

United Nations Global Compact Communication on Progress

March 2016

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Letter of Commitment

March 29, 2016

H.E. Ban Ki-moon
Secretary-General
United Nations
New York, NY 10017

Dear Mr. Secretary General,

We are pleased to confirm that Middle East Investment Initiative (MEII) reaffirms its support of the ten principles of the United Nation's Global Compact (UNGC) with respect to human rights, labor, environment, and anti-corruption.

In this annual Communication of Progress (COP), we report on the efforts we have taken in 2015 to incorporate the ten principles in our organization's strategy, culture, and day-to-day operations. We believe these actions have contributed to a stronger foundation for our organization and for our future growth. We are committed to engaging in collaborative projects, which advance the broader development goals of the United Nations, particularly the Millennium Development Goals. MEII is proud to share this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a COP that describes our company's efforts to implement the ten principles. We support public accountability and transparency, and therefore commit to report on progress annually according to the Global Compact COP policy. It is an honor to work with the UNGC in our collective mission, and we look forward to the progress we can make together over the course of 2016 and beyond.

Sincerely,

A handwritten signature in blue ink, appearing to read "James Pickup", is written over a light blue horizontal line.

James Pickup
President



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Introduction

MEII is an independent nonprofit organization founded in 2005 by the Middle East Strategy Group of the Aspen Institute. MEII is dedicated to stimulating economic growth and job creation in the developing world through sponsoring and managing development finance and related activities in the Middle East and North Africa (MENA). UNGC principles fits into MEII's mission as it serves to work toward financial inclusion of people in developing countries. MEII differentiates itself from other organizations working in the same field by not being a top heavy organization with a large headquarter-based overhead. Rather MEII invests in resources in developing countries where it works to ensure its multi-disciplinary, multi-lingual and multi-cultural team of professionals design innovative programs within the local context.

The summary below presents the 10 principles and the corresponding MEII policies and procedures in each area and is followed by a description of actions and activities over the past year:

Human Rights

Principle 1 - Support and respect the protection of internationally proclaimed human rights.

Principle 2 - Ensure that they are not complicit in human rights abuses.

MEII has partnered with the most innovative, experienced and dedicated organizations and government agencies operating in the social and economic development field that advocate for human rights. To date, MEII has partnered with the Overseas Private Investment Corporation (OPIC), USAID, the International Finance Corporation (IFC), the Swedish International Development Agency (Sida), Government of Norway, DFID, private banking institutions, and other public and private organizations to facilitate small business development in the MENA region.

Policies

- As a public commitment to fulfill its responsibility to respect human rights MEII has a Human Rights Policy Statement in place (see **Annex 1**). The Policy Statement has been incorporated in the MEII Employee Manual and is publically available on MEII's website.
- The MEII **Employee Manual** (ver. 5.3, April 2015) was revised to adopt and incorporate the UN Global Compact Principles in section 1.2 and Annex 8. The Manual clearly sets out employee rights in terms of conditions of employment, performance management, leave entitlements, recruitment, and employment termination procedures. MEII promotes a culture of integrity and rejects unethical practices at all levels of its operation. This is clearly stated in the Code of Conduct section 1.7 of the Employee Manual. The Manual and all updates is circulated and is on the MEII shared server accessible to all employees.
- MEII has a grievance mechanism in place (section 2.16 in Employee Manual). This helps MEII identify risks of negative impacts and avoid escalation of disputes.
- MEII is committed to providing a safe and healthy working conditions. The **Safety and Security Manual** in place serves to assist in improving the safety and security of MEII employees worldwide.

Implementation

- MEII has an **open door policy** that states any employee can talk with any level manager about any issue at any time. This policy allows employees to report any human rights violations.
- MEII is in the process of establishing a monitoring system to ensure that its human rights policies are being implemented at its offices and by its stakeholders (e.g. partner banks and businesses).
- Workshops have been scheduled during 2016 for all employees to raise the public awareness on human rights issues.

- MEII is in the process of reviewing all its partners and vendors to ensure they are working within the defined guidelines of human rights.

Measurement of Outcomes

All incidents of human rights abuses are reported by the HR department heads or office managers to the Country Director and the Associate VP at MEII headquarters and the Chair of the Audit Committee.

Labor

Principle 3 - Uphold freedom of association and effective recognition of the right to collective bargaining.

Principle 4 – Eliminate all forms of forced and compulsory labor.

Principle 5 – Uphold the effective abolition of child labor.

Principle 6 – Eliminate discrimination in respect of employment and occupation.

