Our sustainability journey in an interconnected world

EMEIA Financial Services Sustainability Report 2017
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EY will be providing its services in compliance with the GDPR requirements by 25 May 2018, including updating client and supplier contracts and templates, where appropriate. EY views the protection of our clients' and people's data as fundamental to doing business (please see EY's Protecting your data). EY has developed and implemented Binding Corporate Rules (BCRs) for international data transfers. BCRs have been recognized under the GDPR as a valid data transfer mechanism. EY's BCRs have been formally approved by data protection authorities in Europe. A copy of EY's BCRs is available here. In addition, EY in the US participates in and has certified its compliance with the EU-US and Swiss-US Privacy Shield Frameworks.
Welcome

The financial services (FS) industry continues to experience a huge wave of transformation with increased focus on technology, digitalization, data and automation.

Through our work with clients, our collaboration and giving our time and resources, we also play a role in helping the industry achieve the UN Sustainable Development Goals (SDGs).

In particular, we have identified five of these goals that are most relevant to our business and the financial services industry as a whole. These are: gender equality; decent work and economic growth; reduced inequalities; climate action; peace, justice and strong institutions and partnership for the goals. The latter is relevant for all sectors. Our report, How do you fund a sustainable tomorrow?, outlines financial services’ pivotal role in helping achieve the SDGs, through raising, structuring and allocating finances to plug the current US$2.5t annual funding gap.

Equally, our involvement with the Coalition for Inclusive Capitalism demonstrates how working in partnership can be a game changer.

Our role in the Embankment Project also demonstrates this. The project is formed of CEOs from over 30 global companies, representing more than US$28t in assets under management. Its goal is to identify a measurable, comparable and meaningful way for companies to better articulate how value is created for material stakeholders such as employees, society, business and investors.

We’re proud of our progress, but we still have more to do. We hope you enjoy reading our story and about our ongoing journey.

Marcel van Loo
Regional Managing Partner,
EY EMEIA Financial Services

Anna Anthony
Corporate Sustainability Partner
Sponsor, EY EMEIA Financial Services
(Ernst & Young LLP)
Our sustainability journey

EY at a glance

Focusing on financial services, but not limited to it.

We attract and develop people who are focused on financial services and who understand the critically important role the industry plays in society. This connects our teams globally, making sure we act as one whenever and wherever our clients need us. As our industry changes, so do we. We help our clients to think differently and look beyond their own industry borders.

We have teams in more than 25 locations around the world who focus on the FS sector. For our EMEIA FS region – the scope of this report – our teams work across 15 European markets. Our Banking and Capital Markets (BCM), Insurance, and Wealth and Asset Management (WAM) teams have knowledge and insight specifically tailored to our clients’ needs. Their highest ambition is to build confidence in the capital markets and drive sustainable development in economies.

EY Global

154
Countries we operate in

247,570
People worldwide

700+
Offices

EY EMEIA Financial Services (EMEIA FS)

Scope of this report

15*
Countries we operate in

12,315
People worldwide

70
Offices

Date range covered:
1 July 2016 – 30 June 2017

EMEIA FS sectors:
• Banking and Capital Markets (BCM)
• Insurance
• Wealth and Asset Management (WAM)

*Countries:
Austria, Belgium, Channel Islands, France, Germany, Gibraltar, Ireland, Italy, Luxembourg, the Netherlands, Poland, Portugal, Spain, Switzerland, the United Kingdom.

Note: The Nordics region joined EMEIA FS in FY18 and an update on their activity will be included in our next report.
Identifying the issues that matter

Each year, we undertake a materiality assessment to identify the most important issues for our stakeholders and the industry. This informs the topics we report on.

Our materiality assessment process continues to evolve. This year, it was based on a desktop review and internal discussions. We assessed a number of internal and external documents, including our business and go to market strategies, our business priorities, and our Vision 2020+ and Talent strategies. We also reviewed the media and peer reporting.

To further understand the issues most relevant to our clients, we reviewed sales and pipeline data to identify where our people have been spending their time. This is based on the assumption that it will be on issues that are of importance to our clients and the industry. We looked at where and how we have been building and providing services.

Once material topics were identified, these were shared with leaders in the business for validation. This process identified the key materiality issues that are illustrated opposite.

“I’m pleased to see how our materiality assessment process has evolved over the past couple of years. Given the nature of our business, it is important for us to understand the key topics our clients are facing. It shows where our people are spending most of their time. And where we, as a firm, need to be aware of the impacts this has on our operations. It helps us to innovate and transform, enabling us to integrate sustainability more and more into different aspects of our business.”

Anna Anthony,
Corporate Sustainability Partner Sponsor, EY EMEIA FS
We live in an increasingly interconnected world. Our material issues are equally interlinked, demonstrating dependencies and links.
Empowering our people for success

We live in an age of unprecedented change where almost anything seems possible. Whilst we ponder what the future might look like, in many ways, it seems that it is already here. As technology advances at pace around us, it can be tempting to think that human beings will shortly be surplus to requirements in the world of work. Technology will undoubtedly make extraordinary things possible but it will be the creativity, ingenuity, passion and talent of people that will actually make things happen.

Human talent will be the single biggest competitive differentiator – more so than ever before. As an organization we are fast-learning, therefore we need to harness the unique human capabilities of our people. We need to ensure that they are best placed to navigate the future if they are to fulfill their purpose and we at EY are to fulfill ours.

We have developed a detailed and integrated talent strategy that seeks to meet the challenges of a world of work impacted by technology, globalization and changing demographics. We are equipping our people with new skills and new ways of learning, designed to encourage future flexibility. We have re-designed the way in which we are managing their careers and development to enable them to be the best that they can be.

We are continuing to build a culture that is founded on inclusion and empathy. We are on a journey and it is early days but collectively, we are committed to navigating a future that brings purpose and meaning for us all.

Amanda Gethin
Managing Partner, Talent, EY EMEIA FS
(Ernst & Young LLP)
Key achievements:

- Diversity and inclusion identified as a top priority for EMEIA Financial Services
- Launch of I’m in region-wide diversity and inclusion campaign
- 4 in 5 EY people participated in the EY Global People Survey
- 98% of our people participated in our learning and development credit program
- Recognized as one of the UK’s top 20 employers in the inaugural Social Mobility Employer Index
- 65% of people utilize flexible working, up from 35% in 2013
- Apollo Award for our New Ways of Working Now initiative
- Sarah Rench and Alessa Betts recognized in the TechWomen50 awards
Inclusion: drawing strength from diversity

Allowing our people to be themselves benefits everyone. The business world has shifted on its axis as equality, diversity and inclusion have become the focus of public and political campaigns.

There is increasing recognition that diversity provides strength. Companies with 30% or more women at board level could add up to 6% to their net margins. Gender indexes, which recognize companies across the business sphere who actively address imbalance, are emerging. Meanwhile, there is a greater pressure from citizens for businesses to behave responsibly, including in the way they treat their people. The SDGs 5 (achieve gender equality and empower all women and girls) and 8 (decent work and economic growth) are also helping to drive momentum.

We’ve done much to build a diverse and inclusive culture within EMEIA Financial Services, and have now made it our top priority. This is a clear signal from our Regional Leadership Team that we are committed to putting our people first.

We still have work to do. But we are continuing our journey of creating an inclusive environment in which differences are valued and we all have a sense of belonging.

In the past year, we’ve launched and developed two important strategies:

- Creating an inclusive culture and opportunities, see opposite
- Working toward transparency, see p12

“We operate in a hugely diverse region, and have an increasingly wide range of experiences, backgrounds and cultures bringing different perspectives. Diverse teams, led inclusively, perform better. To me, inclusiveness means having an open mind for the people around us.”

Zaina Ahmed Karim, D&I Partner sponsor, EY EMEIA FS (Ernst & Young Accountants LLP)
Creating an inclusive culture and opportunities: *I’m in*

**CASE STUDY**

Creating inclusive leaders

Our Inclusive Leadership Program brings inclusion to life. It helps our leaders become aware of areas such as unconscious bias, insider/outsider dynamics, intent versus impact and the personal actions that can be taken.

Inclusive leaders understand the value of diversity. They work to eliminate bias in performance reviews, recruitment and retention. They actively coach their teams to be inclusive. This brings out the best in our people, making us a more successful business.

It is vital that our people can bring their own unique perspectives into work. To reinforce the importance of inclusion across our region, we launched the *I’m in* campaign. This encourages open discussions about what inclusion means to our people and what we can all do to create a greater sense of belonging.

The campaign includes: inclusive leadership training; building a network of inclusion allies; webinars; sharing a range of stories from our people; and insights into all aspects of inclusion, from flexible working to diverse abilities. Phase two of the *I’m in* campaign launched in March 2018. Building on the success of last year, we now look to move from awareness to action. Our key conclusions are:

- We all need to take action – small actions can make a big difference. This is communicated through our initiative #TryOneThing
- We are all learning. We need to bring a growth mindset and be open to trying new ideas.

“When I returned from maternity leave, it made me really happy to know that people still felt comfortable coming to talk to me after my return. These conversations can be about work or personal lives, but it’s important to create an environment where people feel listened to. Sometimes I don’t have any advice and I just listen. Other times, I may tell them what they don’t want to hear. It’s just about active listening, removing bias, and treating everyone as important.” *Irma Pretorius*, Senior Associate, Talent team, EY Guernsey

Creating a culture of inclusiveness does not end with the campaign. Our steering group, comprising more than 40 partners and diversity champions across EMEIA, remains committed to driving purposeful action across our region.
Keeping inclusion on the agenda

We support a wide range of awareness days and inclusion-focused activities throughout the year, from International Men’s Day to International Day against Homophobia, Transphobia and Biphobia. Examples of our activities over the past year include:

- **World Mental Health Day.** Raising awareness and highlighting EY’s support structures for people with mental health conditions. These include our Health EY program, the EY Mental Health Network and the Psychological Care Pathway, which outlines how people can access options that can help them.

