ENIGMA UN GLOBAL COMPACT COMMUNICATION ON PROGRESS 2011

STATEMENT OF CONTINUING SUPPORT

ENIGMA SECURITY SOLUTIONS LTD CONTINUES TO SUPPORT AND PROMOTE IMPORTANT RESPONSIBLE INITIATIVES SUCH AS THE UN GLOBAL COMPACT

ENIGMA
GROUP OF COMPANIES

THE UN GLOBAL IMPACT AND SUSTAINABILITY

ISSUED JULY 2011

CHIEF EXECUTIVE'S STATEMENT

"For Enigma, becoming a more sustainable business goes hand in hand with the ten principles of the United Nation's Global Compact".

Our Performance in 2010

Through the enthusiasm of our people and the strength of our leadership teams Enigma has rapidly become a force in the drive for sustainability and compliance with the UN Global Compact principles. In respect to our sustainability programme I am delighted with our progress and integration with ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004. This integration continues to enhance our reputation and significantly contributes to our business success.

As part of our community engagement, we have an arrangement with a Registered Social Landlord and Regenerations Charity which has enabled 30 disadvantaged people to gain valuable employment training and certification via our training partner.

As ever, the Health and Safety of the public and everyone who works within Enigma or those affected by our operations, remains paramount. In 2010 we sustained our excellent record in this sphere.

Looking forward

Moving forward into 2011 we have focused our attention on our carbon reduction strategy with two particular outcomes: the introduction of teleconferencing for our inter-branch meetings; and the fleet purchase of green award vehicles for our management and supervisory staff. Both of these measures will ensure significant reductions in fuel costs and our overall carbon footprint. Our other environmental programmes such as recycling/ transport and waste along with service efficiency are also being refined and improved.

We have established a long-term sustainability strategy with positive outcomes to be achieved by 2020. We will engage our employees in the implementation of our new strategy so that they all can share in the responsibility and satisfaction of making Enigma a more principled, sustainable and successful business.

Glen Webley
Chief Executive Officer

OUR MISSION

Is to achieve profitable growth while making the world a better place.

To succeed in our mission Enigma believe that we must plan our business growth based on a comprehensive sustainability strategy which integrates the United Nation's ten principles relating to human rights, labour governance, the environment and anti-corruption.

On Human Rights

Principle 1 Business should support and respect the protection of internationally proclaimed human rights.

Principle 2 Business must ensure that they are not complicit in human rights abuses.

The aim of Enigma Security Solutions is to communicate to all our employees, business connections and communities in which we operate, our commitment to respect and uphold human rights. We endeavour to observe and promote the Universal Declaration of Human Rights as a common standard of achievement for all people and all nations. The guidelines and conventions of the United Nations and International Labour Organisation on the Rights of the Child are also fundamental to instructing our policy provisions.

Commitment

- Enigma human rights policy
- Enigma Group ethical code for all our suppliers

Implementation

- Enigma employs a widely diverse workforce who are guaranteed an "equality for all" policy to prevent discrimination in hiring, promotion and work conditions based on race, caste, colour, national origin, sex, age, religion, disability, marital status, actual or perceived sexual orientation, employment status or political affiliation. We endeavour to ensure that employees of sub-contractors and our suppliers have similar guarantees against discrimination. Enigma also expects that all of our employees and those of associated companies are able to work in an environment free of physical, psychological and verbal abuse and harassment, and in an environment free of the threats of such abuse and harassment.
- Enigma has a published statement on human rights which is implemented through internal management systems and staff training, both introductory and ongoing. In March 2011 Enigma introduced a formal revision course for employees with more than 12 months company service. This course covers policy statements and job-specific information and is to be run continuously, as required. The course aims to ensure awareness of content and of changes to the initial induction training that all employees are traditionally given at the beginning of their employment.

- Enigma's employment handbook and site instruction booklets include all policy statements and relevant procedures. They are checked and reviewed on an annual basis at a minimum, and upgraded as and when necessary.

- Although Enigma has long had a broad mix of employees from varying national and ethnic backgrounds; our gender mix was poor due to the traditional male dominance of our core business. Early 2011 we introduced new recruitment procedures which have helped to almost double the number of female employees from 7% to 13% of the total workforce.

