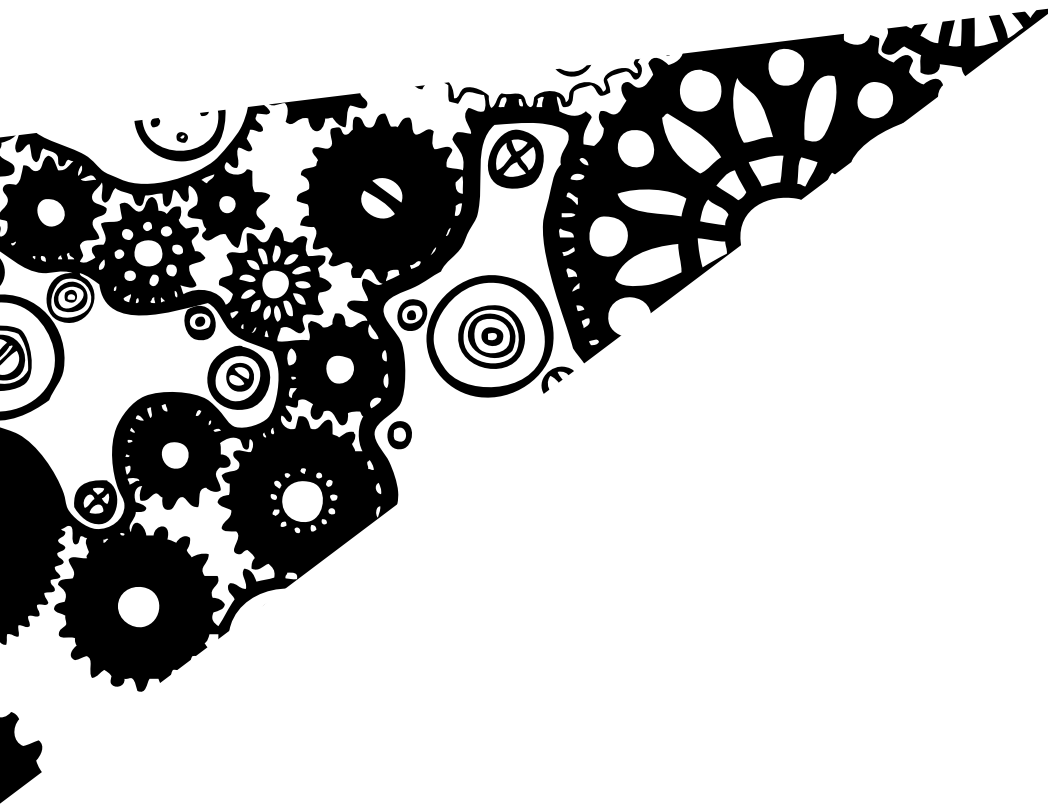


United Nations Global Compact

Communication on Progress
2010-2011



United Nations Global Compact

Communication on Progress 2010-2011



At Ernst & Young corporate responsibility is integral to our business.

Public accountants such as Ernst & Young serve the public interest by definition. Our Assurance, Advisory, Tax and Transaction Advisory Services bring transparency, reliability and independence to the marketplace. Since this obligation to the greater good is built into our business, corporate responsibility is not an afterthought - it is fundamental to all that we do. We understand that every day we have an impact on people, companies and communities, and we manage that impact to have positive results.

Joining the United Nations Global Compact (UNGC) in 2009 was a natural step for us. The 10 principles it sets out are aligned to our values and our belief that global businesses such as ours play important roles in building a better world.

Like all signatories to the UNGC, we strive to improve and are pleased to submit our first Communication on Progress. It underlines the commitment to UNGC principles across our organization, and, read together with our Global Review, our Global Transparency Report, our Global Code of Conduct and our Global Corporate Responsibility Brochure, paints a picture of an organization that is both a great place to work and that cares deeply about improving society as a whole.

A handwritten signature in black ink that reads "James S. Turley". The signature is written in a cursive, flowing style.

James S. Turley
Chairman and CEO
Ernst & Young



Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 141,000 people in over 140 countries are united by our shared values and an unwavering commitment to quality. Globally, we provide services and resources across four service lines - Assurance, Advisory, Tax and Transaction Advisory - in 16 principal industry sectors. These sectors are aligned with our key target markets and represent our strongest opportunity for growth in our chosen markets. Our focus on industry enables us to build deep connections with the companies we serve through a real understanding of their issues, allowing us to build our knowledge in the areas that matter most to them. Our service lines provide the same services using the same methodologies worldwide.

