Sharing knowledge-
sustainable action

Annual report for the fiscal year from
1 July 2011 to 30 June 2012
Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Ernst & Young Switzerland is part of the EMEIA Area (Europe, Middle East, India and Africa) within the global Ernst & Young organization.
Annual report for the fiscal year from 1 July 2011 to 30 June 2012
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Welcome to Ernst & Young Switzerland!

You are reading our 2012 annual report with a focus on sustainability. The report is intended to offer insights into our organization and corporate culture. The title “Sharing knowledge – sustainable action” reflects the cornerstones of our corporate identity. We generate knowledge and pass on our findings both internally and externally. This is our capital and our core competence. Knowledge is therefore a recurring theme throughout this publication.

Sharing knowledge is also the starting point for our understanding of sustainability. Our expertise in auditing financial processes and accounting, coupled with our transaction advisory and tax know-how, contributes significantly to securing sustainable success and protecting the market economy. We make every effort to improve our organization for generations to come. This is a sustainable business model.

Global competition for the best future solutions calls for inquisitive minds that come up with innovative ideas. When searching for intelligent strategies, it pays to look to nature. What might be new to us in business is often long-established practice somewhere on our planet. Living organisms have developed astounding systems, shapes and functions. We should let nature inspire us – there is a great deal to learn! At the beginning of each chapter, you will find one example.

Communicating key figures transparently is vital to ensure sustainable corporate governance. In this report, the guidelines of the nonprofit organization Global Reporting Initiative (GRI) are implemented for the first time to level B+.
“We’re strongly committed to sustainable action”

Ernst & Young audits, assesses, advises – and trains managers for the market. Thomas Stenz, Chairman of the Board of Directors of Ernst & Young Switzerland, has drawn up a value added statement and explains here why his company is issuing an annual report in accordance with the guidelines of the Global Reporting Initiative (GRI): Ernst & Young wants to present a more comprehensive picture of its performance.

Ernst & Young Switzerland is issuing an annual report in accordance with the GRI guidelines for the first time. Why are you doing this and what do you hope to achieve? We want to present our achievements more comprehensively – to our clients and to the general public. This report is also an important source of information for our current and future employees. We consciously chose this format in order to enhance our profile: we focus on quality and education as a sustainable way to strengthen the economy.

You mentioned the employees. What is the significance of this report within the company? We want to depict our own achievements in a more transparent way internally. Everyone at the company knows what kind of services we provide. But the report gives employees more broadly based information, improving their overview of how the pieces of the puzzle fit together and allowing them to compare these points from year to year. Reporting in accordance with the GRI guidelines is an excellent way to process and publish details of our overall contribution. For example, we’re always talking about what a great center for education we are. However, I think that our employees – and the public – often only have a vague idea as to how that translates into facts and figures.

How will the commitment to sustainability impact Ernst & Young? If we want to become more sustainable, we’ll need a Management Committee that sets the right goals and follows through with actions. At the same time, by regularly publishing the figures, we’re also putting our management under pressure to become even more proactive. We want to make constant improvements, of course, but that alone is not enough. We also want to raise awareness among our employees and encourage them to take sustainable action. One example is the pollution caused by all the flights that people take. Why not make better use of videoconferencing technology?
Sustainability is a multifaceted concept. Ernst & Young is not a manufacturing business, but a knowledge-driven audit and advisory firm. What do sustainability and long-term thinking mean to you?

Our primary contribution to sustainability is the way we train Switzerland’s future managers in our core competencies. Our work does of course entail – I’ll call it collateral – damage to the environment and we aim to take all possible steps to reduce this. But imparting knowledge, that’s the core aspect of sustainability for us. And this is not just limited to transferring know-how to our clients, which we are paid to do anyway. Beyond that, we offer a large number of young people each year the opportunity to gain the practical experience they need to back up the theory they have studied. This contribution often goes largely unnoticed. We make it possible for them to apply their knowledge to a wide range of issues at different companies and in various sectors. They don’t all stay with us for their entire career, but that’s part of our business model. We train managers for the market. This makes us an organization that generates knowledge and passes it on, which is an important contribution to any economy.

We focus on quality and education as a sustainable way to strengthen the economy.

You’re presenting a value added statement for the first time. What does it look like?

A conventional income statement and balance sheet don’t have a lot to say about what our business actually does. As I see it, a value added statement (see page 20) depicting the net value that the company has added and its distribution – to the state via taxes and duties, to our employees and to the investors – is much more interesting. This statement shows which services we provide and which goods and services we purchase from other providers. The difference is the value added that we contribute to the economy.

To what extent does the topic of sustainability influence your corporate strategy?

Our main goal is to optimize this value added and the transfer of knowledge. It’s also important that we minimize the amount of resources consumed as part of these processes. That’s why we have defined key figures for procurement, disposal, energy savings and CO₂ emissions – and why we’re disclosing them in our annual report.

Is there a specific management approach geared to these indicators?

Ernst & Young’s strategies regarding the most efficient and environmentally friendly working methods are defined at the global level. But in my opinion, global concepts only stand a chance when they are lived out at the local level, i.e., actually put into practice. Here at Ernst & Young Switzerland, we strive to do so and we abide by our commitments.

A conventional income statement doesn’t have a lot to say about what our business actually does.

Speaking of global perspectives, which international trends do you think will have a major impact on your business operations?

One major trend is transparency. Indeed, we ourselves create transparency as auditors and advisors – and we do it worldwide. But that only makes sense when there’s a common understanding of what transparency means. That’s why we want to be part of the process when these rules are defined. In our role as auditors and advisors, we’re the ones to ensure that they’re complied with.

What challenges are you facing in light of the financial crises?

When it comes to the public debt crisis, we’re brought right back to the topic of transparency. In stark contrast to listed companies, there aren’t any uniform international financial reporting rules for national and local governments, even though it’s become clear that they are just as important and have global connections at least as significant as those in the private sector. Transparency and standardization are really lacking in this area so there is definitely still a lot to come.
Company

Growth is a key term in business – for national economies and individual companies. Ernst & Young is a global organization made up of member firms, each of which is a separate legal entity. We rely on organic growth. What does that mean?

We grow gradually, keeping an eye on the big picture. For us, sustainable growth means focusing only on things that contribute to the organization and open up new opportunities for future generations at Ernst & Young.

Nature inspires us – corals constantly grow and develop together at the same rate and are highly sensitive to their environment. For this complex ecosystem, that is the secret to success.
Coral reefs are one of the most productive and diverse ecosystems, home to over 25 percent of known marine species but covering only 0.1 percent of the world’s oceans. Collaboration, nutrient recycling, and inter-generational resource improvement are key to this success. Anemone-like coral polyps, each encased in a calcium carbonate exoskeleton, work with zooxanthellae algae to build the reef. The algae contributes up to 90 percent of nutrients, while the coral gives shelter and CO₂ for photosynthesis. Each individual contribution is insignificant, but together, over vast periods of time, dramatic growth occurs.
Accumulated global knowledge – our competitive advantage

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Our greatest asset is the knowledge of our employees: a firm foundation for sustainable operations. As a member of the global Ernst & Young organization, Ernst & Young Switzerland offers clients access to a global pool of knowledge and innovation. In this chapter, we report on our values, our culture, our structure and our services.

Ernst & Young Switzerland is committed to achieving its goals relating to sustainable development. After all, new solutions need to be developed if the world’s growing population is to continue living a dignified and secure life in spite of limited resources. This means new products, new production processes and new organizational approaches for successful companies – a great opportunity for all market participants that have managed to get one step ahead thanks to their ideas, expertise and innovative products.

Sustainability is good for business

In such a lively economic environment, the accumulated global knowledge of Ernst & Young professionals is a key competitive advantage. Our people always have their fingers on the pulse of the issues that matter. They are able to help leading, innovative companies set challenging goals, achieve these efficiently, and disclose and reliably monitor their performance.

An increasing number of clients are approaching us with explicit sustainability questions – a clear indication of the growing significance of this issue within the auditing and advisory business. Clients naturally expect us to have a professional and forward-looking sustainability management system of our own and we as a company are pleased to rise to the challenge.

Benefits for national economies

In this context, Ernst & Young’s business activities contribute to significant improvements for our clients. The quality of information available to the financial markets increases, which is an important factor in establishing a stable economy that is fair for all stakeholders. Companies that are strategically well run will, in the long run, survive longer on the market.

We also offer Climate Change and Sustainability Services (CCaSS). The CCaSS team is on hand to support our clients with all their needs in this area. To set a good example, we also emphasize the importance of sustainable company management at Ernst & Young.

The issue of sustainability is therefore doubly relevant for Ernst & Young, as it affects our clients and also refers to the demands that we place on our own company. Our solutions for meeting these demands and our achievements in the current reporting year are addressed in this report.

We want to actively take on the challenge of sustainable business management. We have identified the following areas as being particularly important: improving diversity by increasing the number of women in management positions, protecting the environment (e.g., by further reducing the number of workplace printers), and securing economic success by optimizing costs in the supply chain.

We provide auditing and advisory services to ensure good corporate governance, reliable finance communication and stringent risk management. Establishing and maintaining our knowledge base is the main focus of our business model. That is why we encourage our people to take part in further education and training as an ongoing process. We also promote close dialogue within the organization, as the quality of all our services substantially relies on the expertise and knowledge of our employees. Every day, 167,000 Ernst & Young employees contribute their expertise, experience and ideas to the company’s global knowledge pool – to the enormous benefit of all our clients. Our know-how is good for the economy and society. This is Ernst & Young’s main contribution toward sustainable development at a local, regional and global level.
Corporate structure
Within the global Ernst & Young organization, Ernst & Young Global Limited (EYG), a UK company limited by guarantee, is the principal governance entity. Client services are rendered exclusively by EYG member firms, each of which is a separate legal entity. They are on hand to address the needs of clients in 140 countries across four world regions. In contrast to many other auditing and advisory firms where individual foreign subsidiaries work together in a loose network, Ernst & Young is a truly global organization, implementing uniform global structures and processes. Our international clients appreciate this approach; we offer the exact strengths and advantages that they are looking for.

Ernst & Young firms from more than 90 countries in Europe, the Middle East, India and Africa have merged into one region, the EMEIA Area (Europe, Middle East, India and Africa). As in the other three Ernst & Young Areas – Americas, Asia-Pacific and Japan – we want to provide clients with the best resources, teams and services regardless of their location.

Highly networked teams - a major advantage
The ongoing transfer of knowledge within and beyond the company is reinforced by dedicated Ernst & Young networks, organized by region, subject and language. These facilitate the close collaboration of our employees and allow Ernst & Young to respond rapidly and easily, as is required by our clients and market dynamics. In the EMEIA Area, organizational units such as the Financial Services Organization (FSO) ensure the exchange of specialist knowledge. All employees that specialize in international banking, asset management and insurance are assigned to this unit irrespective of their geographic location.

Teamwork is also important with regard to language skills. Professionals from many countries in the global Ernst & Young organization get together in various networks with the aim of fast-tracking clients’ access to thought leadership and supplying detailed country-specific knowledge to assist those operating in foreign countries. The multi-lingual network is made up of professionals who are working abroad for a certain period of time, as well as experts from the respective country offices.

Values and principles
Innovation, expertise and efficiency are key to our business success. In addition, value-oriented corporate governance backed up by high ethical standards is utterly indispensable. This is the benchmark used to assess the sustainable quality of our services each and every day. Assurance, tax, legal, transaction and advisory services rely on one particular commodity more than other sectors: confidence. The confidence that clients have in Ernst & Young and in turn the confidence that the clients’ commercial partners have in them - because they work with Ernst & Young and because they can rely on the company’s ethics and specialist knowledge.

To earn this confidence, Ernst & Young places a great deal of importance on adhering to a strict code of conduct based on the values that we embrace. Within our organization, thinking sustainably and acting according to fixed values and principles is both a commitment and a critical success factor. The Ernst & Young Code of Conduct provides the framework for translating our corporate values into everyday business conduct. It also offers an ethical frame of reference on which to base decisions. The five topics in the Code of Conduct cover the breadth of our activities at Ernst & Young:
• Working with one another
• Working with clients and others
• Acting with professional integrity
• Maintaining our objectivity and independence
• Respecting intellectual capital

The Global Code of Conduct is available on the company website: www.ey.com/CH. The EY/Ethics Hotline provides all employees with the opportunity to anonymously or openly report any breaches of the Ernst & Young Code of Conduct. There is also a website for reporting suspected cases of inappropriate conduct. This website is run by an independent external host, EthicsPoint, which forwards every report to General Counsel. In the fiscal year 2011/12, two suspected cases were reported.
Controlling risks

“Quality In Everything We Do” – this is the commitment that Ernst & Young makes to its clients. Whenever, wherever a client needs assistance in their corporate activities, Ernst & Young will respond with tailored advisory services and independent audits, attestations and expert opinions. Services that our clients and their stakeholders can rely on.

Independence and objectivity are the measures against which auditors and advisors are assessed. They are critical in order to secure public confidence in financial and corporate communication, which in turn is extremely important for the success of the client. As a result, Ernst & Young develops its quality and risk management concepts far beyond what is required by law. The professional Quality & Risk Management (Q&RM) team assists colleagues in their efforts to deliver auditing and advisory services, which can be extremely complex, in accordance with regulatory provisions. Independence is a key factor throughout. Additionally, the Q&RM team strives to prevent any potential conflicts from developing at all and monitors compliance with all statutory provisions and internal directives. The quality pledge is not an abstract statement but something to be put into practice every day by each individual employee. At the leadership level, the Quality & Risk Management and Compliance Leader is also a member of the Management Committee of Ernst & Young Ltd.

Lean leadership

The governance of Ernst & Young Switzerland encompasses the companies that belong to ATAG Ernst & Young Holding Ltd (the “holding company”). The operating company registered as the audit firm under state oversight is Ernst & Young Ltd, which is wholly owned by the holding company. The holding company also controls other companies, including our subsidiary in Liechtenstein.

The Board of Directors of the holding company is made up of three members: the Chairman of the Board of Directors, who is not a member of the Ernst & Young Ltd Management Committee, the Country Managing Partner (CEO) and an EMEIA representative, who leads Financial Services at Ernst & Young Ltd in addition to assuming a management role within EMEIA. The Management Committee and Board of Directors functions are assumed by the same people at Ernst & Young Ltd. The members of Ernst & Young Ltd’s Management Committee are selected at the request of the CEO by the Board of Directors of ATAG Ernst & Young Holding Ltd.

Avoiding conflicts of interest

The holding company’s capital is wholly owned by the partners of Ernst & Young Switzerland through the ATAG Ernst & Young partner pool. The partners are the sole owners of the company and can voice any concerns they may have as regards day-to-day business and the general management structure. At a national (Partners’ Committee) and international level (EMEIA Advisory Council and Global Advisory Council), additional governance bodies without management responsibility have also been established with partners. These bodies are an additional channel for owners to make recommendations.

Here at Ernst & Young, avoiding conflicts of interest is a matter of the highest priority. Partners and their family members are not permitted to hold financial interests in audit clients.

It is also forbidden for partners to accept board member mandates with other companies unless that company belongs to the family of the respective partner or the position relates to a charitable organization. Each partner must confirm adherence to these principles every three months. This information is subject to a random, independent review once a year. In addition, ongoing analyses are conducted to monitor independence aspects of business relationships with other companies, e.g., suppliers. Before entering into a business relationship, any potential conflicts of interest are investigated using a centrally controlled system.

Sustainability management

Sustainability is an integral theme of corporate governance. In the current reporting year, we launched a structured sustainability management process at Ernst & Young Switzerland, which will continue to be implemented in the 2012/13 reporting year. As of the current fiscal year, we disclose our sustainability performance according to the criteria of the Global Reporting Initiative (GRI) guidelines. As part of the reporting process, the Board of Directors...
Company has got to grips with the company’s performance in every aspect of sustainability. This supplements the traditional, finance-specific control mechanisms that form the basis of detailed monthly development reports to the board members, including budget and year-on-year comparisons.