- **Unity France launch.** Our Financial Services office in France intensified its equality, diversity and inclusion for our LGBT colleagues with this launch, attended by more than 200 people. The event also chimed with clients who struggle to raise the issue internally. Feedback recorded how pleased they were that EY is taking the lead in supporting LGBT inclusion in France. “Some clients have already carried out initiatives. It’s why working together on such matters will contribute to building a better working world and help us better serve our clients and align with their core D&I values”, says Filipe de Almeida, Lawyer, France Financial Services (Ernst & Young Société d’Avocats)

- **Providing pathways into work (Netherlands).** EY collaborated with the Dutch government and ITvitae to launch *People with autism getting to work*. The initiative helps people with autism – trained as IT specialists by ITvitae – to secure work experience placements and find jobs.

CASE STUDY

Embedding mindfulness in our mentality

The EY Mindfulness Network aims to develop inclusive leadership, while also providing support and strategies to improve work and wellbeing. In FY17, the network grew from 500 to 1,500 members.

The eight-week course supports better working environments, health and wellbeing by helping EY people embrace a mindful approach to improve the way they lead and work with each other. This enables them to feel healthier, more content, and less stressed. The course includes elements such as mediation, mindful active listening and awareness of self.
Our sustainability journey

Supporting BME (black and minority ethnic) progression

Our ethnic minority population holds fewer senior level roles, contributing to an ethnicity pay gap. Over the past year, 20% of our IPP (internal partner promotes), Associate Partner, and Core Business Services Director promotions have been BME.

To tackle this, we have introduced more than 20 progressive initiatives in the UK to improve the representation of diverse talent and reduce the firm’s pay gaps in both gender and ethnicity. These include CareerWatch and BME Leadership programs, which provide mentoring and sponsorship for high-potential female and BME talent by senior leaders in the firm.

Tracking the gender pay gap

In 2017, our UK business published its gender pay gap figures, six months ahead of the government’s regulatory deadline. EY’s median gender pay gap was 14.8% – an estimated improvement of 10% from 2012. The 2017 mean gender pay gap was 19.7%. This compares to a mean gender pay gap in financial services of 24% in 2017, according to the FT³.

As per government guidelines, partner pay was excluded from these figures as partners are classed as business owners. Transparency is vital to EY, so we have calculated figures that include partner pay. Based on regular earnings, when partner pay is included, EY’s UK gender pay gap figures are a median of 19.5% and mean of 38.1%⁴.

With more men at senior levels, our average male salary is higher than our average female salary. We have increased targeted action to level the playing field.

The success of EY Switzerland (Ernst & Young AG) – achieving a 0.6% pay gap, and being awarded a Swiss Association for Quality and Management Systems “Fair Compensation” certificate – demonstrates that FS can achieve gender pay parity, and provides opportunities for sharing best practice across regions.

Working toward greater equality and transparency

Equality and transparency lead to better outcomes so it is integral to our success that we are open about issues such as gender and ethnicity pay gaps. We are working to make ourselves accessible to a wide pool of talent, ensuring that opportunities to develop and be promoted are available to all of our people.

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UK gender pay gap

<table>
<thead>
<tr>
<th>Gender</th>
<th>Median hourly pay gap</th>
<th>Mean hourly pay gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>14.8%</td>
<td>19.7%</td>
</tr>
<tr>
<td>Male</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

UK ethnicity pay gap

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Median hourly pay gap</th>
<th>Mean hourly pay gap</th>
<th>Median bonus gap</th>
<th>Mean bonus gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>9.8%</td>
<td>17.3%</td>
<td>35.7%</td>
<td>34.1%</td>
</tr>
<tr>
<td>BME</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Our people: inclusion
Promoting gender equality in business

We are keen to find and engage in events and discussions that drive gender equality in wider society. EY’s Regional Managing Partner for GSA (Germany, Switzerland, Austria), Julie Linn Teigland, is a UN EQUALS board member. EQUALS aims to reverse the increasing digital gender divide, and to close it by 2030. Empowering women through the use of information and communication technologies contributes to SDG 5.

“Digital disruption and the question of gender equality are inherently linked,” notes Julie. “Never before have we stood on the brink of such a profound revolution of our working world. It is pivotal that we shape this transformation and enable women of all nationalities and all ages to access digital opportunities, become digitally literate and advance as entrepreneurs and leaders worldwide.”

Supporting career returners

The EY Reconnect program (UK) provides a bridge for professionals re-entering the workplace after a career break of 2 to 10 years. This helps us to maintain diversity of perspectives and experiences so we can bring the best insights to our clients. The 12-week program offers a supported return to client-facing work, with induction, coaching and mentoring. By the end of 2018 and since the start of EY Reconnect two years ago we will have had just over 50 participants successfully come through our program.

“To have a creative and vibrant workplace, we need to ensure that people feel a sense of belonging, and that they bring their authentic self to work... We’re all unique, and that uniqueness is what provides us with new ideas, better experiences and successful teams.

Events, theme days and other activities help our people understand how they can play their part in being more inclusive.”

Asif Sadiq, MBE
Head of UKFS D&I
Engagement: investing in our people

New generations join the workforce and working norms continue to evolve. People expect more from the place they work: flexibility and work/life balance are increasingly important. They want to feel they are growing personally and professionally while also contributing to something bigger.

Annual reviews are outdated, and we are changing our approach to performance and feedback with the introduction of our LEAD approach (see page 19). Ongoing, high quality feedback and dialogue are expected, to enable career progression and to allow people to monitor their progress throughout the year.

Our vision is to create a working environment in which our people are engaged, and feel committed to, and motivated by, what they do.

Energizing and empowering our people

Building a better working world means building increased trust and confidence in business, developing talent in all its forms and fostering collaboration with communities.

People want greater visibility of the experiences available across our organization and the flexibility to explore different career journeys.

Feedback shows we're on the right path but there's room for improvement. We aim to get even better at communicating a sense of purpose that motivates our people and that better recognizes the contributions of our teams.

The following sections will outline our efforts in these areas:

- Driving cultural change
- Committed to our people
- Fostering learning and development
Driving cultural change

Open and honest conversations are fundamental to enabling our people to grow. We want our people to have access to leadership and to collaborate in a culture that fosters innovation. We encourage change agents in many forms, not just leaders.

Cultural change takes time and often requires varying approaches. However, two projects have made notable progress:

- **Better begins with you.** Our peer-based global award program asks EY people to nominate those who have found inspiring and impactful ways to bring *Building a better working world* to life. Nominations are earned for work that strengthens communities, pursues innovation, creates exceptional experiences or drives exceptional client service. Category winners receive investment in their initiatives, to broaden their impact on the working world.

- **The Change Network.** We have created The Change Network, featuring 300 engaged employees from all levels and markets. The group tests initiatives designed to support change and dialogue, to check they are robust and fit for purpose. We aim to use this network to create bottom-up change, spread messages and foster dialogue throughout the organization.

“To keep a market-leading position, EY needs to embrace change. The EMEIA FS Change Network facilitates this, making sure that any change has a positive impact on our employees, processes and further stakeholders. It is an effective tool to hear the voice of our people and turn it into positive actions,” says David Bufka, Manager, PI, EY Switzerland (Ernst & Young AG)

CASE STUDY

Inspiration in action

**Better begins with you awards finalist**

Dominic Parewijck is part of the EY Financial Services team in Amsterdam.

Dominic created a workflow tool that allows hundreds of people, working on complex projects, to collaborate remotely, automate core processes and centralize key objectives. The tool was developed so quickly and effectively that it was introduced by the client during its prototype phase.

This led to other work for the client and Dominic created a portfolio of workflow tools that can be continually optimized and adapted. Dominic also hosted a hackathon, in which software developers turned technology ideas by EY advisors into working prototypes within 24 hours. Many of the developers were subsequently hired by EY.

Dominic joined EY as a contract worker more than six years ago and now leads a team of developers. His journey illustrates how EY supports career development, while utilizing an integrated workforce of employees and contractors to meet both the needs of the business and changing expectations.
Committed to our people

To check we meet the needs of our people, we undertake a Global People Survey every other year, with a Pulse survey conducted in between. Four in five EMEIA FS people took part in FY17’s Global People Survey – our highest-ever participation.

As a region, our overall engagement came in at 68%. While this was an increase and demonstrates that we are making progress, it was less than we hoped for. There is more we can do to create an exceptional career experience.

What we learned:

- **We’re heading in the right direction.** The things that are important to our people remain similar to those identified in 2015. From being able to trust our partners and leaders, to enjoying being at work and being able to have honest conversations, we’ve seen an increase in favorable scores.

- **There’s room for improvement.** We need to continue efforts to communicate our purpose to consistently motivate, and ensure our people feel their daily contributions are recognized and appreciated.

- **We’re becoming more inclusive.** Reflecting our number one priority, it’s been great to see that our people feel we’re on track with creating an inclusive culture. And we’re delighted that more of our people feel free to be themselves at work. There’s still more we can do, but a difference is being seen.

- **We’re having better conversations.** We’ve made progress in ensuring our people have better and more impactful conversations that help develop their careers. Our Counseling Family Trees (see page 17) are also having a positive impact.
Fostering learning and development

We are proud that in FY17, 98% of our people participated in our learning and development credit program, averaging 48 credits each.

To respond to our people’s desire to progress through better learning and development, we have been working on what we offer and how it is delivered, from graduate training to senior manager networks. This includes:

› **Accessible, well-planned learning.** An external platform helps our people plan their learning. It contains a full list of learning available at each level in EY’s EMEIA Financial Services, and useful resources with hundreds of interactive courses for personal and professional development.

› **Diversity and inclusion training.** Our Inclusive Leadership web-based learning module is available to everyone.

› **Providing quality counseling.** EY counselors are EY people who mentor their colleagues to help them plan their career. To empower counselors to support their colleagues as effectively as possible, counselor excellence tools are being rolled out across our markets.

Counseling Family Trees are another initiative. They provide a forum for discussion and debate and allow communication to flow in smaller, more intimate groups across the organization.

› **EY Badges.** A critical element of delivering our global strategy and regional priorities is embracing the disruption that is impacting on our clients, our business and our people. A big part of this is how we are enabling our people to prepare themselves for the future. The badges reward people who develop skills that respond to the changing needs of clients, while increasing their career value and professional visibility.
Fostering innovation: developing leaders for a digital age

Technology is redefining the workplace, as well as the companies, careers and leaders of tomorrow. We need leaders who will enhance our uniquely human capabilities, so we can achieve our full potential and thrive.

We want to be known for developing purpose-driven leaders who drive our success and build a better working world inside and outside EY.