Our combined global revenues for the financial year ended 30 June 2010 were US\$21.3 billion.

At Ernst & Young, we have one strong global leadership team that sets one single global strategy and agenda. We have organized our legal entities into 29 similarly sized business units in terms of both people and revenues. These business units, almost all of which are purposely not single countries, are grouped into four geographic Areas: Americas; Asia-Pacific; Europe, Middle East, India and Africa; and Japan. Each business unit's leadership team works directly with their Area and global leaders to ensure flawless execution.

Our Global Executive brings together the leadership of Ernst & Young functions, services and geographies. It is chaired by our Chairman and Chief Executive Officer and includes:

- ▶ The Chief Operating Officer
- ▶ Our four Area Managing Partners
- ▶ Our global functional leaders - the Global Managing Partners of People, Markets, Quality & Risk Management and Operations & Finance
- ▶ Our global Service Line Vice Chairs - Assurance, Advisory, Tax and Transaction Advisory Services
- ▶ Our Global Vice Chair – Public Policy
- ▶ A representative from the emerging markets practices

Visit our Global Review 2010 to learn more about our 2010 financial year performance, facts and figures about Ernst & Young, and a discussion of the three themes that differentiate Ernst & Young in the marketplace: globalization, people and entrepreneurship. The 2010 Global Review can be found at <http://www.ey.com/GL/en/About-us/Global-review-2010---Chairman-s-letter>

Human rights

UNGC principles: Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.

Our values define who we are and our Global Code of conduct provides a clear set of standards for our business conduct. Together with our commitment to corporate responsibility they guide our support and respect for human rights.

Our values

Our values are the fundamental beliefs of our organization and guide the actions and behaviors of each one of us. They influence the way we work and interact with each other, as well as the way we serve our clients and engage with all our wider communities.

Our values - who we are

- ▶ People who demonstrate integrity, respect and teamwork.
- ▶ People with energy, enthusiasm and the courage to lead.
- ▶ People who build relationships based on doing the right thing.

Our people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, the companies we serve and our wider communities achieve their potential. We have a number of policies and instruments that enable our values.

Every year, we celebrate the way we live our values through our Chairman's Values Award. The only Ernst & Young recognition program to bear the Chairman's title, the Chairman's Values Award is considered one of the highest honors at the firm. It recognizes and celebrates those Ernst & Young people around the world who best exemplify our values. In 2010, our annual Chairman's Values Award attracted more than 2,600 nominations from across Ernst & Young.

Code of conduct

We promote a culture of integrity among all Ernst & Young professionals. The Global Code of Conduct provides a clear set of the standards and behaviors that guide the member firms' actions and business conduct. It is organized into five categories containing principles that are to be followed by everyone within Ernst & Young to guide behavior across all areas of activity: working with one another, working with clients and others, acting with professional integrity, maintaining our objectivity and independence and respecting intellectual capital.

In the section on working with others, the Global Code of Conduct clearly states that:

- ▶ No client or external relationship is more important than the ethics, integrity and reputation of Ernst & Young
- ▶ We reject unethical or illegal business practices in all circumstances
- ▶ We avoid working with clients and others whose standards are incompatible with our Global Code of Conduct
- ▶ We recognize our responsibility as an organization in playing an active and positive role in supporting a successful and sustainable society

The Global Code of Conduct is overseen by the Global Executive or its delegates, who are responsible for evaluating potential breaches, deciding on appropriate sanctions or remediation and monitoring consistent application thereof. Through procedures to monitor compliance with policies and processes and through frequent communications, we strive to create an environment that encourages all personnel to act responsibly, including reporting misconduct without fear of retaliation.

The Global Code of Conduct can be found at: <http://www.ey.com/GL/EN/home/Global-Code-of-Conduct>

We also have EY/Ethics, a global ethics hotline, to provide Ernst & Young people, clients and others outside of the organization with a confidential means to report activity that may involve unethical or improper behavior that may be in violation of professional standards or otherwise inconsistent with the Global Code of Conduct. EY/Ethics is operated by independent external organizations that provide confidential and, if so desired, anonymous, hotline reporting services for companies worldwide.

Our global approach to corporate responsibility

At Ernst & Young, we ask ourselves what we can do to make a difference not just for the companies we serve and for our own business and profession, but for our communities, for the greater good of people everywhere and for the sustainability of our planet.

