

COMMUNICATION ON ENGAGEMENT

The Pearl Initiative



Period covered by Communication on Engagement:

From: March 2015

To: March 2018

PART 1. STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE

H.E. António Guterres
Secretary-General
United Nations
New York 10017, NY, USA

3 March 2018

Your Excellency,

I am pleased to confirm that the Pearl Initiative offers their continued support to the ten principles of the UN Global Compact with respect to human rights, labour, environment and anti-corruption. With this commitment, we will also continue to promote these principles with our stakeholders and the general public. We also pledge to participate in and engage with the UN Global Compact in the following ways:

- Engage companies in Global Compact-related issues.
- Participate in Global Compact global and local activities.

In addition, we commit to share our knowledge in shaping special initiatives and programmes that bring together the business community and civil society; in the development of tools and research; in assisting business participants with the practical implementation of the UN Global Compact principles and in furthering partnership projects.

As this is our first Communication on Engagement (COE), we commit to report every two years as per the Global Compact COE policy. We continue to support public accountability and transparency and therefore we recognise that a key requirement for participation in the Global Compact is the submission of a Communication on Engagement (COE) that describes our organisation's efforts to support the implementation of the ten principles and to engage with the Global Compact.

Yours Sincerely

Carla Koffel
Executive Director
Pearl Initiative

PART 2. HUMAN RIGHTS: THE PEARL INITIATIVE'S POLICIES AND ACTIONS

UNGC Principles on Human Rights:

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

Principle 2: Step up against human rights abuses

2.1 Assessment, Policy and Goals of the Pearl Initiative

Description of the relevance of specific human rights issues for the company, description of policies, public commitments and company goals on Human Rights.

Respect for the Universal Declaration of Human Rights and its six relating fields: dignity and justice, development, environment, culture, gender and participation are **fundamental to the goals** of the organization. The Pearl Initiative has established in 2010 in partnership with the United Nations Partnership Office and has a strategic partnership with the United Nations Global Compact.

The Pearl Initiative is committed to supporting the private sector in the Gulf Region through programmes that comprise research, raising awareness, sharing of information and knowledge and inspiring action by private sector actors to continually improve their accountability and transparency as a business imperative and thereby contributing to the UN Sustainable Development Goals and respect for human rights. Within this framework, the Pearl Initiative addresses **specific human rights related issues** such as increasing diversity in business leadership, encouraging public commitments by business leaders to champion sustainability and tackle corruption through robust corporate integrity practices. Through an established network of **partner organisations**, the Pearl Initiative cooperate and collaborate with its partners to work together towards upholding respect for human rights.

We **encourage all of our employees** to have similar values and respect toward internationally proclaimed human rights. The Pearl Initiative has a written internal code of conduct that makes the organisation's stance clear on ethics, moral codes, stakeholder management, integrity, anti-corruption and confidentiality.

2.2 Implementation of the Pearl Initiative's Policies

Description of concrete actions to implement Human Rights policies, address Human Rights risks and respond to Human Rights related concerns.

The Pearl Initiative takes concrete steps to address human rights risks through delivering specific programmes with its partners and other collaborators. The Pearl Initiative has two types of programmes to increase the awareness and inspire action by companies and other organisations to address human rights related issues. Some programmes focus on addressing specific topics namely diversity in business leadership, integrated reporting to ensure organisations are taking into consideration financial and non-financial factors into its decision-making and reporting, and anti-corruption best practices. Other programmes address transparency and

accountability within different sectors and types of companies namely family business; micro, small and medium enterprises; and the philanthropic and non-profit sector. The Pearl Initiative also works with business leaders to commit to sustainable and ethical practices through a publicly made pledge titled '**The Business Pledge**' which has over 150 signatories since launched in 2016. The Pearl Initiative also engages university students to raise their awareness and knowledge on topics of business ethics and anti-corruption by bringing students and business representatives together through case study competitions, student lectures and presentations by business leaders detailing the initiatives taken to honour their commitment to the business pledge.

The Pearl Initiative has entered into a strategic partnership with the United Nations Global Compact with whom it has hosted two Regional Forums with the UNGC, one in 2015 and one in 2016. The Pearl Initiative is also honoured to be a part of the board of the Global Compact UAE Local Office since its inception.

2.3 Measurement of Implementation Outcomes

Description of how the company monitors and evaluates performance.

The Pearl Initiative measures the number of reports and publications released and the extent of its distribution through downloads and distribution of printed reports. It also measures engagement through attendance at events, feedback from participants at events and participation of students in our programmes such as the case study competition. The Pearl Initiative also works to track changes in perception on the issues it addresses as well as changes in the practices adopted by companies through one-to-one discussions with its partners and other organisations it engages with through its activities.