Policies

- MEII adheres to all labor laws in the countries it operates (US, Palestine, Tunisia), which are all in line with the International Labor Organization (ILO) standards, including provisions on issues such as freedom of association and collective bargaining; the elimination of forced and compulsory labor; the abolition of child labor; and the elimination of all forms of discrimination.
- The MEII Employee Manual clearly sets out employee rights in terms of conditions of employment, performance management, leave entitlements, recruitment, and employment termination procedures. The Manual and all updates are circulated and are posted on the MEII shared server accessible to all employees.
- MEII has a **Whistle Blowing Policy** designed to provide an opportunity to employees to report to management any incident of unethical behavior, actual or suspected, fraud or violation of MEII's code of conduct. This can be communicated through both formal and informal channels.
- MEII has a grievance mechanism in place (section 2.16 of Employee Manual). This helps MEII identify risks of negative impacts and avoid escalation of disputes.
- MEII is an equal opportunity employer that seeks diversity in its workforce and makes employment decisions on the basis of merit. MEII is committed to complying with all applicable laws pertaining to treatment of employees and job applicants without regard to race, sex, color, national origin, religion, age, marital status, sexual orientation, disability or any other legally protected status.

Implementation

- MEII believes that gender equality is important in the workplace. As of date our female employees represent nearly 50% of all our staff. For example in our Palestine office we have 13 professionals, of which 6, including the Deputy General Manager, are women. Also, MEII uses a pay scale to determine salaries and thus provides equal pay for female and male employees at work of equal or comparable value.
- Employees and their dependents are entitled for health insurance coverage. MEII also provides a provident fund or enrollment in a 401(k) plan.
- MEII's open door policy suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, an employee's supervisor is in the best position to address an area of concern. However, if the employee is not comfortable speaking with his/her supervisor or not satisfied with their supervisor's response, they are encouraged to speak with anyone in management whom they are comfortable in approaching. Supervisors and managers are required to report suspected violations of the Code of Conduct to the

Chair of MEII's Audit Committee, who has specific and exclusive responsibility to investigate all reported violations. An employee has the right to directly address the Chair of the Audit Committee.

Measurement of Outcomes

- A labor department inspector may be checking on all businesses and reporting back to the Ministry of Labor on any compliance issues.
- MEII require partner banks to report periodically on the status of businesses that have loans guaranteed by MEII. Partner banks conduct site visits for the purpose of identifying any labor and social issues or violations (e.g. child labor).
- The Associate Vice President for Management and Administrative Services was designated as the Environmental and Social Manager who will audit and evaluate all stakeholders (e.g. partner banks, borrowers, vendors) for any noncompliance issues. Reports are submitted to the Executive Vice President, and to the Chair of the Audit Committee.

Environment

Principle 7 - Support a precautionary approach to environmental challenges.

Principle 8 - Undertake initiatives to promote greater environmental responsibility.

Principle 9 - Encourage the development and diffusion of environmentally friendly technologies.

Policies

- MEII adheres to the environmental laws in the countries it operates. MEII ensures that all projects are reviewed and evaluated against the OPIC Prohibited Activities and Category A projects.
- The MEII Employee and Safety and Security manuals include provisions for maintaining a safe and healthy workplace environment and conserving energy, whenever possible.
- Based on MEII's **Procurement Manual** preference is given to vendors and bidders who adhere to environmental friendly practices. Also preference is given to products and services that are environmentally friendly and energy efficient, and vendors and bidders are encouraged to participate in the UNGC.
- MEII recently drafted an **Environmental & Social Due Diligence (ESDD) Procedures Manual**. The purpose of the manual is to outline procedures to ensure that credit decisions are supported by appropriate due diligence documentation and appropriate environmental representation, warranties and covenants incorporated in the loan agreements. Also, to establish an effective monitoring and evaluation plan in place.

Implementation

- MEII maintains a smoke-free policy in its offices at all times. Plants are placed in all offices to create a healthy work atmosphere. Paper recycling is encouraged whenever possible.
- MEII has advised its partner banks to develop an Environment and Social Management System (ESMS) including procedures. Two of MEII's partner banks are recent signatories of the UNGC.

Measurement of Outcomes

MEII has agreed with its partner banks' loan officers to conduct periodic site visits to the SMEs and meet with the owner of the business as part of the credit monitoring procedures as well as the environmental and social due diligence. The purpose of the site visit is to identify potential environmental and social issues that may present a risk to the borrower's business activities if left unmitigated, and to review the borrower's/SME compliance with the bank and/or LGF's environmental and social requirements. Site Visit Checklist is a checklist that participating bank loan officers should incorporate when

Conducting a site visit to the SME for the purpose of identifying any environmental and social issues.

Anti-Corruption

Principle 10 - Work against all forms of corruption, including extortion and bribery.

Policies

- MEII's Certificate of Compliance with the U.S. FCPA is posted on website.
- MEII promotes a culture of integrity and rejects unethical practices at all levels of its operation. This is clearly stated in the Code of Conduct section 1.7 of the Employee Manual. The Manual and all updates is circulated and is on the MEII shared server accessible to all employees.
- MEII has a **Whistle Blowing Policy** designed to provide an opportunity to employees to report to management any incident of unethical behavior, actual or suspected, fraud or violation of MEII's code of conduct. This can be communicated through both formal and informal channels.

