UNITED NATIONS GLOBAL COMPACT



COMMUNICATION ON PROGRESS

2014/15 REPORT



Company name: APCO Worldwide

Address: 700 12th Street, N.W., Suite 800 Washington, D.C. 20005 Country: United States of America Permanent employees at December 31, 2014: 635 Sector: Professional services/consulting Website: www.apcoworldwide.com

UNGC membership: Since June 1, 2010

Contact name: Kelly Kolker

Position: Director, Office of the Executive Chairman

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JOINT STATEMENT FROM THE **EXECUTIVE CHAIRMAN & CEO**

This year marks our fifth year as a signatory to the United Nations Global Compact (UNGC) and with this report we are providing an update on APCO Worldwide's progress on integrating the Ten Principles into our daily operations and decision-making. We are pleased to present this update on behalf of colleagues around the world. This has been an exciting year for APCO as we celebrated our 30th Anniversary. We used this milestone not only to celebrate but also to give back to our communities and as an opportunity to ensure the ongoing strength and vitality of the business for the next 30 years.

We reaffirmed our commitment to carrying out our business fairly, honestly and openly and to ensuring that the policies, practices and systems are in place to provide our employees with the direction and support needed to follow this mandate.

We established a new structure and expanded the role for our Responsible Business Committee so that it fully reflects the APCO community, the markets we serve, the values that guide us and the culture of respect, collaboration and excellence we strive for.

We also made changes within the executive leadership, which included appointing Brad Staples as APCO's second chief executive officer. In co-signing this letter, we both reaffirm our commitment to UNGC's Ten Principles.

We are proud that, as a certified women-owned business, we continued our efforts to support equality for women and girls around the world. Our own policies and practices and our work for clients on gender-related issues aligns with support for the Human Rights Principles.

And, as noted in last year's report, Margery serves as vice chair of the World Economic Forum's Partnership Against Corruption Initiative (PACI) and on the Forum's Global Agenda Council on Anti-Corruption and Transparency. We believe corruption to be the biggest challenge to economic and social development around the world and that business leaders must take aggressive action against all levels and forms of corruption. We continue to work with other CEOs, government officials and community leaders in making the fight against corruption a priority. APCO's efforts to support the 10th Principle, including our internal efforts and our work with clients, are detailed in this report.

On behalf of my colleagues, we are proud to reaffirm our commitment and we welcome your feedback on this report.

Margery Kraus Founder and Executive Chairman

Margung Kesus

Brad Staples Chief Executive Officer





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COMMUNICATING OUR PROGRESS

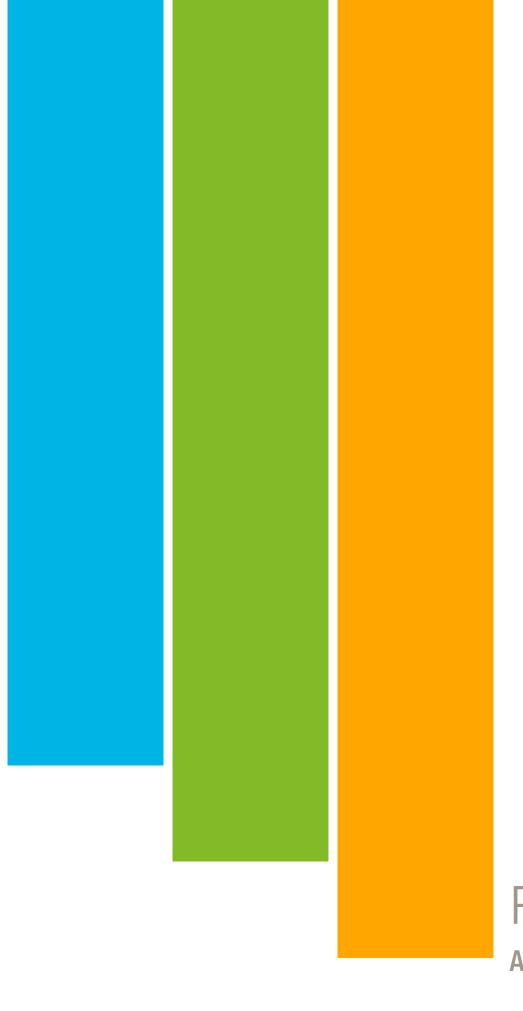
APCO Worldwide Inc. joined the UNGC in June 2010. This report is our fourth Communication on Progress (COP). All data contained in this document relates to the calendar year January – December 2014. In addition, some initiatives mentioned refer to the first quarter of 2015.

This report is in two parts:

PART 1 provides a short overview about APCO, including our 2014 organizational profile and our approach to governance, responsible business and citizenship.

PART 2 covers our policies, programs and actions to promote the UNGC's 10 Principles on human rights, labor, environment and anti-corruption.

This report was reviewed and approved by the chair of APCO's Responsible Business Committee and by our Executive Chairman and CEO.



PART 1: ABOUT APCO

ABOUT APCO

APCO is one of the largest privately owned communication stakeholder 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 our 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 33 major business, government and media capitals around the world. Our 635 permanent employees (as of December 31, 2014) comprise more than 40 nationalities and come from diverse backgrounds, including former elected leaders; ambassadors; journalists; business and nonprofit executives; government officials; market researchers; and communication, corporate affairs and online experts.

APCO's growth was mostly organic during its 30 years of operation. This has caused us to foster a strong culture and values 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.

2014 was a pivotal year in APCO's history as we celebrated the 30th anniversary since our founding. We announced the appointment of a new generation of leadership to prepare APCO for our fourth decade and beyond. Studying changes within the industry – the global nature of our work, the increasing connectivity of stakeholders and the shift in demographics to name a few – prompted us to focus on the alignment of our resources, integration of services and the expertise that we will need in the years ahead.

- Since last year's report, our highlights include:
- Undertaking a global program in support of APCO's 30th anniversary to give back to local communities where we operate around the world, by undertaking more than 30 volunteering and fund-raising **initiatives**, with nearly 40% of our staff globally actively contributing more than 1,450 **hours** to corporate citizenship activities in their market.
- Helping one of our clients, a multinational medical technology company, create a global stroke awareness campaign, "Take 2...Tell 2," that called for people to take two minutes to learn about stroke awareness and then share the potentially life-saving information with two other people. This award-winning campaign reached more than 720 million **people** through digital and traditional media.

Also, as part of our program to mark and celebrate APCO's 30th anniversary, we committed to undertake at least 30 activities during the year to give back to the local communities where we operate around the world. As a result, in 2014 our staff contributed more than 1,450 hours to various volunteering or fund-raising activities, with an estimated 40 percent of our employees participating.

Other highlights from 2014 include the opening of our new office in Tokyo, and the delivery of solid revenue and profitability, with global revenue of more than US\$118 million (pre-audit results). We also undertook a number of interesting and impactful projects for our clients, many of which are highlighted in this report.

2014 AWARDS & RECOGNITION

CSR Awards: A-List PR News

Best Large Agency to Work For

Top Places to Work in PR PR News

Top Workplace The Washington Post

International Agency of the Year PR Moment

Middle East Consultancy of the Year

Agency Elite Awards: Top Public **Affairs Practice** PR News

Digital PR Awards: Cause Marketing/

IKEA Brighter Lives for Refugees: The One Night without Lights Social Media Challenge PR News

Digital PR Awards: Mobile App The Children's Hospital of Philadelphia "Vaccines on the Go: What You Should **Know**" **Mobile Application** PR News

Global Awards: Highly Commended - Global **Partnership** MasterCard's E-Card Launch for Syrian Refugees PRWeek

MISSION AND VALUES

OUR MISSION

We enable our clients to achieve their objectives through insightful counsel, authentic advocacy and creative communications. At a time of transformational change, we help our clients understand the opportunities and challenges of a global marketplace and engage stakeholders. The results we achieve increase value to our clients' enterprises and benefit society.

