

Ernst & Young's people: Making corporate responsibility personal



Left: **Deborah K. Holmes**
Global Director,
Corporate Responsibility

Center: **Riaz Shah**
Global Learning and
Development Leader

Right: **David Sun**
Co-Area Managing Partner,
Far East

In the midst of a worldwide economic downturn, Ernst & Young, a global leader in assurance, tax, transaction, and advisory services, is doing something counterintuitive: putting more energy than ever into good causes.

"Our efforts are especially important now that so many not-for-profits are struggling as their donors pull back," says Deborah K. Holmes, Ernst & Young's Global Director of Corporate Responsibility. "But they are also important because we take a very long-term view of our business."

Ernst & Young focuses its community efforts on the three E's: Education, Entrepreneurship, and the Environment.

Ernst & Young has embraced a global vision of its impact around the world, as well as the impact the world has on its operations in 140 countries. "We are currently being shaped by forces that lie outside our control – economics, demographics, and climate change," says Holmes. "But one of the best ways to respond to those forces and make sure our business is sustainable in the long term is to help the communities around us educate their children, prosper and grow, and protect their natural resources."

Ernst & Young has focused its community efforts on three areas where social needs and its own knowledge intersect: on education, a critical function for a professional service organization whose success lies in the development

of its people; on entrepreneurship, where Ernst & Young's Strategic Growth Markets team has been a leader in advising young businesses for three decades; and on the environment, where Ernst & Young is concentrating its own efforts to tread lightly on the planet.

Of course, using this knowledge means engaging as many of Ernst & Young's 135,000 people as possible and making skills-based volunteering part of a successful career.

"We feel very strongly about it," says Riaz Shah, who was named Ernst & Young's Global

Learning and Development Leader in 2008. Indeed, EYU, the organization's learning and development framework, lists community work as one of the key professional development experiences that the firm recommends. "With skills-based volunteering," Shah explains, "it's not just that the firm is giving back. In addition, our people are gaining new skills in project management, teamwork, and leadership."

Shah points out that cross-border volunteering – sending people to other markets with a volunteer-only focus – is extremely important to a truly global organization like Ernst & Young. "We've found that a short, sharp experience volunteering in a developing country can change people's whole view of the world, and help them see how interdependent we all are."

While the particular projects taken on by Ernst & Young's people vary a great deal depending on the community being served, the firm has put a structure in place to help reinforce corporate responsibility as a key concern in all its markets. A global Corporate Responsibility working group has been formed with representatives from Ernst & Young areas and sub-areas around the world.

Greater China, for example, is represented by Irene Gu, a dedicated corporate responsibility professional who joined Ernst & Young almost two years ago after a career in the nonprofit world. David Sun, Co-Area Managing Partner of the Far East Area, explains, "Many of the individual partners in Greater China have been quite involved in community work for some time. Irene, however, is helping us think through what we can do as a firm."

Sun sees the advent of the working group as truly significant and offers a powerful example of why: the 2008 earthquake in the Sichuan Province that claimed 70,000 lives. "Eighty volunteers from Greater China instantly went to work with the Red Cross. However, Ernst & Young people all over the world wanted to help us contribute to the cause of rebuilding, especially the reconstruction of primary schools."

He continues, "The global Corporate Responsibility working group will be able to coordinate efforts like that in the future, and to come up with global leading practices that we can implement everywhere." ■

Education

A talent-based organization builds talent in the next generation

Australia: Partners in Learning Program

James Millar, Area Managing Partner for Oceania, sees education as a natural concern for Ernst & Young. "Since we're a service organization and need to hire talented young people, it makes sense to try to influence young lives."

So when some of Australia's most senior business leaders at the CEO and chair level decided to join forces a few years ago to assist disadvantaged students and schools, Millar committed his team.



One of their programs, Partners in Learning, works by pairing the people in each school with people at a similar level in each business for informal mentoring. School principals are matched with senior

Ernst & Young partners, giving the educators access to strategies on leadership, succession planning, and team support.

At the other end of the scale, another program invites students ages 15 and 16 to Ernst & Young offices to meet with young staffers. Millar recalls one group: "They came into our offices in the city from a rural school with a large immigrant population. It was the first time many of them had ever ridden in an elevator." Some of the girls, who tend to leave school earlier in large numbers, looked at the view out the windows and instantly declared that they wanted to become accountants.

Millar emphasizes that it's not just the students' eyes that are opened by these relationships. "Our people are learning another side of life and gaining invaluable perspective."