In addition to the recently introduced sustainability reporting, a portfolio of sustainability activities was also created in the current reporting year. Furthermore, initiatives already in existence in the areas of marketplace, workplace, environment and community are to be better coordinated and integrated. Key development targets for sustainability management have been defined. We want to ensure that a robust internal and external information management system is in place with a central point of contact for employees and clients wishing to find out more about the sustainability criteria.

Dialogue with stakeholders
A focus on knowledge demands a climate of open discussion. This does not just apply within the company; it goes without saying that we maintain open and transparent dialogue with our clients, too. A good level of exchange with management and the audit committees of listed companies is important. As part of this exchange, we discuss current developments in auditing and financial reporting as well as tax and legal trends. This dialogue takes place on an individual basis with the audit committees of our clients and at meetings with groups of audit committee chairs. Our clients can also benefit from current information on sustainability issues, which we provide in our sustainability studies, for example (see page 75).

Besides clients, Ernst & Young Switzerland also actively interacts with stakeholder groups - those that are considerably affected by the company’s activities and play a significant role in the success of our company. The nature and content of this exchange are described in detail in the various chapters of this report. They include interviews, discussions on performance and alumni events (see page 43), the various governance bodies for partners as owners (see page 16) as well as the company's and our employees’ commitment to good causes and NGOs (see page 64). Ernst & Young is also a contact for the press with regard to current affairs and a member of many specialist organizations, such as the Swiss Institute of Certified Accountants and Tax Consultants.

At a global level, Ernst & Young also attaches great importance to maintaining diligent stakeholder dialogue, particularly within the context of the Audit Firm Governance Code. This means that communication with investors and global investor groups is a key concern. The Ernst & Young organization is a member of the UN Global Compact. Further information on this initiative and its aim of structuring the global economy to achieve social and environmental sustainability is available at www.unglobalcompact.org.
“Our business model is sustainable in itself”

Sustainable action has made it onto every company’s agenda. So what’s sustainability all about? The CEO of Ernst & Young Switzerland, Bruno Chiomento, sees it as offering businesses considerable potential for increasing their competitive edge. In his own organization, it’s the quality of the employees that makes all the difference.

Your sector's environment is changing rapidly - worldwide. What do you see as the greatest challenges for Ernst & Young Switzerland in the coming years?

The greatest challenge is certainly the red tape, with even more regulatory requirements coming our way. Due to demographic trends, recruiting suitable employees will be a major concern very soon. The pool of applicants is shrinking. We also want to ensure broad diversity within the organization, and with job markets increasingly fencing off their own domains, doing so is not always easy.

Does sustainability play a role here?

As a service provider and a people business, it’s very important for us to retain our employees. We’re competing for well educated, mainly young people who consider a number of criteria when deciding on an employer. A company’s image and commitment to sustainability are certainly aspects that they look at. In light of this, I’d say the answer to the question is yes.

What exactly does sustainability mean at Ernst & Young?

We see our organization as sustainable insofar as we train as many young professionals as we can and make it possible for them to pursue a career at Ernst & Young. This makes us a center for education and knowledge transfer. The partners, i.e., the owners of Ernst & Young, aim to hand over their company to following generations in an even better state - to enable these successors to realize their opportunities for professional development as well. I consider this a very sustainable business model based on good corporate governance. So you could almost say that sustainability is intrinsically motivated at Ernst & Young.

What values and principles is this identity based on?

Ernst & Young’s values are set out in our Global Code of Conduct and include respect for employees, with open knowledge sharing between our people and regular feedback. We nurture this consultative culture and also put it into practice externally, making ongoing dialogue with our
clients a top priority. A lot of companies have impressive-sounding value statements, but when push comes to shove, consistent action is critical - such statements must be lived out each day.

**Does this sustainable orientation give Ernst & Young a competitive edge?**
That would be desirable, but I think sustainable action is indispensable, an absolute must - and that goes for our competitors too. At the end of the day, the big providers in our business don’t set themselves apart with their strategy or prices, but by the way in which they carry out their work for clients. Quality is put to the test again and again, day in and day out.

**We've been talking about sustainability at Ernst & Young itself so far. But what about on the client side - is this topic generating new business for you?**
Certainly. We offer specific support in this area, including our Climate Change and Sustainability Services as well as assistance with cleantech. Business leaders have to keep three key factors in mind regarding sustainability: alongside economic viability, there are environmental and social challenges. To take just one example here - what about the efforts to reduce and compensate for CO2 emissions? This has become a concern for all companies and those not joining in lose their good reputation and are left in the dust in the long run. If you look at it this way, sustainability is indeed a key factor in competition. Companies in Switzerland with global operations are doing well in this area. They export their sustainable corporate governance practices, putting pressure on the competition abroad. We all know that global efforts to protect the environment can collide with national interests. Still, the topic will definitely continue to grow in importance.

**Your annual report in accordance with the GRI guidelines is like a snapshot during a long-term development process at Ernst & Young. What have been the most important steps along the way so far?**
We’re using this report to explain our sustainability model and publicize our specific efforts in this area. The partners take this commitment very seriously and the Management Committee is steering the efforts, which we do indeed see as a development process. By assessing our sustainability according to certain criteria such as consumption of energy or materials, we have a basis for improvement. A big step in this direction was the move in 2011 to our new building in Zurich, platform, where half of all employees of Ernst & Young

**The firm with the best employees also has the most satisfied clients.**

**What goals have you set yourself as CEO for the coming three years?**
One goal is of course to increase our market share. We are currently number two in Switzerland, just in terms of revenue. But then again, since we let go of certain business areas in recent years in Switzerland, you’d have to make some distinctions when looking at revenue. In terms of client relationships, we’d like to maintain our strong ties to SMI companies, for example. We are currently doing business with all of them: we have audit engagements with 35 percent and provide other services to the remaining 65 percent. But we also want to provide strong support to companies and entrepreneurs as they progress along the path to growth. And client relationships are in turn connected to employee retention: the firm with the best employees also has the most satisfied clients and, as a result, the best image, making them attractive to applicants.

**So we’ve come full circle...**
Exactly. Success and sustainability go hand in hand. At Ernst & Young, we are committed to education and entrepreneurship as well as the environment and community as the four pillars supporting these essential aspects for our firm.

Switzerland are now working. The building is very accessible by public transportation and was designed and built with sustainability and environmental protection in mind.
Facts & figures

Presentation of value added in CHF 1,000

Value added statement

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<tr>
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<th>2011/12</th>
<th>2010/11</th>
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<tr>
<td>Gross value added</td>
<td>569,330</td>
<td>541,459</td>
</tr>
<tr>
<td>(revenue including VAT)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goods and services purchased</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office expenses</td>
<td>−20,153</td>
<td>−24,340</td>
</tr>
<tr>
<td>Cross-charged out-of-pocket expenses</td>
<td>−86,433</td>
<td>−79,815</td>
</tr>
<tr>
<td>Other goods and services purchased</td>
<td>−51,447</td>
<td>−51,057</td>
</tr>
<tr>
<td>Amortization and depreciation</td>
<td>−3,821</td>
<td>−4,041</td>
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<tr>
<td><strong>Net value added</strong></td>
<td><strong>407,476</strong></td>
<td><strong>382,206</strong></td>
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Distribution of net value added

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<tr>
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<th>2011/12</th>
<th>2010/11</th>
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<tr>
<td>Employees</td>
<td>347,563</td>
<td>329,832</td>
</tr>
<tr>
<td>Government and social security contributions, incl. AHV/AVS</td>
<td>52,585</td>
<td>45,513</td>
</tr>
<tr>
<td>Investors and lenders</td>
<td>7,328</td>
<td>6,861</td>
</tr>
<tr>
<td><strong>Utilization</strong></td>
<td><strong>407,476</strong></td>
<td><strong>382,206</strong></td>
</tr>
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The value added statement shows the total invoiced revenue of the company including out-of-pocket expenses and VAT (gross value added). To arrive at the net value added, the statement deducts the goods and services purchased by the company. It then shows how the net amount is distributed to the employees, the state, investors and lenders. The rise in cross-charged out-of-pocket expenses led to a slightly higher increase in gross value added of 5 percent compared to the rise in total revenue of 4 percent. Our move to a single office in Zurich saw office expenses fall, while the total amount of government and social security contributions was once again up on the prior year. By far the greatest share of net value added was distributed to the employees. The amount distributed increased by around 5 percent in line with the higher headcount.

Ownership structure and legal form

Ernst & Young Switzerland is organized as a holding structure under Swiss law. The holding company is wholly owned by the partners of Ernst & Young Switzerland via the ATAG Ernst & Young partner pool.

100%
Total revenue (2011/12) CHF m

533

Total revenue in the prior year: CHF 510m

Net value added (2011/12) CHF m

407

Net value added in the prior year: CHF 382m

Revenue by service line in CHF 1,000

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<tr>
<th>Service Line</th>
<th>2011/12</th>
<th>2010/11</th>
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<tr>
<td>Audit and Assurance Services</td>
<td>269,428</td>
<td>267,736</td>
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<td>Advisory Services (incl. TAS*)</td>
<td>109,902</td>
<td>87,538</td>
</tr>
<tr>
<td>Tax and Legal Services</td>
<td>153,522</td>
<td>155,027</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>532,852</strong></td>
<td><strong>510,301</strong></td>
</tr>
</tbody>
</table>

*TAS: Transaction Advisory Services

11 locations in Switzerland and Liechtenstein

Total headcount

The Swiss employees are part of Ernst & Young’s global knowledge pool – a huge benefit for all our clients.

2,102

Female employees: 855
Male employees: 1,247

+/- 167,000

Annual report 2012
Marketplace

The most important factors shaping our success are quality and sustainability. We develop sophisticated solutions that have a positive impact today, tomorrow and beyond.

Short-term profit maximization is therefore not a key performance benchmark for us. Quality, not quantity, will secure the future.

The mighty antlers of a bull elk provide an interesting parallel here. Nature has succeeded in a unique balancing act - between sufficient substance and required mobility.
Each spring, the bull elk builds its antlers. Rivals posture and spar, with the largest racks (1.2m in breadth and over 18kg in weight) bringing dominance and females. The antlers grow 2.5cm a day, faster than any other tissue, but this comes at a significant cost. More than 50kg of calcium are drawn from the elk’s own bones each season, a diversion only the most robust can survive. The elk therefore optimizes size, rather than maximizing it, and recycles nutrients rather than depleting them. After mating, calcium is withdrawn, and the antlers are shed.
Healthy client dialogue is vital for success

We focus on delivering quality – and this commitment has two sides to it. On one side, we want to continuously improve the quality of our services in a range spanning almost all industries; on the other, we want to further increase entrepreneurial quality for our clients. Our commitment to our clients is therefore governed by the core idea of developing potential on both sides. In this chapter, we will examine the marketplace in which we operate every day. At the heart of our activities are dialogue with clients and the quality standards we set ourselves.

Our clients reflect the variety of the Swiss economy as a whole, emanating from all sectors of industry and commerce, including the public sector. We provide the sector-specific knowledge that firms are looking for. We render services for a large number of major international organizations, but also count numerous SMEs and dynamic growth companies among our clients. Special programs have been developed for each of the three segments so that we can address our clients’ specific challenges and offer them optimum support as they move forward in the future. In Switzerland, we are proud of our particularly strong Financial Services Organization, which meets the needs of banks, insurance companies, pension funds, hedge funds and private equity companies.

Targeted knowledge transfer

Knowledge is our most valuable resource and our greatest asset. Targeted knowledge transfer is very important to us. Our clients are aware of this strength and benefit from the quality of our expertise; we are always up to speed on the topics that matter. For us, quality means service tailored to individual needs. Besides a pleasant working relationship, our clients enjoy peace of mind that their concerns are in the right hands.

With the basics taken care of, our clients are equipped to focus on quality in their own dealings with business partners and other stakeholders. The benefits are clear – we ultimately create real added value for society as a whole and not just the individual companies. Aside from our commercial work, we are passionate about promoting entrepreneurship. Industry expertise and an entrepreneurial spirit fuel the engine of economic innovation. We want to keep this powerful machine running and therefore promote entrepreneurship at many different levels (see page 60).

Measurable service quality

Our relationship with clients is the building block for successful work. We attach great importance to maintaining a constant and open dialogue with our clients and ask them to provide feedback on our services at face-to-face meetings and via surveys. As part of our Assessment of Service Quality (ASQ) program, we have conducted 242 structured interviews with Swiss clients and sent out 650 questionnaires this year. When carrying out the interviews, we are especially keen to find out how the Ernst & Young service measures up to the expectations of the client; we ask about trends in the quality of our business relationship and whether the client would recommend us to others.

The Ernst & Young interviewer is always an independent person, often a senior partner, who has had no involvement with the client or their projects. This enables the interviewee to provide positive and negative feedback without feeling inhibited. In the written questionnaires, we invite our clients to comment on our technical expertise and to assess our solution-oriented approach. We also ask them to evaluate the team skills of the Ernst & Young employees.

The return rate of our latest survey campaign was 43 percent compared to 58 percent in the previous year.
The average satisfaction level, ascertained from interviews and questionnaires, matched the prior year with a score of 4.2, where 5 is classed as “Extraordinarily satisfied” and 1 is “Extraordinarily unsatisfied”. The vast majority of clients (91 percent) who awarded a rating were very satisfied. In response to the question of whether the client would recommend Ernst & Young to a friend or colleague, an average score of 8.5 was recorded, where 10 represents “Always” and 0 “Never”. The purpose and aim of the questionnaire as part of our self-evaluation process is to continuously develop the quality of our service. If a client submits a negative comment or a poor rating, the service team picks up on the problem immediately and discusses potential solutions with the client. The ASQ program is highly valued by clients and colleagues alike and is an important aspect of what sets us apart from our competitors on the market. The process strengthens client relationships and feedback often triggers new project ideas. We work together with clients to raise quality awareness on an ongoing basis.

**Multiple services, one contact**

Thanks to our extensive knowledge in the area of assurance, tax, law, transactions and advisory services, we are able to focus on developing individual solutions for each of our clients. Our approach to account management ensures that a single Ernst & Young partner is in control of everything we do for a given client, regardless of a company’s location or the specific composition of our audit and advisory teams. This partner coordinates all activities around the world and commits to delivering seamless, integrated services. As the primary contact and “face” of Ernst & Young, the partner is responsible for the smooth running of projects and keep investors and stakeholders up-to-date with the key facts. Advisory includes Financial Accounting Advisory Services, Financial Statement Audits, Accounting Compliance and Reporting, Fraud Investigation and Dispute Services, as well as Climate Change and Sustainability Services.

**Assurance: transparency a clear priority**

Confidence is one of the most important criteria for success. Our Assurance service line sees this with audit clients every day. They face growing expectations from their stakeholders and are also confronted with increasingly complex regulatory requirements. We respond by offering transparency where our clients need it. We supply reliable data, provide constructive comments at an early stage, make objective and transparent information available to the audit committee and keep investors and stakeholders up-to-date with the key facts. Advisory includes Financial Accounting Advisory Services, Financial Statement Audits, Accounting Compliance and Reporting, Fraud Investigation and Dispute Services, as well as Climate Change and Sustainability Services.

**Tax & Law: navigation needed**

The economic and fiscal framework has changed drastically and the speed and complexity of developments continue to increase. We help our Tax & Law clients to navigate this jungle of rapid change. As the volume of regulatory provisions increases, companies find themselves in a challenging environment of fierce competition. Both the employment and capital markets are affected, resulting in economic momentum that does not go unchecked by the authorities. Governments are attempting to keep pace with their income requirements and the tax authorities adjust their focus and guidelines accordingly. Companies have to balance contradictory priorities and, at the same time, ensure that they meet the provisions and generate added value. We are on hand to guide our clients, helping them find their way in the global tax landscape and come up with tax solutions to optimize the supply chain. We can also shed light on the benefits of a global compliance and reporting function. Last, but not least, the global mobility of employees poses questions about employment law and tax. We highlight the risks and provide answers.