As an organization that embraces corporate responsibility (CR), we think carefully about how to invest in society today to make sure there will be a business context where both we and society can thrive tomorrow and long into the future. We focus on three issues that lay the foundation for a better world and reflect the strengths of our people and organization: entrepreneurship, environmental sustainability, and education. We call them the 3Es. Our emphasis on skills-based volunteering means we contribute our most valuable resource, our professionals, to help communities achieve their potential.

Through skills-based volunteerism, our people participate in activities that range from donating their accounting, finance and business advisory skills to develop high-potential entrepreneurs in emerging markets, to coaching, mentoring and teaching young and underserved students, to promoting environmental sustainability in our communities.

Thanks to these experiences, our people have grown as leaders, communicators, project managers and human beings. As volunteers, our people also build new relationships in the larger community that allow us to offer key insights to the companies we serve.

Engaging the community

Here are a few examples of how our people make a difference in communities around the world:

- ▶ In the US and Canada, our volunteers have provided more than 17,000 hours of free technical assistance to entrepreneurs in emerging markets.
 - ▶ In Japan, our practice has led the way in delivering instruction on environmental sustainability to university students.
 - ▶ In India our volunteers provide training and pro bono process improvement services to more than 120 vocational training institutes with the capacity to train over 23,000 students each year.
 - ▶ In the Netherlands, our employees coach entrepreneurs who will be setting up businesses in Africa, Asia or Latin America.
 - ▶ In Australia, we developed a program to encourage disadvantaged students to continue with math and technology. The program is now offered to community groups by corporations across Australia.
- ▶ In the UK and Ireland, our volunteers provide coaching and mentoring support to build the capabilities of community organizations that are focused on the 3Es.
 - ▶ In the Middle East, Ernst & Young is responding to the Pakistan flood disaster through immediate and longer-term relief efforts focused on the 3Es.
 - ▶ Globally, Ernst & Young developed a toolkit to help NGOs establish the right controls and build their confidence to meet challenges presented by natural disasters. www.ey.com/disasterresponse
 - ▶ In the Commonwealth of Independent States (CIS) and across the US, Ernst & Young people volunteer their time as mentors, tutors and board members of Big Brothers Big Sisters (an NGO that helps children reach their potential through professionally supported, one-to-one relationships with mentors).

It's also important that we encourage the next generation of leaders to make a difference in their communities. One way we do this is through the "Your World, Your Vision" campus competition. Winning teams receive \$10,000 to implement programs that address at least one of the 3Es and make a real difference in their communities.

One way our UK & Ireland practice enriches local communities is through its work with the Prince's Trust. Ernst & Young is committed to raising at least £500,000 for the charity by 2014, enabling at least 550 young people to secure education, employment or training. Here are a few ways we partner with the Trust:

- ▶ Mentor young entrepreneurs
- ▶ Coaching young, disadvantaged people into a job or further education
- ▶ Helping young people develop their business skills and CVs.
- ▶ Mentoring teams of students and fellow colleagues in business competitions - with all proceeds going to charity.

Around the globe, Ernst & Young teams with not-for-profit organizations to drive our corporate responsibility efforts. Our relationships with highly respected NGOs give us opportunities to advance leading-edge research and participate in collaborative problem solving. While our flagship relationships with global NGOs span Ernst & Young worldwide, we also work with focus organizations chosen by our individual practices.

Broadening access to education

As one of the world's great global training organizations, we help our people realize their full potential. And through educational programs and outreach, we are able to help young people in the communities around us realize their full potential as well. Some examples include:

- ▶ UK: Through the Education Partnerships Program, Ernst & Young is building long-term partnerships with state schools in underprivileged areas across the UK. We take a "whole school" approach that supports administrators and teachers as well as students and offers the kind of help each particular school needs most.
- ▶ Many of our offices around the world team with Junior Achievement. In China, for example, we are one of the presenting sponsors of Junior Achievement's multi-city Volunteer Day. The university-based program enlists established business professionals, including volunteers from Ernst & Young, to help young people think strategically about their careers.
- ▶ US: Through our collaboration with the popular PBS series *Cyberchase*, we are improving math literacy in children ages 8 to 11 by showing them how much fun math can be. Ernst & Young's innovative after-school program brings the *Cyberchase* experience to life. The Ernst & Young/*Cyberchase* Travel Edition offers a set of web-based, downloadable activities that make it easy for any parent or teacher to get kids excited about math. To learn more about our work with *Cyberchase*, please visit <http://www.ey.com/us/cyberchase>
- ▶ India: Teach India is a nationwide campaign that brings together underprivileged children and volunteers from organizations like Ernst & Young willing to teach them. Through our involvement, we've helped close to 10,000 disadvantaged students gain access to a quality elementary school education.
- ▶ Australia: The Partners in Learning Program, sponsored by the Australian Business and Community Network, links business and educational professionals at similar levels together for informal mentoring. High school principals, for example, are paired with senior Ernst & Young partners, who share with them strategies for leadership, succession planning and team support.

