



Talal Abu-Ghazaleh Organization
The Arab Organization for Global Professional Services

Communication on Progress

Year: 2007 - 2008

December 2008, Samar Al-Labbad, Deputy
Chair

Contact: Samar Al-Labbad

Email: sla@tagi.com

Phone: (20-2) 353 52900 **Fax:** (20-2) 353 70433

STATEMENT OF CONTINUED SUPPORT

Year 2008 witnessed the ravaging of the financial crisis which poured out to the national economies of many countries with drastic consequences. This year also experienced the aftermath of bankruptcy of big multi-national banks and disappearing phenomenon of the Wall Street. The global economic and political situation is worsening, and it already shows signs that will have far-reaching repercussions on human rights promotion and respect as well as environmental issues, the latter being dealt a detrimental blow by businesses tightening their budgets and limiting their activities while attempting to save and cut labor costs.

Many stereotypically associate the modern term "business" closely with notions such as "abusive practices," "corruption," "environmental pollution" because of perceived practices in developing world by some of big Western corporations. Since the beginning of the recent global financial crisis, there is less capital available and consumer confidence is deteriorating. The global financial and industrial markets are bracing for long downturn. Many big and small companies have already or currently laying off in attempt to save costs.

However, even as we currently find ourselves in the dire straits, there are businesses, which look beyond mere profit and cost and which anticipate factors that might become problematic in long-term and try to find socially and environmentally responsible solutions without digressing from their values. Even during difficult times, responsible business practices build trust and social capital, contributing to broad-based development and sustainable markets.

We, like other global companies, have to introduce policies to cope with the current economic storm. We decided not to lay off any of our employees and instead take a close look at the way we conduct our business and make it even more efficient and lean in order not to lose our momentum and advantages.

When the UN Global Compact initiative was launched in 2000 with the aim of having businesses work in conjunction with the United Nations agencies, trade unions, civil society and governments to promote universal principles in the areas of human rights, labor and environmental standards, and the fight against corruption, this vision seemed to start materializing. The Global Compact continues to be the most important global initiative in supporting business participation in good corporate citizenship practices. It is the largest corporate citizenship and sustainability initiative in the world with over 6400 corporate participants and other stakeholders from more than 130 countries.

We have strongly supported the Global Compact since its inception and still see it as core aspect of our strategy. For TAG-Org good corporate citizenship is a vital aspect of its businesses. As a token of appreciation and to reconfirm our strong bonds with the Global Compact, UN Secretary General Ban Ki-Moon appointed Mr. Talal Abu-Ghazaleh as the Deputy-Chairman of the Global Compact during its second meeting in New York on April 4, 2007. In addition to this, some of our member firms (our consulting branch TAG Consultants in particular) are directly involved with local Global Compact chapters (TAG Business is on the national board of Global Compact directors in Syria and Jordan). Finally, Abu-Ghazaleh Consulting was mandated to represent the Global Compact with the ISO, in the issuance of the draft ISO standard ISO 26000 for corporate social responsibility.

Today's world is driven hard by developing nations, and the Arab world is an essential part of this drive. However, it faces several serious social and economic challenges, including lack of transparency, rampant unemployment, frigid educational systems and gender inequality, which hinder the pace and extent of development.

We are the largest Arab group of professional service providing firms, and it is in our capacity and responsibility to conduct our business in an environmentally and socially conscious manner, to lead by example.

Brief description of nature of business

Talal Abu-Ghazaleh Organization (TAG-Org) is the largest Arab group of professional service firms with global coverage of 71 offices, 180 correspondents, and employing more than 2000 highly experienced professionals from over 30 countries. The extensive range of services offered by TAG-Org includes auditing, valuation, management consulting, ICT development, business advisory, training, educational consultancy, capital services, human resources development, real estate consulting, translation, legal service, intellectual property rights protection and domain name registration.

PRINCIPLE 1	BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS
Principles and actions	<p>Basic principles and actions taken</p> <p>TAG-Org is committed without limitation to guarantee its employees the right to just and reasonable conditions of work and protection from arbitrary loss of employment. All employees without any discrimination have the right to equal pay for equal work. TAG-Org is an equal opportunity employer. All candidates seeking to be hired are required to pass through a series of quantitative exams, which ensure objectivity and equal chances given to all.</p> <p>At TAG-Org our approach to human rights is based primarily on cultivating a policy of absolute fairness and equal treatment for all of our employees. We hold bi-monthly meetings addressing and responding to various inquiries and suggestions sent by our employees. Particular efforts are made to ensure equal treatment for women and minorities. We affirm and pledge to uphold the universal human rights of all individuals without limitation.</p> <p>In 2004 we instituted a policy aimed at providing adequate opportunities for professional women in all of our offices across the Arab region. We provided training and guidelines to our executive management at our regional headquarters in the fall of 2004.</p> <p>In August 2008, we have organized a training course "Total Security Program for Bank Employees," which addressed issues of internationally proclaimed human rights protection measures with a special highlight on banking and corporate cases.</p>
	Outcomes