**Transactions: experienced capital management**

We help our clients reach well-founded decisions for strategic management so that they are armed with the tools they need to meet the requirements of a quickly changing world. In order to be flexible, successful and ready to respond, companies require capital. We have designed our transaction advisory portfolio with this in mind, offering tightly integrated services: capital protection, capital optimization, capital investment and capital procurement. We can draw on our knowledge and experience in its entirety to help our clients with capital management. While strategies and concepts vary, one thing is clear – if you stand still, your competitors will gain an edge. In our role as advisor, we want to work with our clients to prevent this.
Marketplace

- Broad portfolio

Advisory, Assurance, Tax & Law, Transactions and a focus on 14 industries – we are a single-source knowledge provider.

Advisory: keeping an eye on the big picture
Our advisory approach consolidates all of the clients’ initiatives and activities in order to improve company-wide performance – sustainably. We help translate strategies into results. Our industry expertise and global reach allow us to support our clients in controlling risks, discovering potential and achieving success in the long run. Our Advisory Services include Risk, Compliance and Internal Audit, as well as Performance Improvement, Supply Chain, Customer and IT.

Sustainability: from risk to opportunity
How relevant is sustainability for clients today? We are receiving a growing number of inquiries concerning sustainability in the wider definition of the term, and more specifically in the area of climate protection. This opens the door to new opportunities for Ernst & Young. Our Climate Change and Sustainability Services and cleantech solutions allow us to support our clients in a variety of ways. We can help with the development of a sustainable corporate strategy, operational sustainability management, e.g., in procurement, monitoring or quantification/qualification and communication of an organization’s sustainability performance. By increasingly integrating sustainability issues into our traditional service offerings we stand out from the competition.

For several years now, Ernst & Young has been investigating the regulatory framework of climate change on a global level, as well as the countermeasures that companies are taking. We also communicate the results of our findings. Every year, we publish a cross-sector study focusing on the greatest risks and opportunities on the market. Sustainability and climate change have become fixed topics. In the latest edition of our study, corporate social responsibility (CSR) ranked ninth on a list of the ten greatest risks. We also highlight the possible repercussions of this topic and how it can affect other risks. For example, raising CSR pressure is listed as one of the key drivers for regulation and compliance. The latter, according to the study, is currently the biggest risk for companies. Interestingly, climate protection and sustainability are perceived both negatively as risks and positively as opportunities. Investment in cleantech came out well and is considered the sixth largest opportunity.

The significance of sustainability and climate change needs to be considered in light of the specific sector. Among our ranks are industry experts who can show our clients the key challenges that apply to them.

Living our values
In our Code of Conduct (also see page 15), one of our stated aims is to provide high-quality services that befit the needs of our clients. Furthermore, at Ernst & Young we agree that it is important to be open and honest – not just when relaying good news, but, if necessary, also in the event of unpleasant situations. The Code of Conduct clearly defines what we expect from our employees, i.e., doing the right thing in our dealings with clients and other business partners.

It is also important that we maintain our independence and avoid conflicts of interest (also see “Company”, page 16). As a government-regulated company, we are subject to independence restrictions in our capacity as auditor. Our adherence to these restrictions is examined by the Swiss Federal Audit Oversight Authority and the Swiss Financial Market Supervisory Authority. There are also restrictions for the company with regard to investments, financial relationships and all commercial relationships that are not part of our core business. Every employee also has to observe personal independence requirements in terms of investments and financial business relationships.

Once a year, all Assurance employees have to take part in a training module on the topic of independence; all other employees complete web-based training sessions. Four times a year, all partners have to confirm that they do not hold any unauthorized securities in safekeeping accounts. Managerial employees submit confirmation once a year. Any purchases must be entered into the Global Monitoring System (GMS) within ten days. The entries are subject to random testing every year. Any breaches of independence requirements are strictly monitored, whether the result of failing to register investments, registering them late or providing certain unpermitted additional services for audit clients. In the current reporting year, there were no incidents serious enough to warrant notifying the Swiss Federal Audit Oversight Authority.
The kinds of services that Ernst & Young is allowed to render have been defined – not least in order to safeguard our independence. Restrictions are based on laws, requirements imposed by supervisory authorities and the Swiss Institute of Certified Accountants and Tax Consultants, or internal Ernst & Young policies. We have established a systematic engagement acceptance process, which is tested annually, to make sure that we respect these restrictions.

During this process, our Service Offering Reference Tool (SORT) is used to compile a list of the services that are permitted for the different types of clients. Our Global Tool for Acceptance and Continuation of Clients and Engagements (GTAC) is used to systematically manage and clearly document the process of accepting or rejecting clients and services.

Compared to the significance of independence, the threat of corruption in the traditional sense does not present a major risk at Ernst & Young. Nevertheless, this topic is covered in the Code of Conduct, which forbids the acceptance of payment or valuable gifts which could be seen to influence our results or recommendations. Nobody is allowed to grant personal advantages in order to win engagements. All employees, regardless of business unit, have to confirm in writing that they have understood and will comply with the provisions set out in the Code of Conduct. There were no suspected cases of corruption in the reporting year.

We are well aware that our competitive advantage relies on our assurance recommendations and on the quality of our services. Our Code of Conduct underlines our commitment to competing on the market in our sector and reminds employees of the importance to do so honestly. There were no accusations of anti-competitive behavior in the reporting year.

Confidentiality and data protection
Ernst & Young has appointed a data protection officer, as the trust that our clients place in us is an extremely valuable asset that we treat with the utmost respect. We therefore protect the knowledge of our clients and maintain the appropriate level of discretion. Our Code of Conduct stipulates that all of our employees are to respect and protect the personal and confidential information received from or relating to Ernst & Young, clients or third parties. In the reporting year, there were no justified cases of confidentiality or data protection breaches.

Our global data privacy policy provides guidance to our employees on this important topic, including information security. For client information purposes, the “Protecting your data” brochure explains how we realize data protection and information security. In this publication, we describe our global policy on data protection and information security, and describe how confidential data is exchanged internationally within the global Ernst & Young organization. In addition, we explain how we back up and restore data in the event of system outages and how we can safeguard data protection and information security on a technological level. Finally, the brochure sets out our basic data protection and information security principles that apply when performing reviews and audits. A copy can be ordered by writing to infosecurity.assurance@ey.com.
Auditors and advisors have to deal with managers and directors of companies from all sectors on a daily basis. How much entrepreneurial spirit should an Ernst & Young employee or partner have?
A great deal! Entrepreneurial thinking is a natural part of our job. But it goes beyond that. We – the partners of Ernst & Young – are entrepreneurs ourselves as owners of our own company.

Ernst & Young Switzerland has awarded the title “Entrepreneur Of The Year®” (EOY, see page 30) annually since 1998. You are responsible for the program today. The competition covers the categories Industry, Services, and Emerging Entrepreneur and also has a special Family Business award. How does the Ernst & Young program differ from similar competitions?
We want to highlight real success stories. There may be other prizes that try to do the same, but EOY is the only global award of its kind, spanning more than 50 countries.

We also choose a World Entrepreneur Of The Year®, a prize that is globally recognized. The selection process involving around 60 candidates every year is transparent and rigorous and the jury works independently.

What are the most important qualities for you?
We look for entrepreneurial personalities who offer innovative products or services. For us, growth is key – both in terms of revenue and the number of jobs created. We also look for international success. The winners are invited to the Strategic Growth Forum in Palm Springs, the world’s largest entrepreneurial convention. As I already mentioned, the award is a seal of quality and opens the door to a global network.

Ernst & Young is consciously pursuing small and medium-sized enterprises (SMEs) and start-ups. What do directors and founders of such companies specifically expect from you and what can you offer them?

“We want to put success stories in the spotlight”

Successful business leaders require numerous skills – above all, the will to succeed through growth. Heinrich Christen, partner at Ernst & Young and Office Leader St. Gallen, has been advising start-ups and SMEs for many years. Entrepreneurship is his specialist subject. Christen is of the conviction that good business people are also inspirational.

Heinrich Christen
Partner in charge of Entrepreneur Of The Year®
Ernst & Young Switzerland
In the case of start-ups, we have to provide competent contacts, people who are on hand to deal with potential problems, from strategic decisions, finance and tax questions to HR and recruiting issues, etc. The advisor’s role is to warn the client about potential pitfalls, which calls for a specific mindset. At Ernst & Young, we have the partners, executive directors and senior managers who can do this, which goes down very well. We also use our network to bring together start-ups and other companies as the basis for potential collaboration. This is of enormous value.

What is the situation with SMEs?
We have many SMEs among our clients – they are a very important group. We are not only focused on large corporations. Financing and further strategic development are often the hot topics at SMEs. A few years ago, we added the category “Emerging Entrepreneur” to the EOY award for companies that are no longer start-ups but are not yet established businesses. This category is open to companies that have been on the market for around two to six years and have successfully overcome the first hurdles.

In your opinion, what are the greatest challenges currently facing entrepreneurs?
The greatest obstacle is making the transition from identifying a solution to earning money. Many people start with a technological solution only to discover that there is no actual market for it, particularly at the prices they envision. These are the tragic stories. The clever ones watch the market very closely from the beginning. We introduce inexperienced business people to experienced leaders that understand the market – an enormous benefit for fledgling entrepreneurs.

Ernst & Young does not promote entrepreneurship simply by chance. Besides environment, education and community, entrepreneurship is one of the four pillars of your commitment. What do you think is the connection between entrepreneurship and sustainability?
Real entrepreneurs are people who live their values and also create sustainable value. Jobs with innovative products, things that make our lives that little bit better. If we think that an idea is really good, we will invest lots of our time for free.

It is also in your own interest to promote entrepreneurship. What do you stand to learn from this commitment?
As a large company, for example, we learn that you can get lean structures in place quickly and that a certain risk appetite pays off. Personally, I learn from the entrepreneurs themselves. Successful people tend to be inspirational characters. They often have big egos and can be pugnacious, but they are great to work with on projects. What’s more, unlike large corporations, entrepreneurs provide more direct feedback to advisors.

Switzerland is considered to be a great place for entrepreneurs. However, the desire among the population to become self-employed does not duly reflect this. What works well and what does the country lack?
Here in Switzerland, the entrepreneurial environment is very good indeed. You only have to compare the Swiss social security and labor legislation or the tax burden with Europe to see this. Switzerland is also a choice location for financing due to the numerous private investors. If you have a good idea, you will get funding. If anything, we have too few projects rather than having too little cash. And now to the question about what’s lacking. Resolute determination to achieve strong growth is often missing. Managing a rapidly growing company is, of course, highly stressful and not for the fainthearted.
Junior Academy – a springboard for young entrepreneurs

It is not always easy for children from family businesses to follow in their parents’ footsteps - especially if they are unsure of their own skills or what they personally want to achieve. Ernst & Young’s specially developed Junior Academy program fosters the talents of the next generation.

Delicious croissants, sweet tarts and traditional bread – for free, all the time. Paradise? What may sound like a treasure trove from the outside was serious product testing and hard business for Sindy Pouly. Welcome to the childhood memories of an entrepreneur’s daughter.

Today, Sindy Pouly is 22 and studies Hotel Management in Lausanne. Her father, Aimé Pouly, built up a small business empire over the years with his bakery, Pouly Tradition. The business boasts a dense network of branches in French-speaking Switzerland, 700 employees and an Ernst & Young Entrepreneur Of The Year® award – the facts speak for themselves. The Pouly Tradition bakery is a flourishing family business. Like most children from family businesses, Sindy started thinking about her future career at the age of 14 or 15. She felt uneasy and there were many questions bothering her. Did she really have what it takes to join her parents’ business in the future? Did she even want to? Was her father too big an act to follow? Or were her strengths and talents more suited to a completely different career, a different life?

It is exactly here, at this critical point in the lives of young adults from family businesses, that Ernst & Young steps in. The auditing and advisory firm has developed its own program for 16 to 30-year-olds. The main aim of this “Junior Academy” (JA) is to help young people develop their personality, recognize their strengths, hone their skills and carve out their own path in life. This can mean that they decide against joining the family business. However, participants in any of the JA programs have the chance to discover the variety and exciting opportunities that the world of business has to offer. They also discover a lot about themselves and take part in team activities to learn self-motivation - an asset in future projects. This description mirrors Sindy Pouly’s experience. She took part in the JA program in 2011 and met lots of young people in a similar situation. Ultimately, she made a great deal of progress thanks to the course: “At the time, I was unsure as to whether I should enter the business world. I am still inexperienced, but I know that I have what it takes.”

The Junior Academy is split into age groups: The First Program, under the title “Push your limits”, is aimed at 16 to 20-year-olds, and consists of lectures and varied activities to foster self-discovery. The Advanced Program is aimed at 21 to 25-year-olds and is run under the slogan “Seize the opportunity”. At the end of the course, parents are invited to take part in an intergenerational exchange. Anyone between the ages of 26 and 30 can apply for the Excellence Program, which is based on the idea “Make a difference”. Participants at this level focus on visionary leadership. More than 220 young people from 27 countries have already participated in one of the week-long Junior Academy training programs.

Entrepreneur Of The Year®

Ernst & Young's Entrepreneur Of The Year® (EOY) program is unique. As the only truly global award of its kind, it is recognized and respected around the world. The competition culminates in the title “World Entrepreneur Of The Year®” being awarded to one outstanding candidate. Key facts and figures about EOY include:

- Objective: promote entrepreneurs and entrepreneurial spirit
- Annual award presented since 1998
- Program operates in more than 50 countries
- Three categories: Industry, Services, Emerging Entrepreneur
- Special award: Family Business, for a family firm that exhibits long-term success
- More than 60 participants each year
- Selection and final assessment by an independent external jury
- Assessment criteria: entrepreneurial character overall, strong growth in terms of revenue and jobs, international success, innovative processes and products
- Benefits for the winners: excellent reputation, national media coverage
- Access to a global network: door opener for acquiring contracts and funding
In 2011, Sindy’s father died unexpectedly. This changed everything. In the same year, Sindy Pouly took part in the Advanced Program, which was held at the IMD business school in Lausanne. It was an intensive week-long program for the managers of the future. Sindy benefited in particular from the chance to talk to peers from long-standing companies in various countries. “It was important for me to meet people with many years’ experience in a family business,” she says. Besides numerous discussions, the program included lectures, case studies and project presentations, which provided the participants with insights into the theory and practice of managing a business. Sindy Pouly was able to pick up different management styles, some of which were new to her. “Before, I was only familiar with my father’s way of doing things.”

The organizers of the Advanced Program are particularly keen to encourage collaboration within international teams. This process naturally gives rise to emotions, a sense of competitiveness, and conflicts - exactly like in the real world of business. There is also time to enjoy recreational activities, such as canyoning, which is excellent for team-building.

After the death of her father, Sindy Pouly had to deal with the issue of personnel management earlier than she would have liked. She knows exactly how it feels to manage people who are 20 years older. “Fortunately, I wasn't just thrown in at the deep end and did not have to take on the full responsibility. I am able to take time out to focus on my studies. My education is very important to me,” she says, smiling. There is supposedly a lot of overlap between running a hotel and working in the food industry, as Sindy Pouly goes on to explain: “My father’s education was nothing like mine. However, I am part of a different generation and my studies are a great help to me.” Nevertheless, the bakery is ever present in her life - the student has sat on the company’s board of directors since 2011.

