

Serhal Nassar & Co

Communication on Progress
For the period from November 2015 to August 2016

To the stakeholders:

I am pleased to confirm that Serhal Nassar & Co reaffirms its support of 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, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Zalpha Nassar

Partner

September 1, 2016

Human Rights Principles

We support and respect the protection of internationally proclaimed human rights and make sure that we are not complicit in human rights abuse (*Principles 1 and 2 of the UN Global Compact*).

The Management provided consistent messages about the importance of respect for human rights to the success and prosperity of the firm, supported the employees to discuss human rights issues, including conflicts of interests between human rights and commercial priorities, and provided performance incentives that motivate staff to manage human rights risks.

In addition, through the business influence approach, we improved the standards and practices of our suppliers through training, incorporating international standards into negotiations, and transmitting a consistent message to partners and audit staff about their approach to human rights across all the audit firm's departments and divisions.

The measurement of outcome was done through external audits of human rights performance for some selected clients and periodic review of results by senior management.

Labour Principles

We fully support the United Nations guiding principles on labour and aim to provide an example of good labour practices throughout our business activities. In this respect, we uphold the freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of forced and compulsory labour, effective abolition of child labour, and elimination of discrimination in respect of employment occupation (*Principles 3, 4, 5, and 6 of the UN Global Compact*).

In addition, we played a significant role in supporting children's rights throughout our activities and business relationships especially that we audit many non-governmental organizations one of which is specialized in the protection of children affected by war and another advancing the literacy of younger students.

We provided consistent messages to our suppliers and clients with respect to the workforce risk, mainly to companies with a significant proportion of low-skilled labour which workforce may lack full legal protection, freedom of association rights and access to remedy, and also face exploitative working conditions.

In addition, our HR department implemented policies and procedures clearly stating employees' rights, responsibilities, compensations and benefits. We also promoted gender equality in the promotion where the number of women promoted exceeded those of men for the first year since our inception in the sixties.

Environmental Principles

We support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies (*Principles 7, 8, 9 of the UN Global Compact*).

We bought products that are made from recycled material such as office supplies made from recycled plastic and furniture made from recycled rubber.

We have reduced our energy use by replacing lighting with energy efficient light bulbs, improving behaviour in energy usage e.g. turn of lights and machinery and replacing old computers with more energy efficient ones.

Since audit firms consume lots of stationary, our employees were asked to reduce paper needs by printing double-sided and shred excess papers to be sent to recycling factories.

The outcomes were reviewed by senior management on a regular basis.

Anti-corruption Principles

We work against corruption in all its forms, including extortion and bribery (*Principle 10 of the UN Global Compact*).

We implemented a policy strictly prohibiting bribery and improper payments in our business operations. Each employee has a personal responsibility and obligation to conduct the firm's business activities in an ethical manner and in compliance with Regulations. Reporting non-compliance to this policy is a must and failure to do so may result in disciplinary action.

As an audit firm, we encouraged our clients to set up internal control structures and procedures enabling to obtain a true and fair view of the assets and liabilities, profit and loss and cash flow of their Companies. Accordingly, in our audit process, we assessed that accounts and records are recorded in a manner that clearly identifies and describes the true nature of transactions in order to mitigate corruption and unethical acts.

The principles of the UN Global Compact meet our understanding of a business where human values always would prevail over the financial ones.