**Fostering innovation**

Embracing and driving innovation will help achieve our aim of having the highest-performing teams by 2020. Ways in which we are driving innovation include:

- **Innovation Week.** In October 2017, over 12,000 people were invited to the Big Conversation: a 72-hour discussion on innovation for EMEIA FS. The aim was to crowdsource and share ideas, while providing access to leadership and a platform via which everyone had equal opportunities to be heard. It brought together more than 1,433 people to explore what innovation means to us and our clients and how it can be unleashed in the firm.

  Key themes that emerged as action imperatives were:

  - Make innovation everyone’s job
  - Foster diversity of thought
  - Harness the creativity of communities
  - Make time for the work that matters
  - Turn ideas into action

  Having assessed these in detail, we are looking at what they will mean in practice; especially closing the gap between rhetoric and reality, creating time and space for innovation, and being careful not to lose the goodwill of those who suggest ideas.

- **EY CogniStreamer.** This new internal platform allows our people to share and submit ideas on how we work with our clients, as well as how we can disrupt ourselves. Our people can vote and comment on ideas submitted, and volunteer to work on developing the best ones.

  The platform operates in cycles, typically lasting four to six weeks. For each cycle, specific challenges are set. The best proposals are presented to our Innovation Board, and some will be funded and developed into viable products or services. Ideas are developed through the EMEIA FS Innovation Engine. This involves innovation centers including London’s EY-Seren and Madrid’s Analytics Center of Excellence.

**CASE STUDY**

**Women in technology**

**The EY Women in Technology (WiT) network supports women in overcoming IT and technology barriers.**

It provides networking and mentoring opportunities within our business and those of our clients. We also organize school and university events that promote STEM subject choices and technology careers. Our leading-edge technology bootcamps won us a regional EMEIA FS Better begins with you award in the category ‘Creating exceptional EY experiences’. Externally, two of our leaders, Sarah Rench and Alessa Betts, were recognized individually at the TechWomen50 awards.
Future of work: reinventing the talent function

We know the world of work is changing and our business and people are changing. With increased globalization, we have seen an increased use of technology and robotic process automation (RPA), with more flexible working patterns and contractual relationships. New alliances and partnerships are changing working cultures and creating new opportunities and challenges.

We want to be an organization that our people are proud to be a part of, and that the industry looks to as a leader.

To do this, we need to ensure that our Talent teams focus on strategic activity that supports Vision 2020+ and creates an exceptional employee experience that lasts a lifetime.

Our current tools and processes need improvement and we need a more consistent global approach. We need to disrupt ourselves so we adapt our culture.

Transforming our approach to performance management

To foster growth and development, we’ve launched and improved different programs:

- An overarching strategy to support talent: Symphony
- Meeting changing expectations: New Ways of Working

“Having a curious, vibrant, effective and efficient Talent function has never been more important. We are living through a time of great business and social change. The role we play as Talent professionals alongside our business leaders will be vital to challenge norms.”

Sally Gray, HR Director, EY EMEIA FS (Ernst & Young LLP)
Meeting changing expectations: New Ways of Working

New Ways of Working is EY’s means of embedding the things we know our people value — such as flexible working, wellbeing and communities — into our working practices.

It ranges from actively supporting flexible working to changing office space to promote wellbeing and productivity. For example, in FY17, EY boosted the number of people who reported using flexible working to 65%, up from 35% in 2013. This commitment to a more supportive working environment earned EY the Apollo Project prize in 2017. This annual award recognizes initiatives and best practices that drive cultural change.

Future Work Now

Part of New Ways of Working, Future Work Now is a transformational program designed to help EY people and our clients create an agile, flexible and resilient workforce that thrives in the digital economy. It is built around seven levers that, when harnessed, should help to create a truly inspired workforce.

Embracing the gig economy

With the rise of the gig economy and changing relationships between employers and employees, we offer a more agile working arrangement and make it easier for people to access contract opportunities at EY.

We created GigNow: an online platform that sources and matches qualified contractors with projects at EY, and onboards them quickly so they can make valuable contributions right away. Within months of launching, GigNow had hit a milestone of 1,000 contract positions filled. The tool is expected to grow the number of people working as contractors on short-term assignments at EY significantly in coming years, supplementing our full-time teams.
Robotics, artificial intelligence (AI), blockchain, the Internet of Things (IoT) and data reign in the Transformative Age. These bring immense opportunities to drive change but also result in questions and challenges. Can we trust these new technologies? Will robots take over from humans?

Our teams develop long-lasting relationships with clients by helping them solve their toughest and most complex challenges. Trust is at the heart of our relationships — to rebuild citizen trust in business and public institutions, and confidence in capital markets, while navigating innovation and transformation. Good governance, industry collaboration and stakeholder engagement result in financial and cultural benefits.

The 2018 Edelman Trust Barometer indicates that, globally, public trust in business, government, the media and NGOs is still low.

The media is now the least trusted public institution, while financial services (FS) is the least trusted industry sector. FS is particularly distrusted as an industry in many European countries, including Ireland, Germany, Sweden, France, Spain, Italy and the UK. With professional services being the most trusted sector, EY EMEIA FS, which merges professional services and FS, is well placed to help to bridge this gap with our clients.

We drive transparency by helping clients embrace changing expectations. We help them to demonstrate good governance. We support them in taking on new market challenges through transformative technologies and the shift towards more sustainable business practices. We address and manage the regulatory aspects of change — in transactions, new propositions, digitalization and technology. Our clients trust us to respond strategically with innovative solutions to their rapidly changing needs in a competitive market.

Niamh Prendergast
Managing Partner, Markets, EY EMEIA Financial Services (Ernst & Young LLP)
Our focus on the FS industry, but with a convergence mindset, gives us a unique and in-depth understanding of industry issues, how to address them, and the important role FS plays in society. Our materiality assessment identified where our people have been spending the most time, and where and how we are building and providing services.

Our services address our clients’ most pressing issues and are covered in the themes in this section. The findings were shared with relevant business leaders to validate and are discussed in detail on the following pages.

Clients awarded us 8.31/10 when asked how likely they are to recommend us to a friend.

Gartner Inc. has ranked EY number one in IT services consulting for banking, securities and insurance.

Our EMEIA FS Sustainability Report was shortlisted at the edie Sustainability Leaders Awards 2017.
Quality and ethics: reporting for a stable economy

How we live, work and play is changing. This is an era that combines unprecedented change with limitless opportunities. The nature of work is evolving fast and we are all being asked to adopt new behaviors. To be more innovative, more agile and more collaborative. In addition, economic and geo-political volatility across Europe are creating challenges for a sector still recovering from the financial crisis and dented consumer confidence.

To help recover trust and stability, quality and ethics are under greater scrutiny than ever. The FS industry faces unprecedented regulatory changes, cost pressures and uncertainty that requires transformation and innovative responses.

Demand for greater transparency and accountability is led by international organizations, and reinforced by increasing cooperation among national regulators and an empowered customer. It is also being driven by the UN Sustainable Development Goals (SDGs). SDGs 8, 10 and 16 in particular are focused on how FS and regulation can underpin good governance and strong, stable economies. The goals are important for reshaping FS to meet the challenges of a changing world.

CASE STUDY

Embedding ethics in culture

EY’s Human instinct. Machine logic found that most global citizens are in favor of increased regulation, but that many would still engage in unethical practices if there was something to be gained. There is no room for complacency. Our work and services help so that standards are upheld.

Companies can respond to these challenges by both motivating their employees to do the right thing and by leveraging technological advances to identify and detect misconduct when it is not reported. Information is the key to mitigating the risks and businesses should maximize the value they get from their data. This can be achieved by making better use of machine logic and embracing the opportunities arising from an increasingly disrupted world.
Navigating a changing world

To meet regulatory requirements for increased transparency, our clients have to report faster, more frequently, and with more granularity. Measuring and reporting data, while ensuring compliance, are challenges that institutions must meet. This requires technology, infrastructure and resources, all under a lower cost model.

Penalties for misconduct are rising, and reputational impact is immense. Regulators, investors, boards and management recognize the need for action. The rise of the empowered consumer is changing expectations, recognizing their commercial value. They trust peer reviews, not brand advertising, and expect businesses to be transparent about their operations and impacts, including social and environmental impacts.6

CASE STUDY
Assessment of Service Quality (ASQ)

We strive to continually improve and understand how clients experience our services. We do this through our Assessment of Service Quality (ASQ) program. We gather independent feedback from our clients, and ensure we are continuously improving the services we provide. This is a critical part of our commitment to deliver exceptional client service across all our services from audit to tax and advisory.

We gathered feedback from more than 920 clients in FY17. Our ASQ rating was an average of 8.31/10 when asked how likely they were to recommend us to a colleague or friend.
Another big challenge facing the audit profession is how it deals with advances in technology and the explosion in data. As auditors, we need to understand the part we play in helping business regain society’s trust. We have to consider how we use data to improve the opinions provided in our statements, while delivering better visibility for day-to-day data management.

CASE STUDY
Underpinning good governance

Using tech in audits can build trust by increasing transparency. It reduces human error and highlights areas where data is compromised or missing. Automation and robotics provide data-mapping and cleansing, freeing people to focus on more strategic, high-risk and value-adding tasks.

- WAMapp. This is an innovative approach to managing data volume and complexity in our fund audits. The purpose-built platform streamlines data capture, and standardizes data to enhance analysis, with drill-down capability for clients, administrators and our teams. This makes information more quickly available and accurate.
Digital and customer: transforming for the future

The pace of digital innovation continues to transform the FS sector, fundamentally reshaping how companies and their clients operate and compete. The first wave of technological disruption is still underway, with opportunities and the promises of the transformation not yet fully realized. The focus on changing customer experiences has delivered tangible benefits to clients. But a second wave of digital transformation is on its way with the emergence of enhanced reality, machine learning and artificial intelligence (AI).

Ongoing investment is required to remain up-to-date with enhanced services and improved customer experiences.

The digitalization of financial services can enable access by finance and participation in society to otherwise excluded groups in both developing and developed countries. Digital systems can provide greater traceability and security, promoting accountability and building trust. This can help to address SDGs 8 (decent work and economic growth) and 10 (reduced inequalities).

Digital, for all its potential, also introduces a multitude of risks, from conduct and fraud to financial crime (FinCrime) and cybersecurity. Innovative approaches are required to ensure these are mitigated.