South Africa: Schools' Partnership

While many corporate responsibility efforts offer measurable results, few do so with the striking clarity of Ernst & Young's schools' partnership in South Africa. After working with 13 of the most dysfunctional secondary schools in the country for three years, Ernst & Young has helped to more than double the students' pass rate from 30 percent to 70 percent.

Busisiwe Sithole, Manager of Corporate Social Investment in South Africa, explains that

"There is a shortage of business professionals here, and we are trying to create a pool of learners who will fill those vacant positions in the future." – Busisiwe Sithole

in South Africa's more disadvantaged communities, "the children go to school, some of them on empty stomachs, eager to learn, only to be taught by people with limited education themselves."

Ernst & Young's efforts included workshops for teachers and administrators, support for extra lessons in math for the students, and programs such as "Take a Girl Child to Work," which drew more than 100 Ernst & Young volunteers. "There is a shortage of business professionals here," Sithole says, "and we are trying to create a pool of learners who will fill those vacant positions in the future."

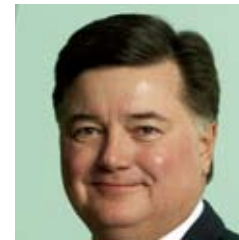


Sithole, whose training is in social work, began her career working for non-governmental organizations and the government. "I was exposed to people who were so needy that I would often take money out of my own pocket to help them," she says. She joined Ernst & Young after realizing that there might be more opportunities to make a difference in the corporate world.

United States: College MAP

In an American marketplace that demands some college education for most new jobs, just 6 percent of low-income students earn a bachelor's degree. After years of working to close that gap, Ernst & Young has realized that the biggest leap required from low-income and minority students is not just about skills; it's about imagination. If no one in your family has gone to college, it is daunting to picture yourself there.

As a result, Ernst & Young is now launching a nationwide program called College MAP (Mentoring for Access and Persistence) that will pair small sets of high school juniors and seniors with Ernst & Young volunteers for monthly meetings intended to demystify the college experience and the difficult process of paying for it.



Ernst & Young is taking on this challenge with the help of a not-for-profit named College for Every Student that has enabled more than 100,000 underserved teenagers to strengthen their academic performance, graduate

from high school, and pursue higher education.

Gary Belske, Americas Senior Vice Chair and Chief Operating Officer, has championed College MAP in part because he saw firsthand how having a role model can transform teenagers' expectations for themselves. The son of a butcher, Belske was the middle child of five siblings and the first person in his family to go to college. "While this degree obviously opened doors for me," Belske explains, "what I didn't realize at the time was the impact it would have on my younger brother and sister. It motivated them to pursue college as well."

Germany, Switzerland, and Austria: The Entrepreneur Youth Academy

Markus Seiz, Director of Marketing and Communication, began thinking about corporate responsibility a dozen years ago, during a year spent at Ernst & Young's Dallas office. "It was my first time experiencing a focused approach to corporate citizenship," he says. For the past eight years, Seiz has worked hard to bring the culture of corporate responsibility to his home market of Germany, especially in the field of education.

One of his group's most exciting projects, which will launch in the summer of 2009, is the Entrepreneur Youth Academy for Austrian, German, and Swiss teenagers whose parents run family businesses. Swiss ski resort operator Reto Gurtner, an Ernst & Young Entrepreneur Of The Year® (EOY) honoree, has promised to offer real-world projects that will push these teenagers to the limit.

Seiz explains, "In a country like Germany, we cannot rely on natural resources like oil to secure our future. We rely instead on the brains of our inhabitants. There is some similarity here to the challenges faced by Ernst & Young, which is not a bricks-and-mortar business, but one whose strength is our people, their knowledge, ideas, and drive." ■

Entrepreneurship

A powerful social force wrapped up in a business package

Sri Lanka: BizPact

Ernst & Young has helped many of the world's most dynamic young companies grow into market leaders. Its work with Strategic Growth Markets clients has given it a profound understanding of the value of entrepreneurship, especially in emerging markets, where entrepreneurs not only create jobs, but transform entire communities.



As a result, many of Ernst & Young's corporate responsibility efforts focus on bringing sophisticated advice to small- and medium-sized businesses that could otherwise not gain access to it. Arjuna Herath's work with a new

investment initiative in Sri Lanka called BizPact is a great example.

He explains: "We are in the middle of ethnic conflict in Sri Lanka in the north and east, and this is affecting the economic prospects of the rest of the country." To help those communities that lie outside the bustling commercial center of Colombo, a group of regional Chambers of Commerce formed BizPact. BizPact is pairing up businesses hoping to grow with potential investors, especially Sri Lankan expatriates now living in Australia, the U.S., and the U.K.