ACCOMPLISHING OUR MISSION

We accomplish our mission by fostering a culture of critical and unconventional thinking, which is made possible because of our commitment to hiring, growing and retaining exceptional people from diverse backgrounds. We achieve results through a strategic understanding of our clients' objectives and deep insights into their political, economic and social environments. While we operate as one integrated company with offices around the world, we secure our clients' license to operate and grow by delivering results that are locally relevant but globally impactful.

APCO VALUES

- Make client success our measurement of achievement
- Empower people to do great work
- Nurture an organization where everyone is valued
- Rely on one another to achieve personal potential
- Build relationships to build business
- Tell the truth
- Push the boundaries with innovative technology and solutions
- Provide global service culture by culture

AMERICAS

Boston Chicago New York Raleigh-Durham Sacramento San Francisco Seattle Washington, D.C

EMEA

Abu Dhabi Berlin Brussels Doha Dubai Istanbul London Lyon Moscow Paris Riyadh Rome Tel Aviv Warsaw

ASIA

Bangkok Beijing Hanoi Hong Kong Jakarta Kuala Lumpur Mumbai New Delhi Shanghai Singapore Tokyo

GOVERNANCE, RESPONSIBLE BUSINESS AND CITIZENSHIP

GOVERNANCE

APCO Worldwide Inc. is governed by a board of directors, which has the legal and fiduciary duties to oversee the company's activities, management practices and financial performance. The five-member board has a unitary structure. Two of the board members (Margery Kraus and Neal Cohen) are APCO executives; one board member (David Greenberg) is independent; and two (Ron Boschetto and Neil Wiesenberg) are outside investors in the company. Three of the five members are non-executive members. The chair of the board is Margery Kraus, our founder and executive chairman. The board meets at least quarterly. The executive chairman periodically holds shareholder meetings with employees who are share and option holders to discuss the company's strategy and financial results.

Towards the end of 2014 we announced a significant transition to the next generation of leadership at the firm with the following appointments:

- Margery Kraus as executive chairman
- Neal Cohen as president of global client strategy and vice chair of the board of directors
- Brad Staples as global CEO
- Evan Kraus as president and managing director of operations
- Nicolas Bouvier as chairman, Europe
- Nelson Fernandez as chairman. North America.

At the same time, APCO formed a Global Leadership Team (GLT) consisting of senior leaders that represent each of APCO's geographical regions to oversee the company's operations and progress of the business against its annual plan. The GLT meets monthly. This new leadership for the firm will be reviewed on an annual basis. They reinforce the company's commitment to the changing global nature of business and communications and a shift in corporate interests to new, international markets; and the empowerment of the next generation of leaders at the company. See sidebar for details of GLT membership.

RESPONSIBLE BUSINESS

Our commitment to the responsible practice of communications and public affairs starts with the core values that guide all staff in the day-to-day decisions we make for ourselves and the counsel we provide

GLOBAL LEADERSHIP TEAM

Margery Kraus
Brad Staples
Evan Kraus
Neal Cohen
Nicolas Bouvier
Linda Du
Nelson Fernandez
Mara Hedgecoth
Kathryn Medina
Alicia Peterson Clark
Mamoon Sbeih
Denise Teeling
Martina Tydecks

Garry Walsh

our clients. We are committed to and comply with local laws of every market in which we operate, adhere to industry codes of conduct to which we are a signatory and strive to meet stakeholder expectations. We aim to serve clients who are committed to the same high standards of integrity and accountability. This objective is reflected in our new business and client service protocols. In 2008, we established APCO's Responsible Business Committee (RBC) to provide oversight for management of APCO's Code of Conduct and responsible business policies and systems, including compliance and ethics training. In 2014 we undertook a review of industry best practices to help assess how our own committee should evolve. This work resulted in a series of recommendations that are being implemented to underscore the company's commitment to acting ethically and responsibly.

The new committee, which will report directly to the CEO, will include representatives from each region and representatives from legal, human resources, and marketing and communications (also representing the GLT). The revised responsibilities of the RBC will include:

- Help APCO respond to the challenges of meeting the legal, regulatory and reputational risks in complying with ethical conduct standards determined by laws including the U.S. Foreign Corrupt Practices Act and the UK Anti-Bribery Law
- Work with legal counsel to develop and implement relevant training programs
- Review and, as appropriate, suggest changes to APCO's Code of
- Serve as an outlet for employees to raise issues about conflicts or working for a particular client
- Review of the annual UN Global Compact report

GLOBAL CLIENT MANAGEMENT

Our team continuously strives to improve the quality of our work, service and client satisfaction. Clients are formally reviewed internally by APCO senior management on an annual basis. We also conduct an annual client satisfaction survey of the majority of our client base.

EMPLOYEE DEVELOPMENT AND ENGAGEMENT

We are proud to have won a number of industry awards that recognize our strength as an employer, including being named the "Best Large Agency to Work For" by The Holmes Report for the second year in a row at the North America SABRE Awards.

Investing in our staff's learning and development remains a top priority for APCO. We believe that continuous learning and increasing skills are

INDUSTRY CODES

APCO has endorsed and adheres to the following industry codes in all our activities:

Association Française des Conseils en Lobbying (France) Code of Ethics

Association of Professional Political Consultants (UK) Code of Conduct

Confederation of Indian Industry (India)

Code of Business Ethics

Council of Public Relations Firms (U.S.) Code of Ethics

Council of Public Relations Firms in Hong Kong (Hong Kong) Code of Ethics

> Degepol (Germany) Code of Conduct

European Public Affairs Consultancies Association (Europe) Code of Conduct

Independent Commission Against Corruption (Hong Kong) Prevention of Bribery Ordinance (POBO)

International Association of Business Communicators (International) Code of Conduct

Public Relations Consultancies Association (UK) (U.S.) Code of Conduct

Public Relations Society of America (U.S.) Member Code of Ethics

important components of an employee's professional development and contribute to our success as a firm. In 2014, the goal for our learning curricula was to provide employees with training on APCO's broad array of business competencies. The curricula consisted of more than 35 core courses that can be accessed by all worldwide staff.

In 2015, we assessed past training modules and are currently updating a training program that better supports APCO's most critical business competencies in order to better reflect the needs of the organization, enhance client relationships and support professional development. Our goal is for all APCO employees to take advantage of the new training opportunities as a way to enhance their business competencies.

An example of our new training initiatives that better reflect critical competencies is our focus on digital capability as a key component for APCO achieving its business goals. This particular competency focuses on an employee's ability to become immersed in digital communications and apply those experiences to client work.

To complement our new training program, we continue to use our online Learning Management System. The tool offers employees an interactive experience to browse our global calendar of classes and register online. They can search for available classes and track their learning progress.