The need to transform

Customer experience should guide the digital transformation. To remain relevant, traditional institutions need to deepen and broaden their relationship with the customer. This needs to go beyond selling financial products and instead focus on meeting customer needs and expectations.
Differentiated digital solutions are part of EY’s Vision 2020+ strategy to help the clients tackle their most pressing challenges. We are embedding digital innovation in our core services to utilize and manage the explosion in data. This will provide greater transparency, build trust, and increase efficiencies. We are also embracing new technologies, new collaborations and new ways of working to provide strategic, agile solutions. For example:

- **EY wavespace™** helps clients harness breakthroughs. This network of growth and innovation centers combines EY’s experience in disruptive technologies and our deep industry domain and regulatory experience. For example, the EY wavespace “verve” in Berlin presents cutting-edge technology and creative thinking – from sensory testing to prototype building. Applications range from secure and efficient on-boarding of customers using blockchain technology, to mobility services such as smart parking and ride-sharing.

- **EY’s Digital Finance Lab** helps CFOs and finance functions prepare for digital disruption, and provides creative thinking about how these innovations can enhance sustainability. It supports clients to experience technology such as Artificial Intelligence, SAP Digital Boardroom, Robotic Process Automation, Agile Business Finance and Agile Analytics.

- **EY Open Banking Innovation Center** helps clients embrace the opportunities presented by the Open Banking initiative. This requires banks to enable customers, and small and medium-sized businesses, to share transaction data, securely, with third-party providers.

  The initiative supports SDG targets by breaking down monopolies and opening the market to a variety of players. It also provides accessible finance by providing secure, efficient ways to share data costs. Our research demonstrates that Open Banking can help financial organizations develop profitable and cost-effective solutions. These can help consumers develop a greater understanding of their financial lives, take more control, and ultimately make better financial decisions for themselves and the people that matter most in their lives.

- **EY InnovaValue’s insurHUB** program is a collaboration with five insurers, exploring new digital capabilities and solutions. These include sustainability issues such as combating the huge volume of documents that the industry prints, thus saving costs and resources, and making insurance accessible and affordable for previously excluded income and risk groups.

- **EY alliances** with digital experts, from start-ups to established giants such as IBM, mean our clients can benefit from our combined diverse experience and synergies. EY’s acquisition of etventure, for example, combines digital expertise with an agile startup mindset.
Financial services providers have had to overhaul their operational processes and control environments to meet regulatory demands. New market entrants are rapidly transforming the industry and customer expectations. Financial services must shift its focus toward ways of working that will benefit society at large.

Blockchain, artificial intelligence (AI) and the Internet of Things (IoT) offer new ways to improve efficiency and have the potential to better connect the customer to a service. Proponents of blockchain argue it has the potential to make transactions traceable and less open to manipulation, and therefore make finance more transparent and secure. These new ways could also, as Bank of England Governor Mark Carney noted, transform the way we understand business, facilitating a real-time, data-driven approach to monitoring, forecasting and managing.

The digitalization of financial services and products can support sustainable development. Moving away from traditional FS models enables new ways of participating in the economy and society. In some instances, FinTechs are working with traditional organizations. In others, new entrants offer alternatives for payments, transfers, investments and loans. These are inclusive, secure and affordable, improving access for previously marginalized groups.

A UN report noted the growing expectation for FinTechs to meet society’s pressing needs. A FinTech Taskforce, representing multinationals, financial institutions and start-ups, has been established to make finance accessible to everyone.

According to the report, “Technological innovation is already offering sustainability solutions across the five core functions of the financial system: moving value; storing value; exchanging value; funding value creation; and managing value at risk.”

Transform or be left behind

To remain competitive and relevant, how can traditional FS providers embrace these innovations?

AI, coupled with Robotics Process Automation (RPA), can improve auditability, consistency, and control over error-prone manual activities. RPA is the use of software to mimic the way people carry out tasks, particularly repetitive and administrative ones. Deployed correctly, robots enhance efficiency, security and quality by automating tasks across multiple applications. They can be plugged into legacy systems. RPA can transform the way FS organizations operate, dramatically reducing costs and risk while improving data quality and customer service. It can be a significantly cheaper alternative to business process outsourcing/offshoring.

Despite this potential, the proliferation of AI applications has ignited debate on the effectiveness of these solutions and the extent to which AI could/should be trusted and ultimately replace human analysis and decision-making.

The digital economy provides a particular challenge for banks in growth areas. Cash-flow lending, e-commerce, the gig economy, IoT and toll pricing are not well served by the existing payments and credit infrastructure. This emphasizes high-value, low-volume transactions and does not match a new world of smartphone payments, apps and other new ways of engaging in finance. Banks, often in partnership with FinTechs, are transforming to find ways to address this.

£6.6b

Value of UK FinTech market, according to an EY benchmarking exercise for HM Treasury
Technology-enabled transformation

EY has adapted its businesses to harness digital innovation. Our clients know we are by their side to enable the operational transformation necessary to survive, while helping them grasp emerging opportunities to ensure they thrive. Some of the ways we have incorporated technology into our business include:

- **Our products.** Services such as EY Helix embed data analytics in our audit process while the EY Lease Reviewer uses AI to make it easier to extract unstructured data from lease contracts. These types of innovations allow us to provide greater insight and enhanced efficiencies for our clients.

- **EY’s Annual FinTech Summit.** The 2017 event in Amsterdam brought delegates together to discuss the FinTech Adoption Index and demystify Artificial Intelligence, blockchain, Open Banking and FinTech integration.

- **Defining data and analytics priorities.** We analyzed our biggest accounts to help us identify our clients’ data and analytics priorities, and help them successfully navigate operational change.

- **Understanding customer trust in a digital world.** EY research with the University of St Gallen confirmed how much personal contact matters in customer service in an increasingly digital world. Furthermore, reducing options for face-to-face interactions leads to a decrease in trust. However, trust can be earned through digital interaction if “trust-inducing” features and “trust enablers” are utilized. As start-ups do not always provide personal advice, this provides incumbents with an opportunity to realize a competitive advantage.

- **Putting people first.** The sheer scale of change requires a conscious approach to deliver at pace while ensuring people are not left behind. EY’s FS People Advisory Services help our clients to support their employees in gaining new skills and job satisfaction. UK mid-market insurance clients are trying to deal with increasing customer demand while also trying to future-proof their business models and employee profiles. The world of insurance is changing at an unprecedented pace, enabled by digital technology. We are working closely with our insurance HR and Learning functions to support them in adapting.
FinCrime: tackling financial crime

CASE STUDY
Embracing blockchain to build trust and transparency

Blockchain, or distributed ledger technology (DLT), can reduce costs, increase speed and efficiency, and improve trust across transaction value chains.

The EY-sponsored Global Blockchain Benchmarking Study\textsuperscript{13} identified three ways that such technology can contribute to building a better world:

1. **Fraud detection and risk prevention.** Providing a public ledger across multiple untrusted parties, blockchain can: eliminate errors; detect fraud; verify the authenticity of customers, policies and transactions; and enable FS to identify duplicate or suspicious transactions.

2. **Claims prevention and management.** Alongside big data, and mobile and digital technology, blockchain is essential for establishing an efficient, transparent and customer-focused claims model, based on higher degrees of trust. Together, these technologies can streamline claims prevention, submission and payment.

3. **IoT and product development.** As more sources are connected to the IoT, the volume of data collected will increase. This will be valuable for FS organizations seeking more accurate risk models to assess and develop the right products. FinCrime: tackling financial crime.

It is not just the good guys who innovate. Financial Crime (FinCrime) is a major threat to the global economy. Our research tells us that clients spend up to US$1b combating money laundering, terrorist financing and market abuse\textsuperscript{14}.

FinCrime is an obstacle to sustainable, inclusive development. The substantial loss of capital through illicit funds deprives countries of revenue that could be used to invest in infrastructure, social security and job creation. This is why SDG 16 aims to “significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime” and “substantially reduce corruption and bribery in all their forms.”\textsuperscript{15}

In need of a new approach

The scale, complexity and associated costs of mitigating FinCrime and maintaining market integrity are massive challenges for our clients. Our survey, in partnership with Lloyds Banking Group, Thomson Reuters and the Royal United Services Institute, shows that many large and complex institutions are looking to bring the latest thinking in advanced analytics and RPA into the domain\textsuperscript{16}. Achieving this transformation will require banks and the FS industry as a whole to rethink how they approach challenges such as know your customer (KYC), transaction monitoring, sanctions, fraud and market abuse.
Providing tools to tackle FinCrime

With industry-wide collaboration and innovation, we are fighting FinCrime. EY leverages its market strengths in regulatory compliance and conduct to create innovative technology assets. Our aim is to drive our own business, and the industry, in a direction where human capital is freed to take a strategic approach to tackling FinCrime. Technology can provide the monitoring and security systems that underpin this. Examples of our activities include:

- **Sessions at Sibos.** One of EY’s sessions at Sibos 2017 in Toronto, *Harnessing innovation to disrupt financial crime*, outlined the complexity and costs of mitigating FinCrime and maintaining market integrity. We also showcased our FinCrime solutions: Digital Passport and Odyssey. Digital Passport is a technology platform that allows the secure and traceable exchange of customer information for small and medium enterprises. This is done through digital channels that are controlled by authorized users. Odyssey, our cognitive investigator, provides integrated trader surveillance. Through next-generation analytics capability we help banks manage the risks of market abuse and trader misconduct.

- **Collaborating with technology partners.** EY’s experience in risk and compliance and IBM’s technology were combined to address a pivotal FinCrime problem for a major UK bank. Our collective expertise increased the effectiveness of their FinCrime screening process. This lowered their risk, while drastically reducing the ongoing cost of compliance by over 50%.

**CASE STUDY**

**Cybercrime**

The impact of cybercrime can be severe, including operational, financial and reputational damage, and regulatory penalties. Cyberattacks are a systemic risk whose management, control and containment drains resources. Yet it is increasingly difficult to attract and retain cyber talent. EY’s Cyber Center of Excellence (CoE) is a consolidated, virtual, cross-border network. We have 55 people working in our CoE, providing the full range of EY’s cyber solutions. Our services focus specifically on Cyber Threat Management. This includes incident response, large-volume penetration testing, application security assessments, and threat intelligence. It provides clients with resources to address the cyber challenge.
**Compliance and conduct:**
using RegTech to innovate, manage risk and build trust

Across EMEIA and globally, the FS industry continues to face a multitude of regulations. More stringent requirements within increasingly dense data landscapes means the industry is facing unprecedented regulatory pressures. Yet compliance can be complex, costly and time-consuming.