At this stage of development, the Junior Academy offers a further level of coaching - the Excellence Program. In the summer of 2012, Sindy Pouly attended the program in New York, although at 22, she was a bit ahead of her time. At this challenging level, the participants are considered to be “agents of change” - visionary management skills and creativity are in demand. The fledgling entrepreneurs learn to harness innovation to create added value, keep sight of the big picture and develop “out-of-the-box” strategies. In short, to “Make a difference” as the slogan of the program suggests. “Lone wolves” have little chance of succeeding in this environment; establishing a network and maintaining relationships is essential. The Junior Academy therefore emphasizes these aspects, and not only in the training sessions. All past participants have exclusive access to the Ernst & Young Next Generation Club of Entrepreneurs (NextGen), a platform for Academy members to exchange ideas and thoughts - online and at events with renowned speakers. In 2012, Sindy Pouly did not have to travel far to attend the NextGen event - it was held just around the corner in Lausanne.
Facts & figures

The world of entrepreneurship at Ernst & Young
Ernst & Young’s program “Entrepreneur Of The Year®” (EOY) is carried out in more than 50 countries worldwide.

Client satisfaction according to the 2011/12 Assessment of Service Quality (ASQ)

91% of clients who awarded a rating were very satisfied.

Willingness to recommend our services according to the 2011/12 Assessment of Service Quality (ASQ)

“I would recommend Ernst & Young to a friend or colleague.”
Client structure
Start-ups, SMEs and large companies

Client sectors we serve
- **Financial services:**
  (sectors: banking, capital markets, asset management, insurance)
- **Service and trade:**
  (sectors: professional services, retail and wholesale, consumer goods, power and utilities, government and public sector, media and entertainment, transport, medical, private individuals, telecommunications)
- **Industry:**
  (sectors: diversified manufacturers of consumer goods, real estate and construction, technology providers, oil and gas, mining and metals, automotive, airlines, arms industry)
- **Chemicals and pharmaceuticals:**
  (sectors: pharmaceutical industry, chemicals industry)

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Ernst & Young’s market position among companies in the following Swiss stock market indices (as of June 2012)

**SMI (20 companies)**
Ernst & Young is in first place with 7 audit clients and a market share of 35 percent.

**SLI (30 companies)**
Ernst & Young is in second place with 10 audit clients and a market share of 30 percent.

**SMIM (30 companies)**
Ernst & Young is in third place with 5 audit clients and a market share of 17 percent.

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Share in revenue by client sector

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<thead>
<tr>
<th>Sector</th>
<th>Revenue Share</th>
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<tr>
<td>Financial services</td>
<td>41%</td>
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<tr>
<td>Service and trade</td>
<td>31%</td>
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<tr>
<td>Industry</td>
<td>20%</td>
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<tr>
<td>Chemicals and pharma.</td>
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Annual report 2012
Workplace

Learn, understand, share. We set store by this continuous process which, by its very nature, is never complete. Added value and progress rely on it.

The most important part of this process is the exchange between people. We cultivate this learning culture: give and take, just like in the natural world.

Many people benefit. Our employees generate and communicate new knowledge within the organization - and take their acquired expertise with them if they leave. We consciously encourage this transfer of knowledge to the economy.
On a spring night, the tree-like saguaro cactus opens several nectar-rich, fragrant ivory blooms high above the Sonoran desert floor. These are perfectly shaped for the elongated snout and tongue of its main pollinator, the lesser long-nosed bat (Leptonycteris yerbabuenae). The pollen-coated bats fertilize the flowers along their southern migration route. In late June, the bats return to feast on the fruit, roosting in shrubs and passing the seeds, which germinate in the rich guano below, allowing bat and cactus to use cyclical processes for mutual advantage.
People are the priority

We are only as good as our people. This simple insight has a huge impact on recruitment, training and further education of all employees as well as the personal development support we offer each individual. Ernst & Young Switzerland sees itself as both an employer and a center for education where knowledge and innovation are the critical factors for success. We offer a broad-based and transparent feedback system and strive to pay special attention to each employee’s individual needs, particularly when it comes to determining their working time arrangements. We strongly support our employees, but we also expect a lot of them. Willingness to go the extra mile is embedded in our corporate culture.

Putting knowledge and potential to use

Calling ourselves a “knowledge company” may sound too much like standardization, with connotations that do not truly express our organization’s reality. In fact, diversity of tasks and teamwork play a key role at Ernst & Young. Group interaction leads to better, more comprehensive solutions. And teamwork offers another equally important advantage: it is the only way to retain, develop and above all provide for the transfer of new knowledge. Knowledge is our most valuable resource and our greatest asset.

At the same time, we support and encourage our employees to tap into their personal potential and help others do the same. Yet our focus is not inward. Our commitment to knowledge-sharing is part of our efforts to continuously improve services for our clients. It is important to us that all our employees make a contribution to benefit our clients, irrespective of function and rank.

From day one, everyone who works at Ernst & Young is asked to express their own opinion and to respect the viewpoints of others. The annual People Survey offers everyone the opportunity to comment on the categories quality, leadership, loyalty, career development, further development, and living our values. The results of the survey are carefully analyzed each year, allowing us to pinpoint our strengths and identify areas with potential for improvement. We form focus groups to help us define where we need to take action, suggest suitable measures for improvement and follow through on them. The survey feedback revealed, for example, that employees working at certain ranks were not satisfied with their salaries. This led in the end to an adjustment of the salaries at these levels.

Each year’s survey results are also incorporated into the goals set by Ernst & Young’s leaders. In addition to the survey, there are other internal communication platforms for employees. The intranet, Daily News and CEO Info are channels frequently used to communicate corporate policies and make them transparent.

The demands at Ernst & Young are high. We expect our teams to demonstrate above-average dedication. At the same time, we understand that heavy workloads can only be managed successfully if people are able to consider their needs outside of work. We want our employees to strike the right balance between their own requirements and those of their employer and clients. In recent years, there has been a huge shift in people’s expectations about quality of life.
A lot of responsibility, more flexibility
We know this and we take the needs and desires of our employees very seriously - particularly those of our young newcomers. We want to afford our people as much personal responsibility and flexibility as possible so that they can arrange their work to fit in with their changing life stages. This is our philosophy and part of our trust-based culture: more flexibility in deciding when and where I will complete my tasks on time. Individual planning of working hours is therefore a key element of our flexible working time model.
It allows employees to pursue, among other things, plans for further education or a temporary break from work, or to spend more time with the family. Our reliable IT infrastructure, with laptops, tablets, cell phones and videoconferencing equipment, makes globally mobile workstations possible. Our employees appreciate - and take advantage of - the opportunity to take care of tasks from home.

Job satisfaction - a matter of trust
Thanks to our corporate culture, which gives people freedom and is based on trust, we are consolidating our position as a top employer and center for education. The most recent Universum study ranked Ernst & Young in the top 10 of all employers. In our sector, we are in first place.

One of our key goals is to maintain and strengthen our position as an employer of choice. We aim to inspire all employees to realize their career and personal goals and strive to smooth the way for a healthy work-life balance. Illness is not a taboo within our organization. Ernst & Young provides special support in cases of serious sickness. Our personnel managers, together with the employee's superior, take great care to avoid long-term absences arising in the first place. Employees that do fall ill receive dedicated support, with special assistance to get reintegrated back at work if possible.

Supporting mobility, promoting diversity
The spectrum of our business activities is very wide. Just as diverse as the range of client projects are the backgrounds of the people working constructively on them. In today's job market, hardly anyone spends their entire career at the same company. Diversity in the workplace is increasing – a trend that we welcome and encourage. Nevertheless, Ernst & Young Switzerland offers its employees many opportunities to take on new tasks without having to leave the firm. People often work on multinational project teams. They attend workshops with colleagues from all over the world, contributing and expanding their knowledge and skills. This process starts as soon as they join Ernst & Young. Many of our newcomers in Assurance and Advisory have, for example, the opportunity to attend an introductory multi-day workshop abroad. This is complemented by further developmental steps such as short or long-term assignments directly with the client or outside of the employee's usual service line. These steps can be pursued in Switzerland or in other countries, offering a wealth of different working environments. Such experiences enrich and support people's careers; they are regarded as a formal part of the development process at Ernst & Young. Employees sent abroad receive personal support, including help with the reintegration process “back home” when they return.

Diversity within the teams gives us a clear advantage in terms of innovative capacity and comprehensive problem-solving competence. This is why we not only send our employees to other locations around the world, but also expressly welcome foreign employees to our organization. At the same time, we are aware of the special challenges that highly diverse teams can pose, including issues arising in connection with career paths, salary tracks and culturally conditioned mentalities (see page 43).

A reliable feedback system
We expect our employees to go the extra mile. Good performance is important to us. That is why we reward personal achievement and not just how long our employees stay with us and their position within the company. We have established a highly successful broad-based feedback system to measure performance.

Performance-related pay
At Ernst & Young, there are strict salary scales for each service line irrespective of gender. Salaries for the roughly 200 graduates joining us each year are harmonized and non-negotiable. Wage fairness is an important issue and one we take seriously. We check our salaries annually as regards equal pay for equal work.

All managerial employees and some other defined employee groups receive a variable salary component in addition to their fixed salary. This component is also checked every year as part of the annual goal-setting
process. We use a management-by-objectives procedure for such checks, with the aim of integrating each employee into our operations in a way that suits their performance and promotes their development. This allows us to assess performance, create individual goal plans and set targets for personal development.

**A high-quality goal-setting process**

These feedback talks are compulsory for all Ernst & Young employees, across all functions and organizational levels. The assessment is included as a factor determining the variable salary components of managerial employees and client-facing staff. The quality of the goal-setting process is thus extremely important. We invest a lot of time in training counselors, i.e., employees’ superiors, on topics such as objective-setting, assessment and the appropriate way to conduct discussions. Assessments are not based on a single vote. We hold roundtable meetings during the evaluation process with everyone who has worked with the employee as their superior. This ensures that all of the relevant information is adequately considered. The process focuses on quality of work as well as on values, leadership skills, communication, project management and quantitative indicators. Examples include the number of hours billed and the complexity of the engagements.

**Support from coaches and mentors**

At Ernst & Young, professional support is always available for our employees. Coaching is an important part of our corporate culture and a climate that fosters employee development as an ongoing process. In addition to informal on-the-job coaching, we offer project feedback and regular performance reviews according to pre-defined criteria. We also run a mentoring program for our employees to aid their professional and career-focused development alongside the personal aspects.

This formal process of cultivating the potential of our people is complemented by various informal management and development activities throughout the year that serve to strengthen important leadership skills. Project managers communicate their expectations clearly, giving timely and specific feedback and taking advantage of opportunities as they arise to coach their team members in just the right way.

Ernst & Young also offers all employees numerous additional benefits. Besides maternity leave, retirement and disability insurance and the pension fund, certain employee groups also receive a variable salary component determined by individual performance and the company’s overall success.

**Expanding knowledge – our top priority**

Having highly qualified employees is absolutely essential for an advisory firm like Ernst & Young. Their knowledge and capacity for innovation are the benefits we provide to our clients day in and day out. Knowledge is the decisive factor for success in everything we do. Specialized education and further training and personal development are therefore an absolute priority for us. Our understanding of what it means to be well qualified is broad. Beyond formally demonstrated expertise such as diplomas, university degrees and certification, we also look at training courses and activities that further the development of each employee’s personality. Indeed, training courses and further education programs are essential components of the career development path at Ernst & Young. They are included in annual planning as a major topic. Moreover, there are guidelines defining the qualifications required for certain kinds of work, e.g., signature rights for an audit report; only those who have passed the exam qualifying them as a Swiss Certified Accountant may sign the audit report.

We offer a broad spectrum of relevant internal and external educational opportunities and provide our employees with generous and targeted support in this area. For our core business, our greatest need – and our great asset – are people with formal certification, so we heavily promote educational programs qualifying our employees as certified accountants, training them as tax consultants, or leading to bachelor’s or master’s degrees and CFA or CISA certification. The EYU program – “Ernst & Young and You” – is our global learning and development framework. Its goal is to link personal development to the acquisition of skills needed on the job. Over 10,000 courses are currently available, many of which are web-based. These educational opportunities are both subject-specific and relevant for understanding the firm and its operations as a whole.

Ernst & Young’s approach to training and education is clearly defined in our Global Continuous Education Policy. The framework requires all client-facing employees to accumulate at least 120 CE (continuous education) credit hours every three years, with at least 20 of those being
attained within each individual fiscal year. By way of comparison, 8 hours of training are usually equivalent to 6.5 CE hours.

New employees must of course have the qualifications and educational background corresponding to their job profile. For audit and advisory functions, this generally means that candidates must hold a bachelor’s or master’s degree, whereas when recruiting staff for in-house services, we tend to look for people who already have appropriate professional qualifications.

Career springboard
There are essentially three distinct age groups in our workforce: newcomers, experienced colleagues and those who will be retiring soon.

Many of our younger employees see Ernst & Young as the ideal platform from which to launch their further education. For them, we are an important springboard for their career. We see things the same way, publicly promoting this approach and encouraging these younger colleagues to pursue their ambitious career goals. As a service provider and educator, we create, develop and share knowledge. While we actively strive to foster dialogue with our younger employees, we also appreciate the special challenges this business model can pose in terms of keeping accumulated expertise within Ernst & Young in the long run.

Counseling is available for employees who are about to retire. We also recommend the retirement preparation courses offered by Pro Senectute, Switzerland’s largest professional retirement services organization. We try to keep in touch with everyone who has retired from active working life as part of the alumni culture that we cultivate.

We welcome trainees and interns
We know that at 20 percent, our annual rate of employee turnover is relatively high. It is important to remember that this phenomenon reflects the fact that we are not only an employer, but also – by choice – a center for education. It is therefore no surprise that turnover among our younger employees is higher than within other age groups (see interview on page 41). Our workforce can be depicted as a pyramid-like structure, offering opportunities to climb all the way up to partner level. Turnover is a natural consequence of this pyramid. With this in mind, Ernst & Young has set some clear goals. We strive to retain the employees whose performance, potential and talent make them suitable to take on growing tasks and responsibilities as they develop within the firm.

As of the reporting date, we employed 13 trainees, taking great care to ensure excellent mentoring for them. We also welcome about 50 interns each year, usually bachelor’s degree students. We would like to keep up these commitments in the future and aim to maintain the current high level. Almost all trainees and interns stay on board after finishing their program or find their way back to Ernst & Young at a later stage in their career – a sure sign of our successful efforts in this area and a good reason to continue our endeavors.

More than 10,000 courses per year
Education is a priority for Ernst & Young. There is an enormous range of courses on offer.
The focus at Ernst & Young is on the acquisition and transfer of knowledge. What does this mean with regard to sustainability?
A wide range of skills and areas of knowledge are required here at Ernst & Young. Therefore, knowledge and expertise are a recurrent theme throughout the whole company. In short, generating new knowledge and passing it onto others is our contribution to a sustainable economy on two different levels: on an individual level and on an institutional level.

What does this mean specifically?
It means that on one side, there are the employees as individuals who want to expand their knowledge and develop personally. On the other side, this accumulated knowledge makes us the competent, learning organization that we are and enables us to contribute to sustainable economic development.

What characteristics do applicants have to have in order to be successful and feel comfortable at Ernst & Young?
We are looking for people who enjoy learning and want to better themselves. This sounds a bit like school, and there are indeed many traditional educational opportunities at Ernst & Young. We expect extremely motivated people who will tackle new problems within projects and grow as a result. People who are inquisitive and versatile will be successful and happy within our company. To us, being versatile means that you are intellectually flexible and willing to travel.

Does flexibility not also mean a high level of motivation at Ernst & Young?
Yes, of course it does. Anyone who joins our company knows that we are looking for them to be flexible and that they will also have to do a lot of work. However, we make sure that overtime is kept within certain limits, as working too many hours would definitely not be sustainable.

“We consider ourselves a center for education”
The passion to learn: Ernst & Young Switzerland considers itself a global center for education in which new knowledge is constantly developed and passed on to others. Director of Human Resources Barbara Aeschlimann explains why this working culture is a good investment in sustainable development.
What do you offer young professionals in return?  
Here at Ernst & Young, we have a very modern business environment with first-class working conditions in terms of methodology and technology. Furthermore, we offer employees the opportunity to train and gain advanced qualifications, predominantly as certified accountants or tax consultants with a Swiss Federal Diploma. In addition, there are a large number of other targeted training courses. As a company, we not only expect flexibility from our employees, but also support them by offering a flexible working program; this gives our people a degree of freedom when organizing when and where they will work.