In 2013, APCO put forth a blueprint for moving forward as a company over the next three years. A key element of this plan was to improve connectivity among employees and enhance opportunities for employee development. To accomplish this, the APCO Experience was introduced, and in 2014 it was still an important component to APCO's culture. The APCO Experience is about challenging convention and challenging oneself. It defines the mutual commitment between APCO and its employees. Senior leaders traveled around the world to every APCO office to deliver the APCO Experience and answer questions from employees. The APCO Experience is made up of four parts:

- Challenging & Varied Work
- Recognition & Reward
- Career Development & Progression
- Engagement & Connectivity

MEMBERSHIPS

APCO is proud to be a member partner of the following organizations:

Boston College Center for Corporate Citizenship

Business and Society, Belgium

Business for Social Responsibility (BSR)

Business in the Community (BiTC)

Clinton Global Initiative (CGI)

International Crisis Group

LAGRANT Foundation

Woodrow Wilson Center's Women in Public Service Project 50 x 50 Leadership Circle

> Women Presidents' Organization

World Economic Forum Global Agenda Council on **Anti-Corruption & Transparency**

World Economic Forum Gender **Parity**

World Economic Forum Partnership Against Corruption Initiative (PACI)

Top highlights from the APCO Experience in 2014 include:

- **Executive Chairman/CEO Councils.** Each region hosts an annual Executive Chairman/CEO Council where top performing employees at the mid and junior levels meet directly with either APCO's founder and executive chairman or with our 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.
- Global Employee Scholarship Program. To foster integration, share best practices and enhance cultural understanding, each year a group of employees are selected as part of this program to spend time working in another APCO office around the world. Scholarships are awarded annually and those individuals selected are expected to contribute to the host office by sharing best practices, reviewing client engagements, experiencing the local culture and then returning to their home office to share their learnings and experiences with colleagues.
- **International Assignments.** To provide the best level of client service, employees are regularly offered the opportunity to work in another country or at a client location to become an integrated part of a specific client's team. This provides the client with an extremely high level of service and the employee with a unique professional development experience. In 2014 we made our global mobility a priority by hiring a professional global mobility specialist. This was to ensure that both our Global Employee Scholarship Program and our international assignments remain a cornerstone of our global offering to existing and potential employees.
- Recognizing Employee Anniversaries. APCO celebrates our employees by recognizing their anniversary of joining the company. Our executive chairman, Margery Kraus, handwrites personalized anniversary cards for all 635 employees across the globe.

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.

In honor of APCO's 30th anniversary in 2014, each office was asked to help contribute to the goal of participating in at least 30 initiatives that gave back to our local communities around the world. We estimate that, as a result of this special program, APCO's staff contributed more than 1,450 hours of time to community service. A selection of these volunteering and fundraising projects in 2014 include:

Bangkok: Women in Public Service Project, The Harpswell Foundation and Pannasastra University of Cambodia - APCO's Bangkok team organized and executed a training module for more than 60 female students from different universities in Phnom Penh, Cambodia on business communications hosted by the Women in Public Service Project (WPSP), the Harpswell Foundation and Pannasastra University of Cambodia (PUC). The module consisted of lectures and workshops focusing on critical thinking, leadership and empowerment of a new generation of women leaders in Cambodia.

Bangkok: Thai elementary school -Members of APCO's Bangkok team also participated in a CSR program to teach basic concepts of personal finance to Thai elementary school students. APCO staff visited a public school to help adjust the training module, lead teaching sessions and introduce the simple but often

overlooked principles of "spending wisely" to children ages 9 to 11.

Beijing: Youthink Center - The Beijing office used their communications and public affairs expertise to advise the city's youth nonprofit community by leading a communications consulting workshop in partnership with Youthink Center, a nonprofit organization and a platform with the mission of empowering young social entrepreneurs and their causes. Five entrepreneurs presented their projects to APCO's team, along with their own identified communications-related questions and challenges. After each presentation, APCO colleagues shared comments, insights and advice on how best to approach and collaborate with corporate CSR teams.

Brussels: UNICEF - APCO's team in Brussels hosted the 20th Quiz for Children in aid of UNICEF's campaign to provide good nutrition for those children most in need around the world. The event was sold out with 75 teams of law firms, companies and consultancies competing













for the winner's cup. The quiz raised nearly €20,000. This is a fantastic annual corporate citizenship initiative in Europe, which has become a Brussels institution.

Berlin: OASE e.V. - APCO's German team hosted a successful charity pub quiz, which brought together not only clients and staff members, but also APCO alumni, family and friends. The money raised was donated to OASE e.V., a local charity focused on improving the lives of refugees in Berlin.

Chicago: Windy City Habitat for

Humanity - Members of the Chicago team volunteered with Windy City Habitat for Humanity, a nonprofit, ecumenical Christian housing ministry that seeks to eliminate poverty housing and homelessness in Chicago. Our team helped to put the finishing touches on a new house on the South Side of Chicago and successfully installed light fixtures and painted the second floor of the home.

Hong Kong: ENGAGE HK - APCO's Hong Kong team participated in ENGAGE HK's program to bring together community partners and companies to positively impact disadvantaged teenagers through mentorship, skills development and community engagement. As part of our involvement, we offered two disadvantaged students the chance to undertake a summer placement in our Hong Kong office. Our team created an intensive placement itinerary for the students and ensured they received training on public speaking, Prezi software, crisis communication and an introduction to Hong Kong's government and political landscape. The students supported client projects throughout their placements and also attended an investment promotion conference and dinner organized by the American Chamber of Commerce.

London: British Heart Foundation -

Our London team participated in a 10K run to raise funds for the British Heart Foundation's vital work fighting heart disease. The team ran through Greenwich Park in London and raised more than £1,000.

Paris: IMS-Entreprendre pour la Cité and the Gallieni Centre - APCO's Paris team accompanied a group of visually impaired adults to a visit at the Museum of Silk Textiles in Lyon, with the aim to widen access to culture and history for disabled people. The initiative was in partnership with IMS-Entreprendre pour la Cité and the Gallieni Centre

Rome: Caritas-mensa Soup Kitchen -

APCO's Rome office volunteered at the Caritas-mensa Soup Kitchen in Rome. The team helped serve customers and clean the soup kitchen. Caritas is a Catholic charity organization and the kitchen is located in the center of Rome and hosts hundreds of homeless people on a daily basis.

Tel Aviv: Project Leket - APCO's Tel Aviv office volunteered with Leket Israel's Project Leket, picking fruit and vegetables for distribution to Israel's needy. The Tel Aviv team successfully picked 1,000 kg of eggplants, helping to feed more than 250 families. Leket Israel, the National Food Bank and leading food rescue network, actively works to alleviate nutritional insecurity through its varied food rescue and redistribution projects. Leket Israel provides food and nutritional support to 140,000 people each week.

Washington, D.C.: The Alzheimer's

Association - On October 25, 2014, the Washington, D.C., team participated in the Alzheimer's Association's Walk to End Alzheimer's on the National Mall. The team signed up more than 100 people at the walk to commit to taking action with their local government to bring the fight to end Alzheimer's to the top of the legislative agenda. In advance of the walk, the team was also able to raise more than \$600 for the Alzheimer's Association, thanks to donations from colleagues.

Washington, D.C.: DC Central Kitchen

- To honor the anniversary of September 11, 2001, the Washington, D.C., team participated in a National Day of Service and Remembrance by volunteering at DC Central Kitchen. Each day, DC Central Kitchen transforms 3,000 pounds of donated food into 5,000 meals that are distributed to homeless shelters. transitional homes and nonprofit organizations. By volunteering to help prepare meals on September 11th, APCO was able to be part of a leading effort to reduce hunger throughout the Washington area.

APCO hosted the 20th annual Quiz for Children in Brussels in November 2014, raising nearly €20,000 for UNICEE.