- Enigma endeavours to provide enhanced working conditions- regarding safety, comfort, and the ability to profit- for its employees. This is a prime consideration when applying for contracts.

- Enigma has implemented a proactive information, advice and complaints structure through the provision of:

    a. 24 hour local management contact.
    b. 24 hour national management contact (through our ARC centre)

- Enigma's ethical code for suppliers highlights all ten principles of the UN Global Compact to which our suppliers are expected to adhere to throughout their operations. Enigma has linked this to the ISO. 9001.2008 quality assurance manual, and is documented, audited and reviewed.

- To ensure Global Impact principles are incorporated in Enigma's sustainability strategy and operations, a management committee has been established. This is chaired by our CEO and includes two directors and Enigma's Compliance Manager. This committee is linked to all operational issues regarding aims of improving work and living conditions under the umbrella of sustainability. The development of sustainable communities and workforce, best practice health and safety procedures, natural resource protection and environmental enhancement, are the essential priorities. All key business areas are represented at the committee which is given external specialist advice from SSAIB and Achilles. The committee in turn reports to Enigma directors who set sustainable practices throughout Enigma.

On Labour

Principle 5 Business should uphold the effective abolition of child labour.

Principle 6 Business should uphold the elimination of discrimination in respect of employment and occupation

Commitment

- Managing equality and diversity policy

- Enigma code of conduct

- Enigma ethical code of conduct

Implementation

- Enigma's written Code of Conduct and Policy Statements provide a clear outline to all employees of policies, procedures, and boundaries of various aspects of employment relating to terms, conditions and conduct that must be adhered to. Together they inform that Enigma supports all legislative and applicable common law and regulations concerning an individual's right to freedom of association and right to Collective Bargaining. They also inform that no employee should be expected to work below national wage and benefit standards, or under forced, unsafe, or unsatisfactory conditions; or that any employee, at any level, should allow anything to compromise their own commitment to Enigma's health & safety, environment, and social policies.

- All employees can contact our national ARC centre on a 24 hr basis either to request information and advice, or otherwise to report or raise concerns over possible breaches in policy, conduct and other standards.

- Enigma provides all staff with a risk assessment (including hazard identification) and an environmental impact assessment for their particular place of employment. These assessments are reviewed at regular intervals with a compulsory minimum 12 month re-assessment period and comply with British Standards OHSAS 18001:2007 and ISO 14001:2004.

- In March 2011 a trial introduction of quantitative testing for job candidates began. Two tests were given: one for literacy, and the other for industry-specific knowledge. They were introduced in order to increase objectivity and to help eliminate undesired discrimination in the recruitment process. Within a short period the testing partly contributed to a small but significant improvement in our female to male staff ratio. Enigma aims to continue this development of greater gender equality in the company.

- Enigma through their ISO accreditation system has produced minimum expected ethical standards for suppliers in 2011. This is documented, audited and reviewed based on the ten principles of the UN Global Compact. Enigma's ethical code for suppliers covers the area of human rights, labour rights, environmental protection, bribery and corruption, and sets out the standards that are expected from all suppliers engaged by Enigma.

A. Code of Conduct Advisory Service: Reports & Enquiries by Category

	2009 (209 calls)	2010 (302 calls)
Health & Safety risks	10.0%	7.3%
Accidents	1.5%	0.5%
Unsuitable workplace behaviour	14.3%	11.5%
Harassment, racial and sexual	1.5%	1.0%
Co-worker conflict	5.5%	6.2%
Work conditions/ comfort	11.5%	5.5%
Personal issues	8.5%	11.1%
Policy & Procedural, advice only	40.5%	44.5%
External Theft/Fraud	5.1%	7.5%
Other	1.3%	3.8%

Table A: shows a significant increase between 2009 and 2010 in the number of calls seeking information and/or advice while at the same time demonstrating a notable reduction in the need to make enquiries relating to "Work conditions" and "Health & Safety". Note that almost all enquiries regarding "Unsuitable Workplace Behaviour" and Theft/ Fraud involved either client staff or the public.

