compete for and win new work. We also encourage our suppliers to adopt best-practices in terms of diversity and monitor this through our supplier pre-qualification questionnaire. This brings real business benefits through:

- Increasing competitiveness by identifying suppliers who are more efficient, flexible, innovative, and committed
- Providing access to new markets
- Demonstrating engagement with underrepresented or ethnic minority groups

We will strive to ensure that the purchase of goods, services and facilities is undertaken in line with our equality and diversity commitments and, whenever possible, is from agencies or companies who share our values on equality of opportunity and diversity by:

- Assessment of our success in attracting a wide range of suppliers to tender for work
- Analysis of the distribution of contracts awarded between businesses of different sizes and ownership
- Regular review of procurement practices to ensure consistency and to identify any barriers to minority owned businesses demonstrating value for money.

PA is committed to a consistent and fair tender process and to facilitate this, for centrally coordinated tenders, all potential suppliers will receive:

- Request for quotation/proposal letter inviting suppliers to participate
- Intent to respond document
- Non-disclose document.

Upon completion of these documents, suppliers wishing to tender will receive the RFQ/RFP which includes timescales and the format of responses that suppliers must adhere. All tenders provide for an opportunity to allow suppliers to respond with questions and to give an identical time period for all to respond.

Actions implemented in the last year / planned for next year

Our Diversity Team sets goals to increase workforce representation of women and minorities. The team prepares regional quarterly reports for review by senior management. As a result of their recommendations, an action learning program team was assigned to develop ways of improving our diversity and inclusion performance. This is an intensive, seven-month program targeted at developing the company's next generation of global leaders. The team worked to develop a strategy, process and roadmap to promote world class in diversity and inclusion. An in-depth external and internal study focused on regional development and new markets in the areas of population, gender, regional issues/values, cultural norms, and business performance. The team outlined future global demographic trends, such as the growing purchasing power of diverse groups, and provided analysis

of the employee talent pool. The team presented its findings to executive management, with key recommendations already implemented.

We are now in Phase 2 of our Diversity Initiative and our focus has shifted to:

- **Maximising Engagement:** To ensure understanding of the initiative across PA and maximise engagement with its aims and objective.
- **New Interventions:** To develop a suite of interventions that will equip people with the skills and behaviours necessary to meet our aspiration.
- **Practice Trailblazer:** To drive real culture change through our practices and functions through the provision of targeted support aimed at mobilisation and coaching.
- **Building on our Infrastructure:** To continue to build on the work of earlier initiatives by establishing a strong foundation of policies, processes, systems and products.
- **Sustainability:** To embed current diversity activities into business as usual and continue work towards achieving our diversity aspirations

PA collects comprehensive data for significant contracts on tenders and suppliers in terms of the size of the enterprise and diversity of ownership or workforce based on a pre-qualification questionnaire which is submitted for all centrally coordinated procurement bids. We will review the extent to which we are attracting a reasonable and diverse set of suppliers every six (6) months and will engage with long-running suppliers to establish whether they are adhering to their policies and programmes on diversity as identified in the procurement process.

PA will be seeking to develop further initiatives for individuals, for practices and for geographies, and works with the Diversity initiative in examining how to balance needs and desires for local and country-specific policies against the benefits of equal standards across PA.

Measurable Results or Outcomes

To ensure that a diverse supplier base is aware of opportunities to work with PA, we benchmark with at least three (3) suppliers; review periodically the channels by which we attract supplier interest and identify and address any barriers to involvement; and seek advice from external sources on appropriate ways of attracting diverse expressions of interest for different types of work and introductions to networks with knowledge of underrepresented groups. We actively engage a diverse base of organisations to help them understand our bidding process and raise their awareness of business opportunities.

PRINCIPLE 7 BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

PRINCIPLE 8 BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

PRINCIPLE 9 BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

Our Commitment or Policy

PA tries to keep its responsibilities in respect of the environment in mind, in the development of its services and in the effective running of the business. Although our impact on the environment is limited by the nature of our operations, we do take direct action to mitigate our impacts, particularly in relation to our real estate, technology assets, employee business travel, and procurement of goods and services.

A brief description of our Processes or Systems

PA's approach is to aim to establish and maintain effective and efficient documented environmental management procedures. It is also our intention to comply with, and where possible, attempt to exceed all statutory and regulatory requirements, national and international standards and industry practices. PA Consulting does its best to raise employee awareness of environmental issues and attempts to utilise industry best practices wherever possible. To this end, PA is committed to raising environmental standards and following an environmental policy of continual improvements and pollution minimisation. We aim to undertake a positive action programme by committing to new objectives and setting annual targets and, whenever appropriate, being transparent in respect to disclosure of our environmental performance.