RegTech – regulatory technology – helps the industry identify the work streams required to meet regulatory demand. It helps to strengthen controls, monitor their efficiency and provide alerts. The objective is to improve the effectiveness and rigor of the compliance process. At the same time, it drives down costs, yields efficiencies and disrupts the norm of conventional regulatory compliance.

**Unprecedented regulatory pressure**

The penalties for misconduct are rising, and the associated reputational impacts are damaging. Regulators, investors, boards and management have recognized the urgent need to improve. The rapidly evolving FinTech sector has led firms, technology providers and regulators to focus on new technologies to meet regulatory challenges.

The UK’s Financial Conduct Authority (FCA) is at the forefront of “promoting innovation and competition throughout the FS sector”, according to EY research, Innovating with RegTech. This is demonstrated by initiatives which include Project Innovate which is an advice hub that supports the introduction of innovative products and services. For example, a ‘regulatory sandbox’ enables products and services to be road tested in a safe environment. A robo-advice unit supports the delivery of automated advice tools and provides high-quality, low-cost advice to mass-market consumers.
Providing tools and expertise to comply

Our services, from innovation centers to EY’s Digital Finance Lab, and from conferences to advisory support, help clients to understand the changing regulatory landscape. They also enable them to embrace and adopt the appropriate RegTech and skill sets this new era of business requires.

We help fix problems, implement new conduct regulation (much of which is coming from the EU) and manage the regulatory aspects of business change – transactions, new propositions, digital and FinTech. We strengthen firms’ compliance capability, conduct risk management frameworks, improve business and HR processes, and improve the management of regulatory relationships. Through managed services and our innovative data and analytics-driven capabilities, we enable clients to manage data better and more efficiently, and transform their management of regulatory risk.

Our efforts include:

- **Delivering EU General Data Protection Regulation (GDPR) compliance.** GDPR gives citizens control of their data. EY has been working with a major UK bank to prepare them for compliance, tailored to the bank’s exposure, objectives and appetite for investment.

- **Knowledge-sharing.** From our annual IFRS 9 banking conference, to our Regulatory Reporting Forum, we keep the industry up-to-date with regulatory and accounting challenges such as European Banking Authority regulation, Basel IV and standard-setting. This helps create a stable and sustainable industry.

- **Clarifying the Markets in Financial Instruments Directive (MiFID).** MiFID is EU legislation that regulates firms who provide services to clients linked to financial instruments. In early 2018, a revised MiFID II came into effect, alongside a new Markets in Financial Instruments Regulation (MiFIR). The revision should improve the functioning and transparency of financial markets, and strengthen investor protection. By helping to identify key regulatory risk areas, and compliance and operational readiness requirements, EY has helped our clients to understand how the new regulation applies to them.

- **Providing a bridge to regulators.** EY works with regulators, industry bodies, technology vendors and major institutions on key areas of regulatory and supervisory priority, and so supports progress and innovation while being alert to risk.
Transparency and reporting: building confidence in business

Being transparent with stakeholders and building trust with customers and the public about operations and performance is critical for FS companies. These remain major topics following the financial crisis and scandals that have impacted consumer confidence.

Transformative industry collaboration, innovative stakeholder engagement and a supportive regulatory environment can be drivers of trust. Corporate reporting, including on tax transparency and nonfinancial performance, can also play a pivotal role. With nonfinancial reporting being mandatory for large companies under EU jurisdiction, integrated reporting is also increasingly common.

According to EY's global investor survey, investors are convinced that, over the long term, environmental, social and governance (ESG) issues have real and quantifiable positive impact. Investors also agree that ESG topics offer both opportunities and risks but, for too long, companies have not considered them core to their business.

Changing industry norms

Prudential risk and banking reporting is in flux. In uncertain economic times, regulators increase stress-testing and prepare to wind down those unable to cope with economic shocks. Banks must prepare for the final outcomes of Brexit, while ensuring FinTechs do not usurp their most profitable functions. Meanwhile, in most cases, they are unable to produce return on equity (ROE) at levels that are attractive to investors.

Risk functions are evolving fast. The use of analytics is becoming increasingly important with more and more risk people moving into data and analytics roles. This trend will accelerate as investors step up demands for banks to improve their performance. Transformation programs aimed at addressing these challenges are a growing area of opportunity.

Tax transparency is a strategic, business-wide issue. It impacts operations throughout the customer life cycle, from on-boarding and preexisting account classification, to account monitoring, document validation, reporting, and withholding and controversy management.

EY's Operational Tax Conference in November 2017, for wealth and asset managers, outlined the impacts of emerging operational tax issues. This included discussions on how to manage tax risk through robust governance. Attendees also shared market insights on managing the pace of change from both a technical and technological perspective. The Conference revealed that many businesses have shortfalls in budgets and employee skill sets, making it hard to adopt transformative technologies.

CASE STUDY
The rise in sustainability reporting

EY Switzerland’s analysis of sustainability reporting in Switzerland, Targeting Transparency, found that the share of companies publishing a sustainability report had increased – with many including a sustainability section in their annual report. However, it also found a decrease in organizations following the Global Reporting Initiative (GRI) reporting framework and obtaining external assurance.
Offering a path to transparency

EY is focused on helping FS organizations operate efficiently while managing the costs of new regulatory requirements within an already complex finance, risk, actuarial and IT ecosystem. Our solutions include:

- **Focusing on prudential risk and banking reporting.** Our focus is to provide transformation programs that build resilience and trust. This covers new prudential regulatory regimes, business model optimization and a fundamental review of the trading book. It also includes ECB Targeted Review of Internal Models (TRIM), governance and risk data, financial resource management and digitalization.

- **Fostering transparency.** The costs, complexity and risks of tax transparency are growing. To help senior UK banking clients identify challenges and solutions, EY’s *The future of customer tax transparency* event promoted discussion and collaboration, and included proposals for embedding sustainability as business as usual. The interactive event, the first one of its kind, was held in the London Canary Wharf office in the summer of 2017.

- **Delivering regulatory reporting services.** To meet the ever increasing regulatory demands of the Capital Requirements Directive IV, the Capital Requirements Regulation, Basel final reform (Basel IV) and Solvency II, EY has developed our Regulatory Reporting Services. The platform standardizes, improves and industrializes the reporting process to enable clients to meet new reporting requirements faster and cost-effectively.
Sustainable finance: powering positive action

The expert role of the FS community is to raise, structure and allocate funding that underpins the global economy. Sustainable finance, as directed by the EU, looks across the whole value chain and orientates capital flows toward sustainable investment, fostering transparency and long-term thinking in financial and economic activity. It mainstreams financial risks across climate change, environmental degradation and social issues, and is therefore integral to achieving many of the SDGs.

Identifying climate risks and opportunities

For many companies, climate change poses significant financial challenges and opportunities, now and in the future, says Jan Niewold, Partner, EY Netherlands (Ernst & Young Accountants LLP).

The transition to a lower-carbon economy is estimated to require around US$1t of investment per year for the foreseeable future, generating new investment opportunities. Meanwhile, assets at risk from climate change are valued at US$2.5t by the London School of Economics and US$4.2t by The Economist.

To identify decision-making information needed by investors, lenders and underwriters, the Financial Stability Board established the industry-led Task Force on Climate-related Financial Disclosures (TCFD). The task force developed voluntary, consistent, climate-related financial disclosures that would be useful in assessing risks and opportunities. The TCFD’s 32 members cover a broad range of economic sectors and financial markets to promote wide-ranging adoption of the disclosure framework.

Embracing sustainability reporting

The FS industry is not engaging fast enough. In November 2017, EY and HSBC held a webcast for our clients and the industry that asked, “How are you responding to the Task Force for Climate-related Financial Disclosures’ recommendations?” Nearly 70% of participants said that they had either not thought about it or were still exploring the roles they could play.

Yet sustainability is increasingly important for investors and asset owners. Institutions must provide insight into, and take responsibility for, what happens in their value chains.

The 2014 EU Directive on Non-Financial Reporting requires public-interest entities with more than 500 employees, and listed companies, banks and insurance companies, to disclose sustainability information in their management reports. This includes environmental matters, social and employee aspects, human rights, anti-corruption, anti-bribery and board diversity.
Companies are expected to report on ESG issues and integrate them into balance sheets. In addition to the EU Directive on Non-Financial Reporting:

- The Financial Stability Board (FSB) asks institutions to calculate the effects of climate change on their portfolios.
- The Institutions for Occupational Retirement Provision II Directive requires EU workplace pension funds with more than 100 members to disclose how ESG factors are included in investment decisions and management systems.
- The voluntary Natural and Social Capital Protocols guide companies through measuring, valuing and managing natural and social capital.
- The EU High Level Expert Group (HLEG) on Sustainable Finance published ESG-related screening and adjustment recommendations for the European Commission (EC) to implement in legislation. Following HLEG’s recommendations, the EC published an Action Plan to set out its strategy for sustainable finance; to which several bodies, including Accountancy Europe, responded with a position paper.
- Sustainable Stock Exchanges provide opportunities to capture sustainability-focused investment, and demonstrate commitment to addressing ESG issues. The UN Sustainable Stock Exchange, with 72 partners\(^2\) and representing over 70% of listed equity markets\(^2\), brings the world’s stock exchanges together to promote sustainable finance.
- Integrated reporting is on the rise as companies link business risks directly to their strategy, and adjust their internal management accounting systems to include nonfinancial information.

Whereas now responsible and sustainable investment can still serve as a differentiator, in the next five years it will be a hygiene factor. Financial institutions that cannot deliver on sustainability will then suffer negative consequences from both regulators and clients.

These changes require more and better data, and robust systems.

