



## UN GLOBAL COMPACT

### COMMUNICATION ON PROGRESS

2019-20

#### CHIEF EXECUTIVE'S STATEMENT

Alfagates became a signatory to the UN Global Compact in 2010 and we are pleased to submit our seventh Communication on Progress.

#### Operations

Our business has the broadest reach of its history, and has penetrated its markets the deepest since inception. Since our undeveloped and developing markets also generally contain natural resources including fossil fuel resources, the use of tax receipts and levies by host governments is under ever-greater scrutiny. A sketch of our newer markets follows:

##### Middle East

Iraq remains dominated by petroleum, and by related geopolitics, with influences from Russia becoming more relevant. We have conducted sporadic work, entirely managed by the local office.

Syria remains awkward, but potentially workable.

We are concerned about Jordan as a transit, operations and logistics support country.

Iran is highly workable, subject to extant and predicted sanctions readouts.

##### Horn of Africa

Renewed interest in Somaliland is being shown in infrastructure support projects. Fortunately development of infrastructure – port, roads, airport – has continued relatively uninterrupted.

International scale opportunities in Ethiopia remain on track in all areas unaffected by internal troubles.

##### Rest of Africa

Ghana remains relatively well developed but is open. Our electricity pilot project is complete and has been handed over to local business.



Nigeria contains high barriers to entry to outsiders but we have access a working business platform.

Through affiliated companies we are operational in [Peru](#), [Colombia](#) and [Dominican Republic](#). Our broad-based trade finance business is unaffected by macro-economic swings and is highly beneficial for SME traders.

### Corruption

It remains critically important for the international community (including signatories to the UN Global Compact), the United Nations, grant and aid providers, and multinational corporations to address corruption. Corruption raises barriers to entry to new geographic regions and market sectors, decreases the propensity of SMEs to enter what are normally fragile markets, increases the working capital required to develop new markets, and often leads to unsustainable or harmful working practices.

### The Ten Principles and the Compact

We are specifically delighted that the ten principles and our *modus operandi* continue to fit together symbiotically and naturally. Above all, the UN Global Compact is a platform which we use to achieve common standards and empathy with, and therefore a mutual understanding between, all stakeholders and ourselves.

I pay tribute to our local staff and trading partners who have had to work sometimes in extreme conditions. As ever, I salute them all.

We hereby renew our support for, and commitment to, the Ten Principles and the Compact.

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## **HUMAN RIGHTS**

### **Assessment, policy and goals**

Our assessment is that all people are to be treated as one would like to be treated oneself. This applies especially within the complex and broad ethnic environments in which we work.

Our policy remains to disseminate information and educate, whilst remaining as far as possible independent, apolitical, and disinterested.

Our goal in the year 2021 is to continue to extend our methods to our new territories and types of business.

### **Implementation**

We continue to apply the “two report” principle concerning any potential violations or complaints. One report from each of a local and a non-local will be sent to the line manager and the Human Resources Manager. In any case when we deem that the line manager does not have sufficient experience to handle this situation, the report is passed directly to a team led by the CEO for resolution.

We encourage staff, and third parties unconnected with Alfagates, to try to obtain cross border access whether it is for holiday or work. We keep in contact with former members of staff and will act as a sounding board to assist them develop their careers.

Our current staff receive help for family needs outside their contracts of employment. We show empathy with all local cultures, for example granting time off for family gatherings, offering financial assistance for overseas medical trips, and pastoral care especially in international matters such as immigration, and international career opportunities outside Alfagates. We include part time and home workers amongst our team, which broadens the potential work pool.

We encourage skills such as IT and language and will make time, cash and equipment available for educational purposes.

### **Measurement**

We have neither had reports of Human Rights violations, nor discovered any problems, nor been fined, nor been threatened with legal action or sanctions.



We uncover information through extensive discussion within our staff at all levels. The CEO and senior managers engage one-to-one with all branch management staff face to face in the relevant branch. Senior managers visit our staffed branches on a frequent basis and any problems are resolved on the spot.