PRINCIPLE 2	BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES
Principles and actions	<p>Basic principles and actions taken</p> <p>TAG-Org as a company severely committed to the socio-economic development of the Arab world, is also committed not to engage in any of the business activities that directly or indirectly are against human rights.</p> <p>TAG-Org is planning to organize organization-wide training awareness-courses aimed at promoting gender equality, transparency and adherence to international standards of human rights. The training course will also emphasize on methods allowing recognition of discriminatory employment practices and steps in assuring that both employees and clients are not complicit in any human rights abuses. The participants in the course will be then tasked with disseminating these principles to the staff in the individual offices.</p> <p>Our Procurement Department includes a set of requirements to ensure that our suppliers (paper, ink, computers, etc) comply with international standards of human rights. We require our suppliers to provide us with a statement of compliance with international standards of human rights. Current suppliers are also asked to provide an annual letter confirming their commitment to international standards of human rights. Failure to do this automatically cancels them from our suppliers list.</p> <p>In 2005, at the proposition of the Chairman of TAG-Org, a committee (called Regional Office Management Committee) was formed to address issues related to policies, productivity, and performance of TAG-Org. In turn, the Committee created electronic mail system called suggestions@tagi.com through which we receive complaints and constructive suggestions how to improve productivity, increase efficiency and performance of the organization. The Committee submits its recommendations to the Chairman for approval. This represents another way of idea and information exchange between the layers of the organization, which renders the whole interaction and communication inside the organization more democratic and transparent.</p>
	<p>Measurement of (expected) outcomes and value added for our company</p> <p>The last human rights awareness seminar was organized by TAGI in collaboration with UNDP Jordan on 14 August, 2007 in Amman, Jordan. The seminar served, among others, to disseminate common human rights standards and promote their compliance throughout public and private sectors.</p> <p>Our suppliers are required to provide us with a letter proving their compliance to international human rights standards and the fact that they in no way violate or are complicit in human rights abuses.</p> <p>Additionally, there are suggestions boxes which are available at each of the group's buildings in Jordan. During 2007, ten suggestions were received. Four of them were answered and the rest were adopted. No complaints were received.</p>
Outcomes	

PRINCIPLE 3	BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING
Principles and actions	Basic principles and actions taken
	<p>In TAG-Org, the organizational structure is based on an open door policy, where the labor management relationship is maintained through a continuous and open mailing system, via which employees present all their suggestions, complaints and inquiries. The suggestions' committee, which is part of the management committee, discusses suggestions, problems and complaints of employees and follows up accordingly. In addition, a monthly meeting with the management committee is held in all of TAG-Org offices, where all employees present their problems and concerns directly to managers.</p> <p>The Regional Office (TAG-Org headquarters) holds regular meetings hearing and responding to the employees' suggestions, and investigating any claims or complaints presented by the employees.</p> <p>Since 2006, orientation seminars, upon request by new employees, have been organized throughout the company to provide new employees with basic information and knowledge to kick off successfully and efficiently in the organization.</p>
Outcomes	Measurement of (expected) outcomes and value added for our company
	<p>Regular meetings, open discussions and consultations contributed in and eased the flow of information (opinions, grievances, problems) and ideas (suggestions, comments) bringing openness and transparency in the organization's everyday conduct.</p> <p>Until now the principles of freedom association and effective recognition of the right to collective bargaining are recognized and widely have been used throughout the organization with positive results.</p>

PRINCIPLE 4	BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR
Principles and actions	Basic principles and actions taken
	<p>TAG-Org respects all its employees' rights and considers any form of harassment to be unacceptable or any other means, which might lead to compulsory and unwilling working conditions. The company is also committed to ban any form of verbal or physical abuse among its staff.</p> <p>We have created a guide and a questionnaire for our clients and suppliers, which reveals any harmful and compulsory working practices and by doing so motivates those affected to change their policies towards that of greater transparency and free association. Furthermore, those of clients or suppliers responding positively are encouraged to join the UN Global Compact as members or partners.</p>
Outcomes	Measurement of (expected) outcomes and value added for our company
	<p>TAG-Org employees have right to terminate their contract at any time without complying with the advance notice (inscribed in law in some Arab countries like Egypt where the employee is required to give a two-months advance notice before leaving/changing a job).</p> <p>Additionally, TAG-Org will not terminate or otherwise penalize its employees for simply using or seeking their legitimate rights.</p>

