



2018-19

ANNUAL REPORT

2018-2019 ANNUAL REPORT

TABLE OF CONTENTS



Letter from the Founder	4
About Pearl Initiative.....	6
Pearl Initiative Over the Years	8
About Pearl Initiative Programmes.....	10
The Year at a Glance	12
Highlights.....	14
Pearl Initiative Programmes	17
Governance by Theme	18
Governance By Sector.....	30
Knowledge Transfer.....	42
Governance In Focus Forum.....	46
Financials.....	48
Pearl Initiative Governance.....	52
Looking Forward	56
How to Get Involved	58
Pearl Initiative Partners	60

LETTER FROM THE FOUNDER

As the pace of social and economic change continues to grow exponentially, the Gulf Region must grapple with changes that are expected to cut across all sectors of our economy and have material impacts on businesses, communities and our citizens.

Economic prosperity and social wellbeing in our region continues to rely upon strong governance frameworks. Today, in light of the exponential rate of change produced by digital transformation, corporate governance has never been more important. It enables organisations to sustainably manage ever more complex risks while continuing to attract flexible, long-term capital that delivers world-class competitiveness. By contrast, capital without effective governance represents only one half of the success equation.

Our regional private sector is abundant with entrepreneurial talent, energy and ambition. Our youthful demographics combined with growing levels of financial and operational innovation position organisations from the Gulf well to scale up both regionally and globally. However, in order to understand and effectively manage diverse and multiple risks, secure and maintain patient capital and successfully navigate entry into new markets in the region and beyond, corporate governance must be at the centre of our business planning.

While we now see increasingly sophisticated and aligned international governance standards and frameworks coming into force, enhancing corporate governance will always need to be driven locally, shaped by local resources, local structures and local business realities. Within the Gulf Region,

this presents an exciting opportunity for the Pearl Initiative to continue helping to improve corporate governance standards within the regional private sector, while supporting local efforts to attract new investment and seize new growth opportunities. By continuing to build local capacity in terms of management skills, the effective use of available data and learning how to best manage and deploy talent, the potential impact of the Pearl Initiative in helping the private sector to mature and prosper is immense.

Building a resilient corporate culture of accountability and transparency in the Gulf Region is in our DNA. It underpins our programs, our engagements and our mission. However, we cannot deliver on any of these things without an equally unflinching commitment to collaboration and working within a broader ecosystem of like-minded individuals and organisations. Our mission also demands a continued commitment to building effective structures, simplifying processes and procedures, adapting for smaller businesses and non-commercial sectors and building greater understanding of the power of corporate governance across the board.

As our own organisation has grown in size, diversity and capacity, my fellow board members and I have worked to evolve our own internal governance mechanisms. We recognise the need to practice what we preach and ensure that the Pearl Initiative is always run to a very high standard. We have made a number of important advances in this respect over the past 12 months. One is the establishment of a Student Advisory Board which gives a greater voice to the future business leaders of the region, and allows us to both train up but also learn from our region's youth. We are also pleased to have held our first CEO Council meeting to facilitate engagement between the CEOs of our partner companies, strengthening networks, exchanging ideas and further establishing regional governance best practices.

Through platforms like our Governance in Focus Forum, we are also taking steps to amplify the voices of our stakeholders and build greater understanding of the region's challenges and opportunities. We know that all of our stakeholders, including start-ups, non-profits, family firms and multinational



corporations, all have valuable perspectives to share, and we are committed to uniting key actors to collectively develop best practices that are fit for purpose.

On behalf of our Board of Governors, I would like to share our sincere gratitude to His Highness Dr Sheikh Sultan bin Muhammad Al Qasimi, Member of the Federal Supreme Council of the UAE, Ruler of Sharjah and the Pearl Initiative's Founding Patron, and His Excellency Sheikh Nahyan bin Mubarak Al Nahyan, UAE Minister of Tolerance, and Honorary Chairman of the Pearl Initiative, for their continued patronage, guidance and support.

I would also like to thank my colleagues on the Board of Governors and the CEO Council for their guidance and oversight throughout the year. Finally, I would like to recognise the entire operational team of the Pearl Initiative for their continued hard work and unwavering dedication to our mission.

Badr Jafar

Badr Jafar
Founder, Pearl Initiative

ABOUT PEARL INITIATIVE

VISION

A thriving economy in the Gulf Region underpinned by a Private Sector that embraces good governance as a pillar of sustainable growth.

MISSION

To be the leading Gulf business-led organisation promoting a corporate culture of accountability and transparency as a key driver of competitiveness.

Prominent business leaders from across the Gulf Region formed the Pearl Initiative in 2010 to create a non-profit vehicle for the Private Sector to collectively take the lead in adopting higher standards in corporate governance, accountability, and transparency to enhance business innovation, opportunity and value creation.

With over 35 regional and international partners, the Pearl Initiative brings together business, government and civil society decision-makers to share best business practices and

help maximise the economic opportunities available to companies within the region. The Pearl Initiative also supports Gulf-based university students to identify and embrace strong ethics as they embark on their careers.

The Pearl Initiative seeks joint collaborative action between regional and global business leaders, international institutions, government bodies, and wider initiatives in the Gulf Region while sharing knowledge and experience in order to influence the entire regional business and student communities.

OBJECTIVES



SHARE INSIGHTS

The Pearl Initiative generates and publishes reports, insights and best practice references to help businesses independently enhance their capabilities.



BUILD KNOWLEDGE

The Pearl Initiative helps build knowledge by bringing experts together with businesses and host a series of complimentary workshops, roundtables, focus groups and training sessions.



CREATE NETWORKS

The Pearl Initiative brings together business, government, and civil society decision-makers to share best business practices and help maximise the economic opportunities available in the region.