Through its programmes the Pearl Initiative has published 11 insight reports, hosted 94 events and workshops across the region attended by 264 high level regional and international speakers, over 6750 business leader participants. The Pearl Initiative has engaged with 30 universities across the Gulf Region engaging with 6564 students.

PART 3. LABOUR: THE PEARL INITIATIVE'S POLICIES AND ACTIONS

UNGC Principles on Labour:

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

Principle 4: Elimination of all forms of forced and compulsory labour

Principle 5: Effective abolition of child labour

Principle 6: Elimination of discrimination in respect of employment and occupation

3.1 Assessment, Policy and Goals of the Pearl Initiative

Description of the relevance of labour rights for the company, description of written policies, public commitments and company goals on labour rights.

The Pearl Initiative supports the UNGC principles on labour, the international labour standards set by the International Labour Organisation and strictly follows federal laws and labour rights applicable in the United Arab Emirates. The policies on labour right protection are laid out in the internal code of conduct and HR policies of the organisation.

The Pearl Initiative also supports the private sector in the Gulf Region to address the UNGC's principles on labour, particularly the elimination of discrimination in respect of employment and occupation. The Pearl Initiative's Diversity in Business Leadership programme encourages greater awareness and knowledge about the diversity within business. In addition, fair labour practices is one of the pillars of the Business Pledge initiative launched by the Pearl Initiative in 2016 (as described above).

3.2 Implementation of the Pearl Initiative's Policies

Description of concrete actions taken by your company to implement labour policies, reduce labour risks and respond to labour violations.

The Pearl Initiative has increased its gender diversity among the team. Diversity for the Pearl Initiative is going beyond creating gender inclusive working space. The organisation is proud to have 12 employees from 10 different countries including different age groups and backgrounds.

The Pearl Initiative also promotes best practices within Gulf based businesses in creating diverse and inclusive workplaces regarding to gender, age, nationality and background and eradicating inequalities in line with SDG 5 and SDG 10 principles.

The Pearl Initiative promotes diversity within the workplace through its Diversity in Business Leadership programme described in more detail below. It also specifically encourages business leaders to commit to strong labour practices in their business through the Business Pledge initiative commenced in 2016 to which there are over 150 signatories.

The Pearl Initiative published a series of reports on Women's Career in the GCC. The first report in the series, published in 2015, was a research-based report titled *Women's Career in the GCC: the CEO Agenda*. This report highlighted the current state of practice in the region, including successes as well as identifying areas for improvement. The second report titled: *Women's Careers in the GCC - Four Good Practice Case Studies* was published in early 2017. This report gave an insight into four companies operating in the Gulf Region, two local entities and two multi-national organisations. The purpose of the report was to showcase regional best practices and give other organisations insight into the different approaches to and value of diversity policies. In the last quarter of 2018, the Pearl Initiative published a report that investigated "Women's Engagement in the Economy: the UAE Outlook". This report gathered insight on the level of participation amongst women in four sectors: Energy and Environment, ICT & STEM, Healthcare and Finance & Investment. In addition to sharing insight, the aim of this report is to encourage further research on the subject throughout the Gulf Region. A series of events

and discussions have been arranged to share the findings and facilitate discussion about how this can be applied within businesses in the Gulf Region.

3.3 Measurement of Implementation Outcomes

Description of how the company monitors and evaluates performance.

The Pearl Initiative's impact can be measured in the domain of the promotion of diverse and inclusive workplaces and ethical business development by numbers. The organization has released 3 reports and held approximately 10 events focused on this topic. Regarding the business pledge, there are over 150 signatories and meetings between business leaders and students have started to share the details of the initiatives that have been implemented by organisations to fulfill the pledge obligations.

PART 4. ENVIRONMENT: THE PEARL INITIATIVE'S POLICIES AND ACTIONS

UNGC Principles on 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*

4.1 Assessment, Policy and Goals of the Pearl Initiative

Description of the relevance of environmental protection for the company, description of policies, public commitments and company goals on environmental protection.

In line with UNGC principles, the Pearl Initiative is supporting the establishment of sustainable business practices for the protection of the environment and in order to ensure prosperous economic, social and environmental development at the same time. The Pearl Initiative encourages its stakeholders and partners to accept and promote greater environmental responsibility during their activities in their respective sectors. Through the Gulf Finance Leaders' Circle of Practice (CoP) created in partnership with Abu Dhabi Sustainability Group (ADSG) and HRH the Prince of Wales Accounting for Sustainability (A4S) the Pearl Initiative is working to support CFOs across the region in developing integrated reporting systems, to help bringing environmental and social impact into the boardroom along with financial information. The organisation believes that economically sustainable businesses would benefit from taking a three-pronged approach, it is no longer sufficient to consider only financial impact when making strategic decisions. By supporting organisations to develop integrated corporate reporting, the organisation is not only fostering economic sustainability, but environmental and social sustainability as well.