Many shareholders focus on ESG issues, viewing the management of these as a differentiator. EY’s Global Investor Survey\(^2\) highlighted that investors believe ESG issues have quantifiable impacts.
Harnessing sustainable finance

The FS industry has a key role in using the principles of sustainable finance to meet the commitments of the SDGs and the Paris Agreement. From advising our clients on sustainable finance to providing thought leadership to facilitate industry-wide change, our activities include:

- **Driving the shift to long-term value.**
  Sustainability requires a shift from short-term to long-term thinking in addition to a holistic view of value. This is explored by the Integrated Reporting framework and as part of the Embankment Project through the Coalition for Inclusive Capitalism. (please refer to page 47 in Communities)

- **Empowering people through our clients.**
  The nature of work in FS is changing. Consumers and employees have higher expectations than ever, from ethics and transparency to providing fulfilling work. This presents opportunities to address SDG 8: decent work and economic growth. EY’s People Advisory Services division assists our clients in finding and nurturing talent, to help people fulfill their potential and empower them to tackle challenges. Specifically, we are helping our clients empower their people by transforming their HR and learning and development functions, with a focus on the digitization of learning.

  EY is proud to help organizations from all sectors understand how building health, diversity and inclusiveness can reduce risk and improve performance. The EY National Equality Standard provides detailed recommendations for driving structural improvements. It has been embraced by more than 100 clients and has supported more than a million employees around the globe.

100 clients & 1m employees

supported by EY’s National Equality Standard
Providing thought leadership to shape the industry. Much of EY’s external focus is on using insights and innovation to help FS transform to contribute to Building a better working world. We collaborate with stakeholders from the private, public and not-for-profit sectors to discuss, analyze and report on sustainability trends.

Our reports – such as How do you fund a sustainable tomorrow? which looks at how FS can help to plug the SDG funding gap - helps drive the shift toward a more sustainable financial services sector.

Inspiring FS organizations to help fund the SDGs. The FS industry plays a key role in supporting the SDGs through raising, structuring and allocating funding in a way that seizes the opportunities, manages risk and adopts long-term thinking. The SDGs face a US$2.5t annual financing gap; however, capital markets manage an estimated US$300t of assets every year.

EY’s research, How do you fund a sustainable tomorrow?, outlines FS’ role in identifying funds that could be used to promote sustainability, and the industry’s responsibility to do so. But to embed this into everyday practice requires an understanding of the business rationale for endorsing the SDGs.

US$2.5t
The SDGs’ funding gap
CASE STUDY
Mobilizing capital for sustainable finance

Making the SDGs a success requires embedding sustainable finance into purpose, organizational structure and risk appetite. The motivation will come from understanding the long-term value offered by the SDGs, and how this can be translated into shorter-term results during the transition.

The seeds of success are already apparent, in the form of existing sustainable investment products and activities including:

- **Green bonds.** These were launched in 2008 to encourage sustainability infrastructure. In 2017, global issuance reached US$155b.

- **The impact investing sector.** This is an evolution of socially responsible investment, which tends to be strongly linked to the SDG topics. It has grown dramatically and is gaining traction in mainstream banks. The Global Impact Investing Network (GIIN) reported US$114b of impact assets under management in their 2017 annual investor survey. Supported by many of the industry’s major players, GIIN is driving the industry toward directing capital investments in the SDGs.

- **Commitments by pension funds.** A coalition of Dutch and Swedish pension funds pledged in 2016 to use the SDGs as a framework for investor decisions, citing the need to meet “mounting social and environmental challenges.”

- **Our report Investing in a sustainable tomorrow** considers the arguments for European pension funds to adopt ESG investing. Arguably, it is the potential long-term investment benefits that carry the greatest weight – both in terms of risk reduction and, potentially, of outperformance. Examining the barriers that pension funds face, the paper lists practical steps toward adoption of ESG investing.
We believe a better working world is one in which everyone can contribute to and share in the benefits of sustainable economic growth.

At EY, we bring Building a better working world to life by driving growth that is sustainable and inclusive; not only through our client work but also through contributions within our communities. We recognize that although we are making good progress in this space, we can and must do more. Our commitment will shine brightest when principles of responsibility, sustainability and inclusive growth become evident in how we conduct our own business and where we focus efforts to strengthen our communities.

We want to take an active role in addressing societal challenges such as inequality, the lack of opportunity for young people and low trust in institutions.

Additionally, we want to grow as a responsible business through our own operations, and build active partnerships and sponsorships to enhance sustainability in the financial services (FS) sector. Using our brand and reputation to (re)build trust, we believe we can have the biggest impact addressing transformative issues, such as climate change, workforce transformation, entrepreneurship, community perception and engagement, and digital technology and innovation.

So we ask questions such as: what can we do to make the global economy more equitable, sustainable and inclusive? What can we do today that will change lives for the better tomorrow?

In EY EMEIA Financial Services (EMEIA FS), as across EY globally, we believe the answers lie in two areas:

- Driving sustainable inclusive growth – helping to scale impact entrepreneurs to develop and flourish as role models, improving their businesses’ resilience, productivity and capacity for sustainable growth.

- Supporting the next generation – helping to equip young people for success in the modern working world.
Building a better working world means doing what is right not only for our clients, but for the wider financial services industry and society as a whole. Our people use their time, skills and talents to help create economic and social benefits today that have a lasting impact tomorrow. By dedicating our minds to the future of financial services, we can deliver innovative and transformative thinking to address society’s most pressing needs.

The UN Sustainable Development Goals (SDGs) recognize business’s role in building a more sustainable and equal world. We are working to increasingly link our strategies to the SDGs most relevant to our business. For our communities, SDGs 5 (gender equality), 8 (decent work), 10 (reduced inequalities), 13 (climate action), 16 (peace, justice and strong institutions) and 17 (partnerships) are the areas in which we can have most impact.

Across our 15 markets, our people give their time through pro bono engagements, skills-based volunteering and traditional volunteering initiatives to help tackle local and global challenges.

These are the tangible ways in which we play our part in advancing sustainability principles within society in general and the financial services industry in particular.

Shipra Gupta
Head of Corporate Sustainability, EY EMEIA Financial Services

Key achievements:

During FY17, we conducted an extensive exercise within EMEIA FS to help our markets understand community investment reporting and identify relevant engagement codes that track our input. Due to these efforts and the system change, the number of sources has increased by nearly 500%.

Additionally, the system change that started in FY16 continued into FY17. For these reasons, identification of, and conclusions on, trends using year-on-year data is not accurate. Despite not being able to report on trends, we believe this exercise was important and valuable in order for us to manage our community investment going forward.

1,270 volunteers in EMEIA FS in 2017

15.1 hours donated per volunteer in EMEIA FS in 2017
Helping our communities through activities such as sponsored events and volunteering is integral to what we do. But EY’s strength is as a professional services business, and our greatest asset is our people. Our ambition is to harness the power of our people, by focusing on skills-based volunteering.

By applying our business expertise to support charities, entrepreneurs, social enterprises and education, we can be part of a ripple effect that helps to transform society. Where possible, we measure our community investment input, often through the London Benchmarking Group framework, but we’re still on a journey to making measurement practical as well as time and cost effective. The EY UK Foundation is a good example of where we have been able to measure our impact. The Foundation worked closely with New Philanthropy Capital, a think tank working to transform the charity sector, to develop an objective and verifiable way of measuring the success of its programs, so they know they are directing effort and funds wisely (Supporting the next generation, see p45).

Using our expertise to support and inspire: skills-based volunteering

Our people have the skills to tackle issues such as financial inclusion and supporting the next generation; for example, by providing pro bono support to social enterprises, and literacy and mentoring programs. Examples of our activities and initiatives include:

- **EY Foundations**
  Independent EY Foundations have been set up in France, Italy, Spain, the Netherlands, Poland and the UK. These bring together thousands of EY and other volunteers to use their expertise to transform lives through a range of activities. These include:

  - Supporting entrepreneurs through programs and awards in Spain
  - Providing family care for children who have lost their natural parents in Poland
  - Providing management skills and skills-based support to NGOs in Italy and the Netherlands
  - Enabling the expression of talent in all its forms by supporting manual trades projects in France
  - Helping not-for-profit organizations to become more efficient and transparent in Italy
  - Helping disadvantaged young people successfully transition from school to work and supporting social entrepreneurs to scale up in the UK (Supporting the next generation, see p45)
Pro bono charity consultations
Targeted advice can have a significant impact, which is why we support efforts such as pro bono charity consulting days and audits. A great example is the French Pro Bono Day program. This enables diverse EY teams to devote a single, intensive working day to advising mission-driven organizations that require professional consulting to overcome barriers to growth.

In the UK, as part of our Advisory graduate inductions, staff spend half a day working with small to medium-sized charities to understand and try to solve problems or challenges they may be facing. The new joiners put their new skills to good use and receive feedback on their presentation, while the charity comes away with support at no cost and fresh ideas. The charities have fed back that a number of our consultants’ ideas are being progressed and are making a real difference. SolarAid, for example, has benefited from advice on increasing its social media reach, by looking at ways to engage an individual’s network.

Pro bono audits are another useful way of using our skills to provide much-needed services. To support Startberry, Poland, in nurturing female entrepreneurship and aspirations, EY Polska conducted audits on two entrepreneur-based NGOs: Fundacja Orange and Fundacja Hospicjum Onkologiczne Świętego Krzysztofa. In Spain, seven FSO people developed audit projects for: the Global Compact Network and Asociación Talismán NGOs.

Mentoring programs
EY supports mentoring in different guises across EMEIA. Germany’s EY@School brings EY people into the classroom as guest teachers and mentors. This raises students’ interest in economics, innovation and business ethics, and brings teaching to life.

Another German initiative provides mentors for the MentorMe program, which encourages female students and female scientists. In the UK, a mentoring program by EY charity partner Social Business Trust enables us to use our experience to help innovative and effective social enterprises scale their impact, through activities including mentoring.

Our continued support of Youth Business Mentoring helps underserved young entrepreneurs turn their ideas into successful businesses, creating jobs and strengthening communities.
CASE STUDY
Supporting the next generation

The EY UK Foundation’s vision is that every young person in the UK, regardless of background and circumstances, can realize their ambitions and make a successful transition into higher education, work or self-employment.

With youth unemployment figures over 12%, acquiring a fulfilling and secure job is a major hurdle for young people. The barriers are even bigger for the 4.1m young people in the UK who live in poverty, have language barriers, are homeless, are in care or look after relatives.

The EY UK Foundation is committed to reaching as many young people as possible, enabling them to make a good start to their working lives, and providing employers with a talented, skilled workforce.