Corporate Giving and Charity Matching

In 2014, APCO's U.S. operations donated more than US\$220,000 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 makes significant contributions to our local communities and to global causes via pro bono work. In 2014, our global pro bono work reached more than \$1 million in services. We support a wide range of nonprofit organizations around the world, including:

Global pro bono efforts

- 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 3,200 commitments, which have already improved the lives of nearly 430 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 Margery Kraus participates in the annual strategy and planning meeting for CGI. 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 the past few years, APCO has significantly increased its pro bono support for CGI and now manages all the press around CGI's America meeting, its Middle East and Africa meeting in Marrakesh, as well as its annual meeting in New York. 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 its members and commitment-makers around the world. The pro bono partnership with CGI is a global effort, including colleagues from many APCO offices around the world. In 2014, APCO provided more than 1,200 pro bono staff hours supporting media outreach and engagement on behalf of CGI and its members, including coordinating dozens of one-on-one interviews between CGI members and media and running the media room at the CGI America meeting in Chicago, as well as the Annual Meeting in New York.
- Business in the Community (BITC): APCO continues to provide pro-bono support to BITC, a business-led charity with a core membership of more than 800 organizations, ranging from small enterprises to global



In 2014, APCO undertook pro bono work to the value of more than \$1 million in services. corporations, working together to create a fairer society and more sustainable future. In addition to APCO's Brad Staples providing strategic counsel through his role on BITC's International Leadership Board, the APCO team provides varied communication advice. For example, we worked with BITC in early 2015 on their "Forces for Change" initiative: a set of documents produced to help companies consider how to tackle some of the world's greatest challenges such as climate change.

Examples of pro bono projects from APCO's offices around the world

- American Prairie Foundation (APF): In 2014 and early 2015, APCO's New York office continued to provide pro bono communication support for this NGO, which is developing one of the world's largest conservation projects — a 3.5 million acre wildlife reserve in Montana. Together we have identified ways to infuse their story with emotion and humanity to help the organization appeal to a broader base of support. We also supported a major fundraising event and facilitated introductions to impactful and agenda-setting reporters covering travel, photography, extreme sports, arts and general interest.
- European Shoah Legacy Institute (ESLI): APCO provided pro bono strategic positioning, messaging, international media relations outreach and stakeholder engagement for this nonprofit organization, which works to preserve the memory and interests of holocaust survivors. The APCO team provided communications support for ESLI's high-level conference in Prague, Czech Republic with the aim of raising awareness of the event, as well as highlighting the issue of widespread poverty among holocaust survivors. The conference was highly successful, resulting in widespread media coverage from more than 30 target publications.
- International Health Partners (IHP): APCO's London office has an established pro bono partnership with 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. During the past year, the APCO team provided pro bono communication and strategic counsel to IHP, including advice on stakeholder engagement and message development. For instance, APCO assisted IHP around the launch of its pan-European medicine donation portal, EURMED, which was officially inaugurated by HRH the Prince of Wales at Kensington Palace during a reception attended by leading executives from the pharmaceutical supply chain.
- StreetGames: APCO's London office works on a pro bono basis for StreetGames, a UK charity with the goal of changing lives and communities through bringing sport to disadvantaged areas. StreetGames' projects are designed to help young people keep themselves safe, active and healthy, and are predominantly delivered

APCO's Paris team supports Soieries du Mékong, a social business which promotes the empowerment of women in a rural area of Cambodia. by trained volunteers. In addition to offering communications counsel, support and implementation across a broad range of activities, APCO also set up Pinstripe Ping Pong, an initiative designed to involve large corporates in the charity's work and to raise awareness of and funding for StreetGames' core work.

• Soieries du Mékong: APCO's Paris team supports this social business which designs, manufactures and sells high-quality silk scarves and accessories that are hand-woven in Banteay Chmar in Cambodia. Soieries du Mékong promotes the empowerment of women in this rural area by offering them sustainable work, valuing their skills. Since its creation in 2001, it has trained and employed more than 100 women. APCO in Paris provides pro-bono support to Soieries du Mékong in communication, positioning and media relations in France, where the silk scarves are commercialized in high-end outlets. Quarterly workshops are held with the commercial team based in France to support them with positioning, message development and production of marketing collateral. APCO also donates funds for equipment. In early 2015, APCO sponsored the purchase of a winding machine and electronic tablets for commercial development.

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, members of APCO's senior management team 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.

CHALLENGES & OPPORTUNITIES

Each year we assess the fundamental issues that have a material impact on our ongoing success. For the most part, these issues do not change from year to year.

We are in a business where trust, transparency and talent are a must for any modicum of success. We need to have the trust not only of our clients, but their stakeholders. We need to be transparent in how we conduct our business - both for ourselves and on behalf of our clients and the communities they serve. Finally, we need to ensure that we have the talent to offer the expertise and experience needed when working with governments, corporations and nonprofit organizations

that are tackling some of society's biggest challenges or advancing great opportunities.

These core elements – trust, transparency and talent – are the price of admission to our industry. We are vigilant to ensure that we consistently deliver against them.

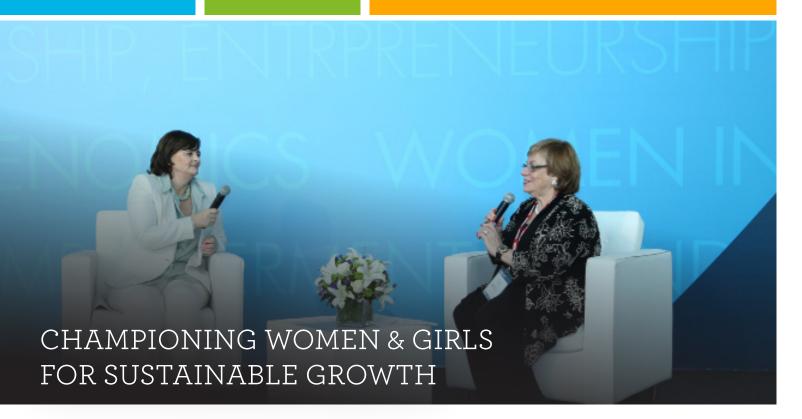
- Trust: Societies around the world have languished in a decade of eroding levels of public trust in all types of organizations - including our own industry. We work every day to build trust with our clients, their stakeholders, our colleagues and communities. We do this in part by ensuring that we stay true to the mission and values that the company was built on and by the clients and projects we take on. We have in place strict policies and protocols that apply to everyone in the company that aim to preclude potential conflicts among existing clients and also with APCO's vision and values as a global company.
- Transparency: The only way we can build trust with our clients and their stakeholders, our employees and the public is by being transparent about who we are, what we believe and do and how we conduct our business. It is an essential part of building and growing a successful enterprise. As we noted in previous reports, in an industry that is often criticized for the tactics used to promote clients' interests, we are especially attuned to the value gained through conducting our work in a transparent manner.
- Talent: We can only build and grow our business if we have employees who can help our clients and their stakeholders understand and deal with the complexities of critical economic and social development issues. Our goal is to attract and retain a diverse, creative and knowledgeable group of people who want to work across borders, issues and platforms to solve problems and advance goals while building their careers at APCO.

Working with senior leadership, we seek to ensure that the issues are adequately and clearly addressed through our corporate policies and practices and the industry codes of conduct and ethics to which we all adhere.

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We are in a business where trust, transparency and talent are a must for any modicum of success.

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Investing in women is not only the right thing to do, but it is also critical to the success of businesses, governments and organizations. We believe that by investing in and advocating for women - whether internally at APCO, as part of our extensive client and pro bono work in this space or through the active external leadership of our employees – we can help strengthen business outcomes and create benefits for families, communities and countries. Our multifaceted commitment to women. through our work in all these areas, underscores APCO's commitment to a wide range of UNGC Principles, including those focused on labor and human rights.

