



13 March 2020

Dear Ms Kingo,

**Communication on Engagement**

I would like to take this opportunity to renew Pact's commitment to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labour, Environment, and Anti-Corruption.

It is my pleasure to submit our Communication on Engagement with the United Nations Global Compact for the time period of November 2017 to March 2020.

This Communication on Engagement is a joint submission outlining all actions that different offices of our organisation have taken to support the Global Compact and its Principles. We will be sharing this information with all our stakeholders.

Our global strategy is centred on the needs of beneficiaries focused on ensuring that every one of the them is heard, capable, and vibrant. The role of the private sector in delivering the commitments of the SDGs is becoming ever more apparent and building more effective, long-term, and sustainable partnerships with them is also key to Pact's future. We look forward to working every more closely with other members of the Global Compact, particularly in the US and UK networks to help us achieve this objective.

Yours sincerely,

Carlos Carrazana

Interim CEO, Pact Inc.

## **Part II. Description of Actions - Engagement in local Global Compact Networks, Workstreams, and Events**

Pact, through **Pact Inc**, has been a member of the UNGC since November 2017. **Pact UK** become a member of the UNGC UK Network in late 2019 and looks forward to actively participating over coming years.

We anticipate that private sector partnerships, indeed partnerships in general, will continue to form a significant component of our future strategy and we will encourage our partners and country offices to engage with local UNGC Networks.

During the reporting period, Pact had active partnerships on corporate sustainability with four GC members, namely: Microsoft, Eurasian Resources Group (ERG), Trafigura, and Rio Tinto.

## **Part III. Measurement of Outcomes**

### **Human Rights, Principles 1-2**

Pact and our partners must abide by our strict safeguarding policies, particularly child protection. We undergo a formal and through due diligence process that ensures that we don't engage with businesses and organisations who are complicit with human rights abuses. At the end of the reporting period, we recruited an in-house General Counsel to lead our Ethics and Compliance.

Our long-standing partnership with Rio Tinto in Madagascar focuses on **Principle 1** ensuring the human right to education through the RISE programme. RISE provides merit-based scholarships that cover recipients' school fees and comprehensive school kits. In addition, RISE offers tutoring and a leadership programme for high schoolers. Together, these efforts are boosting student performance, school retention rates and education access and quality in communities in the Anosy region where child labour and early marriage are common.

Beyond specific partnerships, Pact has worked to promote responsible business performance in line with the GC in range of forums and initiatives in which GC members participate. This includes active participation in the Global Battery Alliance (GBA) and events of the World Economic Forum (WEF) including the Sustainable Development Impact Summit as well as the Voluntary Principles on Security and Human Rights (VPSR) a wide range of CSR conferences.

### **Labour: Principles 3-6**

Pact has many partnerships that strive to advance labour rights, and secure and strengthen employment opportunities especially within the area of youth employment, gender, and social inclusion.

With Microsoft, ERG and the Trafigura Foundation, our partnerships focus on the issue of child labour in mining in the DRC in specific support of GC **Principle 5** (on the effective abolition of child labour) and **Principles 1 and 2** (on human rights). Our partnerships work in areas where Artisanal and Small-scale Mining (ASM) is carried out using rudimentary tools and practices and often involving child labour. Our activities with Microsoft and ERG are in Lualaba Province in the south of the country where copper and

cobalt are mined intensively. In partnership with the Trafigura Foundation, we work in Haut Lomami province in '3Ts' mines (tin, tantalum and tungsten).

Activities in the partnerships focus on raising local awareness of the negative impacts of child labour; enabling local responses and monitoring through neighbourhood committees; supporting at-risk children and families; providing training and support in 'positive parenting'; building capacity of local social services; and enabling youth to leave the mines and enter vocational training for new careers.

With Trafigura, we are working on the cobalt supply chain, demonstrating that responsible sourcing from ASM is a viable, replicable and scalable. In partnership with Trafigura, mining company Chemaf, DRC authorities, and ASM cooperative COMIAKOL, we are supporting the operation of a 'model mine' where ASM is carried out in a legal, formalized, controlled manner. In 2019, the project passed 2 million hours without a Life-Threatening Injury (LTI) and 12 million hours without a fatality – the first time such data has ever been recorded for an ASM project. This project responds to a wide range of GC Principles with a specific focus on those relating to Labour (**Principles 3-6**) and upholding **Principles 1 and 2** (on human rights) as well as **Principle 10** (anti-corruption).

#### **Environment: Principles 7-9**

Pact explicitly recognises the impact of the environment on human development and our specific environmental interventions are part of our Natural Resource Management (NRM) Impact Area; one of six that comprise our integrated approach. <https://www.pactworld.org/our-integrated-approach>

We empower communities to make their own resource management decisions, working within the realities of population pressure, poverty, an increasing demand for energy and resources and the impacts of a changing climate.

Through our work, we improve biodiversity and conservation and foster more diversified, sustainable and profitable livelihoods so that those who are challenged by poverty and marginalisation can own their future, reaching over 250,000 people in 2019. Activities include:

- The Lower Mekong Initiative Sustainable Infrastructure Partnership (LMI-SIP) was created. Led by Pact and funded by the U.S. State Department, LMI-SIP is building regional cooperation to inform and improve policies and practices related to large-scale infrastructure development in Lao PDR, Cambodia, Myanmar, Thailand and Vietnam. The programme works with governments, businesses, academia, civil society and scientists to tackle shared challenges. The United States isn't the only non-regional partner; LMI-SIP is also leveraging knowledge and expertise from a group known as the Friends of the Lower Mekong, which includes Australia, Japan, South Korea, New Zealand, the European Union, the Asian Development Bank and the World Bank (**Principles 7-8**).
- Green Invest Asia, led by Pact, is pursuing climate-smart business solutions with agriculture and forestry companies in Southeast Asia with a demonstrated commitment to environmental and social stewardship. Qualified companies and financiers receive a mix of capital matchmaking,

technical and business advisory, and/or transaction support. Learn in this video how we are partnering, co-investing and transforming land use in Southeast Asia (**Principles 7-9**)

**Anti-Corruption: Principle 10:** Whilst neither partnerships nor programmes have an explicit focus on anti-corruption, our internal policies, and thorough due diligence and ethical checks of potential partners are in place to prevent working with individuals and companies who do not align with the Global Compact's principle on anti-corruption and bribery.

Our Mines to Markets programme reduces corrupt practice as a corollary of removing conflict from the supply chain of minerals through certification mechanisms, and in Zimbabwe we recently concluded a study into illicit and illegal financial flows.