B. Percentage of employees receiving regular Policy & Performance Reviews

	2009	2010	30 June 2011
Front Line staff	45%	76%	94%
Section Managers	80%	80%	90%

Table B: shows the results of our recent efforts to intensify training and to introduce monthly and yearly appraisals for all staff.

On the Environment

Principle 7 Business should support a precautionary approach to environmental challenges.

Principle 8 Business should undertake initiatives to promote greater environmental responsibilities.

Principle 9 Business should encourage the development and diffusion of environmentally friendly technologies.

Commitment

- Enigma Environmental Policy: The environmental objective of Enigma is to provide effective environmental awareness and control, seeking to continually improve all aspects of its environmental performance within its sphere of operation as far as is economically viable.

Implementation

- Enigma will endeavour to care for the environment through continual review and improvement to working practices relating to environmental impacts.
- Enigma will comply with the requirements of relevant legislation and regulations.
- Enigma will encourage the efficient use of energy, materials, products and services together with minimising and eliminating pollution and waste wherever possible.
- Enigma will apply Health and Safety considerations throughout all activities.
- Enigma will provide employee awareness training in its environmental policy and procedures.
- Enigma has established shared environmental objectives with clients and suppliers.
- Enigma employees, directors and consultants are required to carefully consider environmental issues when making decisions in the planning, controlling and execution of work for the company.
- In July 2011 Enigma approved the purchase of a fleet of new "green award" cars for managers, supervisors, and mobile response drivers. These cars which will include electronic/fuel hybrids will significantly reduce our fuel costs and carbon footprint over the next few years..
- Enigma has operated an intensive office recycling programme for several years. This has led to a now very refined division of all office waste (for example: high grade white paper; mixed white paper; newspaper; coloured paper) and a methodical procedure ensuring an almost 100% recycling score for all recyclable waste materials.
- By June 2011, approximately 95% of Enigma employees received information and rota bulletins by email as opposed to post.
- In the end of 2011, as part of its carbon reduction initiatives, Enigma will have implemented teleconferencing and will aim for its utilisation for at least 75% of inter-branch meets.
- Enigma's environmental policy implementation will be based on BS. ISO 9001: 2008 and ISO 14001: 2004.
- Enigma was assessed 31st March 2009 and accredited by Achilles UVDB category B2 and certificated, and successfully reviewed in July 2011.

On Anti Corruption

Principle 10 Business should work against corruption in all its forms, including extortion and bribery.

Commitment

- Enigma Code of Conduct

Due to its primary involvement in the security industry business Enigma, as both a company organisation and a group of people, has a duty to fulfil strict legal and social obligations relating to all forms of corruption and illegality. This duty is accepted in accordance with the underlying principles and technical requirements of both UK and internationally acclaimed law.

Implementation

- Enigma's Code of Conduct addresses issues of bribery and corruption. As detailed in the Enigma Employment Handbook & the Enigma Instruction Manuals, employees are both protected and encouraged to raise concerns about possible or known acts of corruption. Legal protection is assured under the Public Interest Disclosure Act 1998.

- As a provider of both manned and CCTV security services Enigma carries a great deal of responsibility in the management of public behaviour and Data Protection. Enigma staff are expected to act with enhanced sensibility and unquestionable integrity at all times.

Table C:

	2008	2009	2010
Reports of Suspected Criminality	26	21	19
% Resolved to Enigma's and Client's Satisfaction	86%	94%	91%

Looking Ahead: Global Compact and our Sustainable Future

As part of its sustainable and principled growth model, Enigma seeks to embed sustainability into all of its operations. As part of this objective Enigma has aligned its growth model with that prescribed in the UK Government's Sustainability Development Strategy. This strategy focuses on four priority areas:

- Sustainable communities and workforce
- Natural resource protection and environmental enhancement
- Climate change and energy
- Sustainable consumption and production

It is our intention to deliver more sustainable solutions for our people, our customers and the wider community and environment in which we all work and live.

This strategy reflects our commitment to ensuring sustainability is paramount in all aspects of our business.