INSPIRE ACTION

The Pearl Initiative's focus on impact and collective action guides organisational actions to ensure community-based collaborations to inspire action and expand opportunities for all.

IMPACT SINCE 2010

27

Regional insight reports

133

Events and workshops held across the region

7,205

University students reached through workshops and case study competitions

7,400

Participants from across the Gulf Region at events

35

Universities engaged across the Gulf Region

354

Prominent regional and international speakers for all.

PEARL INITIATIVE OVER THE YEARS



2010

The Pearl Initiative is founded in cooperation with the United Nations Office of Partnerships in New York City, USA

The Corporate Governance in Family Firms programme is launched



2011

The Pearl Initiative offices open at the American University of Sharjah, UAE

The Integrated Reporting programme is launched in collaboration with Accounting for Sustainability (A4S)



2012

First CEO Summit on Ethical Leadership is held in Abu Dhabi, UAE

First United Nations roundtable forum on Corporate Accountability and Governance is held in New York City, USA



2013

The Pearl Initiative enters into a strategic partnership with United Nations Global Compact

The Saudi Arabia Student Case Study Competition is held



2014

The Diversity in Business Leadership programme is launched in collaboration with the Sharjah Business Women's Council (SBWC)

The UAE Student Case Study Competition is held



2015

The inaugural collaborative regional forum with United Nations Global Compact is held in Dubai, UAE

The Executive Education programme is launched

The Anti-Corruption Best Practices programme is launched in partnership with the Siemens' Integrity Initiative



2016

The 2016 Gulf Business Leaders Survey on Sustainable Development Goals is published

The second collaborative regional forum with United Nations Global Compact is held in Dubai, UAE

The Business Pledge programme is launched



2017

The Governance in Philanthropy, and Governance for Micro, Small and Medium-sized Enterprises (MSMEs) programmes are launched



2018

The inaugural Governance in Focus Forum is held in collaboration with Saudi Aramco in Riyadh, Saudi Arabia

The second phase of the Governance in Philanthropy programme is launched with support from the Bill & Melinda Gates Foundation and King Khalid Foundation



2019

The second phase of the 'Women in the Economy' research project is launched with support from NAMA Women Advancement Establishment

The 'Gulf Business Philanthropy Circle' is launched

The 'Corporate Governance Fundamentals' online platform for Gulf Region MSMEs is launched

The Pearl Initiative is awarded special consultative status by the United Nations Economic and Social Council (ECOSOC)

2018-2019 ANNUAL REPORT

ABOUT PEARL INITIATIVE PROGRAMMES

GOVERNANCE
IN MICRO,
SMALL AND
MEDIUM-SIZED
ENTERPRISES

ANTI-CORRUPTION
BEST PRACTICES

GOVERNANCE
BY THEME

01

To achieve this broader objective, the Pearl Initiative focuses on various specific topic areas that are of key interest and importance to the Gulf Region.

DIVERSITY IN
BUSINESS
LEADERSHIP

GOVERNANCE
IN FAMILY FIRMS

GOVERNANCE IN
PHILANTHROPY

GOVERNANCE BY SECTOR

02

To facilitate an effective, entrepreneurial and prudent management culture that can deliver the long-term success of companies, the Pearl Initiative develops tailored programmes for specific types of organisations across the Gulf Region.



GOVERNANCE
IN TECH*

EXECUTIVE
EDUCATION*

INTEGRATED
REPORTING*

BUSINESS
PLEDGE

03

KNOWLEDGE TRANSFER

The Pearl Initiative's Business Pledge programme brings the Gulf Region's business leaders and students together to showcase initiatives that promote sustainable growth based on good governance practices. The Pearl Initiative also brings the world's leading business schools to the Gulf to provide Executive Education tailored to the region.

*Programme was not active during 2018

2018-2019 ANNUAL REPORT

THE YEAR AT A GLANCE

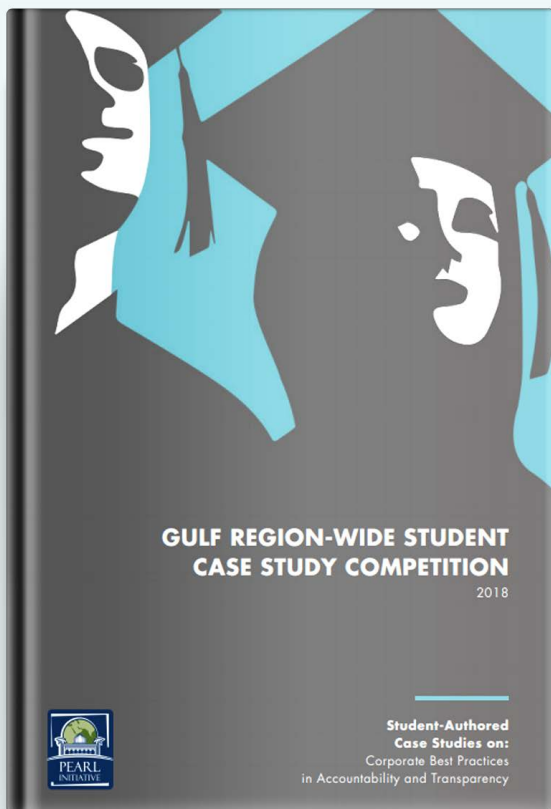
Recent Reports:

**GOVERNANCE IN FOCUS
FORUM: OUTCOME REPORT**

**IMPROVING INTEGRITY PRACTICES
IN GULF FIRMS: THE BUSINESS
CASE FOR IMPLEMENTING
CORPORATE INTEGRITY PRACTICES**



2018 GULF REGION-WIDE STUDENT CASE STUDY COMPETITION



CASE STUDY REPORTS



2018-2019 ANNUAL REPORT

HIGHLIGHTS

A stylized map of Saudi Arabia is the background of the page. The landmass is divided into regions with different colors: light green for the western coastal region, light blue for the central and northern regions, and light grey for the eastern region. A dark blue location pin is placed on the western coast, with the word "JEDDAH" written in a dark blue, sans-serif font to its right.