Implementation

- The proprietary MEII Management Information System (MIS) has several fail safe and security measures which ensure that no loan guarantee letter is issued without comprehensive data validation.
- Effective systems of checks and balances and due diligence efforts by MEII's donors and its partner banks minimize potential for fraud.
- In addition to close oversight by MEII management and regular reporting, MEII and all its regional offices undergo periodic compliance audits by the external auditors Raffa.
- MEII and its partner donors periodically review all its partners and vendors in terms of character vetting to ensure they are working within the defined guidelines of security and anti-corruption.
- MEII's partner banks maintain transparency and regulatory compliance, in accordance to international and regional standards, implementing international policies such as Anti Money Laundering (AML), Combating Terrorists Financing (CTF), and Know Your Customer (KYC).

Measurement of Outcomes

- Workshops have been scheduled during 2016 for all employees to raise the public awareness on fraud and anti-corruption.
- Reports of suspected violations of the Code of Conduct are investigated by the Chair of MEII's Audit Committee and are reported to the board of directors.

Human Rights Policy Statement

The Middle East Investment Initiative (MEII) is committed to conducting business in an ethical and responsible manner. We respect and support international principles aimed at protecting and promoting human rights, as described in the United Nations' Universal Declaration on Human Rights and the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. In our own operations, MEII seeks to operate in compliance with all applicable laws wherever we do business.

While governments have the primary responsibility for protecting and upholding the human rights of their citizens, MEII recognizes its responsibility to respect human rights in its operations. In addition, we recognize that we have an opportunity to promote human rights where we can make a positive contribution. This includes, among other things, opposing human trafficking and the exploitation of children.

Workplace Policies

We strive to foster safe, inclusive and respectful workplaces wherever we do business. MEII's workplace policies and procedures include commitments to non-discrimination and freedom from harassment, and require MEII to refrain from knowingly entering into relationships that, directly or indirectly, expose employees to undue health and safety risks, or that use child, prison or forced labor, or other similarly exploitative practices. These policies are detailed in our Employee Manual. MEII provides its Employee Manual to employees and periodically provides training to employees on topics covered within the Standards.

Human Rights within our Sphere of Influence

We also strive to foster safe, inclusive and respectful workplaces wherever our programs are implemented. We expect the same commitment from our partners, subcontractors, business associates, licensees and vendors, both in the U.S. and abroad. MEII's Procurement Policy sets forth requirements from its vendors and their products with respect to labor standards and working conditions. The principles embodied in our Code are designed to be consistent with the ILO Declaration on Fundamental Principles and Rights at Work. We implement this commitment through a dedicated compliance program that communicates expectations to our licensing and sourcing partners, monitors factory working conditions, implements facility improvement plans where necessary, and engages with stakeholders.

The Rights of Children and the Young

The well-being of children is of the utmost importance to MEII. We are committed to combating the exploitation of children and therefore prohibit any use of child labor.

Bringing these Policies to Life

Our commitment to respect human rights is a core value of all businesses within MEII, and we take active steps to reflect that commitment in our everyday activities:

- We report on our principles and performance in periodic reports to our Board of Directors, Donors and the UN Global Compact.
- We expect and encourage employees throughout our business operations to make these principles and practices a part of their everyday work, and hold our employees accountable for adhering to our Standards of Business Conduct. We train employees on all our policies and procedures.
- We keep our policies and practices relating to human rights under continuous review, recognizing the need to stay vigilant in a rapidly changing and challenging world.

In support of all of these efforts, we place special value on our ongoing collaboration with a broad range of interested constituencies, including socially responsible investors, industry and peer groups; governmental, inter-governmental and non-governmental organizations; advocacy groups and concerned individuals. This broad engagement helps keep us sensitive to the potential impacts — positive and negative — of our programs, services and operations on the rights, interests and well-being of our employees, guests, customers and communities around the world.



MEII Compliance with the U.S. Foreign Corrupt Practices Act Policy

The Middle East Investment Initiative, Inc. (“MEII”), a not for profit corporation incorporated in the District of Columbia in the United States, and its wholly-owned subsidiaries, shall conduct its business in accordance with applicable U.S. laws and regulations, including the U.S. Foreign Corrupt Practices Act (“FCPA”) and similar anti-bribery laws of those countries in which we operate. All persons subject to this policy, as noted below, are strictly prohibited from offering, paying, promising, or authorizing any bribe, kickback, or other item of value to any “foreign official” (as that term is commonly interpreted and understood in discussing the FCPA), directly or indirectly through a third party, to obtain or retain business, secure any contract, concession, or any other favorable treatment for MEII. In addition, all such persons shall adhere to MEII’s processes and procedures designed to effectuate this policy and ensure compliance with those laws and regulations.

This Policy applies to all MEII programs and offices worldwide, all MEII officers, directors, employees, and third parties as set forth below. All third parties (such as, but not limited to, consultants, representatives, distributors, and independent contractors) representing MEII in a foreign country and any other person who may interact with “foreign officials” on behalf of MEII shall agree in writing to follow all applicable portions of this Policy and any allied Business Processes.

Violations of the FCPA and/or this Policy shall result in disciplinary action, up to and including termination of employment.


James A. Pickup
President


Berl Bernhard
Chairman

