

GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS

Company Name	PA Consulting Group Limited	Date	January 2017
Address	123 Buckingham Palace Road London, SW1W 9SR	Membership date	June 2007
Country	UK	Number of employees	2665
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To our stakeholders:

I am pleased to confirm that the PA Consulting Group ("PA") 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

PA is a consulting, technology and innovation firm. We define success as achieving exceptional results that have a lasting impact on businesses, communities and individuals worldwide.

This principle has remained the cornerstone of our ethos since 1943 - and it continues to underpin everything we do.

Our clients choose us because we challenge convention to find the solutions that really work - in practice, not just on paper. Then we roll up our sleeves and get the job done.

Our 2,665 people are experts in a wide range of industries and we bring in specialists from across our firm to ensure our clients receive the best service. Our specific expertise is in energy and utilities, financial services, health, life sciences, consumer and manufacturing, government, defense and security, transport and logistics.

We operate globally from our principal offices in the Americas, Europe, the Nordics, the Gulf and wider Middle East and North Africa region (MENA).

Statement of support

In our opinion, Corporate Social Responsibility (CSR) comprises environmental, economic and social responsibility. PA'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 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 continue to guide our company today. 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 - a strategy whose success will be based on the unique quality of PA that will be seen both by our clients and our people.

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 is concerned with the assessment and reduction of the environmental impacts of PA's business operations. This initiative involves setting of environmental objectives with the aim of continual improvement in the way we operate. Where possible, PA works to the standard of ISO14001 and the Carbon Trust Standard, both of which PA are currently accredited to. Greening PA also focusses on monitoring of our supply chain to ensure where possible that PA only work with suppliers who are environmentally ethical and share the same environmental values we do. To ensure we continue to do the right thing, our Environmental Management System is integrated in our business strategy with key members of our senior management team at the forefront. Furthermore, we run regular environmental awareness campaigns where we engage with our people and undertake 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

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| 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 believes 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.

We are committed to complying with all laws and regulations applicable to our business. Our commitment is reflected in our policies which require all PA people to act ethically and with integrity in all our business relationships. This includes taking steps to ensure that there is no human trafficking or slavery in our supply chain or within any part of our business.

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

In January 2016 we launched our new PA Academy which will support business growth and our people's career aspirations by maximising their learning. The PA Academy provides an exciting opportunity to change *how* we learn by opening up a blended world of learning - harnessing new and innovative technologies. Our Academy is structured around four business critical areas of learning called learning pillars: Professional Expertise, Core Skills, Business Development and Leadership. The content within these pillars will be designed to support PA implement the new strategy, achieve our ambitious growth targets and develop world class consultants. Our Academy is hosted on a virtual learning platform that will be available to all, 24/7, and this year, on any device with much content downloadable. This will have a huge impact on the speed at which people can develop. It will contain formal learning assets and a social learning platform where individuals can quickly and easily share knowledge.

We also will continue our association with the Institute of Consulting as a Premier Practice, with a small amount of our Consultants becoming accredited in Management Consulting. We are looking to re-launch the relationship on the Academy in Q1 2017.

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.

PRINCIPLE 3	BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING
PRINCIPLE 4	BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR
PRINCIPLE 5	BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR

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

Our Commitment or Policy

PA believes 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.

We are committed to complying with all laws and regulations applicable to our business. Our commitment is reflected in our policies which require all PA people to act ethically and with integrity in all our business relationships. This includes taking steps to ensure that there is no human trafficking or slavery in our supply chain or within any part of our business.

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

We formed the Diversity Inclusion Working Group who will continue to spent time in 2017 reviewing diversity across PA. Diversity and inclusion should be an intrinsic part of:

- How we think, operate and grow as a firm, aligned with our strategy
- How we recruit, develop and retain talent
- How we attract client, sell and deliver work

We recognise that Diversity and Inclusion is a broad topic, however we have agreed our focus for 2017 will be thinking styles (unconscious bias) and Inclusion, and will align this with the PA Academy. We are launching a one month focus on Inclusion in the first half of the year. We will make the best use of the newly formed Ambassador network and incorporate our sector, service and geographical priorities in the work we do. We will utilise internal marketing to raise awareness of Diversity and Inclusion, discuss our new objectives and share what we achieve going forward. Our external marketing will be updated to include more diverse images and messaging. We will introduce a balanced scorecard approach to monitor, over time, how Diversity and Inclusion creates value for PA.

We will also be participating in the “She’s Back” campaign which offers opportunity for Consulting industry as a whole. This will provide valuable insight as to why women leave the consulting profession, with a PR and communications campaign designed to support the project and a support network for women who have left.

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 helps 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
- Promotes ethical Corporate Social Responsibility

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 facilities 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.

Actions implemented in the last year / planned for next year

From January 2017 PA will submit their application to become signatories to the government back scheme The Prompt Payment Code (PPC). This code sets a standard for payment practices and best practice and is administered by the Chartered Institute of Credit Management. Compliance with the principles of the Code is monitored and enforced by the Prompt Payment Code Compliance Board. The Code covers prompt payment, as well as wider payment procedures. PA is committed to treating their suppliers fairly no matter what size.

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

Our Commitment or Policy

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

As part of our commitment to protecting the environment, we seek to reduce our impact 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 in PA owned premises.. PA 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 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 are continuing to implement and expand an engineered Eco|Solution holistically addressing energy usage in areas responsible for the highest consumption of energy across the business.

As part of the Eco|Solution, the operational energy flow of PA buildings are assessed and optimised. Independently sourced and 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.
- Reviewing the ecology of PA owned premises to encourage indigenous species whilst identifying non-indigenous and invasive species with a view to removal where possible.
- Promoting and increasing the use of video conferencing and web-conferencing facilities to reduce staff travel where practicable. Review and consideration of new media technologies further prevent unnecessary travel.
- Regularly reviewing utility providers to PA premises and where possible utilising energy provided from renewable resources.
- 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 and regularly consult with our people for their input on what we could do better and how they can get involved.
- Electric charge points have been installed at PA owned premises 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, car share 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.

- Review of both incumbent and future service providers with a view to ensuring where possible they adhere to the standards set out in ISO14001 and to ensure we select the correct providers to work with to help us minimise our impact on the environment.
- LED lighting assessment across all PA owned sites to measure efficiency and ensure the benefits across PA owned sites. Where possible and when reasonably practicable upgrade existing lighting systems to LED.
- Aim to reduce waste generated in PA's premises by 5% by end of 2016, this is to be achieved through reduction of unnecessary consumables.
- Investigate alternative waste streams and service providers to deliver 100% land fill diversion from all PA owned premises.
- 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 and work with electronic documents where possible.
- Globally utilizing email communications rather than print. For instance, Christmas cards to clients were produced and sent via email.
- Develop a Green Campaign to increase the awareness of our impact on the environment throughout our employees and how they can help to reduce this. This provides a forum in which to consult and engage with our people to gain their input on how we could do things better.
- 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, water consumption, waste production, paper usage 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
- Employee awareness campaigns and workshops
- Working to the principles of the Carbon Trust Standard and those set within the ISO14001 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.

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

It is PA's policy that no employee, representative or agent of PA shall do business for or on behalf of PA 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 have recently been reviewed and minor amendments have been made to our policies. New e-learning training for those joining the company has been provided

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.