The Four Priority Areas:

1. SUSTAINABLE COMMUNITIES:

"We will be good neighbours who engage with, work with, and support our local communities. We will create an excellent workplace where our people are respected, motivated and competent, and where excellence in Health & Safety is our goal."

1.1 HEALTH AND SAFETY
Through the way we work and behave all our people and stakeholders will be protected from the risks of occupational injury and ill health.

1.2 OUR PEOPLE
We will attract, develop and retain the best people and promote diversity in a way that underpins our values. We will ensure equal opportunities, eradicate discrimination and create a happy and motivated workforce.

1.3 COMMUNITY
By engaging, respecting and understanding our community stakeholder we will make a positive contribution to their environment and quality of life.

2. NATURAL RESOURCE PROTECTION AND ENVIRONMENTAL ENHANCEMENT:

"We will sustain our impact on the environment through the prudent use and responsible management of natural resources, minimising waste and by protecting and enhancing the environment in which we work and live."

2.1 ENVIRONMENTAL IMPACTS
We will not pollute or contaminate land or water and will manage our waste responsibly. We will seek to enhance and improve the environment where possible through good design and management.

2.2 BIO DIVERSITY
We will endeavour to understand and manage our biodiversity impacts and seek opportunities for all forms of wildlife and their habitats.

2.3 SUPPLY CHAIN
We will work with our supply chain to deliver mutually sustainable solutions that deliver value for money.

2.4 RESOURCE USE
We will do "more with less" by maximising resource efficiency in planning, design, waste minimisation and recycling.

3. CLIMATE CHANGE AND ENERGY:

"We will work to reduce our impact on climate change by minimising all our uses of energy."

3.1 ATMOSPHERIC IMPACTS
We will actively reduce our use of energy and emissions of greenhouse in transport use, design, maintenance and operations of our facilities.

3.2 DESIGN
Sustainability will be a key objective of our designs. We will achieve excellence in life-cycle design and exceed our customer expectations by delivering more cost effective, sustainable solutions.

4. SUSTAINABLE CONSUMPTION.

"We will work with our customers and suppliers to achieve "more with less" through more efficient use of human and material resources, considering life cycle impacts, and delivering profitable yet sustainable and environmentally beneficial outcomes".

4.1 VALUE AND RISK
We will improve our business margins and create shareholder value in a sustainable way. We will be recognised as leader in the way we understand and manage our risk profile.

4.2 CUSTOMER
We will aim to be renowned for understanding and exceeding our customer expectations; and for responding rapidly to their demands for more sustainable solutions.

4.3 GOVERNANCE
We will be recognised as a company which lives its values in all of its activities and one that demonstrates an ethical approach across all areas of corporate responsibility.

Our Sustainability Strategy

In 2010 Enigma set up a Sustainability Management Committee. It was chaired by the CEO and included the senior management team with advice given by external specialist organisations such as "Kelvin Holmes Associates" who have links to the UK government's Sustainability Development Commission; and "Achilles" who are strongly involved in the UN Global Compact. The SSAIB is also deployed to gain advice through their business leaders forum in which key players meet regularly to share best practice information and to develop sustainability plans and objectives for Enigma.

The committee refined the company's strategic direction and targets using input from all operational groups within the company. To help clarify the company's sustainability policy vision a long-term strategy model was developed to illustrate the links between Key Performance Indicators and Enigma's Corporate Objectives. After several intensive discussions thirteen key performance indicators (KPI's) were established by the committee to measure progress and an independent audit procedure was set up. This was via external auditors using our BS. 9001:2008, ISO 14001: 2004, and OHSAS 18001:2007 systems. See the Enigma Chart: Value through Sustainability & Strategic KPI's.

Our strategy will be delivered by:

- Generating a culture that actively encourages and communicates best sustainable practices.
- Ensuring the real involvement of all our people, our supply chain and stakeholders.
- Conducting our business in accordance with our core values of openness, collaboration, mutual dependency, professional delivery, innovation, sustainable and profitable growth.