## LABOUR

### Assessment, policy and goals

We assess the greatest values accrue to us by employing based on merit, and as far as possible on locality, introducing non-locals only where necessary.

Our policy is that at least one member of staff may step into a colleague's job at short notice and perform his role on a temporary basis from day 1 at a minimum of 65% efficiency. This encourages diversity and skill transfer, and fosters a society of merit-based leadership.

Our goal in the year 2021 is to extend our methods to our new territories and types of business.

### Implementation

We have employed and will continue to employ, disabled people, women (including during and after pregnancy, granting maternal leave beyond the statutory minimum), and all persons whose skills and locality merit employment fitting our requirements.

Local general managers at each branch recommend solutions to such issues as discipline, pay review, bonus, benefits and time off other than pre-arranged holidays. The CEO takes great heed of these recommendations, mainly because managers visit and assimilate with all branch staff, and local customs and requirements, and are thereby more easily able to infuse their ideas and standards into the local labour market whilst maximising empathy.

All staff are expected to be curious and to learn skills from other staff. All staff are expected to train other staff in their own skills.

Productivity per person, by almost any measure, is increasing.

### Measurement

We have neither had reports of Labour violations, nor discovered any problems, nor been fined, nor been threatened with legal action or sanctions.



## **ENVIRONMENT**

### **Assessment, policy and goals**

Our host governments are increasingly aware of at least the moral obligations to ensure that environmental considerations are a component of their strategies. However, budgets in all but aid economy-dominated countries have been constrained in many instances and the limited available funds diverted to other ministries.

Our policy is to ensure that we contribute the most within our resources to improve the situation. This involves basic housekeeping, staff education programmes, meetings with Government officials and close liaison with project financiers.

Our goal in the year 2021 is to extend our methods to our new territories and types of business.

### **Implementation**

We focus on servicing our clients' needs in order to retain them, but we comply with all local laws and we work together with all our responsible clients and suppliers to ensure that international standards are met as closely as possible within practical commercial constraints.

### **Measurement**

We have neither had reports of Environment violations, nor discovered any problems, nor been fined, nor been threatened with legal action or sanctions.

We make daily walk-through inspections and hold discussions to minimise waste or accidents and spillages such as may cause environmental problems. These inspections involve interacting with our field staff, our facilities, our clients and our suppliers.

Incident report forms log errors and omissions, and track the rectifying action to compliance with at least the local legal standard and to our own high standards.

Larger international clients, ethical financiers, donor organisations, and specialist benchmarking experts provide a constant source of external audit.



## **ANTI-CORRUPTION**

### **Assessment, policy and goals**

All our senior managers know all of our staff with an ability to make procurement and client service decisions, so this acts as a simple, effective control.

Our policy is that we do not permit corrupt practices. This is an immediate termination offence for staff; if we discovered that our suppliers were engaged in such practices we would seek to remove them; and we reject all offers of business which we suspect or know would support corruption.

Our goal in the year 2021 is to extend our methods to our new territories and types of business.

### **Implementation**

All our managers with a procurement ability watch over each other at all levels. The Chief Executive has direct oversight and is involved in constant discussions, education and oversight at head office and branch level. This is a core platform of our leadership.

Our staff are bonded to Alfagates in the knowledge that the business, and therefore their jobs, exist through Alfagates' reputation for undoubted probity. This is proving a most effective method of ensuring that corruption does not even become a temptation and is demonstrating that we can self-regulate from within the organisation.

The staff bonus incentive scheme established in 2014 remains effective. The qualifications for payout include the pre-requisite that an un-reported breach relating to corruption by one is a disqualifying event for all.

We offer unsolicited advice and guidance to our clients and expect the same in return in our attempts to create a virtuous circle of improvement.

### **Measurement**

We have neither had reports of corruption-related violations, nor discovered any problems, nor been fined, nor been threatened with legal action or sanctions.

We conduct a monthly audit of cash expended at branch and head office level. The Chief Finance Officer regularly visits the branch offices. We continue to handle less cash proportionally to electronic money.



In the close community society in which we generally operate, staff actively monitor each other's behaviour and spending habits to identify personal expenditure beyond the expected norm for that person.