JEDDAH



STATISTICS

24
events held

8
cities in the
Gulf Region

546
participants

36
speakers

9
collaborating
organisations





**PEARL
INITIATIVE
PROGRAMMES**



2018-2019 ANNUAL REPORT / PEARL INITIATIVE PROGRAMMES

GOVERNANCE BY THEME

ANTI-CORRUPTION BEST PRACTICES

Building communities and resources to encourage the implementation of better integrity and transparency practices

SIEMENS

Ingenuity for life

Commenced 2015

Programme Partner

Anti-corruption is an integral part of any corporate compliance system, and so the Anti-Corruption Best Practices programme aims to develop tools and advance conversations that will lead companies to understand the inherent value of incorporating high levels of integrity and transparency within their organisations. The programme focuses on providing businesses with the tools to independently and confidently evaluate their integrity practices and find cost-effective ways to improve their policies and processes.

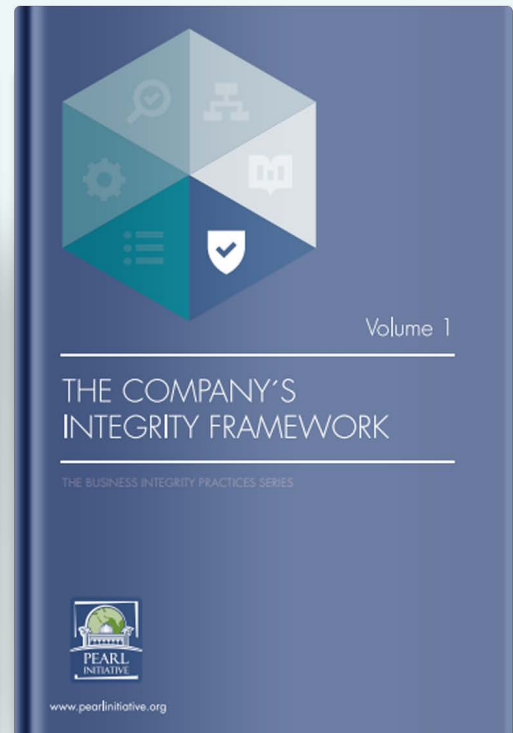


GULF INTEGRITY INDICATOR (GII)

The pilot phase of GII was completed, and the official Gulf-wide roll-out of GII has commenced.

The cornerstone of the Anti-Corruption Best Practices programme, the Gulf Integrity Indicator (GII), saw its pilot phase successfully completed. Next steps involve the systematic roll-out of the GII across the regional Private Sector, where organisations will be invited to take an assessment and apply the GII to their internal integrity practices.

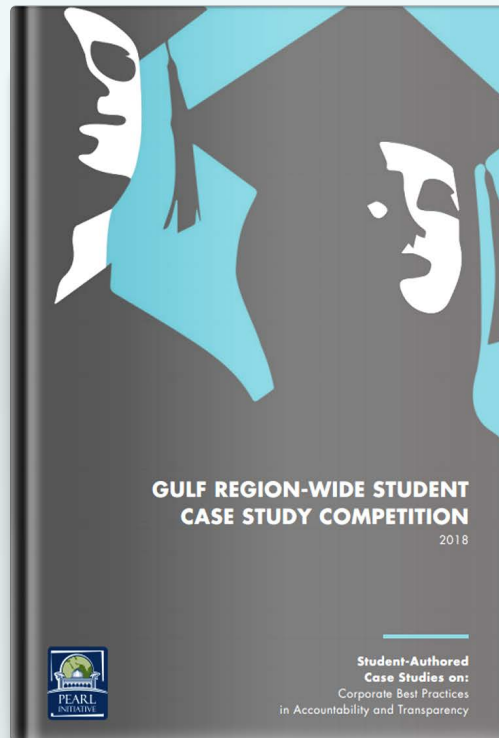
To date, fourteen (14) organisations have taken the GII assessment. The Pearl Initiative continues to invite regional organisations to participate in this innovative assessment.



BUSINESS INTEGRITY PRACTICES SERIES

Two (2) publications on the Gulf Integrity Indicator pillars have been published to disseminate practical know-how around how to improve integrity practices.

The Pearl Initiative produced two publications to discuss and promote the importance of improved integrity practices across Private Sector organisations in the Gulf Region. These publications fall under the premise of the Gulf Integrity Indicator (GII), a tool designed to help regional organisations assess their internal integrity and ethics practices.



2018 GULF REGION-WIDE STUDENT CASE STUDY COMPETITION REPORT

Published a report featuring the top five (5) case studies on best integrity practices implemented in the Private Sector.

The annual Student Case Study Competition was held, inviting students and universities from across the Gulf Region to author case studies on best practices in business integrity across the Private Sector. These case studies are based on interviews conducted by students with business professionals and the top five case studies are voted in by a panel of judges and published in a report.

The 2018 Student Case Study Competition report was published in the wake of the Annual Case Study Competition Award Ceremony.



April 2018
Dubai, United Arab Emirates

THE MAIN ELEMENTS OF BUSINESS INTEGRITY

Roundtable held in Dubai featuring an executive dialogue with Nigel Benstead of PepsiCo

This roundtable explored the manner and systems implemented by Private Sector organisations to prevent risks and to align themselves with best practices in business integrity. The Gulf Integrity Indicator (GII), Pearl Initiative's bespoke integrity assessment tool, was also introduced at this event to invite organisations to be assessed under its six pillars.