A CERTIFIED MAJORITY WOMEN-OWNED BUSINESS

APCO is certified by the Women's Business Enterprise National Council, in partnership with the Women Presidents' Educational Organization, as a women-owned business.

As the largest certified majority women-owned global business in our industry, our passion for women and girls is part of our DNA as a firm and reflected in our offices across more than 20 countries.

CLIENT AND PRO BONO WORK

In the last year, we saw heightened levels of activity and engagement by businesses, governments and community organizations alike. There is now widespread understanding that investing in women and girls is a wise use of resources. As a result, we are seeing our clients shift their focus beyond simply making the case for investment in this space, to trying to better understand how best to enhance their impact. Actors in this area are digging deeper, tackling bigger challenges and paving the way for a more prosperous future. Here are just a few examples:

At APCO, women account

50% of leadership positions in geographic and global operations

50% of global accounts leads

- Mars: APCO provided strategic counsel and communications support for this global food manufacturer on women's empowerment programming. As part of our support, APCO generated a benchmarking memo highlighting best practices related to the attraction, retention and promotion of women in corporate leadership. With APCO's strategic guidance, the company explored and is developing a program focused on women's empowerment and leadership within its corporate structure.
- Mead Johnson: In the past year, APCO has worked with Mead Johnson Nutrition on a number of initiatives within the company's corporate citizenship platform. Currently, APCO is advising Mead Johnson on the expansion of its Feeding Hope program to new markets. For the past two decades, Feeding Hope has provided nutritionally balanced meals to children, as well as health, family planning and financial management education for mothers in impoverished communities. APCO provides strategic counsel and communications support to Mead Johnson, including outreach and stakeholder engagement. Over the past year, APCO facilitated introductions to leading NGOs in the women's economic empowerment space and identified potential partners to help expand the Feeding Hope program in Southeast Asia. APCO also provided event research and engagement support to Mead Johnson, facilitating cross-sector gatherings and partnerships to help raise the initiative's global profile.
- Reckitt Benckiser: APCO provided strategic counsel and outreach support to Reckitt Benckiser surrounding the 2014 UN General Assembly meeting in New York. Drawing on our experience and deep connections in the women's empowerment space, APCO facilitated introductions and identified potential partners to help Reckitt Benckiser strengthen and expand its corporate responsibility programs. APCO set up a series of meetings with relevant thought leaders and nonprofits, including Women Deliver, a global advocacy organization committed to improving the health and well-being of girls worldwide.
- UPS and the World Association of Girl Guides and Girl Scouts: Since 1988, APCO has worked in partnership with The UPS Foundation to design, communicate and help implement UPS' strategic philanthropy programs. For the last decade, APCO helped develop and strengthen a signature partnership with the World Association of Girl Guides and Girl Scouts (WAGGGS), an organization that helps more than 10 million girls and young women in 145 countries realize their full potential as responsible citizens of the world. In the last year, APCO supported an expansion of this partnership, including our client's investments of more than US\$6 million to reach thousands of girls through leadership development, environmental sustainability and advocacy programs. In partnership with UPS, WAGGGS is working to increase volunteerism and leadership capacity in Mexico, Nigeria,

Championing the progress of women and girls globally is part of our DNA and has been for 30 years.

Panama, South Africa and the UAE – emerging markets in which UPS has a growing business presence and a strong employee base to engage as volunteers. WAGGGS also developed an "I-lead" online learning module, to reach more women and girls with its leadership development programming worldwide.

Building on our ongoing work to advance opportunities for women and girls, APCO researched and analyzed trends in the women's empowerment space to identify developments related to women in leadership, health, education and gender-based violence. This analysis culminated in a comprehensive trends analysis published on International Women's Day in 2014.

EXECUTIVE AND EMPLOYEE ENGAGEMENT

Championing the progress of women and girls globally is part of our DNA and has been for 30 years, since Margery Kraus founded the company back in 1984. Our company-wide commitment to support the development of women is evident in the personal actions and affiliations of our employees and executives. Some examples from 2014 and early 2015 include:

- Anatolian Tigresses Mentorship Program: As part of APCO's 30th anniversary commitment to giving back to the local communities where we operate, our Istanbul team developed and launched a new initiative called the Anatolian Tigresses Mentorship Program. This program involved a mentorship day for a select group of 70 female students who gathered at the Abdullah Gul University (AGU) in Kayseri, with the aim of championing the next generation of female Turkish business leaders. APCO's team travelled to Kayseri with a group of six women business leaders and CEOs. APCO organized and facilitated a number of workshops, along with a series of inspirational speeches. The positive reactions to this program far exceeded expectations, and a number of follow-up events were planned to facilitate a sustainable and long-standing relationship with AGU and APCO's commitment to mentor young women. Subsequently, APCO extended the program by holding a similar event in our London office aimed at female Turkish students in the UK.
- C-200's Israel Women Leadership Mission: APCO provided pro bono support to C200, a membership organization of the world's most successful women entrepreneurs and innovators with the aim of fostering, celebrating and advancing female business leadership. In May 2014, APCO helped organize C-200's Women Leadership study tour to Israel, where the group met with leading women in business, media, politics and academia across the country. The findings and key learnings of the tour are helping to shape the organization's program of support for the female business leaders of the future in the Middle East region.









- George Washington University Women in Public Affairs Lecture Series: APCO participated in this series of lectures at George Washington University, including hosting a panel discussion on women as influencers and agents of change within the public affairs field. The panel discussed specific barriers to advancement, as well as strategies for success in a highly competitive and growing field.
- Margery Kraus Scholarship: Introduced in 2011, APCO continues to support the Margery Kraus Scholarship for the study of Global Communications and Public Affairs at American University, which supports women who are studying abroad.
- Women in Leadership (WIL) Forum: APCO was a key partner and provided significant pro bono media communications support to the 16th Women in Leadership conference, which took place in November 2014 in Dubai. The event shined a spotlight on "Womenomics" and our founder, Margery Kraus was a lead speaker, introducing a number of high-profile speakers and facilitating panel discussions, including a one-on-one session with Cherie Blair, founder of the Cherie Blair Foundation for Women. The conference was inaugurated by His Excellency Sultan Bin Saeed Al Mansouri, UAE Minister of Economy, and convened a number of powerful speakers calling for greater inclusion of women in key sectors of the economy, including Her Royal Highness Sheikha Hissah Saad Abdulah Salem Al-Sabah, chairperson, Council of Arab Businesswomen; Sheryl Sandberg, COO of Facebook; and Yabhq Datin Paduka Seri Rosmah Mansor, wife of the prime minister of Malaysia. The WIL Forum's series of initiatives has been actively promoting economic empowerment of women as well as diversity and inclusion in the workplace since its launch in 1999. This conference was organized under the patronage of the United Nations Global Compact, Women in Global Business and the GCC Board Directors Institute.
- Women in Public Service Project: Established in 2011 with the U.S. State Department, Margery Kraus was a member of the 2014 WPSP Leadership Circle, a program of the Global Women's Initiative at the Woodrow Wilson Center that aims to empower and mobilize the next generation of women leaders worldwide on critical global issues through innovative research, learning institutes and peer-to-peer mentoring. WPSP's primary goal is to reach 50 percent representation of women in public service by 2050 ("50 × 50"). APCO was also a corporate sponsor of their initiatives.
- World Economic Forum Gender Parity Group: Margery Kraus played an active role in the meeting of this group at the World Economic Forum in Davos in early 2015.