Championing entrepreneurship

Ernst & Young is well-known in the marketplace as a friend to entrepreneurs. Our Strategic Growth Markets practice has helped many of the world's most dynamic young companies grow into industry leaders. The Ernst & Young Entrepreneur Of The Year® Award, which celebrates successful entrepreneurs in 50 countries, is the most prestigious award of its kind. Google, IKEA and Starbucks are all former Entrepreneur Of The Year winners.

Working with and supporting entrepreneurs has given us a profound understanding of the value of entrepreneurship. Entrepreneurs create jobs and transform communities as well as industries. And entrepreneurs are extremely resourceful in both good times and bad. A recent study by the Kauffman Foundation highlighted that more than half of the companies on the 2009 Fortune 500 were founded during a recession or bear market.

We encourage our people to donate their skills to smaller ventures that otherwise could not access such sophisticated advice - but that still have the potential to contribute significantly to the economy of a household, a village or an entire nation.

Our Americas Corporate Responsibility Fellows program lets high-performing Ernst & Young people donate their time and skills to high-impact entrepreneurs in Central and South America for short-term assignments. Corporate Responsibility Fellows projects are designed to improve the effectiveness of the entrepreneurs' key business processes and to use the unique skills of each of our professionals. To learn more about our Corporate Responsibility Fellows Program, please visit <http://www.ey.com/US/en/About-us/Corporate-Responsibility/CR---Entrepreneurs-create-jobs-and-build-communities>

We collaborate with the Schwab Foundation for Social Entrepreneurship (an affiliate of the World Economic Forum) to present the Social Entrepreneur Of The Year award in five countries to business leaders who successfully apply practical, innovative and market-oriented approaches to benefit the marginalized and the poor. For more information about our involvement with social entrepreneurship, please visit <http://www.ey.com/GL/en/About-us/Entrepreneur-Of-The-Year/Entrepreneur-Of-The-Year---Social-Entrepreneurship---Entry-Criteria>

Labour

Fostering inclusive growth

The largely untapped economic potential of women around the world is enormous, and developing it is an economic and social imperative. We believe that economic empowerment, especially of women, is not only good in itself, but also leads to greater respect for human rights. We actively support women's economic empowerment in several ways. Through our involvement in the Private Sector Leaders Forum in support of the World Bank Gender Action Plan, we are engaged in a multiyear initiative to create economic opportunities for women. With our Entrepreneurial Winning Women program, which now operates in the US and Indonesia and will soon launch in Australia and Brazil, we channel our resources and convening power to help women entrepreneurs achieve the full potential they envision for their companies. The program identifies and celebrates high-potential female entrepreneurs and provides them with personalized one-on-one business insights and advice as well as insider access to strategic networks of established entrepreneurs, executives, advisors and investors. Unlike many programs, which are focused on helping women to start businesses, Ernst & Young's Entrepreneurial Winning Women program supports women with existing enterprises to scale up and become market leaders. We also participate in the US State Department's Pathways to Prosperity Program, the La Pietra Breakthrough Initiative Coalition and, Beth Brooke, our Global Vice Chair - Public Policy, has been a US delegate to the United Nations Commission on the Status of Women.

Ultimately, we see corporate responsibility woven into the fabric of everything we do. Our efforts to promote transparency, entrepreneurship, access to education and environmental sustainability have made Ernst & Young a market leader – and allow us to make a real difference for our communities.

Across the world, we have a network of corporate responsibility leaders who manage the execution of CR efforts at the local level. We also have a global director of corporate responsibility who leads the overall execution of the global CR strategy.

To learn more about our efforts in communities across the world, visit: <http://www.ey.com/GL/CR>

UNGC Principles: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.

We demonstrate our commitment to upholding UNGC principles on labour through our approach to building the leading people culture in the profession. This includes our efforts to attract, include, engage and develop our people.

Driving a leading people culture

Globalization and underlying demographic trends mean that the competition to employ outstanding people is evolving rapidly. Successful companies are adapting to this by building internationally experienced leadership and equipping their people with the skills to lead in the diverse 21st-century workforce.