Actions implemented in the last year / planned for next year

As a company that firmly believes in innovation, PA Consulting is leading the way in reducing our own

energy usage and carbon footprint with an innovative approach. Working with Semplice Energy, a part of British Gas – a Centrica company, PA Consulting are implementing an Eco|Solution, a total engineered solution, holistically addressing energy in its business and buildings as a whole. As part of the Eco|Solution, each building's operational energy flows are assessed and optimised. Independently sourced, best-of-breed clean technologies are integrated in to a bespoke hybridized design. With the technologies working cooperatively together for maximum results, the solution minimizes energy consumption while also generating clean energy onsite. The first site to be implemented is the Melbourn Office/Cambridge Technology Centre in the United Kingdom. We also intend to follow the principles outlines in ISO14001:2004 Environmental Management Systems and BS8900:2006 Guidance for Managing Sustainable Development.

Initiatives at improving our environmental performance and limiting our carbon footprint include:

- Global office facility survey to improve our measuring and monitoring of our internal ecological footprint leading to reduced costs and resources consumption.
- Annual all-staff survey on our CSR efforts to establish an unequivocal baseline of employee attitudes and behaviours, as well as build employee confidence in PA's ethics and values.
- Recycle 80% of all paper used at our office facilities.
- PA makes every effort to reduce air emissions. Nearly all emissions come from transportation and are quite low as compared to those of other professional services sectors.
- Comply with applicable discharge, permit and other requirements to eliminate citations, notices of violations and other regulatory actions.
- Reduce firm-wide greenhouse gas emissions by 2% reduction year on to achieve and maintain Carbon Trust Standard certification
- Minimise our inventory of non-printing paper supplies (notepads, notebooks, etc), general office supplies. Examples may include pens from recycled plastic and be recyclable, notepads from recycled paper and paper cups, plates and plastic utensils phased out entirely.
- Ensure that we firm wide we are utilizing the double sized printing facility on all printers.
- Globally utilizing email communications rather than print. For instance, Christmas cards to clients were produced and sent via email.
- Develop Giving Back/Volunteering relationships/strategic partnerships, etc. that allow our employees to channel their effort into projects that help reduce/offset one's carbon footprint.

Measurable Results or Outcomes

PA is working towards external validation of its carbon emissions, as part of its ongoing efforts to reduce its impact on the environment, and to implement steps to make all their business activities more sustainable. This meant that during 2008, we had to look at new ways of evaluating our environmental performance for 2006 and 2007. Data was examined in considerably more detail than previous years which means we are able to focus on areas that need priority attention, and examine key changes affecting our business. As a result, we will be setting targets to significantly reduce our emissions during the next year. This will be achieved through a number of initiatives. These will include:

- Tighter control of heating, cooling, and lighting in office areas
- Travel and transportation controls
- Global employee awareness campaigns
- Working towards achieving the Carbon Trust Standard.

We believe our supply chain management has served PA well. Within our UK and US markets, the process has proven effective at resolving environmental and social issues that may arise with our suppliers. As our business expands globally, we are gaining a better appreciation of the challenges to ensure that these same practices and standards are applied equally to all of our operating locations and new methods and reporting standards adapted (eg, GRI G3 or AA1000) to address our impacts systematically and holistically throughout the firm.

PRINCIPLE 10 BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY

Our Commitment or Policy

It is the policy of PA Consulting Group that no employee, representative or agent of PA Consulting Group shall do business for or on behalf of PA Consulting Group in such a manner as to violate local, state or federal laws of any country in which we conduct business or to engage in any activity that might have the appearance of an illegal or unethical act.

United States Congress unanimously passed the Foreign Corrupt Practices Act of 1977 (FCPA) following disclosure by the Securities and Exchange Commission of the extensive practice by American businesses abroad of making payment to foreign government officials for the purpose of obtaining or retaining business. The FCPA consists of Anti-bribery and Accounting provisions. The Board of Directors and Officers of PA Consulting Group fully support the national policy promoted by the FCPA and require each employee and our strategic partners to comply with these laws

A brief description of our Processes or Systems

We are always seeking ways to improve ethical behaviour across PA, by rising further all the standards we set ourselves and ensuring that we achieve them even more often and even more completely. One aspect of our anti-corruption stance is vigorous compliance with the FCPA. The PA Consulting Group Legal Counsel will provide opportunities for its employees to be trained with regard to the FCPA and PA Consulting Group's ethical policies and guidelines. It is the responsibility of each employee to ensure that he or she completes training sessions required by this guideline. The PA Consulting Group Legal Counsel shall have responsibility for developing and maintaining the training program.

Employees and contractors may call the PA Consulting Group Fraud, Waste and Abuse Hotline to report suspected violations of the FCPA. The Hotline number is answered and managed by corporate Group Legal in consultation with the Compliance Officer.

Actions implemented in the last year / planned for next year

To help employees comply with PA's policy, an FCPA training module is included on the online training course "US Government Contract Training." All employees must complete this program prior to being assigned to a Federal government or international assignment. All new employees shall undergo FCPA training as part of the orientation of new employees.

Measurable Results or Outcomes

Nearly 400 full time employees have completed FCPA training.

How do you intend to make this COP available to your stakeholders?

We intend to incorporate our commitment in this Communication on Progress to the Global Compact and relevant sections will be published in PA's Annual Report. Commencing 2010, we will produce a separate Corporate Sustainability Report also available at the PA website.