PRINCIPLE 5	BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR
Principles and actions	Basic principles and actions taken
	<p>Although it has also always been its policy to refrain from utilizing child labor, TAG-Org instituted the policy, in November 2004, to refrain from working with clients that utilize child labor (defined as full-time employment of children less than 16 years during the school year). Additionally, no one under 18 years of age is employed by the organization. None of TAG-Org's clients or partners utilizes child labor.</p>
Outcomes	Measurement of (expected) outcomes and value added for our company
	<p>TAG-Org has a policy forbidding any form of child labor since 2004. We verify regularly that none of our clients, partners and suppliers uses child labor. In case of discovery of child labor usage, the contract with a supplier, a partner or a client might become subject to cancellation.</p>

PRINCIPLE 6	BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION
Principles and actions	Basic principles and actions taken
	<p>TAG-Org is to guarantee its employees a fair working environment and protection from the loss of their jobs. All employees without any discrimination have the right to equal pay for equal work. TAG-Org is not discriminating against any employees for any reason such as age race, gender, sexual orientation, marital status, religious belief, national extraction or disability.</p> <p>Starting from October 2007, TAG-Org has a universal system of salary evaluation, which took several years to develop. The system guarantees a pay conditioned by formal education, working experience and other merits that managers will be able to consider. The system formalizes the previously unwritten law of equal treatment and pay to all employees.</p>
Outcomes	Measurement of (expected) outcomes and value added for our company
	<p>TAG-Org is an equal opportunity employer. It recruits based on merit only, regardless of nationality, gender or race. It provides an equal treatment for all its employees and determines salaries on experience and education. Bonuses and other incumbent awards are determined according to personal and group performance, contribution and personal growth. Regular trainings and seminars assure a challenging environment and room for perpetual growth and innovative mentality for its employees.</p>

PRINCIPLE 7	BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES
Principles and actions	Basic principles and actions taken
	<p>TAG-Org is highly concerned with matters of cleanliness and hygiene. It is prohibited to smoke in all of our offices.</p> <p>Since 2003, TAG-Org introduced a policy of reducing the use of paper and to achieve a paperless office. In this framework, in 2005, the Docuware and WIPs online systems were introduced to Abu-Ghazaleh Intellectual Property. These systems not only reduced the usage of paper but also caused an increase in efficiency and synchronization and a better overall performance.</p> <p>Docuware aims to replace daily paper usage and introduce a coordinated and centralized system of task distribution, processing and control. WIPs serves as a central depository for all internal and external documents on all stages of their completion. The two systems are interconnected and therefore bring a greater coordination, synchronization and safety to the company's performance. There are plans under way to replicate these systems for other parts of TAG-Org.</p> <p>TAG-Org anticipates developing projects aimed at reduction of energy and water consumption, which poses great expenses to all companies. Installation of fluorescent lamps, flat computer screens and diminished usage of air-conditioning will all contribute to energy consumption. Reducing (limited) water usage and paper consumption will save costs and preserve the environment.</p>
Outcomes	Measurement of (expected) outcomes and value added for our company
	<p>Docuware and WIPs improved significantly the performance and outcomes of AGIP. Similar approach is anticipated for implementation in other member firms of TAG-Org.</p>

PRINCIPLE 8	BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY
Principles and actions	Basic principles and actions taken
	<p>TAG-Org is planning to launch a new service related to environmental auditing in cooperation with an internationally recognized policy expert on sustainable energy and conservation. With this, TAG-Org will not only enhance its stake in environmental activities but will bring better employee awareness (and involvement) and will have an opportunity to the expert knowledge on environment to plan efficiently its environmental action plan. A special committee will be initiated for this section under the patronage of TAG-Consultants, TAG-Org's consulting firm.</p> <p>In connection with promotion of environmental issues, TAG-Org, in cooperation with several UN agencies, conducted awareness seminars and conferences in the region. These seminars were aimed at bringing all concerned parties, including civil society representative, corporate heads, and governmental entities, to a round table for discussions related to Global Compact principles.</p> <p>It becomes increasingly important to realize and counteract effects of the global warming. Global warming has taken place since the dawn of humanity, but has been dramatically accelerated due to increased industrial outputs from late 17th century. The situation is aggravated to the point where there effects of global warming can be felt and observed by anyone and in short-time scales, threatening to destroy natural habitat of our planet.</p> <p>TAG-Org, being an active member of the GC, must anticipate organization of company-wide seminars aimed at greater promotion and spread of awareness among its employees, clients and suppliers.</p>
Outcomes	Measurement of (expected) outcomes and value added for our company
	<p>The last such awareness seminar was organized by TAG International in collaboration with UNDP Jordan on 14 August, 2007 in Amman, Jordan, Seminar served also to showcase the Egypt case and other local CSR-related case studies for learning purposes, which will also make clear the range of CSR-related concerns and activities undertaken by companies locally.</p>