Unrestricted mobility is not really compatible with conserving resources.

What incentives are there at an international level?  
Our employees naturally need to have a global mindset and engage with overarching structures. We are definitely the most globally integrated organization in our profession. In Switzerland, the local organizations go hand in hand with the overarching structures of EMEIA and EY Global. Unrestricted mobility is not really compatible with conserving resources, however. We recognized this some time ago and created the opportunity to take part in a temporary international assignment. This prevents people from taking too many flights without having to miss out on the chance to expand their horizons.

What development opportunities can potential employees expect at Ernst & Young Switzerland? You are mainly looking for young people. What sort of progress will these young professionals have made, let’s say, after three years?  
For those who have come directly from university, it is extremely important that they find their feet in the world of work. Graduates holding bachelor’s or master’s degrees often join us without any substantial practical experience. This means that further specialist training, particularly in our core areas of auditing and tax, will not be a priority until a little later. Developing knowledge in a specific industry or market segment is an important aspect across service lines. These are the targets recent graduates should aim for in the first three or four years of their careers.

What happens next?  
We consider ourselves a center for education - we want to accompany all of our employees on their career paths. To support this, there are special “learning maps” for all types of skills and proficiencies. Naturally, not everyone is able to make it to the top, and not everyone wants to do so. Our workforce, from staff to partner level, is structured in the classic pyramid shape. This means that employees over 40 usually leave the company if they have not achieved a position in upper management by this point in their careers. It is important that we speak honestly and regularly about the prospects of the individual. Many people consciously look for a career path outside of Ernst & Young after completing their training with us. Former Ernst & Young employees are popular with new employers.

How does working for Ernst & Young improve your career opportunities with other companies?  
Colleagues who have left the company move on with a strong profile, i.e., with a good brand. They have worked for a global company and are completely up-to-date on professional and technical matters. We do not see the departure of employees as negative, but as an opportunity to expand our network. Former employees of Ernst & Young know what the company can achieve and might even mention us in discussion with the new employer. Inquisitive and versatile people do well here.

This benefits us to a certain degree, as only very few people move to one of our competitors. According to the latest Universum study, we are among the top 10 employers in Switzerland and are the best in our sector.
Whether young professional or senior manager, all of the employees at Ernst & Young benefit from a strong culture of learning and regular feedback. Our employees appreciate this even if they decide to move to another company at some point. After all, they take a great deal of knowledge, experience and skills with them to their new employer. And this is absolutely our intention at Ernst & Young.

At the age of 17, Christian Possa made the grade as an elite junior ice hockey player, but today he only practices sport in his free time, as he has set himself a major goal: “Within four years, I want to have completed my training to become a certified accountant at Ernst & Young,” explains the 27-year-old. Born in Valais, Christian Possa joined the Ernst & Young Zug office as an assistant in 2011. Since then, it has been a steep learning curve: “In just one year, I have learned so much and gained valuable professional experience,” Possa sums up. This was naturally a completely different learning experience compared to studying for his management degree at the University of Fribourg.

Exchanging knowledge, providing mutual feedback and expanding expertise are key elements of the day-to-day activities of audit, tax, transaction and risk advisory professionals at Ernst & Young. “We therefore foster a special kind of learning culture that goes beyond the training sessions defined in our learning maps for the various service lines,” explains Barbara Aeschlimann, Director of Human Resources at Ernst & Young Switzerland. “We set great store by dialogue within the team and feedback, both of which are taken into consideration in the documented assessment processes. This makes good sense,” says Aeschlimann.

Assistant Christian Possa considers the standardized feedback system to be extremely helpful and broadly based. The framework comprises an annual plan for each employee with a set of individual and general goals. As an assistant, Christian Possa is supported by a dedicated counselor. Possa is quite clear about how the year is arranged from fall to summer: “After a kick-off meeting, I receive an appraisal from at least five of my engagements over the course of the year. Different people contribute to this appraisal using a structured questionnaire.” The employee receives a mid-year review in January, followed by an annual review, including an individual rating, at the end of June. The individual rating is determined at roundtable meetings where several colleagues get together to vote. “I also have to evaluate my own performance by asking myself what I did well and what hasn’t gone so brilliantly.” This self-assessment is part of the ongoing process of expanding knowledge and helps to improve the quality of work and develop management skills.

“I also like keeping informal lines of communication open and providing feedback myself. Having trust and confidence are really important within this process, which is sometimes easier said than done for both parties,” acknowledges the trainee auditor.

For his colleague Barbara Ofner at Ernst & Young in Geneva, informal dialogue with clients and colleagues is an important way in which new knowledge about client requirements can be gained and expertise passed on in a constantly changing environment. “There is an open door policy in effect at our company; a partner is always available,” says the lawyer who works as a senior manager at Ernst & Young. She heads up a team of seven Legal & Compliance employees in French-speaking Switzerland.

As more and more regulatory provisions are introduced, the challenges facing legal services at Ernst & Young are growing extremely rapidly. What is the fastest way to learn in this dynamic environment? Ofner answers without hesitation: “You have to jump in at the deep end.” She believes that a great deal of areas and client requirements are best addressed by learning on the job. “This allows people to grow with responsibility and success,” she says, adding: “In order to foster the development of our people, I make sure that they don’t work on the same project for too long.” Whenever possible, she also takes younger colleagues to client appointments. This reflects her philosophy on how best to secure a successful learning experience: “The composition of teams is really important. There needs to be young and experienced employees, men and women. They often approach the various topics in different ways.” Getting the right mix makes all the difference.

As opposed to management graduates such as assistant Christian Possa, who are trained at Ernst & Young to become certified accountants or tax consultants, Ofner joined the company as a fully fledged lawyer. “We lawyers are a special group within the organization in this respect.”
In any case, entry and career paths at Ernst & Young can vary significantly. Within Human Resources, the aim is to maintain the balance between new starters and the older, more experienced employees who are able to pass on their knowledge. In purely economic terms, it is possible to calculate the optimum time for people to leave and join the company. In practice, it is not so easy to maintain the perfect proportions, however. Turnover is high, but this is intentional.

“We monitor the situation very closely and actively inform potential hires of the career paths as part of the recruitment process,” explains Barbara Aeschlimann. Most employees join Ernst & Young for training. Some of these are highly motivated to move upwards through the company ranks. Others leave Ernst & Young after just a couple of years to join other companies. We encourage this natural development. “This model allows us to pass on our knowledge, which serves to increase the professionalism within the economy and expands our network,” concludes Aeschlimann.

Like many others, Ladina Caduff made the switch from Ernst & Young to another company. After a five-year career at Ernst & Young in Zurich, she started a new job at Raiffeisen Switzerland in St. Gallen, where she heads up the Sustainability department. The 38-year-old originally had a scientific background. Mother to a little girl, Ladina Caduff spent more than ten years as a researcher at the Center for Comparative and International Studies at the Swiss Federal Institute of Technology Zurich, before joining Ernst & Young and rising rapidly to the role of manager. “I worked in sustainability and was therefore involved in establishing Climate Change and Sustainability Services (CCaSS),” she remembers. As a specialist in international relations, she introduced new ways of thinking to her engagements, including a sustainability audit for a large food company. “The move to Raiffeisen was of course an adjustment,” remembers Caduff. At Ernst & Young there had always been a large pool of colleagues for exchanging knowledge. “Knowledge transfer in an environment of changing teams is an excellent learning opportunity.” She now supplies specialist knowledge and communicates with peers in business. In this context, knowledge is a resource par excellence.

Alumni as ambassadors
We maintain contact with our former employees via our Alumni program, an online platform for everyone who looks back fondly on their time at Ernst & Young and wants to network. In addition to this, we invite around 2,000 active alumni to an annual reunion. The event is a welcome opportunity to reminisce and discuss new challenges with former colleagues. Even if they are now working elsewhere, our alumni are still excellent ambassadors for our company – in business, associations, politics and education.

Diversity & Inclusiveness (D&I)
The employees of Ernst & Young Switzerland hail from 56 different countries. Diversity is one of our greatest assets and refers to cultural identities and sexual orientation, ideologies and lifestyles, as well as ethnic and social origins. An important aspect of this is gender equality (gender diversity). Inclusiveness as a concept stands for the high standards of our corporate culture. We create a working environment in which everyone receives recognition, knows that they are appreciated and is able to develop to their full potential. To facilitate this, we have drawn up a Diversity & Inclusiveness strategy, which not only involves improving awareness through training sessions and workshops, but also concerns global diversity indicators, which reflect the success of our D&I activities.
Facts & figures

Performance assessment
Percentage of employees who receive regular assessments
100%

Training to qualify as a certified accountant or tax consultant
310
Certified accountant: 254
Tax consultant: 56

Number of courses offered
10,160
Of which internal: 9,869
Of which external: 291

Number of participants
6,151
Of which female: 2,606
Of which male: 3,545

Percentage of full-time/part-time employees (based on headcount)

Managerial/non-managerial (percentage based on headcount)
Total headcount (breakdown of 2,102 employees)

Male (%)
30.3%
55.5%
10.4%
3.8%

Female (%)
44
64
77
48
22
14.2
85.8

65
35
6,151
10,160
442
1660

Managerial employees* total
Of which < 35
Of which 35-50
Of which 50+
Female (%) Male (%)
22 100 78 100
31 69
20 80
10 90

Non-managerial employees** total
Of which < 35
Of which 35-50
Of which 50+
Female (%) Male (%)
48 100 52 100
44 56
64 36
77 23

* Managerial employees: Front: manager, senior manager, executive director, partner
Back office: assistant director, associate director, director

** Non-managerial employees: Front: assistant/consultant, senior/senior consultant
Back office: associate, senior associate, supervising associate
## Injuries, workplace accidents, days missed, absence

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<thead>
<tr>
<th>Days missed</th>
<th>Workplace accidents</th>
<th>Other accidents</th>
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</thead>
<tbody>
<tr>
<td>824</td>
<td>20</td>
<td>229</td>
</tr>
</tbody>
</table>

### Accident rate (only workplace injuries)

- **Total**: 0.97%
- **Female employees**: 0.89%
- **Male employees**: 1.02%

### Sickness rate (as a percentage of working hours)

- **Total**: 1.72%
- **Female employees**: 2.50%
- **Male employees**: 1.23%

### Employee turnover (headcount)

- **Total**: 20.03%
- **Female employees**: 19.88%
- **Male employees**: 20.13%

## Top ten nationalities

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Switzerland</th>
<th>Germany</th>
<th>France</th>
<th>UK</th>
<th>Italy</th>
<th>Austria</th>
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<tbody>
<tr>
<td>Headcount</td>
<td>1,455</td>
<td>216</td>
<td>130</td>
<td>52</td>
<td>52</td>
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</table>

56 different nationalities in total

## New hires

<table>
<thead>
<tr>
<th>Headcount:</th>
<th>Total</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 35</td>
<td>%</td>
<td>84</td>
<td>88</td>
</tr>
<tr>
<td>35–50</td>
<td>%</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td>50+</td>
<td>%</td>
<td>1</td>
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</table>

## Employees leaving

<table>
<thead>
<tr>
<th>Headcount:</th>
<th>Total</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 35</td>
<td>%</td>
<td>73</td>
<td>76</td>
</tr>
<tr>
<td>35–50</td>
<td>%</td>
<td>21</td>
<td>20</td>
</tr>
<tr>
<td>50+</td>
<td>%</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>
Environment

Nature is resourceful. It does not waste energy or resources, but instead adapts to the environment. Take the devil’s claw, for example. This plant has found its ideal method of transport.

Mobility is a very important issue for us. We are aware that we consume resources and energy on a daily basis, particularly as a result of business flights.

We want to minimize consumption. That is why we choose the best method of communication on a case-by-case basis.
The devil’s claw, or “grapple plant”, sprawls low on the poor soil of the South African desert. Once pollinated, the purple trumpet flowers produce devilishly spiny, hook-covered fruit. Form follows function as they work their way into the feet of browsing animals, hitching an energy-free ride to a new patch of earth. The hooks wear down and the fruit breaks off and opens, spreading the tiny seeds. The devil’s claw has another conservation strategy: its fleshy underground tubers act as solar-powered batteries, storing photosynthetic energy for use during drought.
Using resources responsibly

A high level of efficiency is the hard currency of a well-run company. This holds true for our clients, as well as for Ernst & Young. We consider it extremely important to use resources responsibly in all areas. We bear this in mind when sending our employees to work on client projects and with regard to everyday resources that we use and consume in our offices in Switzerland, such as power, water and materials, IT hardware and paper. Every business trip increases global CO₂ emissions. We are aware of this and are therefore acting on it.

We regularly assess our actions and scrutinize our decisions to identify which aspects of our premises, our resources and our business travel actually create added value for clients and where we can save on unnecessary expenditure. Making adjustments to optimize the company and fit form to function benefits everyone - the environment, clients as well as our own organization.

Pioneer with platform

At Ernst & Young, we rent rather than own our office space in order to concentrate on what really matters. Our influence on the environmental efficiency of our work spaces therefore rests mainly on choosing modern and environmentally friendly real estate. A visible indication of this is when we moved our Zurich office into the building “platform” next to Prime Tower in Zurich-West in June 2011: a milestone on the path to increased environmental sustainability.

The seven-storey office building is built on a triangular plot, has floor space of 6,600 square meters and offers capacity for over 1,000 employees - half of Ernst & Young Switzerland’s total workforce. The new building has allowed us to leave the three separate offices that we previously occupied in the Zurich area. We are now united under one roof at a central and easy-to-access location.

Modern working environment

The office of the future distinguishes itself mainly by being versatile and open. In this respect, we offer an extremely innovative working environment, as the internal layout of platform, which features a transparent structure, pods of desks for individual teams, conference rooms, mobile workstations (desk sharing with few exceptions) and quiet rooms for private conversations, is ideally suited to working as part of a team and exchanging knowledge and ideas.

Management is part of this integrated working environment. In this context, the new Ernst & Young “Workplace of the Future” initiative (WoF) is proving to be a trendsetter. With WoF, we hope to meet the requirements of our young employees in particular as regards flexible working methods and hours, for instance by giving people the opportunity to work from home. We also aim to accommodate such needs by providing an appropriate environment and technological facilities. The initiative has an added bonus in that we are also able to reduce the costs and environmental impact of commuter traffic. WoF is an integrated project that addresses the working environment, our ability to compete and environmental protection all at once.

The location of platform in the middle of Zurich-West is ideal, as the district is quickly developing into a business center with a lively mix of well-known companies, start-ups, restaurants and cultural highlights.

Rare plants have run of the roof

The building was designed by the Gigon/Guyer architecture firm, which will also remodel the neighboring Hardbrücke train station in a process scheduled for completion in 2015. The construction of the Ernst & Young headquarters in Switzerland has already taken many important environmental concerns into consideration. A concrete plant was established onsite, meaning that there was no need to transport in some of the materials required for construction by lorry; the gravel required to make concrete was partly brought in by rail. The flat roof is home to an extensive array of greennery, including plants that are on the “blue list” of the “Grüne Stadt Zürich” (Green City of Zurich) initiative. The blue list features plants and animals that have...
been successfully rescued from extinction. The initiative has its roots in research work carried out mainly by the Geobotanical Institute of the Swiss Federal Institute of Technology Zurich.

**Economical energy consumption**

The platform building is a good example of the way that Ernst & Young prioritizes the efficient utilization of energy. Triple-insulated glazing with an insulation coating and exterior anti-glare shielding makes sure that the building envelope is MINERGIE®-compliant, retains the heat within the building in winter and ensures pleasant temperatures in summer. For the building technology, we harness the synergies of the adjacent Prime Tower, from which platform draws the power for heating and ventilation. To generate warm and cold temperatures, a heat pump is used which runs off groundwater and waste heat from the building. We also use district heating, but only to cover peak loads. We also place great importance on using environmentally friendly and climate-protecting heating systems at our other locations. With the exception of the smaller offices in Vaduz and Zug, which have oil-fired heating systems, every Swiss location is heated by means of district heating or natural gas.