November 2018
Abu Dhabi, United Arab Emirates

BUSINESS INTEGRITY PRINCIPLES: DRIVING IMPLEMENTATION FOR SUSTAINABILITY

Roundtables held in both Riyadh, and in Abu Dhabi with the objective to identify and understand the benefits and impact of implementing rigorous business integrity practices.

Two thematically similar roundtables were convened, where stakeholders where stakeholders came together to discuss how innovative strategies and tools can be used to implement and strengthen integrity practices within organisations. Attendees heard from subject matter experts on the challenges of implementing and evaluating integrity practices, and the value of particular integrity practices for nascent-stage organisations. The events also educated attendees on the value of Pearl Initiative's GII.



January 2019
Dubai, United Arab Emirates

WHISTLEBLOWING: A PILLAR OF SOUND CORPORATE GOVERNANCE

Roundtable held in Dubai provided an introduction into whistleblowing policies as implemented in the Gulf Region.

This roundtable was organised to discuss and share ideas, experiences and knowledge on the practical implementation of whistle-blowing measures within organisations. The roundtable focused on how a region's cultural landscape shapes corporate whistle-blower policies, and the importance of securing trust from employees by introducing whistle-blower exercises within an organisation.



May 2018
Dubai, United Arab Emirates

STUDENT CASE STUDY COMPETITION AND REPORT

Held an award ceremony in Muscat, Oman and published a report featuring the winning case studies from the 2018 Gulf Region-wide case study competition.

In May 2018, the Pearl Initiative convened the students, professors, and organisations who participated in the Student Case Study Competition for an award ceremony, organised to felicitate those students who prepared the best case studies on business integrity and accountability practices in the regional Private Sector.

The award ceremony was held in Muscat, Oman, at Sultan Qaboos University. A report featuring the best case studies produced was published in 2018 and is available for download on the Pearl Initiative's website.



April 2019
Dubai, United Arab Emirates

In April 2019, the next award ceremony was held at Higher Colleges of Technology, Dubai, UAE, to reward students who participated in the 2018–2019 iteration of the Student Case Study Competition. A report featuring the top five case studies is forthcoming.

DIVERSITY IN BUSINESS LEADERSHIP

Embracing diversity as a business imperative

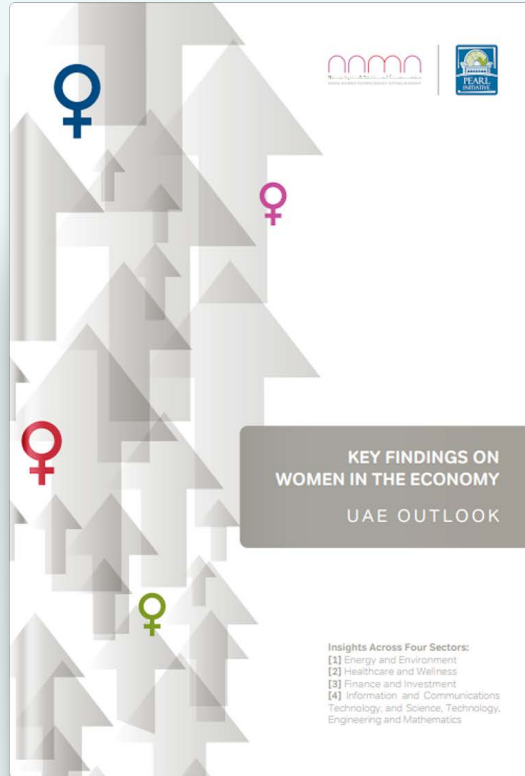
Commenced 2015

Programme Partner



The bottom line for increased diversity is well researched and increasingly embraced. Good corporate governance encompasses a rigorous system spanning all aspects of accountability and business practices, which include the right mix of experience, skills and perspectives as part of the leadership team to maximise views and opportunities the business can take advantage of. The Diversity in Business Leadership programme is dedicated to increasing awareness among the business community about the case for attracting, retaining and developing diverse business teams.





KEY FINDINGS ON WOMEN IN THE ECONOMY – UAE OUTLOOK REPORT

Published a report in February 2018 on women’s engagement across four (4) sectors in the UAE economy based on data collected through surveys and interviews.

The Pearl Initiative released the findings of its 2017 survey on women in the UAE workforce in a report titled ‘Key Findings on Women in the Economy: UAE Outlook’. This report profiled the experiences of women in the workforce across four sectors: Energy and Environment, Healthcare and Wellness, Finance and Investment, and ICT and STEM.

For 2019, this programme is presently expanding the research undertaken in this report to cover women’s experience in the workplace across eleven sectors in the Gulf Region.



December 2018
Sharjah, United Arab Emirates

In December 2018, a strategic programme agreement was signed with NAMA Women Advancement Establishment to expand the scope of previously conducted research to cover the Gulf Region. This new agreement will guide programme activities in 2019, which includes a regional survey, student activities, and report.



2018-2019 ANNUAL REPORT / PEARL INITIATIVE PROGRAMMES

GOVERNANCE BY SECTOR

GOVERNANCE IN MICRO, SMALL, AND MEDIUM-SIZED ENTERPRISES

Boosting the resilience of the Region's MSME community through corporate governance

Commenced 2017

Programme Partners



RWE

Regional micro, small, and medium-sized enterprises (MSMEs) form the backbone of the Gulf Region's national economies, and face a range of business concerns that can be addressed by the strategic implementation of corporate governance. Through the Governance in Micro, Small, and Medium-sized Enterprises programme, the Pearl Initiative aims to introduce what governance means for small businesses and what can be done to facilitate business success using its principles and policies.