Enigma's approach to Health & Safety

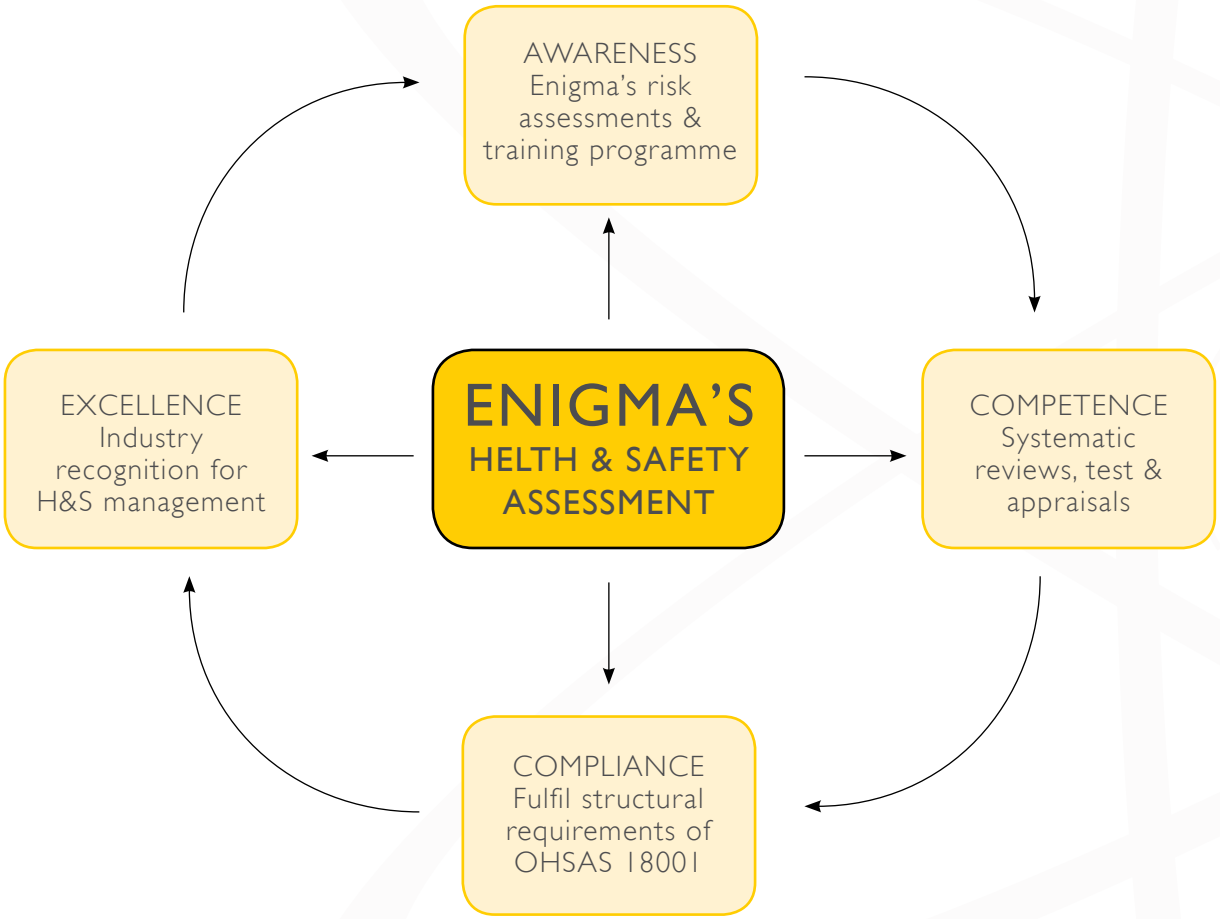
As part of our integrated approach to sustainability, a management based Health & Safety cultural assessment was incorporated in our strategy to provide a structured framework to assess Health and Safety across our business. This assessment now forms the structure for driving Health and Safety improvements, including those in our supply chain. The assessment is based on four key areas:

- **Awareness.** "All our people and stakeholders have an awareness and understanding of Health & Safety hazards and risks that affect our people and business".
- **Competence**. "All our people and stakeholders have the competence to undertake their work with minimum risks to Health and Safety".
- **Compliance.** "Our work activities achieve compliance with legislation, and our people are empowered to take action to minimise Health and Safety risks".
- **Excellence.** "Enigma is recognised for excellence in the way it manages Health and Safety".