In the pages that follow, we provide a summary of APCO's internal policies and practices aligned to support the UNGC Principles.

We also have included examples of how we apply the principles to our work with clients around the world. Many of the examples of our client work that are cited align with multiple principles, particularly our work focused on human rights and labor practices.

HUMAN RIGHTS PRINCIPLES

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2:

Make sure they are not complicit in human rights abuses.

APCO'S POLICIES, OPERATIONS AND GOALS

Support and respect for human rights 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 to: (i) recruit, hire and promote the most qualified staff for all jobs; and (ii) 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 non-discriminatory 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.

As a global organization, other APCO regions such as Greater China, Europe and Southeast Asia have also enforced equal employment policies. Such policies protect employees from discrimination based on their sex, marital status, disability or pregnancy. These policies set in place allow all individuals to receive the same opportunities with regard to recruitment, hiring, promotion and compensation.

In addition, some of APCO's offices have contributed to fund-raising and other initiatives supporting anti-discrimination causes. For instance, in 2014 our New York office chose to support Live Out Loud, a nonprofit organization that inspires, nurtures and empowers LGBTQ youth to build a successful future by connecting them to positive role models and affirmative experiences in the LGBTQ community and provides opportunities to interact with adults who understand the realities of living openly as a member of the LGBTQ community. This year APCO was one of several companies to sponsor Live Out Loud's gala, and our chief diversity officer served as one of the event's co-chairs.

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:

- International Development Law Organization (IDLO): In 2014, APCO worked with the IDLO to develop its online presence. In doing so, APCO helped promote the rule of law as a tool for enhancing access to justice and promoting sustainable development, including economic growth. The increased web presence is actively recognized as being a useful advocacy vehicle in the context of the post-2015 development agenda.
- Landesa: APCO provides global communication and advocacy support to this international, nonprofit organization that champions the power of land ownership and secures land rights as the key to a better future for the world's poor. The organization partners with governments to design laws, policies and programs that provide the rural poor with opportunities to legally own, lease or inherit land. As a result of Landesa's efforts, more than 100 million families around the world have gained legal rights to land.
- Near East Foundation (NEF): APCO's Washington, D.C., New York and Tel Aviv offices joined forces to provide media relations support to the Near East Foundation, raising the visibility of their regional economic development and cooperation programs for communities in conflict. For 10 years, NEF promoted Olive Oil Without Borders, a program that brings together Israeli and Palestinian farmers to improve their olive oil business while at the same time fostering trust, mutual understanding and shared financial interest.

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 Southeast Asia.

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INTERNAL IMPLEMENTATION

In order to keep our values at the forefront of what we do, APCO takes several concrete actions to ensure employees understand the importance of our values, the spirit we intend by living our values and that our actions match our words. It starts at the very beginning of the employee life cycle.

Before joining the firm: During the hiring process, candidates are interviewed not only by the hiring manager, but also by their potential peers. This is to ensure that the candidates understand the importance of integration and respecting diverse viewpoints as a core value of the firm. Regular interview skills training is provided to employees to ensure candidates are treated fairly and have a positive interview experience.

New Employee Orientation: During the first few days of joining APCO, the firm's values, as well as APCO's Code of Conduct and our Anti-Discrimination and Equal Employment Opportunity Policy, are reviewed with all employees as part of the standard Global Orientation Program. This underscores the importance of following and abiding by these principles in employees' interactions from the very start of their employment.

Making it relevant: Throughout the year, several APCO executives conduct periodic ethics and values training sessions to reinforce the importance of and adherence to these policies. These trainings are not only beneficial to APCO's own operations, but there have also been instances where they have made a positive impact helping our clients satisfactorily resolve ethical dilemmas.

The APCO Experience: We also have defined and introduced our employee value proposition, the APCO Experience, as a comprehensive way to communicate the firm's goals we are working to achieve, how our values help us achieve those goals, and the programs and opportunities available to employees to support them in pursuit of their goals that align with the firm's values.

Doing It Right: In 2014, we continued to recognize employees through a program called "Doing it Right," empowering anyone from around the company to commend a colleague for demonstrating the exemplary behavior and core values in the delivery of service for the client or the firm.

Ongoing Training: 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.

During the first few days of joining APCO, the firm's values, as well as APCO's Code of Conduct and our Anti-Discrimination and Equal **Employment Opportunity** Policy, are reviewed with all employees as part of the standard Global Orientation Program. This underscores the importance of following and abiding by these principles in employees' interactions from the very start of their employment.

ETHICS COMPLIANCE LINE

APCO has a global compliance line that 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 the 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 executive collaboratively. Significant issues, if any, are brought to the attention of the Global Leadership Team. Annually, a report is prepared for the company's Global Leadership Team on usage of the compliance line and trends.

In 2014, there were no calls received by the global compliance line.

EMPLOYEE ETHICS TRAINING

With the growing rate of APCO new hires, ethical trainings are now conducted via webinar sessions. For 2014, we found that only 20% of new hires completed our ethical compliance training, which is a significantly lower percentage than in previous years and which we want to increase immediately. This issue has been raised with the CEO and Global Leadership Team who are committed to ensuring immediate improvement.

The CEO has directed HR to update our tracking and reporting methods with a goal of 100 percent of new hires being trained on ethical compliance. An example of this is the option to attend live trainings via webinar sessions as a way to control for employees that may miss in-house sessions.

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

We adhere to the employment laws in each of the countries we operate to ensure that individuals meet country and local employment eligibility standards, such as regulations governing age, among other things. Furthermore, APCO's equal opportunity policy, mentioned above, provides the framework for non-discriminatory 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 applicable 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. 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. We have a long-term goal to be recognized as the undisputed, most diverse agency by 2020. We firmly believe the very best solutions, products and contributions come from the diversity of our people and their backgrounds and experiences, and APCO has a competitive distinction when we fully embrace and leverage this belief.

In 2014, 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. 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 for APCO employees around the world. Throughout different offices we encourage our employees to lead a healthy lifestyle. Examples of this include some offices organizing fun and healthy competitions for losing weight, playing on organized sports teams, etc. Our wellness program also provides the opportunity to receive rewards for demonstrating healthy behaviors.

In addition to our formal procedures and directed opportunities, we built the firm on a spirit of mutual respect, which is an essential part of how we collaborate so well 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 previously) 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, including: 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 firmly believe the very best solutions, products and contributions come from the diversity of our people and their backgrounds and experiences, and APCO has a competitive distinction when we fully embrace and leverage this belief.

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.

Diversity: To ensure the spirit of the employment (labor) policies and practices are maintained, our human resources team reviews progress against the stated 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 practices 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.

Introduced in 2011, APCO continues to support 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 work of the LAGRANT Foundation which supports minority students majoring in communication by hosting events where students of the foundation can learn more and be exposed to the work of agencies.

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

23.9% of our **U.S. team** was classified as minority in 2014, according to EEOC designated ethnic categories.

Focus area: Health and Safety

In 2014, we had no serious incidences or work-related injuries reported.

LABOR PRINCIPLES APPLIED TO EXTERNAL WORK

IKEA: APCO helped IKEA achieve visibility and raise its profile as a responsible business and thought leader in the ongoing discussions around income inequality in the United States. For instance, we led the communications around its adoption of a new hourly minimum wage structure based on each store location's cost of living. Nearly 1,800 print and online news outlets and 230 broadcasters covered IKEA's living-wage announcement. The conversations were enormously positive, and prominent voices – including Presidents Barack Obama and Bill Clinton – praised the news of IKEA's commitment to a living wage for its employees nation-wide.