Our people tell us that our inclusive work culture, our global mindset and our focus on quality make Ernst & Young a great place to work and build their careers. Our clients tell us that in recent years we have improved the effectiveness of our teams, our relationship building and our provision of high-caliber people.

We aspire to have a leading people culture everywhere in the world. Creating a culture that attracts and retains outstanding people and helps them thrive leads to better service for our clients. We are investing in three key elements of our culture that enhance what is important to our clients and our people:

- ▶ **Inclusiveness** - Recruiting outstanding people is just the start. Inclusiveness means making sure all our people's voices are heard and valued. This not only helps attract and retain the best people, but also helps get better answers for our clients and our organization.
- ▶ **Development** - Our approach to development involves offering the learning, experiences and coaching that all of our people need to enrich their careers and deliver the best results for clients, as well as offering additional programs for current and future leaders of our organization.
- ▶ **Engagement** - We want all our people to feel enthused by their work and their colleagues and to be comfortable in an organization that gives them the flexibility to achieve their professional and personal aspirations. We engage our people in countless ways, from selecting the right people to lead major change, to taking an interest in our people as individuals, to being sure to say thank you for a job well done.

Diversity and inclusiveness (D&I)

We are committed to working in diverse teams and are personally accountable to other team members for the contributions we make. We embrace multiculturalism and diversity as strengths of our global organization. We respect one another and strive for an inclusive environment free from discrimination, intimidation and harassment.

We believe that diversity fosters talent.

The quality of service is enhanced when employees of different cultures, backgrounds and experiences work together and challenge each other to resolve business issues. A sustainable, inclusive culture will better enable Ernst & Young to deliver high-quality service to our clients, create competitive advantage and drive market leadership. Our leadership and our teams reflect diversity throughout the world.

Diversity and inclusiveness have become a part of the way we operate. An inclusive mindset is a prerequisite for promotion and leadership. Our global people survey, which involves the participation of our employees across the globe, indicates favourable overall high results in diversity and inclusiveness.

Ernst & Young has been recognized for its efforts in maintaining a diverse culture with a number of awards, including *FORTUNE*'s "100 Best Companies to Work For" for 12 consecutive years, *Hispanic Business* magazine's Diversity Elite Top 60 for Hispanics, *DiversityInc* magazine's Top 50 Companies for Diversity, *BusinessWeek*'s "Best Places to Launch a Career" list and Universum USA's ranking as the No. 1 employer for undergraduate business students.

We have a global diversity strategy, a D&I governance structure and D&I metrics to ensure all our actions reflect our commitment to diversity and inclusiveness.

Our diversity strategy and development efforts create initiatives and programs that support career development, workforce planning, communication and leadership accountability on behalf of our minority professionals. Much focus is placed on education, mentoring and networking, which not only exemplifies our support for diverse professionals but also seeks to engage all of our people to be catalysts and change agents for creating an inclusive and respectful work environment. Support for these efforts starts at the most senior levels of Ernst & Young.

We also have a long-standing commitment to supporting women professionals. We demonstrate this commitment through flexible working, networking and mentoring programs, and also through involvement with such organizations as Catalyst, the leading non-profit membership organization working globally with businesses and the professions to build inclusive workplaces and expand opportunities for women in business. Our Chairman and CEO, James S. Turley, has served on Catalyst's board for several years and is the current Chairman of its Board of Directors.

As just one example among many, our Canadian practice provides a good snapshot of our commitment to diversity and inclusiveness. For more information, please visit <http://www.ey.com/CA/en/About-us/Our-people/Our-people-Inclusiveness>

We also publish various studies promoting diversity and inclusiveness. A recent example, *Driving innovation through diversity*, highlights the role of diversity in improving business performance. For the report, please visit <http://www.ey.com/GL/en/Issues/Driving-growth/The-new-global-mindset-driving-innovation-through-diversity>

Developing potential

A work culture that focuses on people has to have personal development at its heart. Our commitment to developing people helps build an engaging and positive workplace that's stimulating and rewarding. This way, we can build the skills and knowledge we need to develop and retain the talented people who will drive our future success and deliver a differentiated relationship and service for our clients.

Our global learning and development framework is called EYU. It was launched globally several years ago, and we continue to integrate it throughout our business. EYU gives our people broader experiences and empowers them to take ownership of their careers. It is designed for all of our people and can be tailored to both individual and business needs through learning, experience and coaching.

Learning

A global curriculum has been developed and implemented to deliver consistent learning across our four Areas and service lines. We are investing in improving the system to better balance virtual and classroom learning.