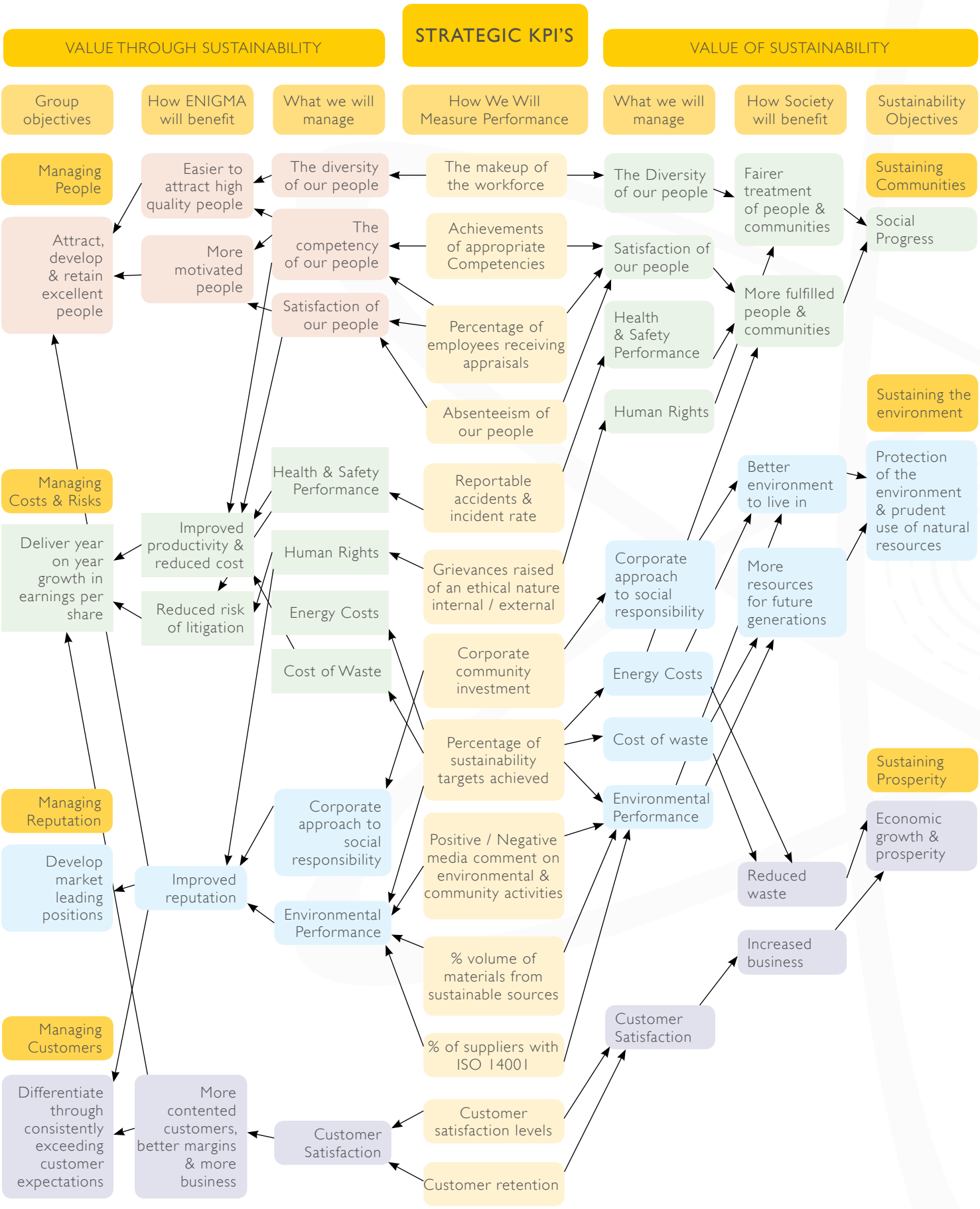
These four elements of Awareness, Competence, Compliance and Excellence form the framework for Enigma to:

- Facilitate the management of Health and Safety excellence.
- Communicate the Health and Safety policy, objectives, procedures, guidance, plans and performance.
- Realise and maintain continuous improvement in Health and Safety performance.
- Ensure compliance with all relevant Health and safety legislation.
- Fulfil the structural requirements of OHSAS 18001: Occupational Health and Safety Management Systems Specifications.