Sodexo: APCO's UK team worked with Sodexo to develop each of its corporate responsibility pledges – including important commitments around paying a living wage and addressing the gender pay gap – and designed and implemented a communications strategy to support them. Activity included a launch event in Westminster for media and wider stakeholders, where Sodexo's CEO in the UK and Ireland and a UK government minister participated in a panel discussion on the importance of issues such as reducing reoffending, paying a Living Wage and eradicating the gender pay gap. APCO also helped Sodexo achieve prominent national coverage in publications, such as The Times, The Guardian and the Financial Times, highlighting the company's commitments to these important pledges.

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

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.

A pilot program conducted with several of our mid-sized offices showed that office energy usage, business air travel and paper usage constitute the main elements of our carbon footprint (scope 2 and 3 emissions). While we have not yet developed the capacity for a consistent internal environmental data collection system, individual offices have taken steps to decrease air travel and paper use. We work with landlords and property owners to address office energy use. For instance,

- APCO's New York team is committed to diverting as much waste as possible from landfills and, working with other tenants in the building, we contributed to an 81 percent waste diversion rate for our office building in New York City last year.
- APCO's Paris team refocused its recycling program in 2014 and provided all employees with recycling-only bins, trained cleaning staff on waste sorting and provided information on recycling to all French employees. Used IT devices are now donated to Emmaus, one of the leading French nonprofit organizations, which employs marginalized workers to refurbish IT devices and resell

them at low prices – also contributing to the fight against unemployment. The team is now focusing on further reducing our waste generation and energy consumption in Paris – notably by optimizing our electricity usage and reducing the amount of packaging in the food and beverages offered to employees and visitors to our office.

Business air miles: In 2014, we estimate business air miles originating from our United States, UK, India, Belgium, France and Germany operations were 5,388,327, an increase from 4,384,694 miles in 2013. Our estimates are based on third-party travel vendor records for our operations in these countries. We estimate 2014 air miles accounted for approximately 1,517 tons of CO2 emissions, an increase from 1,300 tons of CO2 emitted in 2014. As a consulting firm, we are often required to appear on site with clients or potential clients, which creates air miles to fluctuate from year to year; however, we are committed to fully leveraging other resources that we have put in place, including greater teleconference capacity, to minimize our impact, especially for internal meetings and collaboration.

We also took several steps to decrease our use of energy globally, including:

- Creating a nearly 100 percent laptop work environment across all offices
- Expanding our teleconference capabilities to help decrease travel; in 2014 all major offices were equipped with video conference facilities in their largest meeting room
- Centralizing our server/IT network by collapsing our regional infrastructures into one worldwide shared facilities location
- Consolidating our server through virtualization moving from physical boxes to virtual machines, resulting in substantially lower power consumption.

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 2014 and early 2015 included:

Asian Cities Climate Change Resilience Network (ACCCRN): Initiated by the Rockefeller Foundation in 2008, the Asian Cities Climate Change Resilience Network (ACCCRN) currently operates in more than 40 cities in six countries - Bangladesh, India, Indonesia, the Philippines, Thailand and Vietnam – to develop and implement effective methods of responding to changing climatic conditions. Through ACCCRN, the foundation has supported more than 40 city-level interventions in the

In addition to focusing on our own operations, we contribute to promoting environmental responsibility and greener technology through pro bono and client assignments.

areas of land-use planning; drainage and flood management; emergency response systems; ecosystem strengthening; awareness building; disease surveillance; and institutional coordination. APCO has supported the initiative for the past six years by helping raise awareness of ACCCRN and its thought leaders. The APCO team provides a full suite of media relations services, stakeholder engagement and online communications services in the countries where ACCCRN operates. In addition, in December 2014 we supported ACCCRN organizing the Urban Resilience Summit hosted in Singapore, which welcomed more than 200 senior leaders from the private, public and non-governmental sectors including the United Nations, the Asian Development Bank and Prudential Corporation Asia, and received extensive media coverage internationally. This required strong support from the APCO teams in New York, Hong Kong, Singapore, India, Indonesia, Thailand and Vietnam, and the event was covered in more than 250 articles worldwide.

American Council on Renewable Energy (ACORE): As ACORE's pro bono communication partner for the past two years, APCO has provided strategic counsel, media relations support and on-site staffing for the organization's policy forum in Washington, D.C., to secure high-level media attendance and widespread media coverage of the event. Our work has included providing speaker recommendations and collateral material to ensure consistency and effectiveness of messaging, and successfully pitching to print, online and broadcast media. APCO secured coverage for ACORE in publications such as Reuters, Politico, E&E Publishing, The Hill, Triple Pundit, Fierce Energy, Green Tech Media, and Platts Energy Week, among others.

GE: APCO assisted GE Oil & Gas and GE Power & Water in their national, trade and local media outreach, seeking to profile their investment in the latest energy technology and engineering talent in the UK.

Eilat-Eilot Renewable Energy Initiative: APCO's Tel Aviv office provided pro bono advisory services to this nonprofit organization, which promotes the proliferation and development of renewable energy as a regional development catalyst. The initiative capitalizes on the area's natural resources and abundance of sunlight and open spaces. To this end, APCO advised on the concept, program and development of an off-grid village in Southern Israel. Today, the Eilat-Eilot Off Grid Hub stands as a premiere technology center and community for start-ups and established companies to develop products and technologies that will provide energy, water and agriculture needs to populations without access to national water and energy grids.

Elephant Ivory Trafficking Prevention: APCO works for two nonprofit organizations - the World Wildlife Fund for Nature and The Nature

APCO works with two organizations -The World Wildlife **Fund for Nature** and The Nature Conservancy - to help them communicate and amplify their campaigns to prevent the illegal ivory trade in Thailand and China respectively.

Conservancy – to help them communicate and amplify their campaigns to prevent the illegal ivory trade in Thailand and China respectively with key policy-makers, the media and other stakeholders.

Masdar: APCO has been the agency of record for Masdar, Abu Dhabi's renewable energy company, since 2010. Through an aligned communications strategy, APCO is helping Masdar position itself as a global leader in the advancement of renewable energy and clean technology. Our approach has generated positive, international media interest and brokered connections with key global stakeholders. The effort encompasses media relations, thought leadership, digital strategy and strategic counsel.

PepsiCo: APCO continued to support PepsiCo in communicating its Performance With Purpose sustainability work and its business impacts, including its industry-leading efforts around responsible water stewardship - key to food and beverage production. In September 2014, for example, APCO helped launch PepsiCo's and the Inter-American Development Bank's groundbreaking water management tool at Stockholm World Water Week, achieving coverage from The Guardian, Environmental Leader and GreenBiz, as well as an op-ed in Forbes, amplified by digital and social media.

Recolight: APCO works with Recolight, a nonprofit recycling program 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) Directives as 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 managed a number of awareness-raising initiatives for Recolight, including a trade media outreach program, video creation and social media promotion. The campaign contributed to the recycling of more than 225 million light bulbs, preventing 900kg of mercury from entering landfill sites. APCO also supported Recolight in its role as a founder member of new European trade association of WEEE lighting compliance schemes, EucoLight.

