

Chairman's Statement

Talal Abu-Ghazaleh, Chairman & CEO

I am pleased to reaffirm that Talal Abu-Ghazaleh Organization, as well as all subsidiary and affiliated companies and entities in which TAG-Org has deciding influence, support the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress (for calendar year 2013), we describe our current, historic, and ongoing actions and commitment to continuously improving the integration of the Global Compact principles into our overall business strategy, culture and daily operations; we value our capacity to make a positive difference in the local communities around the world where our stakeholders live.

We are committed to proactively communicating our support for the Compact with all our stakeholders, including clients, business partners, academics and government officials.

TAG-Org is a unique organization not only in the Arab world, but among its global peers; we have always believed that it was sensible, appropriate and effective for a for-profit enterprise to have a not-for-profit mission, namely the socioeconomic development of the Arab world and other developing countries. Each of the Global Compact Ten Principles is important in its own right, and together lay the essential groundwork for socioeconomic development efforts to be effective and successful. They are core values for us.

We invite all our business stakeholders, particularly clients and partners, to join us in supporting the UN Global Compact.

TAG-Org Commitment to the Global Compact

The UN Global Compact was officially launched on July 27, 2000 at the United Nation's Headquarters in New York. TAG-Org has supported the UN Global Compact Ten Principles since its founding, in 1972, with an even broader, self-appointed mandate to contribute to the socioeconomic development of the Arab world and other developing countries. Under the auspices of this guiding principle and objective TAG-Org has long embraced a wide-range of United Nation's programs, projects and initiatives all under the broad rubric of social and economic development.

Respect for worker and human rights, fighting corruption and protecting our shared environment are all essential precursors for equitable and sustained development of society and the economy.

TAG-Org formally embraced the UN Global Compact in 2004, however our record of support and mutual cooperation goes back decades. With our roots as an accounting and finance company it is not surprising that many of our areas of support for UN values and initiatives have been related to accounting; as our organization has evolved over the years into a complex and

interrelated interdisciplinary group of professional services firms, we have found an increasing variety of ways in which we can support the principles and standards that underlay the UN Millennium Development Goals and Ten Principles.

1. Human Rights

TAG-Org has tacitly supported universal human rights since it was founded in 1972. Since officially joining the Global Compact in 2004, TAG-Org has explicitly affirmed its support for the Universal Declaration of Human Rights, and related principles.

Upon joining the UN Global Compact, TAG-Org made compliance with UN human rights' principles a requirement for all suppliers and business partners. An addendum on the importance of supporting the Universal Declaration of Human Rights was incorporated into the TAGCO standard audit outline.

TAG-Org completed an internal evaluation of our organization-wide exposure to human rights issues and concerns; it was determined that despite limited direct links to significant human rights issues, we can provide constructive support for this principle through express affirmations of our support across our extensive communication and public relations networks and by focusing on one of our group's longtime strengths, advocacy and education.

Initiatives planned for 2014 include specialized training courses for auditors and accountants on how to incorporate support for the Universal Declaration of Human Rights in day-to-day responsibilities and routine due diligence.

Our senior compliance officer, located in our Regional Office in Amman, Jordan, is responsible for our corporate human rights' policies on a company-wide, global scale.

2. Labor

TAG-Org has a record of unparalleled support for the rights of workers and respect for the value of labor within society, and has been a leader in this regard in the Arab world. We have explicitly endorsed ILO core conventions, and supported all labor rights for our employees that are allowed by law.

TAG-Org's corporate mission, and that of its founder and chairman, has always been to contribute to the socioeconomic development of the Arab world; as the Chairman has always stated, the people are our greatest resource, and training and development have always been integral to both our business and ethical philosophy and outlook. Respect, support and development of our employees and workers is therefore a core value for our firm.

We have been particular leaders in our region in having and promoting merit-based, bias-free hiring and human resources practices; discrimination by race, gender, etc. is not tolerated and in our many diverse training and educational resources we highlight both tacitly and directly the business benefits of supporting universal labor principles and rights for employees and other workers. This support predates our Compact membership by decades.

After joining the Compact in 2004 TAG-Org not only maintained equal opportunity hiring practices, but also set additional targets for hiring of female employees; the oversight of TAG-Org employee relations, contracting, etc. is all managed centrally from our Regional Office in Amman, Jordan. TAG-Org also has an excellent record not only in hiring but of promoting women and minorities to senior management positions. TAG-Org's equal opportunity practices can be observed simply by meeting its management, a diverse mix of nationalities, ethnicities and religions, including many women in executive roles; it is also a theme that is found throughout company documents and materials.

