

## GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS

<b>Company Name</b>	<b>PA Consulting Group Limited</b>	<b>Date</b>	<b>January 2015</b>
<b>Address</b>	<b>123 Buckingham Palace Road London, SW1W 9SR</b>	<b>Membership date</b>	<b>June 2007</b>
<b>Country</b>	<b>UK</b>	<b>Number of employees</b>	<b>2463</b>
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To our stakeholders:

I am pleased to confirm that PA Consulting Group reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Yours Sincerely,



Alan Middleton  
Chief Executive Officer

### Brief description of nature of business

An employee-owned firm of over 2,000 people, we work with business and governments worldwide through our offices in North America, Europe, the Nordics, the Gulf and Asia Pacific.

We are experts in a wide range of industries and we bring in specialists from across our whole firm to ensure you get the right team. Our specific expertise is in energy, financial services, life sciences and healthcare, manufacturing, government and public services, defence and security, telecommunications, transport and logistics.

Our deep industry knowledge and our skills in management consulting, technology and innovation allow our teams to challenge conventional thinking and overcome every obstacle to give you exceptional results. This is not something that ends with the assignment – for 70 years we have shared our knowledge to create real and lasting impact.

### 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, labour, 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, social and environmental 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 behaviour 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.

#### **Looking more closely at our initiatives:**

**Diversity** is focused on two issues: how we can help our people 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.

**Partner Ethics** (doing the 'right thing', rather than 'the easy thing') reflects the standards we set out for our partners, as our partners have such a significant role as leaders in our firm. Their behaviour, actions and inactions impact our firm, our people, our clients and our broader environment, in many ways. Beyond our role as corporate citizens, our partners have a major influence on our people and on our strength and stability as a firm. The standards of ethical behaviour we set for partners are valued (and assessed) both for positive reasons – so that we can become as great a firm as we aspire to be and project a strong positive profile to our clients and our people, and to avoid negative issues – with poor actions creating damages or risk. Our review of PA-wide Ethics includes continuous improvement principles – as we look for ways to further improve ethical behaviour across PA, to further raise the standards we set ourselves and to ensure that we achieve our standards 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, our people 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 people 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 our people 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), and social events and benefits packages.

**Greening PA** centres around reducing the environmental impacts that PA has on its surrounding environment. This initiative involves working to the requirements of ISO14001 and the Carbon Trust Standard both of which PA is accredited to (PA plans to roll out ISO14001 globally). Furthermore we regularly run environmental awareness campaigns and workshops which aim to highlight the environmental work we have carried out, the impact we have on the environment and what our employees can do to help.

**Signature**  


**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.

Our commitment is underpinned by a consistent and fully documented set of global operating procedures.

**A brief description of our Processes or Systems**

PA maintains an automated process of personnel reviews, my Career, which requires twice-yearly downward reviews of all employees as well as upward and peer reviews of senior consultants and partners. These 360 degree reviews are provided to line managers and PA's Partner Election Committee. Through this process, PA encourages all employees to comment on and document the behaviours of our senior management against norms for these ranks made available to all employees.

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 people 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**

PA previously launched 'my Career' - our enhanced approach to motivate, engage and develop our people. It brings together the key themes of dynamic feedback, assignment and performance reviews and career development into a single approach. A number of key components were delivered under the 'my Career' umbrella: refreshed capability frameworks, for both consulting and business support ranks, aligned to our six core values; flexible objectives which place the power in the hands of the individual to propose both Contribution and Capability based goals to their line managers, update and amend these on an on-going basis; a suite of new training courses aimed at Line Managers and all our people designed to help develop brilliant PA people; a dynamic feedback system allowing feedback to be given and sought on an on-going basis and delivered directly to the individual to either celebrate success or target development needs quickly; a streamlined Assignment Performance Review process to help develop our consultants on the job and aid learning and a global Balanced Scorecard to ensure consistency of assessment across the firm. All these changes result in an integrated assessment and development process that help us maximise the potential of our people.

**Measurable Results or Outcomes**

While PA does not set standards for measures in this area since consulting is inherently demanding of individual's time, we are committed to ensuring that all employees have access to alternative working arrangements that suit their needs. We encourage people to look for flexibility in their working. We offer part-time working and support sabbatical or career break. As well we support maternity and paternity time and compassionate leave.

We believe that this commitment to diversity of working arrangements and family friendly policies is paying dividends and will continue to build goodwill amongst our people.

<b>PRINCIPLE 3</b>	<b>BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING</b>
<b>PRINCIPLE 4</b>	<b>BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR</b>
<b>PRINCIPLE 5</b>	<b>BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR</b>
<b>PRINCIPLE 6</b>	<b>BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION</b>

**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**

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. Our aspiration is to support:

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

**Actions implemented in the last year / planned for next year**

To build on the qualitative data that it collects and evaluates on a regular basis the Diversity & Inclusion Action Group commissioned a global qualitative study in January 2012. 51 people were interviewed during March, April and May 2012. Interviews were semi-structured drawing on a range of pre-agreed questions. The objective of these interviews was to identify any diversity issues/trends which might indicate potential areas to explore and develop within the diversity programme in PA. The report was published in September and signed off by the Management Committee in December of

2013 and was a two year programme of work covering sixteen initiatives that ran through 2013 and 2014. The programme of work encompasses five key areas:

- Recruitment
- Performance Management and Promotion
- Equipping everyone to do the right thing
- External resourcing and alumni
- Communication

**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 and services 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.