We have re-engineered our milestone programs to combine networking and career development opportunities from joining to retirement. We mark the critical junctures in our people's careers with events and special coaching programs held around the world for interns, new employees, new managers and new partners. We are currently making our induction program more consistent around the world. In financial year 2010 more than 10,000 people attended "Welcome to EY" and in 2011, about 30,000 new joiners are expected to attend.

Our global learning curriculum has two primary objectives: first, to build general business skills and acumen, and second, to constantly refresh and enhance technical skills across our service lines to drive excellent client relationships and service.

There are currently more than 16,000 courses on our learning and performance management system, EY Leads. Over the 2010 financial year, our people undertook more than 6 million hours of learning and completed more than 700,000 courses. EY Leads not only delivers learning, but also is used to validate that people have received the technical training they require from a regulatory perspective across our global organization.

Experience

We know that most enriching and career-enhancing experiences are gained on the job, and we recognize this as a formal part of our career development framework. We are committed to helping our people get the experiences they need, and our service lines plan assignments in ways that not only give our clients high-quality service, but also provide our people with the best experiences for their career development.

Career mobility is an important part of this commitment. We encourage and support cross-border and cross-service-line placements through our Global Exchange Program and Area-wide initiatives, such as our EMEIA Area's New Horizons program. Mobility helps people develop an inclusive mindset and thrive in an increasingly global market while matching the needs of the companies we serve.

We also encourage our people to use their professional skills to give back to their communities. Their communities not only benefit from their insights and talents, but also our people benefit in their careers and their lives - often enhancing their leadership, communication or project-management skills.

Coaching

Coaching is about authentic conversations between people at all levels throughout our organization - stretching from daily informal on-the-job coaching to project feedback to periodic formal performance reviews. We are improving our global tools and processes to provide robust and focused feedback and mentoring. We also have increased our investment in formal coaching. For example, we have launched new partner-transition coaching programs and have communities of coaching champions who facilitate programs and give feedback to leadership on coaching.

Engaging our people

How people think, act and feel about their work - has long been recognized as a powerful indicator and driver of productivity, commercial success and employee retention. Its importance has been amplified by the downturn and its impact on motivation.

We want our people to feel enthused by their work, their colleagues and our organization, and to be comfortable in an organization that gives them the flexibility they need to achieve their professional and personal aspirations.

We focus our efforts around engagement on three core elements: conversation, choices and celebration.

- ▶ Conversation - This is about listening to our people and engaging in open and authentic dialogue at all levels of our organization. Our Global People Survey is one of the ways in which we listen to our people. It helps us to identify those areas where we are getting it right, and those areas where we need to try harder - across all aspects of our business. The survey is conducted every other year, and tens of thousands of our people worldwide take part.
- ▶ Choices - The need for flexibility in the modern workplace is becoming more pronounced, as a result of business cycles, or the multiple demands of work, family and community that 21st-century workers face. We have always supported flexible working arrangements, and our long-term aim is to support and develop a flexible workforce that is responsive to the needs of our clients and the needs of our organization while, at the same time, motivating our people by offering choices in how, when and where they work.
- ▶ Celebration - Celebration is about reward and recognition. Our Chairman's Values Award program is a very important example of how we recognize people who bring their energy and dedication to work to make a difference to their clients and the wider community.

Environment

Around the world, our people culture is recognized by external organizations with prestigious awards and accolades. These include:

- ▶ CAREERS & the DISABLED magazine: Top 50 Employers, 2010 Readers' Choice, USA
- ▶ DiversityInc: Top 50 Companies for Diversity, USA, 2010
- ▶ Employer Branding Awards: Excellence in Training Award, India, 2009
- ▶ Equal Opportunity for Women in the Workplace Agency (EOWA): EOWA Employer of Choice for Women list, Australia, 2010
- ▶ Fortune: 100 Best Companies to Work For, 2011
- ▶ Great Place to Work Institute: Best Workplaces in Canada, 2010
- ▶ Great Place to Work Institute Mexico: Best Companies to Work for Women in Mexico, 2009
- ▶ HR Alliance Awards: Best University Recruitment Program in Germany, 2009
- ▶ Progressive Employers of Canada List, 2010
- ▶ Stonewall Top 100 Employers: The Workplace Equality Index, UK, 2010
- ▶ Universum Group: Third in World's Most Attractive Employers - Global Top 50 Rankings, 2010
- ▶ Working Mother: 100 Best Companies, USA, 2010

UNGC Principles: Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.