August 2018
Dubai, United Arab Emirates

ACCESSING CAPITAL: IS YOUR BUSINESS READY?

Roundtable in Dubai was held in collaboration with the Dubai Business Women Council (DBWC) on how good corporate governance practices help MSMEs access funding.

The Pearl Initiative held a strategic roundtable in August 2018 in Dubai, UAE convening MSMEs to provide guidance on how to apply corporate governance to solicit financing for their business needs. The event hosted MSME owners, investors, employees and stakeholders in a conversation about how corporate governance can be of utility to businesses of all sizes and is of particular importance when approaching financiers and funders to demonstrate the stability of an MSME.



February 2019
Muscat, Oman

GOVERNANCE FOR SUSTAINABLE GROWTH: ENHANCING MSME OUTCOMES

Roundtable in Muscat, Oman was held in collaboration with Zubair SEC.

In February 2019, the Pearl Initiative held a roundtable in Muscat, Oman, focusing on how MSMEs can apply corporate governance practices strategically to solicit funding. The roundtable brought together subject matter experts in the fields of corporate governance, banking and investment, and MSME development.

The event facilitated conversations on the ways in which MSMEs could apply customised governance solutions for their particular needs and how they can approach financiers with governance implemented in their businesses.



April 2019
Muscat, Oman

CORPORATE GOVERNANCE FOR MSME RESILIENCE

Workshop held in collaboration with the International Finance Corporation (IFC) and Zubair SEC in Muscat to educate MSMEs on the value and principles of corporate governance.

In April 2019, the Pearl Initiative collaborated with the IFC and Zubair SEC to hold a two-day workshop for MSMEs. This workshop taught MSMEs the basics of corporate governance and engaged them in exercises that showed them how to implement custom governance solutions for their particular business needs.

Led by a governance expert from the IFC, MSMEs learned the value of corporate governance in soliciting funding, strengthening internal controls, and improving overall business outcomes.

Corporate Governance Fundamentals

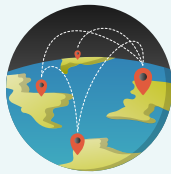
The Pearl Initiative is providing tools and templates of micro, small and medium enterprises (MSMEs) to build and improve their corporate governance practices. We want small businesses to understand that, while there is no "one size fits all" solution to address their concerns, bespoke corporate governance practices can help them succeed - and that we can provide the resources that can help tailor a corporate governance resolution with our expertise.



What are you trying to achieve in your business?



Looking to Raise Funding



Looking to Grow Geographically



Looking to Overcome Overdependence



Looking to Attract Talent



Looking to Manage Organisational Time

MSME ONLINE PLATFORM

Launched a bespoke online platform to help MSMEs independently adopt cost-effective corporate governance practices within their business.

The Pearl Initiative developed and launched a specialised online platform to host resources, videos and graphic guides that enable regional MSMEs to take their businesses to the next level using corporate governance.

This platform is the first of its kind in the region and is a one-stop destination for MSMEs seeking information on corporate governance to strengthen their businesses. Resources hosted on this platform include toolkits, templates, graphic guides, and videos that are meant to educate stakeholders on the basics of corporate governance and the means by which to apply these principles in a business for sustainable growth.



Delegation of Authority Graphic Guide



Enhancing Gulf Business Competitiveness



Delegation of Authority Guide

RESOURCES AND TOOLKITS

Launched sixteen (16) MSME toolkits and templates – available on the newly launched MSME online platform in both Arabic and English.

The Pearl Initiative also released 16 toolkits and templates to help MSMEs learn the basic principles of corporate governance and apply them in a customisable manner for their business needs. These resources are available at no cost on the Pearl Initiative website and on the new Corporate Governance Fundamentals for MSMEs platform.

GOVERNANCE IN PHILANTHROPY

Enhancing the impact of the Gulf Region's philanthropic and non-profit ecosystem

Commenced 2017

With support from the Bill & Melinda Gates Foundation

Well-governed philanthropic and non-profit organisations are more likely to have a clear strategy that is transparent, deliverable goals whose impact can be measured, and an effective decision-making process that ensures the efficiency and impact of their programmes. The Governance in Philanthropy programme helps support corporate and institutional donors striving to be more strategic and impactful in their giving. Through community engagement and research, the programme promotes improved governance standards in the Gulf Region's philanthropic ecosystem.





STATE OF GOVERNANCE IN PHILANTHROPY REPORT – GULF REGION

Published a thought leadership report on trends in governance practices as adopted by the philanthropic and non-profit sector in the Gulf Region.

In 2018, the programme's inaugural report was launched, titled 'The State of Governance in Philanthropy – Gulf Region.' This report, based on a survey launched in 2017, collected first-hand information on governance practices within foundations, non-profit organisations and the social investment activities of the Private Sector.



February 2018
Dubai, United Arab Emirates

EXCELLENCE IN PHILANTHROPY

Roundtable held in Dubai, featuring a keynote from the late HRH Princess Banderi, CEO of King Khalid Foundation (KKF) on strategic philanthropy.

To launch the results of 'State of Governance in Philanthropy: Gulf Region' report, the Pearl Initiative organised a roundtable in February 2018 to discuss the findings of the report and to facilitate conversations on how to address challenges to the sector in the Gulf Region. Discussions also included conversations on the strategic evaluation of philanthropic programmes, sharing best practices and ways forward for the Private Sector in pursuing philanthropic activities.



December 2018
Kuwait City, Kuwait

PLANNING FOR IMPACT: FRAMEWORKS FOR CSR INITIATIVES

Workshop held in partnership with en.v in Kuwait and focused on results-based programme design and monitoring and evaluation for CSR and philanthropic initiatives.