**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.

<b>PRINCIPLE 7</b>	<b>BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES</b>
<b>PRINCIPLE 8</b>	<b>BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY</b>
<b>PRINCIPLE 9</b>	<b>BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES</b>

**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.

As part of our commitment to protecting the environment, we seek to prevent to water, land and air, aiming for continual improvement. We work hard to comply with all applicable legal and other requirements relevant to the environmental impacts of our operations. We have implemented a fully documented Environmental Management System (EMS) which includes the framework for setting our objectives and targets and ensuring that the international standard of ISO14001 is met or exceeded. We are also committed to retaining our Carbon Trust Standard accreditation in the UK to ensure year on year reduction in our carbon emissions.

We strive to achieve environmental best practice:

- Maintaining effective waste management, separating and recycling waste wherever possible, and disposing of waste responsibly
- Enhancing energy efficiency through prudent consumption, monitoring of energy use, and consideration of energy efficient technology and renewable alternatives
- Implementing an environmental awareness campaign to promote employee participation to help reduce the environmental impacts of PA's operations
- Monitoring and reviewing our environmental performance to ensure that progress towards our objectives and targets is maintained.

#### **A brief description of our Processes or Systems**

PA's approach is to aim to maintain effective and efficient documented environmental management procedures as part of our Environmental Management System, which aims to reduce our significant environmental impacts, namely, water and energy consumption, waste production and chemical consumption and handling. It is also our intention to comply with, 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 relevant to our significant impacts and data we collate, 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 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. Specifically for this office we carried out boiler optimisation, transformer tap down, Building Management System Upgrade and installed Solar PV. Since implementation there have been commendable savings in terms of energy, cost and carbon. We also follow the principles outlined in ISO14001:2004 Environmental Management Systems (all PA owned real estate is accredited to this standard) 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.
- Increasing the use of video conferencing and web-conferencing to reduce staff travel.
- Continuous examination of PA's global server configuration to reduce energy 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.
- Sub Metering: Electricity sub meters have been strategically installed throughout the real estate we own to allow analysis of energy consumption patterns as well as quantify energy savings. The system can be logged onto via Energy360 where reports can be run off for

specific meters and timescales

- We have established a network of environmental champions to ensure environmental best practices throughout our offices.
- Electric charge points have been installed at several of our offices which are available for use by our staff and clients, encouraging the use of electric vehicles.
- 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. We have implemented a cycle to work scheme and taxi pooling initiative to aid the reduction in emissions from scope three.
- Comply with applicable discharge, permit and other requirements to eliminate citations, notices of violations and other regulatory actions.
- LED lighting assessment across all PA owned sites to measure efficiency and ensure the benefits across PA owned sites.
- Removal of various inefficient temporary office premises with new spaces to be used
- 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 as a business 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 a Green Campaign week to increase the awareness of our impact on the environment throughout our employees and how they can help to reduce this.
- 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**

Each year PA measures and validates its carbon emissions, as part of its on-going efforts to reduce its impact on the environment, and to implement steps to make all their business activities more sustainable. We are continuously looking at new ways of evaluating our environmental performance. We currently collate data on energy consumption, waste production, paper and ink cartridge consumption and plot this against various parameters Data is reviewed in detail every year which means we are able to focus on areas that need priority attention, and examine key changes affecting our business. As a result, we set targets to significantly reduce our emissions year on year. These are achieved through a number of initiatives including:

- Tighter control of heating, cooling, and lighting in office areas
- Travel and transportation controls
- Waste recycling campaigns
- Global employee awareness campaigns and workshops
- Working to the principles of 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 to address our impacts systematically and holistically throughout the firm. We are developing numerical metrics and Key Performance Indicators to baseline our business impacts and those of our suppliers.

<b>PRINCIPLE 10</b>	<b>BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY</b>
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### **Our Commitment or Policy**

It is the policy of the 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. This is set out in our Code of Conduct.

### **A brief description of our Processes or Systems**

PA complies with the UK Bribery Act and the FCPA. All staff have been trained in knowing how to spot situations of high risk and how to report anything suspicious.

The prevention of bribery and unethical practices is part of our Code of Conduct which all employees must adhere to.

Our trading contracts have anti-bribery clauses and our supplier selection process questions the potential supplier about their processes for preventing bribery and corruption.

All new employees undergo anti-bribery training as part of the orientation of new employees. Current employees are reminded of their obligations through the Code of Conduct and any updates. Certain training courses also provide reminders (e.g. Legal Course for Consultants or Commercial Leadership in PA) which are targeted at people more likely to encounter unethical situations. Work outside of our normal office locations is scrutinised for risks by our High Risk Assignment Committee which will include assessing any bribery risk. (E.g. the use of agents is very carefully scrutinised).

### **Actions implemented in the last year / planned for next year**

Our procedures for the prevention of bribery will be reviewed by the High Risk Assignment Committee within the next year.

### **Measurable Results or Outcomes**

All full time employees complete anti-bribery training and logs are kept. Global Procurement has details of suppliers' acknowledgements to ensure they have adequate procedures in place to prevent bribery.

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

This Communication on Progress will be submitted to the Global Compact and made publicly available. PA may include relevant sections of the COP published in PA's Annual Report.