Awareness of climate change has moved steadily from research and academia to government and policy circles and now to the boardroom. Business leaders around the world understand that they face the responsibility of measuring and reducing their organization's carbon footprint, energy use and material waste. Driven by increased government restrictions, market-based incentives, or customer demands, no business can afford to stay on the sidelines.

We believe that climate change is a business imperative. Our Climate Change and Sustainability Services (CCaSS) practice helps guide our clients through significant challenges related to climate change, whether it's by transforming business processes, changing purchasing patterns, recognizing incentives for greater responsibility, or responding to policy risk. Through our involvement in the World Business Council for Sustainable Development (WBCSD) and the Global Reporting Initiative (GRI), we are actively engaged in the climate change debate. For more information on our CCaSS practice, including the range of services we provide to clients to address environmental challenges, and various Ernst & Young thought leadership pieces on today's environmental challenges and their impact on business, visit <http://www.ey.com/GL/en/Services/Specialty-Services/Climate-Change-and-Sustainability-Services>

As a leading professional services organization, we have a responsibility to consider changes in corporate reporting that properly reflect environmental, social and other impacts. As part of this effort, we are a member of the International Integrated Reporting Committee, which works to create a globally accepted integrated reporting framework that brings together financial, environmental, social and governance information in a clear, concise, consistent and comparable format. The committee aims to help with the development of more comprehensive and comprehensible information about organizations, prospective as well as retrospective, to meet the needs of a more sustainable global economy.

At Ernst & Young, we believe we have a responsibility to our people, the companies we serve and our communities to reduce our impact on the environment. We are implementing measurable actions across all of our practices to reduce our waste, increase energy efficiency in our offices, reduce the impact of business travel and work in our communities to promote responsible treatment of the environment.

A global commitment to make our operations greener

Our Operations Executive Committee (OEC) – led by our Area CFOs and COOs – has committed to driving five global environmental initiatives:

1. Measuring our own carbon footprint by collecting and analyzing data on business travel and energy consumption in our offices
2. Setting operational goals and key performance indicators that measurably reduce our environmental footprint and promote sustainable business practices
3. Putting in place an environmentally responsible travel policy
4. Establishing guidelines for waste management
5. Making our meetings more environmentally friendly

Efforts around the world to reduce our footprint

Ernst & Young practices across the world have taken various steps to make us more environmentally friendly. Here are a few examples:

- ▶ In the US, we've set a goal of having at least 20% of our offices located in LEED-certified buildings by the end of 2013.
- ▶ Our UK practice sets annual environmental goals on energy consumption, waste reduction, recycling, business travel greenhouse gas emissions, paper consumption, and people engagement on environmental issues. Each year results against targets are published on their website.
- ▶ Our German, Spanish, and Swedish practices have developed sustainability reports linked with GRI reporting standards. For information on Ernst & Young Germany, visit <http://www.ey.com/DE/de/About-us/Corporate-Responsibility>, and for Ernst & Young Spain, visit [http://www.ey.com/Publication/vwLUAssets/Memoria_RSC_08_09/\\$FILE/Memoria%20Respon%2008-09.pdf](http://www.ey.com/Publication/vwLUAssets/Memoria_RSC_08_09/$FILE/Memoria%20Respon%2008-09.pdf)
- ▶ Our Belgian practice introduced electric cars to its fleet of business cars.
- ▶ Our practices in Asia, Europe and the Americas host an Environment Week to build internal and external environmental awareness.
- ▶ Our practices in Central and Southern Europe (19 countries) recently surveyed all offices to assess environmental performance and are acting on the results to make their operations greener.
- ▶ Several of our practices have supplier codes of conduct. We are leveraging the experience of these countries to develop a global supplier code of conduct.

Efforts to reduce our carbon footprint start in our offices. As a professional services organization, nearly all of our carbon output comes from two sources: energy consumption and business travel. Accordingly, across all of our practices, we have taken various activities to promote recycling and reduce waste. Here are a few examples of actions we're taking:

- ▶ Investing in high-definition videoconferencing capabilities to reduce business travel
- ▶ Promoting more aggressive use of alternative workspaces, cutting the need for occupied office space, and taking steps to make our remaining workspace more environmentally responsible
- ▶ Implementing more energy-efficient cooling and heating systems
- ▶ Switching to double-sided printing as the default setting for all printers, and using environmentally friendly materials in publications
- ▶ Providing our people with financial incentives to encourage carpooling, rail travel and bicycle usage
- ▶ Replacing bottled water at events with water pitchers, or moving from branded bottled water to locally sourced mineral water in reusable bottles
- ▶ Replacing disposable cups with ceramic mugs
- ▶ Expanding the number of locations where we place recycling bins, and introducing battery recycling schemes