The Pearl Initiative also held a workshop in Kuwait on the challenges faced by institutional donors and non-profit organisations operating in Kuwait. The workshop focused on results-based programme design and monitoring and evaluation for CSR and philanthropic initiatives, introducing frameworks and key areas for consideration when designing results-based philanthropic and CSR programmes.

A key trend that was highlighted was the lack of clarity on the structure of philanthropic programmes amongst family firms and corporations, as well as the need to develop standards in reporting.



April 2019
Riyadh, Saudi Arabia

THEORY OF CHANGE

Workshop held in partnership with KKF in Riyadh to provide practical lessons on the application of the theory of change in philanthropy.

The 'Theory of Change' workshop provided foundations and businesses with the tools to develop philanthropic programme plans to optimise their effectiveness and impact. Facilitated by Reem Khouri, Co-Founder and CEO of Whyise; and Osamah Alhenaki, Programme Director, Policy Design and Advocacy at King Khalid Foundation, the workshop was the second to be held in collaboration with KKF in Riyadh and will be rolled out across the Gulf Region.



April 2019
Dubai, United Arab Emirates

GULF BUSINESS PHILANTHROPY CIRCLE

As part of the programme's mandate to discuss and promote improved governance standards in the philanthropic sector across the Gulf Region, a body was formally instituted to bring stakeholders together to address opportunities and challenges in optimising the impact of giving in the Gulf Region and share lessons learned about performance evaluation and governance.

The Circle convenes leading corporate and family business donors from the Gulf Region to address opportunities and challenges in their philanthropic endeavours.



2018-2019 ANNUAL REPORT / PEARL INITIATIVE PROGRAMMES

KNOWLEDGE TRANSFER

BUSINESS PLEDGE

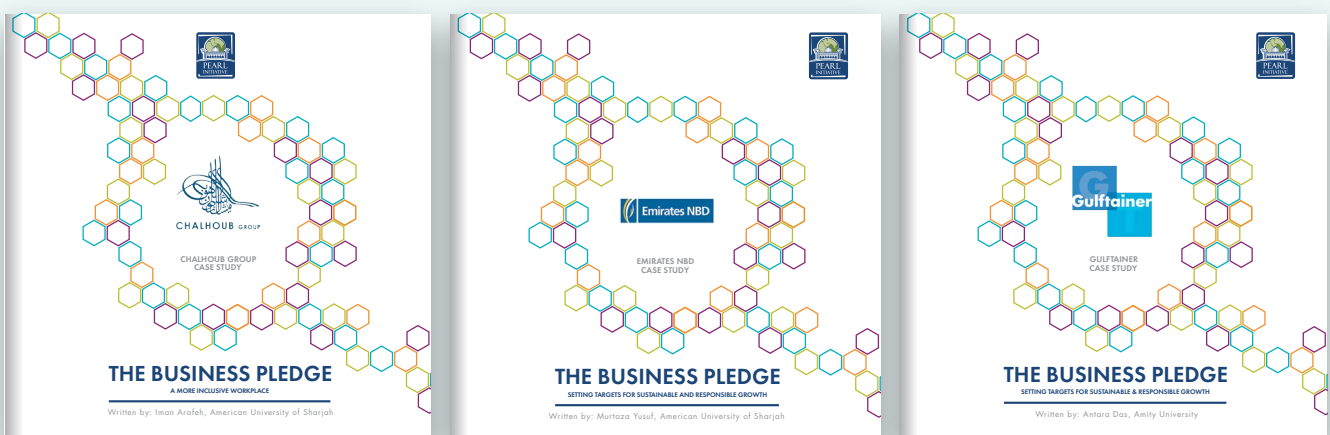
*Ensuring our future leaders appreciate
the value of sustainability, inclusion,
integrity & collaboration*

Commenced 2016

Programme Partner



The Business Pledge highlights the role the Private Sector plays in promoting responsible and sustainable growth based on good corporate governance practices in the Gulf Region. The Pearl Initiative launched the Business Pledge to call upon senior business leaders in the Gulf Region to make a public commitment to adhere to principles of ethical and responsible conduct when carrying out business and interacting with society. The Business Pledge allows business leaders to showcase their best practices in ethical business conduct while uniting students and business leaders to discuss the four pillars of the Pearl Initiative's Business Pledge programme.



BUSINESS PLEDGE CASE STUDIES

Published seven (7) short case studies based on Business Pledge lectures.

As part of the Pearl Initiative's student engagement activities within this programme, case study reports produced by students were published over the year. Each case study profiles one good business practice from one of four pillars of the Business Pledge, as practiced by signatories of the Pledge. Through these reports, organisations are able to communicate their sustainability practices and community engagement to students, who in turn learn about good corporate sustainability practices as they prepare to enter the formal workforce.



March 2019
Sharjah, United Arab Emirates

BUSINESS PLEDGE SESSIONS

Hosted 10 Business Pledge sessions in 2018 and 9 in the first half of 2019. The sessions are held across the region connecting business students with Private Sector leaders.

As part of the programme, business leaders are connected with students to facilitate dialogues on business sustainability best practices and a commitment to ethical business leadership. With the Pearl Initiative's network of universities and Private Sector scions, numerous successful Business Pledge sessions were facilitated, wherein students learned the value of ethical leadership from business leaders and subject matter experts.



**Business Pledge Session with
Bahrain Islamic Bank
May 2019
Manama, Bahrain**

ACQUIRED NEW BUSINESS PLEDGE SIGNATORIES

The Business Pledge programme continues to grow as new signatories take up the mantle of ethical business leadership, and the commitment to sustainable growth through best practices in corporate governance. In 2018-2019, 30 new Business Pledge signatories were acquired. To date, the Pearl Initiative has had 187 signatories on the Business Pledge.