New Climate Economy Report: APCO provided global strategic communication services to The UN Global Commission on the Economy and Climate around the launch of their New Climate Economy report. This was an important report which documented that actions to combat climate change will have a positive economic, as well as environmental, impact on our world. However, the challenge we faced was how to gain visibility for its finding when the Commission was a new body. APCO was responsible for coordinating the global communications strategy, developing messages and materials, managing media outreach and coordinating engagement among partners in several countries. We secured coverage in leading media throughout the world, including the

New York Times, The Economist, BBC, Financial Times and USA Today, as well as preparing our spokesperson for interviews with CNN, MSNBC and BBC. In Beijing, 21 media outlets published stories including two news wires and nine financial media.

Shunfeng International Clean Energy (SFCE): APCO supports SFCE's global communications efforts. SFCE aims to create a low-carbon environment through its fully integrated clean energy solutions provided through its suite of clean technology subsidiaries including Wuxi Suntech, S.A.G. Solarstrom, Sunways AG, Powin Energy Corporation, Shanghai Everpower Technology, Taiwan Carbon Nanotube Technology, and joint ventures with Nabao Renewable Energy, Lattice Power, Greenwheel, Meteocontrol and Boston Power, among others. SFCE, the world's largest integrated clean energy solutions provider, now offers residential energy management systems and intelligent low-carbon solutions for commercial buildings, including schools, hospitals, stadiums and large-scale facilities to accelerate the deployment of renewables in both urban settings and off-grid rural communities.

Smart Power India (SPI): In April 2015, APCO worked together with The Rockefeller Foundation to launch Smart Power India (SPI), a new organization charged with supporting the foundation as it implements its US\$75 million Smart Power for Rural Development project. The launch brought together stakeholders from across India's central and state governments, the private sector, academia and the media. The launch of SPI was attended by India's Minister of Power & Renewable Energy and more than 150 senior representatives from across the Indian government, the energy and telecom sectors, NGOs and academia. APCO is providing ongoing communications and stakeholder engagement support as SPI aims to bring electricity to 1,000 villages over the coming three years, providing power to 1 million Indians.

United Nations: APCO helped the office of the Secretary General of the United Nations in developing UN messaging around climate change and the 2030 Sustainable Development Goals. APCO designed and led message development sessions with a wide cross-section of UN organizations interested in both issues, with the goal of aligning messaging and proof-points with the drivers of external stakeholders, including civil society and the private sector.

The Zayed Future Energy Prize: This annual prize – established by the United Arab Emirates government – recognizes pioneers developing innovative solutions for the future of clean energy and sustainable development. APCO has contributed to the international growth of the prize by supporting communications to raise awareness, drive participation and promote the benefits of prize winners' achievements throughout the prize's annual cycle.

APCO has supported the Rockefeller Foundation's Asian Cities Climate Change Resilience Network (ACCCRN) for the past six years by helping raise awareness of ACCCRN and its commitment to developing and implementing effective methods of responding to changing climatic conditions. APCO's team provides a full suite of media relations services, stakeholder engagement and online communications services in the six countries where ACCCRN operates: Bangladesh, India, Indonesia, the Philippines, Thailand and Vietnam.

ANTI-CORRUPTION PRINCIPLES

Principle 10:

Business should work against corruption in all its forms, including extortion and bribery.

As indicated earlier in this document, APCO has focused a great deal of our time and attention on anti-corruption efforts. The reality is that society as a whole will not be able to address the critical social issues facing the world today - poverty, global health, universal education, economic opportunity - unless we are able to continuously decrease levels of corruption, extortion and bribery in both the public and private sectors around the world.

APCO POLICY AND GOALS

As a professional services company with subsidiaries around the world, APCO's legal team undertakes ongoing risk assessments, paying heightened attention in those countries where APCO does business and, in particular, where there is an overlap with Transparency International's Corruption Perception Index which shows a culture of corruption. APCO considers the totality of the circumstances in managing bribery risk. 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, the economic structure of the engagement, and whether third-party consultants, agents and/or affiliates are being engaged.

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 (see sidebar on page 10) that have provisions relevant to anti-corruption, i.e., the World Economic Forum's Partnering Against Corruption Initiative (PACI) supporting the PACI Principles for Countering Bribery, 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.

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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.
- Trainings conducted on Ethics & Compliance that includes APCO's Code of Conduct, 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 APCO's legal team and sent to all staff reminding staff of anti-corruption requirements.
- Memos from APCO's founder and executive chairman 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.
- Procedures for evaluating entertainment, hospitality and gift expenses for clients to distinguish between reasonable expenses and lavish expenditure that could be considered a bribe.

Responsibility for anti-corruption implementation within APCO rests with the Responsible Business Committee and the office of 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.

ANTI-CORRUPTION PRINCIPLES APPLIED TO EXTERNAL WORK

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, which includes anti-corruption requirements, and to contractually represent and warrant that they will not participate in corrupt acts.

In addition to focusing on our own operations, we contribute to promoting anti-corruption through pro bono and client assignments. Examples of this include:

Responsibility for anti-corruption implementation within APCO rests with the **Responsible Business** Committee and the office of 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.

The Philippine Central Bank: APCO has been working with the Bangko Sentral ng Pilipinas, the Philippine Central Bank, to communicate the country's economic story. By emphasizing the Philippine government's good governance reforms and sound economic management to key opinion leaders (investor community, ratings agencies and top-tier business media), APCO has helped draw attention to the positive reforms put in place and raised the profile of the government on the international stage. Recently the Philippines' credit rating has been continuously upgraded and they have achieved a dramatic improvement in key international rankings on transparency, competitiveness and ease of doing business.

Ukraine Government: APCO works for Ukraine's Ministry of Finance to effectively and clearly communicate its internationally endorsed reform program, a key part of which contains sweeping anti-corruption measures, to both domestic and international audiences. With our support, the Ministry is now communicating new anti-corruption measures and reforms in broader taxation and administration policy, as well as reforms that affect everyday aspects of life such as electronic VAT payments, energy security, etc., with greater clarity and regularity. Our work also supports the increased transparency and accessibility in the Ministry's communications to the wider public.

World Economic Forum's Partnering Against Corruption Initiative:

APCO is a member of the World Economic Forum's Partnering Against Corruption Initiative supporting the PACI Principles for Countering Bribery, and a member of the Global Agenda Council on Anti-Corruption and Transparency. Our founder and executive chairman, Margery Kraus, serves as vice-chair of the Forum's Global Agenda Council on Anti-Corruption and Transparency. This initiative promotes robust anti-corruption efforts globally with like-minded corporations, organizations and governments. By signing the PACI Principles, we have committed to having a zero-tolerance policy towards bribery and to developing, 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.

As part of APCO's contribution to the PACI agenda, we were instrumental in developing the idea for, and analyzing the results of, a <u>World Economic Forum survey</u> on the impact of corruption, specifically seeking perspectives from the millennial generation (people aged 18 to 34). The WEF survey was undertaken in conjunction with the United Nations Office on Drugs and Crime, with support from Transparency International and other organizations. The findings suggested that the

MEASUREMENT

APCO believes that its extensive compliance training program, which includes training on the Compliance Line, has been successful. No incidents of corruption have been reported and there have not been any legal cases, rulings 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.

two issues regarded as most important by millennials are the impact corruption will have on growth and what other impacts it will have on the future, including voting and the public sector as a career choice. As the generation that will live with the consequences of today's corruption the longest, it is important that the voice of the millennials is heard, and its concerns acted on. The survey was published around the annual Davos Forum in early 2015 and helped raise public awareness of the impact corruption today has on the future of our society. In addition, it will help more millennials understand the scale of the problem, and encourage them to play a role in helping create an environment where corruption cannot flourish.

MOVING FORWARD

We hope this summary of our work to date provides both the sense of how important the UNGC principles 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 in how we do it.

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