**Daylight and green electricity**

Employees take significant responsibility for saving energy in platform, as each individual can regulate the temperature to the finest degree via the thermostats, open windows and adjust the automatic settings of the blinds to meet personal requirements, thereby making optimum use of the light.

The centerpiece of platform is the 25-meter-high atrium which spans all seven floors and allows ample daylight to flood the building. The lights in the building are equipped with motion and light sensors in order to ensure optimum lighting while consuming the lowest possible amount of energy.

When considering energy consumption and procurement at Ernst & Young, we do not only focus on being economical. We also pay attention to the way in which the energy is generated. Since the start of 2012, all Ernst & Young locations in Switzerland have only used green electricity from environmentally friendly, renewable energy sources, without contributions from nuclear power stations. For us, this is a must for the quality of electricity we use.
Mobility is not an end in itself
The platform building also has another major advantage – the Zurich office offers excellent transportation links for both clients and employees. The central location of the building in the immediate vicinity of the Hardbrücke train station makes an extremely important contribution to reducing environmental pollution caused by traveling. Mobility is a hallmark of our globally positioned organization and is one of the requirements associated with the globalization of the economy. We are aware of this problem (see page 10) and are therefore raising awareness of the issue among our employees at all locations, encouraging them to use public transport and also offering appropriate incentives to do so (see interview on page 52).

Data checks keep emissions in check
We strive to make traveling redundant if it does not actually add value or if alternative methods of communication could be used to replace an external meeting. For this purpose, we are providing employees with mobile video-conferencing facilities and we have installed convenient conference telephones in the offices. We believe that there is further potential to be tapped in this area. It is vital that employees are kept informed and are on-board with these plans. The WotF initiative also fits into the mobility issue.

Despite all of our successful efforts, the business trips that we do make by plane or train ultimately cause the emission of greenhouse gases. We are monitoring this situation very closely and on an ongoing basis. Transport emissions also occur in principle when sending items through the mail. We therefore joined the Swiss Post Office’s “pro clima” program for business clients a while ago. Since the beginning of 2012, the Swiss Post Office has absorbed the additional costs for domestic letters as part of this program, while Ernst & Young will continue to pay a small surcharge on all other mail items to compensate for CO₂ emissions.

Indirect emissions of greenhouse gases are also caused by the provision of the energy and district heating that we consume. CO₂ emissions made directly by us are caused, for example, by the natural gas heating systems in place in some of our buildings. As we are a knowledge-based company that does not manufacture any physical products, we only generate a small volume of business-related greenhouse gas emissions. This is reflected by the fact that our “Scope 1” emissions from direct energy utilization (oil and natural gas heating systems) and our “Scope 2” emissions from indirect energy utilization (electricity and district heating utilization) are exceeded considerably by emissions in connection with business trips.

At this point, we should note that our emissions are comparatively low and the compensation payments via the post office are not large enough to be of importance economically. Given our cost structure, potential price hikes for energy as a result of climate policy will also be of little consequence. In light of this, the issues of climate change and climate protection do not represent a significant business risk for Ernst & Young. We therefore do not need to carry out a formal, quantitative assessment of the financial consequences of climate change for our company.

On the other hand, the issues of climate change, environmental protection and sustainability have created demand among our clients, which we are happy to meet. We already have good experience with our Climate Change and Sustainability Services (CCaSS) and cleantech solutions. Further details can be found in the “Marketplace” chapter of this report.

Central printer stations
If you want to speak of the “products” that Ernst & Young generates, there are essentially only two of note – information and knowledge. The outputs of these products are only visible and tangible in the form of the workpapers and reports that document our findings and are submitted to our clients. Wherever possible, we work electronically and not with paper printouts. In order to keep the unavoidable printing activities as environmentally friendly as possible, we are increasing our efforts to work with central printing stations instead of having printers at each employee’s individual workstation. To this end, 166 printers have been removed from service in the current reporting year. In 2012 and 2013, we aim to remove a further 80 printers from service, which equates to 35 percent of the current inventory. All of the central printers in our new printing system allow duplex printing and have a double page function. This not only saves on paper, but also on toner. We aim to have duplex printing as standard in all of our systems by the end of 2012; this setting will only be able to be
changed manually, where necessary. In order to reduce the environmental impact of other paper consumption, we use paper that has FSC certification and the EU Ecolabel. And last, but not least, on this topic, the central printing stations have an energy-saving mode, which helps to conserve resources.

Clever logistics
The platform building meets the modern standards of economical water use, for instance, by having dual flush toilets, which also conform to the “Group for Energy Efficient Appliances - GEEA” energy label. Energy losses when using warm water are minimized by relying on decentralized thermal storage heating systems instead of a central hot water system. When we moved into the new head office, it was decided to make bottled water available in the client area only, i.e., when holding external meetings. Otherwise, employees can help themselves to drinking water from the mains-fed water stations. The new building sets the standard for all Swiss locations in this respect too. We will refrain from using bottled water everywhere apart from in client areas, which should reduce the burden on the environment as well as costs.

There has been a waste management plan in place across all locations for some time now. As part of this concept, waste is separated, for instance into paper, cardboard, plastic, or glass, and each material is then recycled according to type. We inform the employees via bulletins and waste disposal instructions posted on the intranet. We are particularly careful when it comes to waste paper. For confidentiality and data protection reasons, waste paper is first shredded by a specialist company and then sent for recycling. Electronic waste and other hardware is returned to the relevant suppliers so that it can be disposed of in an environmentally friendly manner.

Monitoring suppliers
Ernst & Young also asks its employees to keep the environment in mind when making purchases from external companies. At the global level, when submitting a tender for global IT procurement, all suppliers must specify how they are committed to protecting the environment and to what extent they would contribute toward environmental protection at Ernst & Young, were they to be awarded the contract.

Further progress with sustainable procurement was made locally in the furnishing of platform. All office furniture in the building has been tested in terms of environmental and sustainability aspects, and attested by the manufacturer.

For instance, the USM furniture systems have received the “GREENGUARD” certificate for indoor air quality. They also contribute to sustainability insofar as they have a long service life and are made from recycled steel. The furniture itself can also be recycled. Ernst & Young has also purchased a selection of other “GREENGUARD” certified products: items from the Vitra furniture ranges Visaroll, Eames Aluminum Group and Softshell Chair. Visaroll, Softshell Chair and the ID-Chair system from Vitra meet the quality and service life requirements of the “ANSI/BIFMA” standards for office furniture. In addition, the leather products purchased from the Gimmel tannery have been certified as being manufactured according to environmentally friendly methods and their service life has been tested. The manufacturer “Möbelfabrik Horgen Glarus”, which only produces its products locally in Glarus and generates the heat required for production exclusively using wood, supplies Ernst & Young with durable furniture made from solid wood. Furthermore, the furniture purchased from Corbat has also received the PEFC label for sustainable wood production.

Since moving to the new head office, the standard set in the platform building is also binding for all other Swiss locations. Throughout the offices of Ernst & Young Switzerland, any new office furniture purchased must meet the environmental criteria that were applied to the furnishings acquired for our Zurich office.
"We create incentives to travel by bus or train"

Lots of travel requests pass through her office. Travel manager Brigitte Kübler takes a close look at each one, as Ernst & Young Switzerland is doing all it can to reduce the impact of business trips on the environment.

Ernst & Young professionals travel a lot – by train, plane and car. Yet this mobility comes at a price to the environment. How do you deal with this?

We set up our travel management organization at the global level about two years ago. And at Ernst & Young Switzerland, we’re taking a number of small, concrete steps to help conserve natural resources and reduce our carbon footprint.

What do these steps involve?

Any flights to internal meetings have to be approved by the head of the appropriate business unit and any flights to see clients are carefully assessed and discussed with the client. Each employee receives a half-fare travelcard free of charge from Ernst & Young. This discount railcard can also be used for private travel. Given the distances within Switzerland, trains are of course an ideal means of transportation. We strongly advocate train travel and make use of the Swiss Federal Railways’ mobility solutions to rent cars at train stations for trips to remote locations. Not to mention the fact that our new office building in Zurich is very accessible by train, which also promotes sustainability.

And what about travel by car?

Our expenses regulations clearly favor the use of public transportation. The train travel equivalent of driving costs is only reimbursed if it is not reasonable to expect employees to go by train – e.g., if they are taking a large number of files to the client. In such cases, compensation is granted on a per-kilometer basis. In addition, the number of parking spots for employees in cities such as Zurich and Geneva has been drastically reduced.

Any flights to see clients are carefully assessed.

So far, we’ve only talked about business trips, but all the employees have to get to work every day, too. What’s the environmental impact of their commute?

It varies within Switzerland, but many of them do use public transportation. At least in Zurich, it’s clear that more and more employees are switching from car to train. The same goes for Geneva. In Ticino, cars still tend to be the norm.

How do you get to work yourself?

I’ve been taking public transportation for thirty years – anything else would be too stressful for me.
Focused travel management

How is it possible to have a high level of mobility while conserving resources? Ernst & Young Switzerland is aware of this conflict and operates an active travel management system with the aim of keeping CO₂ emissions to a minimum.

Reinier Labadie catches the train from Zurich to Lausanne very frequently. It is effectively his main travel route. The journey from the Limmat to Lake Geneva takes just over two hours, which the executive director at Ernst & Young Switzerland uses for work. Like Ernst & Young’s other employees in Switzerland, the train is an unrivaled means of transport for Labadie – for both national and international journeys. CEO Bruno Chiomento, for example, takes the train for up to 30 percent of his business trips every year, including to foreign destinations, such as Milan, Frankfurt and Paris. Auditors and advisors only catch a flight if the distance from the new Zurich office or our Geneva branch is too great and the meeting has to be attended personally.

We appreciate this is very often the case. It is a particular challenge to make sure we are there in person for meetings with our global clients. Being available involves travel – leading, as we know, to negative consequences for the environment due to greenhouse gas emissions. The trade-off between the corporate need for global mobility and environmental interests is discussed openly but can only be resolved to a certain degree. To do what we can, Ernst & Young operates an active travel management system. Our approach is aligned to our own high standards for sustainable work and operations. The principle is to provide the best possible service to the client (in consultation) while traveling as little as possible.

Labadie has a good example to reflect this. The regional head office of an important client is located in Hong Kong, while the branch is situated in Jakarta. There are good reasons why he needs to travel from Switzerland to Asia. Labadie planned his trip to combine meetings in Jakarta with meetings in Hong Kong. “You need to start thinking about such trips two months in advance. This also helps keep the price down. Good communication and setting the right priorities are key in the planning phase,” says Labadie. And what was his travel route? Zurich - Jakarta - Hong Kong - Zurich. Just one return flight.

Travel requests such as these are handled by Brigitte Kübler, assistant director and travel manager at Ernst & Young in Zurich (see interview on page 52). The most frequently booked destinations are London, Frankfurt am Main, Amsterdam and Berlin - and naturally New York. Internal project meetings and training sessions take place at a European level, which allows Ernst & Young to identify which areas need fine-tuning in order to achieve sustainably oriented travel management. For instance, even internal meetings are checked closely to see if they are necessary; some meetings can be held using good IT-based alternatives such as videoconferences. Last, but not least, it is important not to underestimate the time factor as an argument against business trips - even if it is possible to work on the train or during a flight.

Peter Mantel, Director of Logistics at Ernst & Young Switzerland, points to the principles defined at Ernst & Young. Stemming commuter traffic is an important issue within these basic principles, and the transport connections at the new building in Zurich played a key role in choosing the location. This issue is even more serious in the bustling metropolises of Asia and South America. It is against this background that the “Workplace of the Future” initiative (WoF) was developed. WoF is about innovative ways of working and managing working hours. “This is a large step in the right direction to help our people organize their work and home lives in the future,” says Mantel.

At a regional level, Ernst & Young Switzerland has been involved in the Swiss Post Office’s “pro clima” project since 2012. The project aims to enable a climate-neutral postal service - the Post Office levies a surcharge to compensate for CO₂ emissions. It is nominally only a small contribution, but the campaign sets a good example.

Peter Mantel sums up the situation: “Mobility is without a doubt a very important issue for our organization. At the same time, however, we support all activities that contribute toward conserving resources. We must not lose sight of this.” Is sustainability therefore a question of optimization? “Definitely, but it is also a question of raising awareness among all of our employees. We want to improve a little bit each day.”
Facts & figures

Scope and impact of travel
Air travel clearly dominates when it comes to CO₂ emissions caused by business trips.

<table>
<thead>
<tr>
<th>Distance traveled in pkm (passenger kilometers)</th>
<th>CO₂ emissions (tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9,978,137 (long-haul)</td>
<td>1,060</td>
</tr>
<tr>
<td>7,945,865 (short-haul)</td>
<td>1,040</td>
</tr>
<tr>
<td>7,423,000 (train)</td>
<td>59</td>
</tr>
<tr>
<td>228,000 (car, own vehicle)</td>
<td>32</td>
</tr>
<tr>
<td>213,061 (car, rental vehicle)</td>
<td>30</td>
</tr>
</tbody>
</table>

Since the start of 2012, the share of green energy in the total volume of electricity we consume has been:

Toner cartridges used
All cartridges are returned to the supplier for recycling.

3,100
Energy consumption (in GJ)
Ernst & Young primarily uses indirect energy, i.e., electricity and district heating.
The amount of direct energy we consume, such as natural gas and heating oil, is comparatively low.

<table>
<thead>
<tr>
<th></th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil</td>
<td>2,744</td>
</tr>
<tr>
<td>Natural gas</td>
<td>9,353</td>
</tr>
<tr>
<td>District heating</td>
<td>12,847</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Energy consumption (in GJ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil</td>
</tr>
<tr>
<td>2,744</td>
</tr>
<tr>
<td>405</td>
</tr>
</tbody>
</table>

Greenhouse gas emissions (CO₂ emissions in t)
The emissions generated by Ernst & Young as a result of direct and indirect energy consumption (“Scope 1” and “Scope 2” emissions)¹ are considerably exceeded by emissions from business trips (contribution to “Scope 3” emissions).

<table>
<thead>
<tr>
<th>Scope 1</th>
<th>Scope 2</th>
<th>Contribution to Scope 3 emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>181</td>
<td>165</td>
<td>2,221</td>
</tr>
<tr>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

¹ For direct emissions from oil and natural gas consumption (Scope 1), the emissions factors are based on data from the Swiss Federal Office for the Environment (FOEN). The energy mix has been taken into account for electricity and district heating (Scope 2). The entire volume of electricity came from renewable sources. For district heating, the emissions factors are based on ecowatt and the study “Primärenergiefaktoren von Energiesystemen” (primary energy factors of energy systems) commissioned by the Swiss Federal Office of Energy (SFÖE). These factors contain additional emissions from the upstream supply chain as well as transmission/distribution losses.

Letters, parcels and courier mail
Items sent through the mail are CO₂-neutral. The Swiss Post Office does not provide any figures on the volume of compensated emissions.

<table>
<thead>
<tr>
<th>Items sent by mail</th>
<th>Letters sent by mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>12,785</td>
<td>1,843</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Items sent by courier</th>
<th>Parcels sent by mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>396,767</td>
<td>12,785</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Paper consumption and origin of paper</th>
<th>Tons</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total purchased for internal use</td>
<td>111.1</td>
<td>FSC</td>
</tr>
<tr>
<td>Total purchased in connection with external printing jobs</td>
<td>11.3</td>
<td>FSC</td>
</tr>
<tr>
<td>Total purchased in connection with printed media (literature)</td>
<td>20.6</td>
<td>Unknown</td>
</tr>
<tr>
<td>Total paper consumed by external suppliers for marketing purposes</td>
<td>11.0</td>
<td>Unknown</td>
</tr>
</tbody>
</table>
Community

Entrepreneurship does not mean going it alone. That is why we exchange knowledge and experience at all levels within Ernst & Young; we maintain client networks and see ourselves as part of a global community.