Herath, who is a partner in Business Advisory Services and Technology & Security Risk Services, was invited to help in the identification and development of the most interesting opportunities. These include a proposal from an entrepreneur who has already built a two-Jeep business offering wildlife safaris into a 30-Jeep business. He would like to expand into a full service business by creating a small hotel for his safari guests.

"In the normal course of my work, I'd never have met the safari guy," says Herath. "And as we well know, some of these small businesses may someday grow to the point that they represent a long-lasting relationship for the firm."

Ireland: eoy.tv

As much as Ernst & Young accomplishes by advising entrepreneurs, it arguably does at least as much by celebrating them through its Entrepreneur Of The Year awards, the most prestigious awards of their kind, which now honor entrepreneurs in 50 countries.



Enda Kelly (left) and Denis O'Brien, founder of Digicel and chairman of the EOY judging panel, led a delegation of 30 EOY winners to Haiti where they shared their experience with businesses in six communities.

This kind of celebration was particularly welcome in Ireland, says Enda Kelly, the partner in charge of Entrepreneur Of The Year there. "For a long time, we had so few successful entrepreneurs that the assumption was that anybody able to live in the big house on the hill must be a crook," says Kelly. "Today, our Irish entrepreneurs are like rock stars and much appreciated for the jobs and prosperity they bring to our communities."

Some of the credit for this profound shift goes to charismatic entrepreneurs like Denis O'Brien of Digicel. And some of it clearly goes to Kelly's exuberant management of Entrepreneur Of The Year.

For example, to win publicity for the businesses being honored, Kelly spent 18 months besieging the offices of the RTE – the national television broadcaster – meeting with entertainment executives who were aghast that an accounting firm was trying to sell them a television show. But eventually, six years ago, RTE relented and broadcast the awards presentation, which proved to be wildly popular. "Now," says Kelly, "everybody over the age of 10 in Ireland knows about Entrepreneur Of The Year, and more importantly, have seen entrepreneurs as viable role models."

eoy.tv, a new television web portal focused on Irish entrepreneurs, grew out of Kelly's recognition that there was a void in online educational tools for business students, and that the high-quality television Ernst & Young had already produced could help fill the gap. Today, teachers

can use the case studies presented on eoy.tv for their lessons, and secondary school and university students can watch interviews with nearly 100 entrepreneurs, many of them local heroes who live right down the road.

Social Entrepreneur Of The Year



"We call it the second half," says Gregory Ericksen, who has written several books about entrepreneurs and is Ernst & Young's Global Leader for Strategic Growth Markets. "The first half of an entrepreneur's career is spent building his or her business. In the second half, the successful entrepreneur usually wants to give back."

This generosity, and the sense that the best answers to the world's problems come from people who are market innovators, led Ernst & Young to begin looking for a way to honor entrepreneurs whose aims are explicitly social. As a result, Ernst & Young joined forces several years ago with the Schwab Foundation for Social Entrepreneurship to recognize Social Entrepreneurs Of The Year in eight countries. "The stories of social entrepreneurs were not being told," Ericksen says, "and by telling them, we're helping to show what's possible."

Continued on page 67

The environment

A shared responsibility



U.K.: Creating green thinkers

At a certain point, the environmental returns from process and infrastructure improvements can start to get smaller. “Our energy consumption has been managed, our buildings are run as energy efficiently as is practical, and we buy our electricity from renewable sources, so our emissions per head are falling,” says Nicky Major, Director of Corporate Responsibility in the U.K.

The next step, she says, is to move green activities into “people-based” activities: “We want to turn our people into green thinkers and green doers.”



Major and her group have helped their colleagues become aware of their environmental impact in numerous ways. They created incentives to encourage car-sharing and bicycling to meetings and urge people to think twice about using airplane travel to do business.

The group publishes green operating targets on the firm’s internal and external Web sites. They host three “environment weeks” every year to focus attention on any form of waste. And they dramatize that waste in truly clever ways,

including making a pile in the office of a single week’s paper use.

“Everybody was horrified at the size of it,” laughs Major, “but it hopefully makes them think twice when they come to printing.”

U.S.: Making schools green

“A lot of schools today are really in poor shape,” says Rachel Gutter, a senior manager at the U.S. Green Building Council (USGBC). “We’d like to see every child in a green school within a generation.” Ernst & Young’s people are about to use their skills at assembling highly persuasive, numbers-based arguments in order to make that goal a reality.

While schools undergoing major construction projects are applying for Leadership in Energy and Environmental Design (LEED) certification at the rate of almost two per day, in order to help existing buildings go green, the USGBC has to motivate a different audience. The materials-savvy architects and builders who manage construction projects are already on board, but the busy administrators and facilities managers who run schools day-to-day may need to be convinced.

