

## COMMUNICATION ON PROGRESS (COP)

Period covered by your Communication on Progress (COP)

From: September 2018

To: September 2019

### 1. STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER

**September 4th 2019**

**To our Limited Partners:**

**I am pleased to confirm that The EuroMena Funds 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 sharing this information with our Limited Partners using our primary channels of communication.**

**Sincerely yours,**

**Romen Mathieu**

**Managing Partner**

### 2. DESCRIPTION OF ACTIONS

#### Human Rights

**Applicable SDGs: 3,5, 8, 10, 16, 17**

The policy of The EuroMena Funds ("EuroMena") includes the following:

- Ensure our team is provided with safe and suitable working environment
- Ensure gender equality and diversity within the team as well as support Women empowerment within our portfolio companies.
- Do our best efforts to implement Human rights principles within our portfolio companies
- Our strategy is governed by confidentiality, equal treatment, and respect

The EuroMena Funds implements its policies as follows:

- Respect and implement all applicable national laws and relevant international standards
- Make sure to have equal job opportunities and fair treatment to all employees
- Encourage women at board and support nomination and election of women within the board of directors of our portfolio companies

- Support and encourage the creation and implementation of policies and code of conducts that include human rights principles such as: grievance mechanisms, training for employees, health and safety as well as other policies and procedures

Monitoring and performance evaluation are followed up closely through:

- Key performance indicators relating to Human rights that we collect and report on annually
- Follow up on any complaints received from staff by ensuring fair treatment at all times

## Labour

### **Applicable SDGs: 3,5, 8, 10, 16, 17**

Labour rights apply to The EuroMena Funds as follows:

- We make sure to follow international health and safety standards, this is also in line with our limited partners who are Development Financial Institutions,
- We ensure that we follow national laws and abide by international standards relating to labour (ILO)
- The guidelines within our Environmental and Social Management System (ESMS) include that EuroMena ensures that it has the systems and resources to understand and monitor any applicable ILO Conventions for any changes
- The fund and any parallel partnership will not finance any activity, production, use of, or trade in forced labor or child labor
- Ensure that employment-related decisions are based on relevant and objective criteria

EuroMena actively implements standards relating to labour conditions as follows:

- Ensure a grievance mechanism is available and applied within portfolio companies
- Ensure employees are provided with suitable training on diversified topics (governance, E&S, AML, etc..), as well as provide them with a handbook containing all relevant information
- Ensure all employees are covered with a suitable health insurance plan
- Make sure that the portfolio company provides its workers with a safe and healthy work environment
- Ensure that the company establishes and implements occupational health and safety procedures in line with good international industry practices to prevent accidents, injury, and disease
- Ensure that the portfolio companies have training programs in place for workers on occupational health and safety

A yearly E&S questionnaire is sent to our portfolio companies requiring them to report on:

- Compliance with national environmental, health & safety or labour laws and regulations
- Any incident of a social nature (including without limitation any violent labour unrest, harassment or dispute with local communities), which has or is reasonably likely to have a material negative effect on the social and cultural context

## Environment

### **Applicable SDGs: 3, 6, 11, 12,13 17**

Environmental matters are valued within The EuroMena Funds, the below highlights the main commitments the fund has regarding this matter:

- EuroMena has created an Environmental & Social Management System (“ESMS”) detailing the policy, procedures and workflow pre and post investments in addition to E&S requirements to be applied by our portfolio companies
- The Fund ensures that all investments are reviewed and evaluated (due diligence) against the Environmental & Social requirements such as the IFC Environmental and Social Performance Standards, the applicable national laws on environment, health, safety and social issues and any standards established therein, the World Bank EHS Standards, the CDC Code of Responsible Investment, and the IFC, EIB, DEG, Proparco, and CDC Exclusion Lists

The implementation of environmental standards within EuroMena are as follows:

- Assign an Environmental and Social category to each of our portfolio companies determining the level of E&S risk it has and implementing accordingly the right action plan and monitoring process
- If the target company is assigned the high and medium risk categories, a qualified consultant with an experience in IFC Performance Standards’ will be appointed to conduct the Environmental & Social Due Diligence (ESDD)
- All investment agreements will contain appropriate environmental representations, warranties, and covenants requiring that investments be in compliance with all material respects with host country environmental, health, safety and social requirements embodied by state general laws and implementing agencies to be applied within a specified timeline
- During due diligence, the evaluation of environmental compliance of a target portfolio company with Applicable Requirements through a prepared questionnaire. The Fund will make sure that the selected consultants conducting the due diligence process will be qualified with an experience in IFC Performance Standards and have the adequate skills to run the ESDD.
- Recycling all of our paper and plastic waste with a local NGO: arcenciel Lebanon.
- Being the Sponsor and the main partner on environmental events such as the World cleanup day with live love beirut on the 15th of September 2018. The event covers all of Lebanon, where thousands of volunteers have participated in cleaning up the sea shore, underwater as well as rivers and forests.

## Anti-Corruption

### **Applicable SDGs: 16, 17**

- EuroMena has a manual for anti-money laundering and funding terrorism prevention that sets specific rules on anti-corruption,
- EuroMena shall undertake the necessary due diligence before any investment doing its best effort to ensure that no investor is a prohibited person nor is any amount invested or agreed to be invested in EuroMena of illicit origin nor related to drug trafficking, corruption, bribery, organized crime or terrorism.
- EuroMena assesses factors that determine when a country poses a higher risk such as countries identified by credible sources as having significant levels of corruption, or other criminal activity.
- Ensure the implementation of its DFIs' code of conduct among them the CDC code of responsible investment
- EuroMena also requires spreading awareness within the portfolio companies relating to relevant corruption matters.

### **3. MEASUREMENT OF OUTCOMES**

Based on EuroMena last environmental event on the World cleanup day on the 15th of September 2018, more than 3500 volunteers cleaned up the shores, underwater, rivers and forests of more than 30 locations across Lebanon, from north to south; these include Saida, Ain el Mrayse, Zouk, Tyr and Tripoli among many others. They helped rid the shores of more than 100 tons of trash which will be handled by Live Love Recycle for sorting and recycling.

Based EuroMena's manual for anti-money laundering and funding terrorism prevention, risk-management procedures should be introduced to control and mitigate higher risk situations. These procedures should, as a minimum, provide for the following measures:

(a) the implementation of a program which sets out the additional measures to be applied by the subject person in higher risk situations;

(b) requiring a higher standard in relation to the quality of documents obtained; and

(c) monitoring transactions/activities to a higher degree where the risk warrants such additional measures.

- Team members are required to monitor transactions to determine if any particular transaction is suspicious in nature and may be related to money laundering or funding terrorism activities. Monitoring does not require looking at every transaction.
- The extent of the monitoring will be determined on a risk based approach. Ongoing monitoring is an important part of the Fund's money laundering and funding terrorism prevention procedure.

On-going monitoring is required to be carried out in relation to all portfolio companies. The team's knowledge of the business activities and experience of the portfolio company is extremely important in order to ensure that the transactions being carried out by the portfolio company fall within the business rationale underlying the portfolio company business activities.