We can only be greater than the sum of our parts if we are prepared to pull in the same direction and assume responsibility.

In a culture based on teamwork and cooperation, everyone benefits. We can all achieve more as part of a group than individually. Emperor penguins are a good example of this.
The emperor penguin endures ~47°C cold and 144 km/hr winds. The highest feather density of any bird (15 per cm²) and blubber make the ultimate winter coat, but their most effective strategy is social. Huge colonies of up to several hundred individuals shelter below inland ice cliffs, huddling in compact groups. Each bird cuddles up to its neighbor, shuffling from windward to leeward edge, and into the warm center. Each member of the group will get a turn. Where any single penguin would perish, together, they are able to create and support a sustainable existence.
One strategy - many faces: our commitment to society

Where should a company looking to demonstrate its sense of social responsibility start? We are focusing on three key areas: education, entrepreneurship and the environment. Our goal is to continuously strengthen our contribution in these areas. Yet we are also aware that sustainable projects bear fruit not only thanks to careful planning, but also - and especially - thanks to the people who breathe life into them. Ernst & Young Switzerland offers all employees the opportunity to get involved and make a personal contribution.

More and more companies are asking themselves what they are willing and able to contribute to the positive development of society. Today, corporate social responsibility (CSR) is commonly understood as a holistic corporate concept integrating all social, environmental and economic contributions that a company makes voluntarily - i.e., going beyond its legal obligations - to benefit the community as a whole. CSR activities have become more common in Switzerland too in recent years. Companies are encouraging community involvement - and getting involved themselves.

At Ernst & Young Switzerland, we see ourselves not only as part of a global organization, but also as an active member of the global community. We are a successful private sector organization and willing to take on responsibility for the good of society. Our community involvement is intended to reflect this. CSR is an integral component of our business strategy. We realize that earning the public's respect for our commitment to society has a positive effect on our successful cooperation with clients, partners, employees and organizations - and indeed, we consciously strive to strengthen this process.

Our triple E strategy

We channel our commitment into three key areas that we like to call our three big Es - Education, Entrepreneurship and Environment. We therefore primarily select projects based on whether they fit into one of these three areas and are in line with our strategy. We also look for national projects that will span several years, as we are keen to establish medium and long-term cooperation projects.

Ernst & Young employees are closely involved in our CSR activities. For example, one option under the corporate Christmas gift program is to have Ernst & Young make a donation to a charitable organization. In addition, partners donate their anniversary bonuses. To keep all employees up-to-date and provide details of the opportunities available, we publicize all activities internally on our volunteering website. This annual report is ultimately also an important way of spreading the word about our commitment internally and externally.

At the beginning of summer 2012, we launched a volunteering program that has opened up a new field of CSR activity. The program offers a range of opportunities to carry out voluntary, unpaid work for a good cause. All permanent employees - from trainees to partners - have one working day each year that they can use to take part in one of Ernst & Young's selected projects. Colleagues opting not to do so can alternatively select the option "donate your day" and transfer their hours to a colleague or to a joint project account. Ernst & Young volunteers have gone into action five times so far: helping the Berne Parks and Gardens Department, mucking in on a mountainside farm, participating in the Young Enterprise Switzerland (YES) project to promote schoolchildren's grasp of economic topics, and lending a hand - twice - at the St. Jakob foundation in Zurich. The foundation offers people on disability benefits many different kinds of work in a protected environment with a structured daily routine. Most of the people working there have physical or mental disabilities. More than 150 Ernst & Young Switzerland employees have participated in the corporate volunteering program to date (see pages 66-71).


**E for Education**

Given our identity as a knowledge-driven organization, education takes top priority in everything we do. We seek sustainable solutions for generating and sharing knowledge that brings people life-long benefits – both on and off the job. We work closely with schools and universities to fully equip the next generation to take charge of their own lives. For instance, some Ernst & Young partners hold positions as academic instructors and honorary professors at the economics departments of universities (see the interview on page 62). Ernst & Young is thus making a decisive contribution to the positive development of society overall, as education is the key to economic independence and strong civic awareness. Ernst & Young has created a wealth of educational opportunities to this end. The Swiss Institute of International Studies and Ernst & Young launched the annual SIAF Award in 2009 for outstanding dissertations and master’s theses written at the University of Zurich and the Swiss Federal Institute of Technology Zurich (ETH). The winning academic papers address issues deemed highly relevant for grasping the political, economic, social and cultural interconnections in today’s globalized world. They also stood out because of their solid academic foundations, original and independent critical thought, and innovative hypotheses. The SIAF Award includes prize money of CHF 10,000 and the winners are selected by...

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**Sharing knowledge**

Universities are the ideal place for our lecturers to pass on their knowledge and valuable experience to the next generations.

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Maximum Auditorium at the University of St. Gallen - a meeting place for lectures and special events.
an academic jury (www.siaf.ch). In addition, the newly founded International Summer School on Responsible Business is helping turn our guiding CSR principles into everyday reality. Around 40 young executives from a number of different countries including Switzerland can take advantage of this one-week summer school opportunity.

**E for Environment**

We aim to ensure that our daily business activities are environmentally sustainable. Wherever possible, we look for climate-friendly alternatives that consume fewer resources. We have dedicated an entire chapter of this report to our environmental commitment (see pages 46-55).

**E for Entrepreneurship**

We encourage entrepreneurial thinking and action. Entrepreneurs create jobs and new products with their ingenuity, entrepreneurial courage and the perseverance to see things through. They create value added. In doing so, confident entrepreneurial personalities always keep in mind their professional and moral responsibility for the overall organization. Ideally, they serve as important role models. This is our understanding of what entrepreneurship is all about. We seek out, recognize and strive to develop the potential of such personalities by providing them with targeted support. The long-established and highly prestigious Entrepreneur Of The Year® award is a globally visible and recognized example of our dedication in this area (see page 30). We have also been involved in a strategic partnership with the Swiss Venture Club (SVC) for many years now. The SVC, an independent nonprofit association organized by and for entrepreneurs, aims to support SMEs. Each year, the association honors entrepreneurs in seven economic regions and three language areas with the well-known SVC Entrepreneurship Award. The winners of each category are automatically nominated for Entrepreneur Of The Year. The Swiss Entrepreneurship Foundation (SEF) promotes people and organizations that come up with novel entrepreneurial concepts to address social issues. With its Social Entrepreneurship Start-up Award, the foundation recognizes projects that have innovative business models designed to tackle social and environmental challenges. Ernst & Young Switzerland provides the CHF 10,000 funding for the special award for Social Innovation. In July 2012, the nonprofit organization Eaternity was honored for its novel approach toward sustainable eating habits and climate protection (see adjacent picture). Eaternity was founded by students from the Swiss Federal Institute of Technology Zurich. Their research focuses on the ways in which eating behavior and climate change are connected and aims to convince consumers to adopt more sustainable eating habits.

**Sponsorship through knowledge**

Our sponsorship strategy is independent and separate from the CSR activities. Ernst & Young's sponsorship activities focus above all on projects that make it possible for us to apply our knowledge and expertise besides providing funding. One example of this is our support for the Capital Market Forum created in 2012. Ernst & Young employees contribute their expert knowledge as speakers at this two-day conference with international reach.

**Local commitment - central procurement**

Our community involvement includes memberships in a number of relevant organizations. For instance, Ernst & Young Switzerland is a member of the Swiss think tank Avenir Suisse, the Swiss Chamber of Certified Accountants and Tax Consultants and various chambers of commerce in Switzerland, not to mention our presence on the board of economiesuisse. We do not make any donations to political parties. However, our employees are free to get involved in political affairs as private individuals.

There are also certain rules that apply to our procurement and supplier decisions. The most important principle is that Ernst & Young must be able to maintain its independence as an audit and advisory firm at all times. This is set out in Ernst & Young's global procurement directives and thus applies to Switzerland as well. Our centrally organized procurement department defines which duties and responsibilities are to be carried out and adhered to locally, i.e., within Switzerland. For example, the procurement directives stipulate that throughout Switzerland, Ernst & Young is only permitted to purchase green electricity. Each office is responsible for arranging agreements with local power suppliers accordingly. However, we also conclude contracts...
His efforts have paid off - Manuel Klarmann (center) is in good spirits, holding up the Social Innovation 2012 award for the camera. Ernst & Young provides the funding for this prize as part of the Swiss Entrepreneurship Foundation’s annual Start-up Award. Klarmann and his team at the nonprofit association Eaternity won over the jury with their goal of putting climate-friendly food on the table and their development of a web app that allows, for example, restaurants to easily calculate and provide information on the amount of CO2 generated by a given meal. The connection between eating habits and pollution is unmistakable. At a global level, food production causes more greenhouse emissions than private transportation. Roger Müller (left), partner at Ernst & Young Switzerland, and Judith Ellens, the initiator of Eaternity, shared in Klarmann’s good spirits.

That apply uniformly across Switzerland, including those for maintenance cleaning, office supplies, coffee machines, security services and water dispensers.

Suppliers are primarily selected based on cost and quality considerations. Although there are no selection criteria explicitly favoring local suppliers, almost 100 percent of all suppliers are based in Switzerland. Given the transparency of our relationships with suppliers, this annual report does not specifically consider criteria such as eco-friendliness and human rights, nor does it cover topics such as child labor or other kinds of forced labor. However, we are aware of these issues and urge all employees to keep sustainability in its broadest sense in mind when purchasing items like IT equipment or office furnishings.
“Students need to know what is important in everyday life”

A win-win situation: proven experts from the field bring their expertise to university lecture halls. Everyone benefits from this transfer of knowledge – the students, academia, and even the lecturer, as Andreas Blumer can testify. The Ernst & Young partner has been involved with the University of St. Gallen for years now and received an honorary professorship there at the beginning of 2012.

You yourself were a student at the University of St. Gallen (HSG), you have been teaching there for a few years and now you have also become an honorary professor. What do you like about being a lecturer?

We have been living in a very dynamic economic climate for a while now. Regulatory pressure is growing continuously and many new topics have emerged over the last 15 years, such as Basel II and III, and cross-border/US tax problems. The longer that you work in the field, the more management tasks you take on, which can leave little time to develop academic knowledge to the extent that you would like. My teaching activities have always been very important to me as they allow me to expand my knowledge and look into specific problems on an academic level without client pressure. By lecturing, I stay up-to-date on a professional and personal level – and I enjoy working with committed young people.

The link between theory and practice is very important for Ernst & Young. To what extent do students and the universities benefit from your practical knowledge?

Passing on accumulated knowledge is indeed a matter of great importance for us here at Ernst & Young. We want the students to get a sense of how theoretical expertise is actually carried over in practice. The feedback regarding the increased practical orientation within the degree programs has been very good; the students would like to see even more.

What do your teaching activities involve?

I work mainly with master’s degree students who have good basic knowledge and have already taken part in an internship. The courses that I run are not lectures in which I deliver a monologue. Rather, they are workshops with many opportunities for discussion. I often invite guest speakers to my classes, i.e., people who work in banks and other
large companies, CFOs, heads of internal audit, Chief Risk Officers, etc. They talk about the practical challenges they have faced and then discuss and develop solutions with the students. This goes down very well with all involved. Business management programs at universities tend to be very focused on purely empirical research.

Passing on accumulated knowledge is indeed a matter of great importance for us here at Ernst & Young.

This is difficult for auditing, however, which tends to be more normative. In my classes, the students focus on legal texts, standards and methodology. Without practical examples, the course would be lacking an important content aspect. And this is where I can provide added value to the university. Students acquire a wealth of theoretical knowledge but I can point them to the key issues, the areas that really matter when working in the field. In addition, I structure the content of the course at HSG in a way that links audit and consultancy on the one hand with the finance industry on the other. These subjects are traditionally taught in separate institutes.

Can you give us an example where the practical side is particularly important for students? An example would be CoCo bonds, which were put on the market to increase banks’ equity. CoCo is short for “contingent convertible”. The average student has little concept of how these bonds would actually be converted into capital in the event of a crisis.

We also address the personal responsibility of the individual.

During the course of the global financial crisis, the discussion regarding the ethical capacity of those soon to be graduating with MBAs reached fever pitch. Is the concept of the “respectable businessman” outdated?

During my PhD, I was an assistant to Professor Claude Bourqui, also an Ernst & Young partner. He promoted the ethical aspects of auditing and not the corporate. He was a great role model to me.

What tips do you give your students before they embark on their careers?

Integrity and sustainable action need to be the benchmark for every party involved in economic life. If you are hell-bent on selling property loans, for example, you have to consider the consequential losses on the basis of the risk perspective alone. However, we also address the personal responsibility of the individual. The students understand that; whether they are actually able to implement this at a later date it is another matter. In addition to this, I have made another interesting observation. Take regulation for example. In the past, HSG was seen as being economically liberal, but today the students advocate increased regulation. If you ask them for exact reasons, the arguments they provide tend to be of an emotional nature. I strive to achieve a balance, I look for well-founded arguments in the context of objective discussions.

When you were appointed honorary professor at the beginning of 2012, you stressed that you wanted to introduce current topics and trends into the university system. What, for you, is particularly topical at present? This year, politico-economic reports in the media have been interesting against the backdrop of the euro crisis. However, I personally focus on the business side of economic issues. There is a connection with the financial crisis when you look at the capital adequacy requirements of the banks though.

I believe that focusing on the ethical aspects of auditing is commendable.

This issue is the one that the students and I find most fascinating at the moment. There is a wide range of instruments in this area – and requirements, of course. The trend is moving in one direction. Everyone needs to substantially increase capital. However, the situation means that loans are harder to come by so savings have to be made.

Which experts inspired you in your student days?

Which experts inspired you in your student days?

During the course of the global financial crisis, the discussion regarding the ethical capacity of those soon to be graduating with MBAs reached fever pitch. Is the concept of the “respectable businessman” outdated?

What tips do you give your students before they embark on their careers?

Integrity and sustainable action need to be the benchmark for every party involved in economic life. If you are hell-bent on selling property loans, for example, you have to consider the consequential losses on the basis of the risk perspective alone. However, we also address the personal responsibility of the individual. The students understand that; whether they are actually able to implement this at a later date it is another matter. In addition to this, I have made another interesting observation. Take regulation for example. In the past, HSG was seen as being economically liberal, but today the students advocate increased regulation. If you ask them for exact reasons, the arguments they provide tend to be of an emotional nature. I strive to achieve a balance, I look for well-founded arguments in the context of objective discussions.

When you were appointed honorary professor at the beginning of 2012, you stressed that you wanted to introduce current topics and trends into the university system. What, for you, is particularly topical at present? This year, politico-economic reports in the media have been interesting against the backdrop of the euro crisis. However, I personally focus on the business side of economic issues. There is a connection with the financial crisis when you look at the capital adequacy requirements of the banks though.

I believe that focusing on the ethical aspects of auditing is commendable.

This issue is the one that the students and I find most fascinating at the moment. There is a wide range of instruments in this area – and requirements, of course. The trend is moving in one direction. Everyone needs to substantially increase capital. However, the situation means that loans are harder to come by so savings have to be made.

Which experts inspired you in your student days?