The EY Foundation consists of three main programs (about which you can read more on our website):

- Smart Futures
- Our Future
- Accelerate

In the UK, we’re proud of the progress we’ve made in FY17. Highlights include:

- Supporting 879 young people through the Smart Futures and Our Future programs and employability workshops
- Working with over 2,200 dedicated EY and non-EY volunteers
- Supporting 32 social enterprises in London, Scotland, Yorkshire and the North-West through our Accelerate programme
- Raising our first £1m of independently generated income

Our impact is measured using a rigorous Theory of Change assessment tool, developed by New Philanthropy Capital. The young participants report dramatically improved confidence, presentation skills and teamwork.

96% of EY Foundation UK alumni surveyed said they would recommend its programs

93% of EY Foundation UK alumni have gone on to further, higher or vocational education, or full/part-time employment or are self-employed,

95% of Smart Futures participants improved their self-confidence

100% of employers would participate in similar programs with young people in the future

71% of participating employers increased their awareness of the range of talented young people in the UK
Giving to good causes near and far: traditional volunteering

We want to encourage our people to support the causes they care about through traditional volunteering. Our people also grow and develop by participating in activities – such as sponsored swims, international fundraising treks and working with young people or social entrepreneurs – that are outside their regular experiences, often igniting new interests.

Across our eligible EY member firms, we offer charitable contributions, payroll donations and match-funding opportunities. EY people in the UK can also participate in the Pennies from Heaven scheme. This rounds down your salary to the nearest pound, and donates the remaining pennies to the EY Foundation.

Highlights from FY17

£75k raised for Hospitality Action with our partners ISS (UK)

£12,400 raised for Motor Neuron Disease by EY’s London City swim team

22 German offices participated in good causes, from organizing school breakfasts and building playgrounds to supporting refugees

50 young musical talents aged 17-28 raised funds through Young Talents Orchestra EY performances to support EY Foundation projects

21 FS people in Spain volunteered to help people with learning disabilities

100 homeless people in Belgium were given a warm meal via Operation Thermos

50 young public officials met with former Dutch prime minister and EY advisor Jan Peter Balkenende to discuss how business and government can tackle sustainability and the SDGs

CASE STUDY

Mentoring in the community

Nilesh B. Dosa was the 2017 Better begins with you EMEIA FS Regional Winner in the Strengthening Our Communities category, for his contribution to mentoring youth from underprivileged backgrounds.

Through his personal grassroots initiative icanyoucantoo, Nilesh has delivered regular monthly sessions to students, providing guidance and coaching on the practical skills required for the world of work. As a result, one participant joined EY in September 2017 on the five-year Business Apprenticeship program, and another will join this September.

One of the students reported: “The support and insights that Nilesh provided have been amazing. I’ve learnt so much and I’m grateful for meeting him. The work he has done has changed our lives, and given us chances we could have never expected.”
Working together to achieve sustainable goals

Businesses have a role to play in building a better world for everyone. We are keen to identify and build partnerships and sponsorships that embed sustainability, to support long-term value, into FS.

Partnerships are important because they create synergies that allow us to have a greater impact. We have a responsibility to support the role of FS in achieving the SDGs that are applicable to our business and the industry.

Promoting inclusive capitalism

A better working world is one in which everyone can contribute to, and share in, economic growth. A commitment to driving sustainable and inclusive growth is at the heart of our approach to corporate sustainability.

In June 2017 the Coalition for Inclusive Capitalism and EY announced the launch of a project on long-term value creation, called the Embankment Project. The project is bringing together CEOs from over 30 global companies, representing more than USD$28t in assets under management, to work on a proof-of-concept to encourage long-term value creation.

The Embankment Project focuses on finding a measurable, comparable and meaningful way for companies to better articulate how value is created for material stakeholders such as employees, society, business and investors. If successful, the findings from the project and the resulting framework will be open-sourced to achieve widespread adoption and strengthen trust in business.

The project provides greater certainty around investment decisions, facilitating social impact investing and a focus on purpose-led companies.

The next step in our 18-month project will be taking forward a common approach, which will play a critical role in driving greater trust and confidence in the capital markets.

Other examples of notable partnerships and sponsorships include:

• The Financial Inclusion Forum UK. EY is a member of this platform for awareness, debate and networking about developments and best practice in microfinance and financial inclusion, and has jointly hosted forums. The 2017 EY/Financial Inclusion Forum, Innovation in Inclusive Finance: Power of digital in reaching the unbanked, was attended by 120 participants.

• The Wealth Management Philanthropy Forum, sponsored by EY, brings together 20-25 senior industry leaders across wealth managers and private banks, three to four times a year, to share best practice around philanthropy as a proposition to the ultra-high net worth and high net worth segments. Running since 2015, the forum has expanded its reach both in membership and focus. It now includes the wider ecosystem of philanthropic organizations (e.g., foundations, charities, impact entrepreneurs and impact investors) and the importance of ESG integration and impact investment.

• Positive Planet. EY has worked with France’s Positive Planet (previously known as PlaNet Finance) for over 15 years. Our association with Positive Planet focused on fundraising activities for several of its projects, providing access to microfinance to vulnerable groups. We are pleased to have extended our operational support to Positive Planet’s newly opened chapter in the UK.
Entrepreneurs transform economies, drive innovation and contribute to growth. They generate jobs, support local communities and build prosperous societies.

By helping entrepreneurs, EY can have a massive impact on driving sustainable and inclusive growth. This is because helping to upscale small and growing businesses creates an outsized impact on lives and livelihoods in their communities.

We continue to focus our efforts on impact entrepreneurs. Impact entrepreneurs are those that create new models for providing underserved populations with affordable access to basic goods and necessities, create jobs at scale within their communities, and either come from or cater to the specific needs of underrepresented groups. Their work helps to address SDGs 5 (gender equality), 10 (reduced inequalities) and 13 (climate action).

Through some of our immersive programs, we put our people on the ground alongside entrepreneurs for six weeks to six months, offering our skills, knowledge and time – including the development of business plans and provision of office support. Some examples of our programs across EMEIA FS are described below.

**Enterprise Growth Services (EGS)**

Impact entrepreneurs use the power of the market to tackle challenges such as job creation, social inequality and access to health, education, energy, clean water and sanitation. EGS operates at heavily subsidized rates to bring the knowledge, skills and experience of the global EY organization within reach of impact entrepreneurs in low-income countries. EY teams have provided nearly 70,000 hours of consulting support to more than 90 clients in 26 countries, building a distinctive body of knowledge and experience not only of specific markets and sectors, but also of particular challenges involved in validating and scaling innovative business models.

EGS is an aspirational program and provides outstanding development opportunities to participants, enabling our people to hone their technical skills by applying them to small businesses across entire systems and to extend their sector knowledge in an emerging market context. In addition, EGS engagements require and develop self-reliance, flexibility, pragmatism, problem-solving and coaching skills. In 2017, we extended our commitment to making the program more accessible: EGS participants no longer take a salary cut, and the program has been adapted to offer senior employees more options for getting involved on a part-time basis and without traveling cross-border.

Examples of engagements in FY17 include helping Jacaranda – a provider of high quality maternity care for low-income women – to replicate their results on a large scale. Kenya’s maternal death rate is seven times higher than the SDG goal. But mothers at Jacaranda’s facility experience 66% fewer complications than those at nearby hospitals and dramatically surpass national rates of lifesaving behaviors.

“On-the-ground improvements by EY consultants were critical in helping us scale our model to more hospitals and make a real difference as we strive to bring quality maternity care to 100,000 more women by 2020.”

Nick Pearson,
Founder and Executive Director, Jacaranda
Impact entrepreneurs, such as those we support through the EY Vantage program, grow revenues twice as fast as comparable companies, and create jobs five times faster, according to Endeavor Global’s research. This contributes substantially to the health of their local economies.

The global EY Vantage program connects future EY leaders with the market leaders of tomorrow to accelerate sustainable and inclusive growth and create jobs. The six-week program gives entrepreneurs access to our knowledge, skills and resources, which can prove critical during key points in the growth of their business. In turn, our Vantage Advisors enjoy the opportunity to develop as leaders while working outside their comfort zone, and build a legacy over six weeks that can last for years.

In FY17 there were ten Vantage Advisors from seven different EMEIA FS markets on placement across eight locations.

Vantage brought together Dominic Lubbers, a senior manager in Financial Services Risk, Amsterdam and Javara, based in Jakarta, Indonesia. Founded by Helianti Hilman, Javara’s purpose is to sustain the indigenous, artisanal, organic food supply chain from farming to global market. Dominic quickly identified Supply Chain Management (SCM) as a priority. EY Growth Navigator™ (EYGN) workshops provided insight into SCM. This led to the introduction of tools, such as an EYGN dashboard, SCM handover document, and governance structures, to provide clarity regarding roles and responsibilities.

EYGN is a unique way to interact with clients using identified drivers of growth. Workshops support wide-ranging conversations with the senior executives about their capabilities and aspirations, drawing on leading practices and client insights to develop an action plan for accelerating growth.

Following his placement, Dominic notes the program has “brought new experiences and insights, and a level of reflection, as you are in a completely new setting. I’m really grateful for this opportunity and will take the gained experiences into the rest of my life.”

“The quality time spent has been great and has provided us with new insights...

The output is really detailed and concrete and gives us the possibilities to build upon. It will help us achieving the goals set for Javara.”

Mohammad Suprapto, COO, Javara
**EY Entrepreneur of the Year**

Covering 60 countries, this program celebrates the success of entrepreneurs, the positive impact they’re having on society and the economy, and the legacies they are building. The awards perform the valuable role of incentivising entrepreneurs and generating publicity for their businesses. A range of categories provide opportunities to recognize entrepreneurs across sectors, sizes and scales.

2017 winners include Belgium’s Vyncke – a family business, led by Peter and Dieter Vyncke, that turns biomass into clean energy. Entrepreneurship and growth are central to the company’s mindset and plans for global, sustainable growth.

UK winner Octopus builds disruptive, customer-focused businesses in the financial services, energy and healthcare sectors. Octopus aims to innovate, improving the lives of millions.

**Supporting the bright stars of the future**

Other activities across EMEIA include:

- **BiD network, the Netherlands.** Around 175 EY people have given their skills and experience to support entrepreneurs through customized matchmaking and support services for financiers and entrepreneurs. In FY17, 35 EY people supported BiD.