2018-2019 ANNUAL REPORT / PEARL INITIATIVE PROGRAMMES

GOVERNANCE IN FOCUS FORUM

Inaugural forum held in 2018

Partner



The Pearl Initiative proudly hosted the Governance in Focus Forum in collaboration with Saudi Aramco in April 2018 under the patronage of H.E. Khalid Al-Falih, Minister of Energy, Industry and Mineral Resources, and Chairman of Saudi Aramco. The Forum brought together 30 internationally-renowned speakers and 350 delegates across several countries and, sectors highlighting the importance of good corporate governance practices in strengthening national economies.

The Forum laid emphasis on the fact that contemporary economic shifts and changes require significant adaptations of governance models to facilitate public-private collaboration, increase private sector participation in the economy and foster entrepreneurship.



GOVERNANCE IN FOCUS: BOOSTING COMPETITIVENESS IN A NEW BUSINESS PARADIGM REPORT

Published a report detailing the high-level forum held in collaboration with Saudi Aramco.

The Pearl Initiative published an in-depth report detailing the conversations that took place on best practices and innovations in corporate governance at the Pearl Initiative's inaugural Governance in Focus forum.

Held in Riyadh, Saudi Arabia, in April 2018, the Forum convened four hundred high-level executives and C-suite personnel under one roof to engage in topical discussions on the present state of corporate governance across the Gulf Region, and the value it can bring to the Private Sector.

The Forum included four panel sessions and two thematic workshops to engage all present stakeholders effectively on the value of business accountability and corporate governance for sustainable economic development.

2018-2019 ANNUAL REPORT

FINANCIALS GENERAL COMMENTARY

Key Financial Highlights

The Pearl Initiative highly appreciates the generous support and contributions made by its partners and collaborators. In addition to the regular annual membership received from all partners, a number of organisations supported several new initiatives by providing programme specific sponsorships, namely the Siemens Integrity Initiative support for the Anti-Corruption Best Practices Programme, the Bill & Melinda Gates Foundation's support of the Governance in Philanthropy programme, RWE for their generous commitment of US \$2.5 million in 2015 (payable over a five-year period), and Crescent Petroleum for their substantial contribution of administrative support for the organisation.

Legal Status

Pearl Initiative Inc. was incorporated on 10 October 2010 as a Not-For-Profit Corporation under section 402 of the Not-For-Profit Corporation Law of the State of New York. The Entity incorporated a Branch, 'Pearl Initiative Inc.', on 16 June 2015 as a 'Branch of a Foreign Company' under commercial license no. 93003 issued by the Dubai Creative Clusters Authority, Government of Dubai - Dubai - UAE.

HIGHLIGHT

US \$2,252,000

Increase in net assets from US \$1,714,000 as at 31 December 2017 to US \$2,252,000 as at 31 December 2018.

US \$750,000

Pearl Initiative has a partner base of 38 members who have contributed membership income of US \$750,000 in 2018.

US \$1,065,000

Pearl Initiative witnessed receipt of programme support of US \$1,065,000 in 2018.

Summarised Principal Accounting Policies

BASIS OF PREPARATION

The financial statements of the Entity have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB).

RECOGNITION OF PARTNERSHIP SUPPORT

Partnership support is recognised when it is probable that economic benefits will flow to the Entity and the partnership support can be measured reliably. Partnership support is recognised as per the contractual arrangements with partners and in the relevant accounting period.

RECOGNITION OF PROGRAMME SUPPORT

Programme Sponsorships are recognised as support when:

- the Entity is entitled to such programme support,
- the programme support can be measured reliably, and
- it is probable that the economic benefits of the programme support will flow to the Entity. The Entity shall be entitled to the programme support when it establishes control over the rights or other access to programme support based on the contractual arrangements with Funders.

Statement of Financial Position

As of 31 December 2018 (in USD '000)

	Y2018	Y2017
Assets		
Non-current assets	2	5
Current assets	2,486	1,958
Total assets	2,488	1,963
Liabilities		
Non-current liabilities	38	24
Current liabilities	198	226
Total liabilities	236	250
Net Assets	2,252	1,714

Statement of Financial Activity

	Y2018			Y2017		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Support						
Programme support	1,065	-	1,065	961	-	961
Partner support	-	749	749	-	902	902
Transfer from restricted	(592)	592	-	(679)	679	
Total Support			1,814	281	1,582	1,863
Expenses						
Programme	-	(1,062)	(1,062)	-	(996)	(996)
Organisational	-	(255)	(255)	-	(410)	(410)
Total expenses	-	(1,317)	(1,317)	-	(1,406)	(1,406)
Other Income	-	41	41	-	6	6
Change in net assets	473	65	538	281	182	463
Net assets at 1 Jan	1,535	178	1,713	1,254	(3)	1,251
Net assets at 31 Dec	2,008	244	2,252	1,535	178	1,714

PEARL INITIATIVE GOVERNANCE

The Pearl Initiative's internal governance structure comprises the following forums:

Patronage

FOUNDING PATRON

His Highness Dr Sheikh Sultan bin Muhammad Al Qasimi

Member of the Supreme Council of the United Arab Emirates
and Ruler of Sharjah

BOARD OF GOVERNORS

The Board of Governors comprises 16 highly committed and dedicated members striving to promote corporate governance best practices in the Gulf Region. Members come from a diverse range of backgrounds with complementary experience, and together they oversee the strategy and affairs of the Pearl Initiative. The table below lists all members of the Board of Governors.