TAG-Org hosts and participates in numerous conferences and other events promoting the role of women in society, particularly in business and education.

3. Environment

As a professional and educational services company, TAG-Org has a less significant environmental footprint than industrial and manufacturing firms, however we have sought to accept responsibility for those environmental issues and values that are in our purview to control or influence; the former includes building design and renovation, architecture and efficiency of equipment etc. As is typically the case with an information firm focused on accounting, finance consulting and education, the most significant way that TAG-Org supports UN environmental values is in our capacity to inform, promote, train and advocate through our diverse and extensive network.

TAG-Org had the honor of introducing United Nations Environmental Accounting Standards to the Arab world over a decade ago; since then TAG-Org has led the region in promoting the business benefits of accounting for environmental costs and savings. In a region where environmental concerns have not yet reached their highpoint, there is an advantage in approaching the subject from a business perspective. In recent years, TAG-Org sponsored events have repeatedly brought the business case for environmental mitigation to the region's risk mitigation professionals, from Iraq to Jordan to Egypt to Algeria.

TAG-Org has also conducted environmental audits of all its offices and made it a standard part of our annual office reviews. A review and evaluation of TAG-Org environmental policies, issues and objectives is regularly brought to the level of the Board of Directors.

4. Anti-Corruption

TAG-Org was founded as an accounting and auditing firm; integrity and honesty have been core values of the firm since day one. Naturally one of the essential purposes of accounting itself is to discourage corruption. Transparency, accountability, diligence and clear reporting are all necessary requirements. We endorse the UN Convention Against Corruption and are committed to an anti-corruption policy that has no exceptions.

When TAG-Org was founded in 1972 the accounting profession (as well as other professional services) was in its infancy. TAG-Org founder and chair, Talal Abu-Ghazaleh, began the process of introducing regional organization and cooperation in the field, developing new Arab Accounting Standards based on and compliant with international standards.

One of the great insights of Talal Abu-Ghazaleh was to recognize the need for professional societies that would take their responsibilities seriously to develop the profession and educate practitioners and the public where appropriate. In this regard, the Arab Society of Certified Accountants (ASCA) which continues to promulgate and develop Arab Accounting Standards, as well as relevant international standards, has been exemplary for decades now.

The Arab world has had its share of issues related to corruption, like everywhere. For the most part they are the result of rapid development in an area of the world that did not have systems in place to effectively deal with rapid changes in the economy and society. TAG-Org has played a leading role in fighting corruption and promoting transparency, since its founding. Both the Arab Society of Certified Accountants and TAGCO (the group's accounting organization) have provided extensive training in anti-corruption systems, responsibilities and reporting.

TAG-Org has offered training courses and seminars to thousands of attorneys, government officials and business people. At executive forums we have sought to influence the Arab

business community by providing compelling evidence of the benefits to society of anti-corruption policies; we believe it is possible to make progress and eventually change the world in which we live for the better.

Anti-corruption activities being central to a financial and accounting firm, it is the one area of the Compact where TAG-Org has the most direct impact; however what we have witnessed over the decades is that it is hard to initially estimate how successful advocacy can be, in the form of advocacy, communications and public relations, in changing the discussion in the halls of government and industry and even in significantly influencing society. We believe that with proper education and information and an educated populace and business class new ideas, understandings and attitudes can foster true social development and positive change for all members of society.

Conclusion

TAG-Org and all of its associated organizations whole-heartedly support and endorse the UN Global Compact. We are committed to more completely integrating the Ten Principles into our management systems. However we also feel that we were a “Global Compact company” before the Compact was founded. The values on which our firm was built are values that go hand in hand with the corporate good citizenship which we have always believed was essential to meeting our mission to be a transformative and progressive force in the Arab world.

While we believe that we are a model Compact member, we also believe in continuous improvement and never being complacent. At its next regularly scheduled meeting the Board has on its agenda a decision on appointing a new Compact Compliance Officer at the Regional Office to develop more robust and integrated management ICT systems to enable us to better monitor indicators across geographical offices and develop more formalized reporting measures and capabilities.

While environmental consciousness is still in a nascent stage of development in the region, TAG-Org management is committed to driving the discussion and highlighting the value, including financial, of making the environment a priority.

We are honored to be associated with and a part of the UN Global Compact and the not growing community of global good corporate citizens that it represents. We truly, emphatically support the view of the UN Global Compact that businesses, at least those beyond a very small scale, have a duty to their collective stakeholders and not merely shareholders; the prevailing ideology that companies have only one job, to make money and follow the law, is not a moral or sensible path to take. Businesses, like all other people, organizations and entities, live in a moral universe; we support the view of businesses as constructive and more than merely self-interested players in the game of life.