PRINCIPLE 9	BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES
Principles and actions	Basic principles and actions taken
	<p>TAG-Org continues to utilize its role as the leading Arab accounting and financial firm to promote the use of environmental accounting. TAG-Org was the first Arab organization to provide educational seminars on standards of environmental accounting in the Arab countries. For the sake of efficiency and improvement of IT skills among TAG-Org employees, the organization encourages e-learning and teleconferencing within all its departments.</p> <p>In 2008, a cooperation agreement was signed between TAG-College (TAG-Org member firm) and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). The agreement stipulated for providing a donation to equip and commission a facility for e-training in the Community Development Center in Gaza refugee camp in Jerash/Jordan. This was the second joint venture of its kind launched by TAG-Org in 2008, with the first being the foundation of Talal Abu-Ghazaleh Knowledge Society (TAGKS), which provides free of charge educational services and training for students.</p> <p>TAG Consultants Syria is currently working with UNERW in order to establish IT incubator. The center will be similar to the one established in Jordan. TAG Consultants Syria will provide 20 PCs and "Training of Trainers" on IT Skills, and will accredit the center to provide IT skills exams with symbolic fees for Palestinian refugees in Syria.</p> <p>TAG Consultants Syria has also signed a MoU with UNDP Syria, which aims to contribute and assist in career management center development projects.</p>
Outcomes	Measurement of (expected) outcomes and value added for our company
	<p>The Docuware and WIPs online systems were introduced initially to Abu-Ghazaleh Intellectual Property and have further extended to Talal Abu-Ghazaleh & Co. International and Talal Abu-Ghazaleh & Co. Consulting, two other TAG-Org member firms. These systems not only reduced the usage of paper but also caused an increase in efficiency, synchronization and an overall better performance. TAG-Org is currently looking for ways to expand their usage throughout the organization.</p> <p>In 2008 Talal Abu-Ghazaleh Knowledge Society (TAG-Knowledge) was founded. Chiefly targeting Arab youth, TAG-Knowledge, by means of latest ICTs, aims to initiate sustainable capacity building and human resource development in the Arab region.</p>

PRINCIPLE 10	BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY
---------------------	--

Principles and actions	<p>Basic principles and actions taken</p> <p>TAG-Org has been a proponent of development and sustaining high standards of corporate governance in the Arab region. TAG-Org practices and advocates adoption of International Accounting Standards (IAS). This is a long-term commitment; TAGO (TAG-Org member firm) has been a leading Arab voice for adoption of IAS for decades. TAG-Org management believes that a need to attain high standards of corporate governance is a priority for development in the region, paving way for social and economic prosperity.</p> <p>While it is impossible to articulate each and every example of ethical and unethical behavior, the TAG-Org's Code of Ethics provides a basic framework for guiding us toward ethical conduct, It is therefore important that all employees familiarize themselves with any relevant statutes. TAG-Org, moreover, fully anticipates that each employee will accept individual responsibility for his or her own conduct and will engage in no conduct that would undermine his or her own personal integrity or the reputation of TAG-Org. Violations of this policy may result In disciplinary action, including termination.</p> <p>TAG-Org management has an internal audit department that supervises all our transactions; regular unannounced visits are made from time to time to ensure full compliance by the laws and regulations of the company, including our code of ethics.</p> <p>In its effort to maintain high standards of corporate governance principles, TAG-Org has created Special Committees, which play an important role in corporate governance initiatives and seek to maintain high ethical and business standards.</p> <p>In 2007, we organized courses on "Corporate Governance" in Bahrain and "Anti-Money laundry" in Abu-Dhabi.</p>
	<p>Measurement of (expected) outcomes and value added for our company</p> <p>Additionally, in 2007, the "Anti-Money Laundering Manual" and Corporate Governance Guide have been printed and distributed throughout the organization.</p>
Outcomes	

How do you intend to make this COP available to your stakeholders?

The copy of the CoP 2008 will be available on our corporate website. Our clients and partners will be handed the hard copy of the report during meetings, discussions, and upon request.