With the support of Ernst & Young, the USGBC is creating the Green Excellence in Existing Schools Toolkit. It will deploy an army

of Ernst & Young volunteers to help make the case at schools in their communities for energy efficiency and improving indoor air quality by using greener products.

“There’s a lot of work to do,” says Gutter, “and we know the people at Ernst & Young are ready to roll up their sleeves to help.”

Australia: Carbon neutral by 2010

“We committed to the fact that by the end of 2010, Ernst & Young will be carbon-neutral in Australia. And despite the global financial crisis, our commitment still stands,” says James Millar.

Since much of Australia’s electricity is generated by coal-fired power plants, it’s almost impossible to achieve carbon neutrality without buying offsets, which help to fund carbon-reduction projects elsewhere. Millar says Ernst & Young wanted to go further: “We set ourselves the goal of understanding our carbon footprint first, then looking at how we reduce, reuse, and recycle to reduce that footprint, even if we do eventually wind up buying offsets.”

As a result, Ernst & Young’s Australia operation has become more efficient in both electricity use and air travel. “We do not have a big carbon footprint,” says Millar, “but that doesn’t mean we don’t have an obligation to help mitigate the problem.” ■

Why put so much energy into Corporate Responsibility?

Ask Ernst & Young's people why they invest so much in corporate responsibility and you'll get the same answer phrased slightly differently every time: because it's important.

David Sun says, "It's especially meaningful in developing countries that Ernst & Young not just have its values statement out there, but that we get our people to live those values in the community. And they mature in their careers, thanks to the example of the people they meet in their community work."

James Millar agrees: "Corporate responsibility builds better people. Today's 20- and 30-year-olds have grown up in a much more driven world even than I did. They haven't had time to volunteer until they pick it up from us. We're enabling the next generation to help a world beyond themselves."

The integration of corporate responsibility into daily business life also helps to explain why so many brilliant men and women build long careers with the firm. Philippe Peuch-Lestrade, for example, says that his career "allows me to reconcile two parts of myself. The technical part, the finance background – we'll call that my body – And my heart, which says that we have to reply to global poverty."

Ernst & Young feels that same sense of urgency throughout the organization. A healthy environment, a culture that encourages entre-

preneurship, access to good schools for every child – these are all required if Ernst & Young and its clients are going to be successful in the long term. By definition, public accounting firms serve the public interest, and Ernst & Young sees helping individuals, businesses, and

communities everywhere achieve their full potential as the very essence of that mission. In this world, we are all connected, and Ernst & Young and its people are doing everything in their power to make that world a more hopeful place. ■



Ernst & Young employees volunteering in their local school

"Corporate responsibility builds better people ... We're enabling the next generation to help a world beyond themselves." – James Millar

Entrepreneurship Continued from page 65

One of the criteria Ernst & Young uses in judging which social entrepreneurs to honor is scalability – in other words, whether a good idea can be ramped up and applied globally. This is something social entrepreneurs in environmental fields have done particularly well.

"The pioneers in wind farming and solar panels," Ericksen explains, "were innovating to make the world a better place. Now, alternative energy technologies are becoming thriving businesses. So social entrepreneurship can evolve in ways that lead to bigger and better things."

It can also lead to a "greener" future and less strain on our global environment, another cause Ernst & Young has embraced, applying the impact-measurement and sustainability advice it offers its clients in its own operations around the globe.

France and the world: PlaNet Finance



By the time French economist and scholar Jacques Attali founded PlaNet Finance a decade ago, Ernst & Young was well known as a friend to entrepreneurs. PlaNet Finance advises and invests in microfinance organizations around the world, which offer financial services to people too poor to be served by traditional banks, including loans that allow them to start or expand small businesses. So it's not surprising that Attali turned to Ernst & Young's Philippe Peuch-Lestrade for help.

Peuch-Lestrade offered more than just

help. For the past eight years, he's offered a full-fledged collaboration in the struggle against poverty around the globe.

"Hey, I'm a French guy," laughs Peuch-Lestrade, Ernst & Young's Global Leader, Government and Public Sector. "We killed our king to invent a republic here. We have a profound belief that all citizens of the world are equal."

Peuch-Lestrade currently serves as PlaNet Finance's Treasurer, and the past Ernst & Young Managing Partner for France, Patrick Gounelle, is also on its board. Cumulatively, Ernst & Young people across the globe give PlaNet Finance 220 days per year, advising every one of PlaNet Finance's businesses from consulting, to ratings, to insurance, and from Sub-Saharan Africa, to South America, to Asia, to immigrant neighborhoods in France. ■