4.2 Implementation of the Pearl Initiative's Policies

Description of concrete actions to implement environmental policies, reduce environmental risks and respond to environmental incidents.

First and foremost, the Pearl Initiative is undertaking actions to promote integrated corporate reporting in the Gulf Region to support economic, social and environmental change through increased transparency and accountability. Disclosing financial and non-financial information in corporate reporting helps stakeholders to determine common grounds for co-operation and gathering insights and sharing regional best practices for integrated reporting. The organisation is equally acting within its own offices by encouraging colleagues to make effort to reduce the consumption of resources, and the creation of waste material as well as recycle in the offices whenever it is possible.

4.3 Measurement of Implementation Outcomes

Description of how the company monitors and evaluates environmental performance.

Outcome can be measured by the number of strategic partnerships and members within the CoP programme in partnership with HRH The Prince of Wales Accounting for Sustainability (A4S) and Abu Dhabi Sustainability Group (ADSG), to promote integrated thinking including environmental aspects and reporting in the Private Sector across the Gulf Region with the goal of rebuilding trust in business, creating long-term value, implementing corporate governance best practices and encouraging responsible capitalism and responsible growth vis-à-vis the environment and society. In the past years The Pearl Initiative, together with its partners, have held numerous events, workshops and awareness raising campaigns on the importance of promoting transparency and accountability through integrated reporting for prosperous and sustainable environmental, economic and social development.

PART 5. ANTI-CORRUPTION: THE PEARL INITIATIVE'S POLICIES AND ACTIONS

UNGC Principle on Anti-corruption:

Principle 10: *Work against corruption in all its forms, including extortion and bribery*

5.1 Assessment, Policy and Goals of the Pearl Initiative

Description of the relevance of anti-corruption for the company, description of policies, public commitments and company goals on anti-corruption.

The Pearl Initiative has a programme supported by the Siemens Integrity Initiative to promote Corporate Integrity across the Gulf Region. Through education, incentivisation and by further building a community that develops and shares good integrity practices, the Pearl Initiative aims to lead the way in encouraging the implementation of better integrity and transparency standards. The programme develops practical tools that will help companies with implementation that will in turn facilitate higher levels of integrity and transparency in businesses in the Gulf Region. The Pearl Initiative is equally working to improve corporate governance of MSMEs and in family owned firms that provide the frameworks to be able to implement effective integrity policies and procedures.

5.2 Implementation of the Pearl Initiative's Policies

Description of concrete actions to implement anti-corruption policies, reduce anti-corruption risks and respond to incidents.

Through this programme the Pearl Initiative has published 2 reports to date on anti-corruption, the first and “at-a-glance” report illustrating the impact of corruption and identifying the current state of practice in the Gulf Region. In the second report, the Pearl Initiative established 6 core pillars of good corporate integrity practices based on international and regional best practices. The organisation also held more than 12 awareness raising round table events on the topic. The purpose is to promote healthy dialogue and the sharing of best practices amongst business leaders in this topic area. In 2017, the Pearl Initiative launched the Gulf Integrity Indicator, where by participating companies receive an assessment on their current integrity practices against the 6 pillars. The Gulf Integrity Indicator aims to provide a comprehensive, yet straightforward framework for companies to measure their performance relative to international benchmarks and regional best practices. Organisations can use this benchmark to consider measures to further improve their organisation’s integrity practices. The indicator describes six pillars of integrity best practices and utilises a methodology combining qualitative and quantitative factors, designed to apply to a diverse range of companies

5.3 Measurement of Implementation Outcomes

Description of how the company monitors and evaluates anti-corruption performance.

During the last two years, the Pearl Initiative has organised several workshops and events for university students and stakeholders to promote anti-corruption measures and to establish a healthier business environment and practices free of corruption and bribery. The organisation is able to monitor and evaluate performance on anti-corruption in several ways, the most notable is that an independent organisation was engaged in 2017 to evaluate the impact of this programme. The Pearl Initiative is also able to evaluate the impact of this programme by tracking the level of engagement (i.e. event participants, organisations participating in the indicator, report downloads, visits to the programme webpage, etc). By gathering and tracking performance across these metrics, the organisation is equip to respond to changes in regional practices and levels of interest in the programme and adjust the outputs accordingly. This information also allows the organisation to understand the impact being generated.