We also believe that lasting change comes when we adjust daily habits to be more environmentally responsible and extend that value into our communities. Examples of how our people engage in the community to make the world a greener place include:

- ▶ In the US and UK, thousands of employees participate as environment champions, and getting involved in community education efforts about the environment and leading sustainability initiatives in our offices.
- ▶ In Germany, our professionals partner with a local NGO to build environmental awareness in schools across the country.
- ▶ Our Indian practice co-led an eco-restoration project, planting 5000 trees, together with a local non-governmental organization.
- ▶ In the US, we run a program with Earthwatch Institute that enables Ernst & Young volunteers to promote and support economically and environmentally sustainable farming practices.

Reducing our footprint: a focus on the Americas

Here's a snapshot of some of our progress in the Americas (**US, Canada, Central** and **South America** and **Israel**) to make Ernst & Young more environmentally friendly:

- ▶ Reduced our carbon footprint by 15%, or 33,200 metric tons of CO₂, from FY2008 to 2009
- ▶ Reduced disposable cup consumption by 54%
- ▶ Paper recycling programs have saved more than 26,000 trees annually. We've reduced paper purchases by 19% in two years (saving 70 million sheets of paper) and expanded recycling – today, 85% of our offices collect aluminium cans, 82% collect glass and 80% collect plastic.
- ▶ Reduced the need for occupied office space by 351,000 square feet since 2004 (by promoting more aggressive use of office hoteling)

Anti-corruption

UNGC Principle: Businesses should work against all forms of corruption, including extortion and bribery.

Our global approach strengthens our ability to establish and execute on global policies and practices that raise the bar for service quality. Our range of global tools and processes supports our people in evaluating, accepting and serving the right clients with the right services. These tools include GTAC, our Global Tool for client Acceptance and Continuance, and SORT, our Service Offering Reference Tool, which allows people to assess quickly which services can be delivered to our audit and non-audit clients.

Across the world, our member firms are complying with the requirement of the EU 8th Directive that statutory auditors of EU public interest entities publish an annual transparency report. As strong advocates of transparency, we have extended this by publishing a global report that provides an overview of our global governance and quality standards. You can read this report at www.ey.com/transparencyreport.

As a responsible employer, we encourage our people to apply their workplace skills to create positive change in communities close to home and around the world. And as a global business leader, we join with organizations like the World Economic Forum and Transparency International to help find ways to address the social and economic challenges of our time.

Collaborative relationships to fight corruption

Ernst & Young is a signatory to the World Economic Forum Partnering Against Corruption Initiative (PACI).

PACI's mission is to develop multi-industry principles and practices that will result in a competitive level playing field, based on integrity, fairness and ethical conduct. It is a platform for companies to commit themselves to develop, implement and monitor their anti-corruption program through peer network meetings and provision of private sector-driven support tools.

Ernst & Young is one of 145 companies that have committed to strengthening efforts to counter corruption and bribery through PACI. These companies have signed a statement supporting the PACI Principles for Countering Bribery. These principles call for a commitment to two fundamental actions: a zero-tolerance policy towards bribery, and the development of a practical and effective implementation program. For more information, please visit <http://www.weforum.org/en/initiatives/paci/index.htm>

Another example of Ernst & Young's commitment to anti-corruption is our work with Transparency International. Since 2006, Ernst & Young has been a sponsor of some of Transparency International's most widely distributed studies, including the Corruption Perceptions Index, the Bribe Payers Index and the Global Corruption Barometer. Our most recent collaborative project is Transparency International's 2010 Corruption Perceptions index (CPI). This index ranks almost 200 countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys. For more information, visit <http://www.transparency.org/>

Lastly, in the United States, the Center for Audit Quality, under the chairmanship of our Chairman and CEO, James S. Turley, has over the past two years led a high-profile anti-fraud initiative that has included events and publications designed to highlight this important issue.

The journey ahead...

This first communication on progress highlights our longstanding commitment to the UNGC principles. In our next COP, we will aim to focus on specific achievements and progress that build on the themes outlined in this report.

For more information on any of the content in this report, please contact Deborah K. Holmes, Ernst & Young Global Director of Corporate Responsibility, at deborah.holmes@ey.com

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services.

Worldwide, our 141,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

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