- **BeyondMe, UK.** Since cofounding BeyondMe, an organization that mobilizes future leaders to form teams that give their time, skills and money to pressing social issues, EY has launched 27 teams, raised over £50,000, donated over 1,300 hours and supported events.

- **EY Start-up Academy, Germany.** This two-month program helps ambitious young tech and FinTech firms that lack the means to grow. In the start-up hub of Frankfurt, seven firms took part in the academy’s first program. They established contacts with investors as well as clients, and could boost their business via workshops and one-to-one sessions with EY experts. The Frankfurt-based node. Energy secured €775,000 in growth capital.

—

“During the EY Start-up Academy, we established many valuable contacts and significantly improved both our business plan and our investment pitch.”

Tilo Kraus, Cofounder of CreditLinks
Being a responsible business

We challenge ourselves to work in an environmentally sustainable manner and to reduce the impact of our operations. Our most significant impacts and opportunities derive from our business activities and influence.

However, our key operational environmental impacts are from our travel and real estate. Our operational focus is therefore on monitoring, managing and, ultimately, reducing air travel emissions, improving the energy performance of our buildings, and working with our on-site contractors to reduce the impacts of other services, such as catering.

EY sets objectives on a global level and actions them locally through targeted initiatives:

- **Carbon footprint measurement.** Collecting and analyzing data on business travel and office energy consumption.
- **Key performance indicators monitoring.** Identifying benchmarks to reduce our environmental footprint and promote sustainable practices.
- **Travel policy implementation.** Putting in place environmentally responsible policies, currently at local level.
- **Waste management guidelines.** Establish best practice, to be shared globally.
- **Meetings.** Finding ways to make meetings environmentally friendly, including increased videoconferencing.

Despite the growth of our business in the last financial year, our carbon emissions per FTE have increased only a nominal amount. This nominal increase is predominantly due to a rise in absolute air travel emissions.

EMEIA FS, as a region, enables the right people to be in the right place for our clients and we are reviewing how to do this while continuing to be a responsible business. This will feed into the rollout of a global environmental statement over the next financial year.

Our business model means that EMEIA FS doesn’t directly manage our properties. However, we are able to influence the movement of our people and will look to put initiatives in place to manage air travel emissions more effectively.

**Our carbon emissions (tCO₂e):**

- **1,493** Scope 1: Direct fuel usage
- **6,806** Scope 2: Office energy consumption
- **36,185** Scope 3: Business travel

**Carbon emissions per full time equivalent**

**Providing inspiration for sustainable change**

Our people care about climate change and welcome the chance to get involved in, and learn more about, driving sustainable change. From London to Luxembourg, initiatives that raised awareness around sustainability across EMEIA FS included:

- **Activity app.** Our German office launched CO2-fit, an app that connects activity with action tackling climate change. Fostering friendly competition between colleagues, it logs activities such as walking and cycling, then calculates the carbon savings and issues credits towards fundraising projects.

- **Cycling promotion.** EY people from the Channel Islands, Scotland, Ireland and London took the cycle-to-work challenge on Sustainability Day 2017. Cycling facility tours and sessions with cycling charities aimed to inspire people to hop on their bikes to get to work and to get around every day.
Games, webcasts and interactive events. To celebrate Sustainability Day 2017, EY people from the Netherlands, Switzerland, Italy and the UK took part in our What does sustainability mean to our clients? webcast, our #whatsyourSDG superpower questionnaire and more.

Engaging education. From screenings of environmental films to sustainability sessions for new graduates, across EMEIA, a host of mediums have been employed to inform and encourage debate.

Encouraging volunteering. In Luxembourg, professionals and representatives from seven different charitable associations presented to colleagues to raise awareness of their causes and to attract volunteers.

CASE STUDY

Many ways to tackle waste

From a campaign that highlighted the cost of not recycling, to composting projects, distributing reusable cups and encouraging people to bring in their own, offices from Gibraltar to London have come up with creative ways to raise awareness.

Disposable cups have been a particularly hot topic in the UK as campaigns have revealed how few are recycled, owing in part to waste management infrastructure challenges. The materials used to make a paper cup watertight require special processing in order to recycle, and currently only 1% of the 2.5 billion paper hot drinks cups used in the UK are recycled.

EY UK has joined forces with cup-recycling pioneer Simply Cups and is thrilled to be able to recycle cups and lids at its Canary Wharf site in London. We hope to extend the scheme to other EY offices in the UK. Our London offices also offer a discount for customers using travel mugs, and send spent coffee grounds to be recycled as biomass briquettes and pellets.

Food waste. With our #BetterFood partners ISS, EY’s London offices held themed days promoting “wonky veg” and “ugly fish”. We also support the homelessness charity Crisis with food that would otherwise go to waste.
## Performance snapshot

### Workforce

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY16</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recruitment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experienced hires²</td>
<td>2,279</td>
<td>2,620</td>
<td>2,443</td>
</tr>
<tr>
<td>Graduates</td>
<td>1,530</td>
<td>1,640</td>
<td>1,610</td>
</tr>
<tr>
<td><strong>Internal transfers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inbound from non-EMEIA FSO</td>
<td>213</td>
<td>209</td>
<td>293</td>
</tr>
<tr>
<td>Outbound to non-EMEIA FSO</td>
<td>124</td>
<td>156</td>
<td>247</td>
</tr>
<tr>
<td>Assignments within EMEIA FSO</td>
<td>72</td>
<td>89</td>
<td>83</td>
</tr>
<tr>
<td><strong>Attrition</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leavers</td>
<td>2,998</td>
<td>2,960</td>
<td>2,673</td>
</tr>
<tr>
<td>Turnover</td>
<td>18%</td>
<td>19%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Employee engagement index</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responded favorably</td>
<td>68%</td>
<td>69%</td>
<td>67%</td>
</tr>
</tbody>
</table>

### Community investment

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY16</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volunteers</td>
<td>1,270</td>
<td>1,035</td>
<td>693</td>
</tr>
<tr>
<td>% headcount</td>
<td>10%</td>
<td>9%</td>
<td>7%</td>
</tr>
<tr>
<td>Total hours committed</td>
<td>19,118</td>
<td>15,955</td>
<td>7,475</td>
</tr>
<tr>
<td>Hours donated per volunteer</td>
<td>15.1</td>
<td>15.4</td>
<td>10.8</td>
</tr>
<tr>
<td><strong>Cash donations⁴</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total community investment (US$)</td>
<td>1.83m</td>
<td>1.12m</td>
<td>1.09m</td>
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</table>

### Operations

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY16</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>12,315</td>
<td>11,444</td>
<td>10,325</td>
</tr>
<tr>
<td>Countries</td>
<td>15</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Locations</td>
<td>70</td>
<td>68</td>
<td>65</td>
</tr>
<tr>
<td>Full-time</td>
<td>94%</td>
<td>94%</td>
<td>94%</td>
</tr>
<tr>
<td>Part-time</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
</tr>
</tbody>
</table>

### Environment

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY16</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Carbon emissions (tCO₂e)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 1: Direct fuel usage</td>
<td>1,493</td>
<td>3,257</td>
<td>1,517</td>
</tr>
<tr>
<td>Scope 2: Office energy consumption</td>
<td>6,806</td>
<td>6,467</td>
<td>6,914</td>
</tr>
<tr>
<td>Scope 3: Business travel</td>
<td>36,185</td>
<td>30,204</td>
<td>23,313</td>
</tr>
<tr>
<td>Total carbon emissions</td>
<td>44,484</td>
<td>39,929</td>
<td>31,744</td>
</tr>
<tr>
<td>Carbon emissions per FTE</td>
<td>3.61</td>
<td>3.49</td>
<td>3</td>
</tr>
<tr>
<td><strong>Air travel</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total carbon emissions</td>
<td>31,906</td>
<td>26,789</td>
<td>20,265</td>
</tr>
</tbody>
</table>

### Diversity

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY16</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender split</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruitment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experienced hires</td>
<td>861</td>
<td>1,418</td>
<td>1,020</td>
</tr>
<tr>
<td>Graduates</td>
<td>622</td>
<td>908</td>
<td>628</td>
</tr>
<tr>
<td><strong>Employee numbers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partners/directors</td>
<td>169</td>
<td>767</td>
<td>164</td>
</tr>
<tr>
<td>Senior managers</td>
<td>508</td>
<td>1,147</td>
<td>478</td>
</tr>
<tr>
<td>Managers</td>
<td>766</td>
<td>1,177</td>
<td>689</td>
</tr>
<tr>
<td>Seniors</td>
<td>1,578</td>
<td>2,016</td>
<td>1,392</td>
</tr>
<tr>
<td>Associates</td>
<td>1,690</td>
<td>2,025</td>
<td>1,615</td>
</tr>
<tr>
<td>Interns</td>
<td>175</td>
<td>297</td>
<td>181</td>
</tr>
<tr>
<td>Full-time</td>
<td>4,368</td>
<td>7,208</td>
<td>4,042</td>
</tr>
<tr>
<td>Part-time</td>
<td>518</td>
<td>221</td>
<td>477</td>
</tr>
<tr>
<td><strong>Leadership development</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Numbers of employees promoted to partner</td>
<td>9</td>
<td>24</td>
<td>29</td>
</tr>
<tr>
<td>External hire partners</td>
<td>4</td>
<td>22</td>
<td>14</td>
</tr>
</tbody>
</table>

### Notes

1. In FY16, reporting changed from training hours to Continuous Education (CE) credits. Training hours for FY15 is available in previous reports.
2. All ranks excluding graduates.
3. Previously, market data was identified based on where the engagement code was set up. In FY17, market data is identified based on the employee headcount location.
4. FY16 data was uplifted by relevant community investment sponsorships. This process was not replicated in FY17.
5. In FY17, an exercise to align reporting with EY Global was undertaken. Values stated here represent the EMEIA FS portion of the EY Global data. The 4% increase in carbon emissions per FTE is largely due to an increase in air travel emissions as a result of our growing business operations.
Our sustainability journey

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EYG no. 03307-1846bl
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Financial services has a responsibility to help build a sustainable, inclusive world where as many people as possible can share in the benefits of economic prosperity. This is how we see our role in building a better working world. We hope you have enjoyed this summary of our efforts so far. It is by working together that we can all maximise our impact. Join us as we continue the next stage of the journey.

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