During my PhD, I was an assistant to Professor Claude Bourqui, also an Ernst & Young partner. He promoted the ethical aspects of auditing and not the corporate. He was a great role model to me.
Facts & figures

Number of working days that Ernst & Young has made available for corporate volunteering

2,036

Number of projects
Fiscal 2012

5

Projects coming up
1st half of fiscal 2013

Amenden mountain farm
Berne Parks and Gardens
St. Jakob foundation Zurich, bakery
St. Jakob foundation Zurich, services
Young Enterprise Switzerland (YES)

Domizil retirement homes, Berne
Caritas, Lucerne
“Gassenküche”, Basel
Lutisbach children’s home, Oberägeri
Partage
Zurich city social services
St. Jakob foundation Zurich, bakery
St. Jakob foundation Zurich, services
YES

Plus plans for 7 more projects
2nd half of fiscal 2013

Professors and lecturers at universities and universities of applied science as of 1 October 2012

- Dr. Andreas Blumer
  Honorary professor, Uni St. Gallen, Accounting & Finance
- Dr. Thomas Nösberger
  External lecturer, Uni Fribourg, Audit
- Stephan Kuhn
  External lecturer, Uni St. Gallen, Tax Law
- Dr. Philip Robinson
  External lecturer, Uni Zurich, Tax Law
- Jérôme Desponds
  External lecturer, Uni Lausanne, Audit
- Dr. Georg Lutz
  External lecturer, Uni St. Gallen, Tax Law
- Dr. Hans-Joachim Jäger
  External lecturer, Uni St. Gallen, Tax Law; Lecturer, Uni St. Gallen, Executive MBA and M.B.L. at the Executive Campus HSG
- Barbara Henzen
  Guest lecturer, Uni St. Gallen, Tax Law; Lecturer SIST Tax Master’s and VAT Master’s
Corporate volunteering

Involvement in the community is a large undertaking. We want to honor this commitment every year by organizing initiatives big and small. Our volunteering program addresses this aim.

Our employees invest time in social projects and initiatives to benefit everyone. Or they use their knowledge to teach economics to schoolchildren.

One thing is certain: Ernst & Young volunteers give their time and effort - and receive a great deal in return from the people they help.
The tourism website of Amden am Walensee in the canton of St. Gallen promises “active mountain adventures”. Mountain farmer Peter Böni (33) runs a farm in the village (population: 1,600) and gets enough exercise every day. The 60 animals that he owns keep him on his toes, including Galloway cattle, a rarity in the region. When he chose the breed, he was looking for something special. “They are also very robust,” confirms the farmer. Following the harsh winter this year, forests and meadows were littered with logs and branches, fences were destroyed. “The snow ruined everything,” says Böni. This is where the volunteers from Zurich came into their own. 80 Ernst & Young employees chopped wood, cleared the mountainside and put up fences all day long. They even helped the neighbors, too. Peter Böni’s reaction? “Fantastic!”

“Without the Ernst & Young volunteers, I would have needed at least two days longer for the clean-up work.”

Peter Böni, mountain farmer in Amden am Walensee
Volunteering at the St. Jakob foundation, Zurich

Shift work for sweet and salty treats

It looks easy, but it is not. Shaping croissants is a skill to be learned. Under expert guidance, Ernst & Young volunteers managed to live up to the quality standards of the bakers at the St. Jakob foundation.

After all, the Zurich-based business has made a name for itself not least thanks to its extra-large, handmade pastries. The bakery, pastry shop and confectioner supplies four of its own stores as well as various restaurants, caterers and service providers in Zurich. These goods are produced within the foundation’s catering division. Volunteers from the world of business also proved themselves worthy workers here when preparing sandwiches and various sweet treats. At the end of the morning shift, the volunteers were shown how to “braid” bread. Braiding the traditional Swiss “Butterzopf” was the highlight for the newcomers!

65 specialists and 100 sheltered employees, most of whom have mental disabilities, work in the catering division led by Dieter Koller. The trained hotelier and restaurateur encourages the volunteer program: “It helps raise awareness among those from different walks of life about the needs of disabled people.”

“The volunteer program helps raise awareness for our work, which we welcome.”

Dieter Koller, head of the catering division at the St. Jakob foundation
Lending a hand in the service division

So this is where Zurich’s Santa Claus sacks come from! Every year, the St. Jakob foundation supplies over 10,000 sacks for St. Nicholas Day, making it one of the largest manufacturers of Santa Claus sacks in Zurich. 160 employees, including 140 with mental disabilities, work in the service division of the nonprofit foundation alone. The foundation’s portfolio is broad, as explained by the division’s head, Martin Lähner (50): A packaging center (packaging and digital archiving), joinery and a braiding facility all form part of this division. The division generates a lot of its own income (70 percent), and the rest is covered by cantonal subsidies.

The supplier’s brochure claims “Once we get started, we can wrap anything”. This also proved true of the 40-odd Ernst & Young employees who volunteered their services at the foundation for one day, and were later involved in packing work. “We especially welcome the extra hands when we are under pressure,” says Lähner. He was particularly pleased to see how the guest workers from the world of business really got talking to the employees. He also hopes that this will be good advertising for the company: “Work is what makes us thrive.”

“We have to find useful work for the volunteers - it is a bit of extra effort at first, but it’s worth it.”

Martin Lähner, head of division at the St. Jakob foundation and trained social worker
Christoph Teuscher was ultimately very impressed by the “office workers”, as he fondly likes to call them. He was initially unsure how the twelve Ernst & Young employees would cope with shoveling, sweeping and raking the forest paths in Berne’s Aarehang. The workers needed plenty of elbow grease. The English gardens are part of the Swiss capital’s green space – 132 public parks, 640 other green areas, 95 playing fields, three municipal graveyards and around 2,000 community gardens. The Berne Parks and Gardens Department maintains and landscapes all of these under the leadership of Christoph Schärer. There is always a lot to do but little time. All the more reason to welcome the Ernst & Young volunteers who cleared the paths – and the workload – for the Parks and Gardens Department in the eastern maintenance district. A great help for Teuscher, who is responsible for the district, and his team of 30 employees.

“The Ernst & Young people gave it their all – it worked out really well.”

Christoph Teuscher, eastern maintenance district, Berne Parks and Gardens Department
Switching from auditor to educator is not easy – especially not overnight. Those at Ernst & Young who agreed to get involved in teaching for the “Young Enterprise Switzerland” (YES) education program had to hit the books again themselves. At introductory courses, the volunteers learn how to describe the main features of the social market economy or explain to primary and secondary school pupils how to deal with money through games. This is a fascinating experience for everyone involved. “The effect that the volunteers have on the pupils is unbelievable. They listen so enthusiastically when someone from the world of business visits,” says Noémie Sasse from experience. The 25-year-old has worked for the nonprofit organization YES for a few years now and has already trained numerous volunteers. YES is currently active in 165 Swiss classes and the number is rising. Job interview role plays are part of the typical YES repertoire for 14 and 15-year-olds. “We hope to introduce entrepreneurial training as a valuable addition to the school curriculum,” explains Sasse.

“In the classroom, we need the experience of people from the workforce – they are real role models for our students.”

Noémie Sasse, member of the YES Management Committee
Ernst & Young Switzerland considers sustainable economic activity to be an integral part of corporate governance and a key requirement for long-term market success. This applies not only to the services for our clients, but also to our own organization. In this context, Ernst & Young wants to provide transparent, comparable information about its objectives and performance. Therefore, the Global Reporting Initiative (GRI) guidelines have been used for the first time in this annual report focused on sustainability.

The GRI is a nonprofit organization made up of many stakeholders. The initiative provides companies and other organizations with a systematic basis for sustainability reporting. This framework facilitates comparison and understanding of information disclosed on economic, social and environmental performance.

GRI application – checked and confirmed
This 2012 annual report in conjunction with the GRI content index published on the internet fulfills the requirements of the GRI G3.1 guidelines to application level B+. This was checked by GRI and confirmed on 11 October 2012 (see page 74). The content index provides cross-references to the report, indicating where to find details about the company profile, management approach and performance in the categories economy (EC), environment (EN), labor practices and decent work (LA), human rights (HR), society (SO) and product responsibility (PR).

Concentrating on the essentials
In this report, Ernst & Young Switzerland has focused on the points that are vital for sustainable corporate governance. All GRI indicators have been systematically reviewed to ascertain their significance for Ernst & Young's sustainability reporting. They were each assigned as potential content to a corresponding chapter. A workshop was then held to determine the importance of each content point, i.e., the relevance for decision-making, from an external stakeholder perspective and from our own internal point of view. This workshop was based on the test questions from the section “Determining Materiality” of the GRI Sustainability Reporting Guidelines.

Subjects that are of interest both internally and externally make up the lion’s share of this report. We have consciously chosen to afford less space to topics that are more relevant from one perspective than the other. The GRI indicators that were defined as material are covered in this report wherever data was available.

Scope
This report refers to the 2011/2012 fiscal year of Ernst & Young Ltd in Switzerland. The report also contains information on the activities of the global Ernst & Young organization to provide context. The nature and scope of the disclosed data conform to the GRI guidelines, provided that the necessary data was available. Ernst & Young Switzerland has chosen to have the data externally assured (see page 76/77).
Statement
GRI Application Level Check

GRI hereby states that Ernst & Young Ltd has presented its report “Annual Report 2012” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 11 October 2012

[Signature]

Nelma Arbeex
Deputy Chief Executive
Global Reporting Initiative

The “+” has been added to this Application Level because Ernst & Young Ltd has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.

www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio-visual material, this statement only concerns material submitted to GRI at the time of the Check on 2 October 2012. GRI explicitly excludes the statement being applied to any later changes to such material.
Targeting transparency
Swiss companies are increasingly incorporating sustainability into their business activities. Our study examines the level of detail in their reports and explores how they compare internationally.

Six growing trends in corporate sustainability
Sustainability efforts are well integrated at many companies. We explore key trends and next steps organizations can take to move them forward even further.

Can the market economy function without environmental transparency?
This report concludes that free market economies rely on transparency and information and that there is a need to incorporate environmental impacts into the price system.

How do companies do business in a carbon-constrained world?
This report discusses the business impacts of a carbon-constrained world and considers how companies can prepare for a low-carbon economy.

“Nachhaltigkeitsthemen bei Immobilieninvestitionen”
This study shows that sustainability in real estate is now about much more than image – it has grown into a key factor in real estate finance. Only available in German.

Cleantech matters: Global competitiveness
In this report, you will find in-depth articles providing insight into different facets of the cleantech market and perspectives from Ernst & Young’s global cleantech leaders.

Growing beyond: the cleantech growth journey from product development to global market leadership
What did cleantech CEOs say are the key issues, lessons-learned and success factors for reaching the next stage of growth? Find out in this CEO insights report.

Cleantech matters: moment of truth for transportation electrification
Ernst & Young’s Global Cleantech, Power & Utility and Automotive Centers brought together entrepreneurs and thought leaders to strategize and mobilize toward an EV future.
Zurich, 29 October, 2012

Independent assurance report

To the Management Committee of
Ernst & Young Ltd, Basel

Our engagement

We have performed a limited review of the „Facts & Figures“ disclosed in Ernst & Young Switzerland’s sustainability reporting based on the GRI Guidelines (hereinafter: "Report") for the period from 1 July 2011 to 30 June 2012.

- Information on the company (pages 20 and 21 of the Report)
- Information on the marketplace (pages 32 and 33 of the Report)
- Information on the workplace (pages 44 and 45 of the Report)
- Information on the environment (pages 54 and 55 of the Report)
- Information on the community (page 64 of the Report)

We have performed the engagement in order to obtain limited assurance as to the extent to which the aforementioned information was generated in alignment with the reporting principles and criteria mentioned under “Criteria” below.

Our procedures were planned to obtain limited assurance as a basis for our conclusion. The scope of work to obtain evidence is reduced compared to the scope required to obtain reasonable assurance (e.g., in an audit of annual financial statements) such that a lower degree of audit assurance is obtained.

The signed engagement letter dated 26 September 2012 forms the basis for this engagement.

Limitations of the engagement

Our engagement was limited to a review of the Information defined above. We have not assessed the following data disclosed in the Report:

- Data for the previous reporting periods were not reviewed unless it was required for plausibility checks
- Any information in the reporting period not explicitly mentioned
- All qualitative information in the Report

Criteria

The Report was prepared by Ernst & Young Switzerland on the basis of the following reporting principles and criteria (hereafter: „Criteria”) applicable for the reporting period:

- Sustainability Reporting Guidelines Vol. 3.1 of the Global Reporting Initiative (GRI)
- Internal guidelines and process descriptions supplementing Vol. 3.1 GRI as per date of this report

A summary of the guidelines is presented on the GRI homepage. We evaluated the Information based on these Criteria. We believe that these Criteria are a suitable basis for our review.

Responsibility of the Management Committee of Ernst & Young Ltd

The Management Committee of Ernst & Young Ltd is responsible for preparing the GRI Report and the Information contained therein in accordance with the aforementioned Criteria. This responsibility includes developing, implementing and safeguarding internal controls of material importance for preparing a report that is free from material misstatements. This responsibility includes selecting and applying suitable reporting standards,
as well as measurement methods and estimates deemed suitable in view of the circumstances.

Our approach

Our responsibility is to express a conclusion on the information disclosed in the Report based on our review to obtain limited assurance. We have planned and performed our engagement in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) and the Code of Ethics for Professional Accountants, issued by the International Federation of Accountants (IFAC), which includes requirements in relation to our independence. We have performed all of the procedures required to ensure a suitable and sufficient basis for our conclusion.

In accordance with the engagement letter, our duty of care only extends to the Management Committee of Ernst & Young Ltd.

Overview of our work

Within the scope of our engagement, we obtained evidence on a sample basis considering materiality and assurance engagement risk to obtain limited assurance on the compliance of the report with the Criteria. The nature and scope of our work, including appropriate samples, were based on our professional judgment used in forming our conclusion. The performance of our engagement included the following procedures:

- Assessing the appropriateness of the underlying Criteria and their consistent application
- Making enquiries of Ernst & Young Ltd's employees as regards the sustainability strategy of Ernst & Young Switzerland
- Making enquiries of the employees that were responsible for preparing the sustainability report based on the GRI Guidelines in order to assess the processes involved in drawing up the Report, the reporting system, the methods used to obtain and process data, as well as internal controls to the extent relevant for a review of the Report
- Inspecting the system and process documentation in order to collect, analyze and aggregate the sustainability data on a sample basis
- Analytical considerations, enquiries and inspection of documents on a sample basis with regard to the collection and reporting of qualitative information

Our conclusion

Based on our review, nothing has come to our attention that causes us to believe that the report does not comply in all material respects with the specified Criteria and the GRI application level B+. 

Treuereva Ltd

Maryann Rohner
Partner

Philippe Keller
Partner
Partners of Ernst & Young Switzerland

A
Alton John, Zurich
Amhof Roger, Zurich

B
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Bauer Thomas, Basel
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Bludzien Laurent, Geneva
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Cardinaux Pierre-Alain, Lausanne
Cassidy John, Zurich*
Castagna Cataldo, Zurich
Chiomento Bruno, Zurich
Christen Edgar, Zug
Christen Heinrich, Zurich
Coats Peter, Zurich
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Dalla Torre Michael, Basel
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Desponds Jérôme, Geneva
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Fawer Patrick, Basel
Fehr Rico, Zurich
Flochel Patrick, Zurich
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Goldberg Adalai Todd, Zurich
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* International partner in Switzerland

As of 30 September 2012
Publisher
Ernst & Young Ltd

Responsible
Birgit Pestalozzi,
Marketing and External Communications

Content
Ernst & Young Ltd

GRI advisory services
sustainserv GmbH, Zurich and Boston

Design and realization
Infel AG, Zurich

Text
Infel AG, sustainserv GmbH, Ernst & Young Ltd,
Bioinspire me

Layout
Sabine Reissner

Photography
René Dürr, Zeljko Gataric, Hannes Thalmann,
Ernst & Young, Valérie Thoma

Sources and picture references
Pages 1, 13, 23, 35, 47 and 57:
Biomimicry Resource Handbook
Naturefactor

Wood on cover: native walnut tree

Print
Vogt-Schild Druck, Derendingen

Orders/change of address
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Gender equality is important to us
Every care has been taken to ensure that we do not exclude either gender in the terms used in this report.

This brochure is also available in German and French.
Only the German version is legally binding.

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SRE 1012-039
ED note