Mathad Alajmi

Vice President and General Counsel,
Legal Affairs, STC



Ahmed Al Janahi

Chair,
Student Advisory Board
of the Pearl Initiative



Pervez Akhtar

Managing Partner and Head of
MENA Region,
Freshfields Bruckhaus Deringer



Hani Ashkar

Middle East Territory Senior Partner,
PwC



Patrick Chalhoub

CEO,
Chalhoub Group



Amir Dossal

Founder & Chairman,
Global Partnerships Forum



Jamal Fakhro

Managing Partner,
KPMG Bahrain & Qatar



Hamid Jafar

Chairman,
Crescent Group

BOARD OF GOVERNORS



Badr Jafar
CEO,
Crescent Enterprises



Samer Said Khoury
President,
Consolidated Contractors Company



Markus Krebber
CFO,
RWE AG



Varouj Nerguizian
CEO,
Bank of Sharjah



Bashar Obeid
CEO,
Aramex



Campbell M. Steedman
Managing Partner,
Winston & Strawn



Ayman Tamer
Chairman and Managing Partner,
Tamer Group

EXECUTIVE COMMITTEE

The day-to-day management of the Pearl Initiative is taken care of by the Executive Committee. The members of the Executive Committee share powers and responsibility for managing the organisation efficiently and effectively.

CEO COUNCIL

Comprised of the CEO of each of the Pearl Initiative's partner companies, the CEO Council brings regional leaders in their respective fields together to collaborate. The CEO Council convenes once a year and provides an opportunity for the CEOs to practically input into the strategy of the Pearl Initiative and therefore into the business community in the Gulf Region. It offers a unique opportunity to network amongst peers at the most senior level and share best practices and challenges.

INTEGRATION BOARD

Made up of senior management representatives from each of the Pearl Initiative's partner companies, the Integration Board guides the efforts of the Pearl Initiative, providing feedback and developing recommendations with respect to the work it undertakes. The Integration Board provides a platform for representatives from the Pearl Initiative's partnership network to share insights, address challenges and discuss regional and international trends.

STUDENT ADVISORY BOARD

The Student Advisory Board was established by the Pearl Initiative's Board of Governors to provide a voice to the region's youth and to gain their perspective on ways to foster awareness of the Pearl Initiative and its programmes amongst the future generation of business leaders. Their role as members of the board is to act as vocal supporters for the Pearl Initiative to the wider student community, raising awareness of the Pearl Initiative's values and principles and to act as ambassadors, facilitating outreach within their respective universities and countries.

LOOKING FORWARD

As we reflect on the work undertaken by the Pearl Initiative over the past year we are proud of the fact that we have been able to significantly expand the community of stakeholders that we engage with and also improve the quality of the resources that we collaboratively create.

Our work is always guided by the principle of building communities collaboratively as reflected in our achievements this year. We hosted our groundbreaking Governance in Focus Forum in partnership with Saudi Aramco and launching the Corporate Governance Fundamentals for MSMEs, an online platform that supports our regional community of small businesses seeking to scale up and secure investment through better governance. We also built on our Women in the Economy: UAE Outlook report expanding the research to the broader region in partnership with NAMA Women



Advancement Establishment. All of these initiatives embody our belief that Corporate Governance is an ever evolving process that is system wide meaning that we cannot achieve progress alone and there is no finish line.

Our small business partners are keen to remind us that in corporate governance there is no one size fits all. While we adhere to international standards, we still need to build local capacity and best practice from a wide range of different businesses to build core principles. Corporate governance is not inherently quantitative: it's qualitative and subjective so we need to continually collate market data so we can ensure it is evidence-based. This approach has informed the focus of our work in 2019 which includes:

- Expanding the scope and remit of our programmes to address the dynamic socio-economic shifts of the Gulf,
- Increasing our collaboration with internationally-recognised thought leaders and institutions,
- Collectively building knowledge on corporate governance in the Gulf Region,
- Demonstrating the business case for improved corporate governance standards,
- Expanding our student engagement activities to ensure they understand good governance and business integrity, and
- Engaging with media partners to disseminate our vision and mission.

Our future work will further build on this platform and remain ever dependent on our partner companies, our allies within the ecosystem and the Pearl Initiative team – all of whom have enabled our success to date.

Yasmine Omari

Executive Director, Pearl Initiative

HOW TO GET INVOLVED

The Pearl Initiative works tirelessly in its quest to promote a corporate culture of accountability and transparency for improved socio-economic outcomes across the Gulf Region.

It is a by-business, for-business organisation, and without the input and support of its partners, the Pearl Initiative would not be in a position to develop programmes that are relevant to and supportive of the businesses operating within the Gulf Region.

The Pearl Initiative's network of partners shares its vision and values and is growing with the recognition of the necessity for enhanced corporate governance standards and practices in the regional Private Sector.

By joining the Pearl Initiative as a partner, organisations can:

- Join the Integration Board and CEO Council to input into Pearl Initiative activities while networking with other partners.
- Publish joint thought leadership, opinion editorial articles, and press publications.
- Receive upfront activity plans and invitations to events.
- Be associated with the preparation and publication of key reports.
- Participate in annual Pearl Initiative conferences.
- Leverage speaking opportunities across regional events.
- Be part of an alliance that is raising the bar on awareness of the value of corporate accountability and transparency in the Gulf Region.
- Get privileged access to a community with the latest insights on best practices in corporate governance.
- Leave a legacy for the development of students, and leaders of tomorrow.

To engage with the Pearl Initiative and to explore partnership opportunities, contact: enquiries@pearlinitiative.org

To learn more about the Pearl Initiative...



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PEARL INITIATIVE PARTNERS

AS OF OCTOBER 2019