(Please see diagram overleaf)


AWARENESS
Enigma's risk assessments & training programme
COMPETENCE
Systematic reviews, test & appraisals
COMPLIANCE
Fulfil structural requirements of OHSAS 18001
EXCELLENCE
Industry recognition for H&S management
ENIGMA'S
HELTH & SAFETY
ASSESSMENT

Enigma Sustainability Strategy Chart



Sustainability: Strategic KPIs - Results and Targets

PRIORITY AREAS	IMPACTS	MEASURES	2010 RESULTS	2011 TARGETS
Sustainable Communities & Workforce	Health & Safety	Complete monthly & yearly training/ assessments (ACCE)	78%	100%
		Reportable accidents and incidents (520,000 manhours)	0.04	0.02
	Our People	Employee turnover based on voluntary leavers	8%	6%
		Employee satisfaction ratings : High &Above	83%	90%
		Grievances raised of an ethical nature: internal/external	7 cases	0
		Equality & Diversity Policy implemented	yes	yes
	Community	Donations made to local communities	£1000	20% increase
		Engagement: support training for disadvantaged people	30 placements	33% increase
		Participation British Heart Foundation Charity Ride	£400	50%
Natural Resource Protection and Environmental Enhancement	Environmental Impacts	Percentage of sustainability targets achieved	76%	90%
	Biodiversity	Percentage of contracts/clients with Environmental Biodiversity Policies	81%	100%
	Supply	Percentage of suppliers with ISO 14001	90%	100%
	Resource Use	Follow our resource plans	74%	85%
Climate Change and Energy	Atmospheric Impacts	CO2 reduction by revenue (fuel, energy)	10%	15%
Sustainable Consumption and Production	Customer Satisfaction Levels	Satisfaction Score	92%	100%
	Customer Retention	Percentage renewed	95%	100%
	Governance	Adoption of UN, European & UK Industry Standards	85%	100%

APPENDIX: ENIGMA TOOL BOX TALK

Sustainable development and corporate social responsibility

INTRODUCTION

When getting involved with ideas about environmental and social best practice it doesn't take long to realize there are many different ways of looking at the subject. This easily leads to confusion even when people are heading in the same direction.

Enigma uses the ideas and practices of sustainable development throughout the Company but increasingly the term Corporate Social Responsibility is being used in the business world. What does this actually mean for us?

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Has been defined as...
"achieving commercial success in ways that honour ethical values and respect people, communities and the natural environment"

There are laws and regulations that set minimum requirements for everyone.

CSR encourages behavior that goes beyond basic legal obligations- bringing real business benefits by reducing risk, enhancing brand values and improving staff efficiency and morale.

HOW DOES CSR RELATE TO SUSTAINABLE DEVELOPMENT?

Sustainable development is…

"Development which meets the needs of the present without compromising the ability of future generations to meet their own needs".

The UK government addresses this definition of sustainability with 4 key objectives:

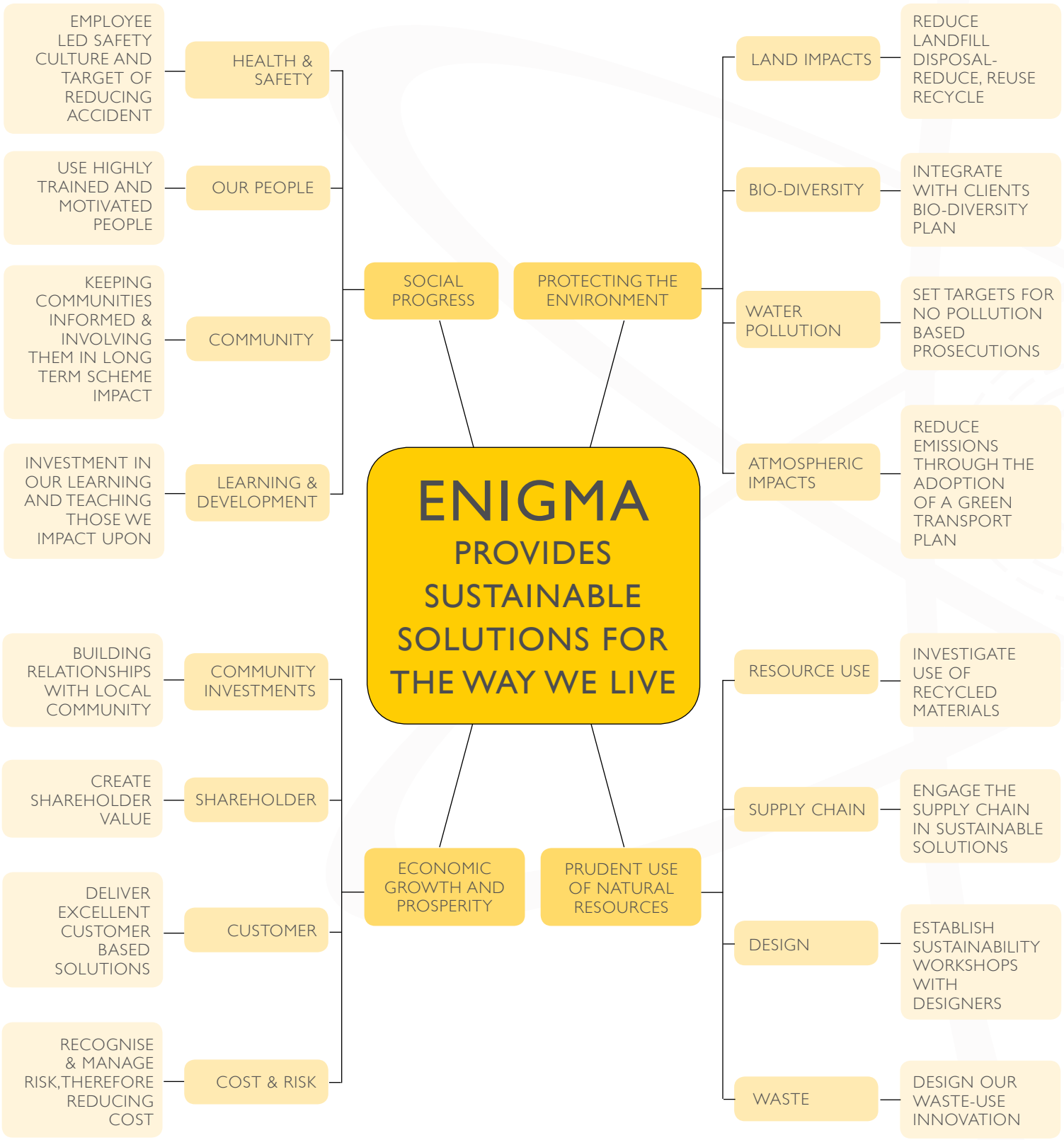
1) Social progress which recognizes the needs of all people.
2) Effective protection of the environment.
3) Prudent use of natural resources
4)Maintenance of high and stable levels of economic growth.

These definitions echo the call from CSR to think about more than the economic bottom line, an issue particularly relevant to business.

With CSR business can contribute to the overall goal of sustainable development…

CSR ISSUES	SUSTAINABLE DEVELOPMENT	ENIGMA'S IMPACTS
Community Ethics Human Rights Workforce	Social Progress which recognises the needs of all people	Health & Safety Our people Community Learning & Development
Environment	Effective protection of the environment	Land Impacts Biodiversity Water Atmosphere
	Prudent use of natural resources	Resource Use Supply chain Design Waste
Marketplace Vision & Values	Maintenance of high and stable levels of economic growth	Cost & Risk Customer Shareholder Community Investment

ENIGMA TOOL BOX TALK

Sustainable Development and Corporate Social Responsibility

The below diagram shows Enigma's Sustainability Policy and impacts. From these Enigma can develop suitable actions that deliver positive impacts on society. To realize this overall goal of sustainable development it is important to embrace change and innovation it may be small or large but it can make a difference