

COMMUNICATIONS ON PROGRESS (COP)

September 20, 2013

To our stakeholders,

I am pleased to confirm that International Armored Group FZE reaffirms its support of the **Ten Principles of the United Nations Global Compact** in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Anton Stefov
President & CEO
International Armored Group FZE

Human Rights Principles

Assessment, Policy and Goals

As part of International Armored Group (herein “IAG”) continued efforts to respect the Universal Declaration of Human Rights and the Humans Rights laws of each respective country IAG operates in, extensive efforts have been made to ensure all aspects of IAG’s policies and goals are in compliance with these standards.

IAG is an Equal Opportunity Employer and has adopted the following policy:

IAG stands committed to its philosophy that all employees are entitled to equal employment opportunities. This policy applies to all personnel actions, including compensation, benefits, discipline, transfers, promotions, lay-offs, leaves of absence, terminations, and participation in IAG-administered activities.

IAG also affirmatively recruits and hires individuals based upon demonstrated abilities, achievements and experience, without regard to race, color, religion, age, national origin or ancestry, sex, pregnancy, citizenship status, marital status, physical or mental disability, medical conditions, sexual orientation, or any other consideration made unlawful by UAE laws.

It is the responsibility of all employees to ensure IAG’s policy of equal employment opportunity is implemented in all phases of human resources administration. Violation of this policy by any employee will result in disciplinary action, up to and including termination.

To comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability, IAG will make reasonable accommodations for the known physical or mental limitations of an otherwise qualified individual with a disability who is an applicant or an employee, unless undue hardship to IAG would result.

Any applicant or employee who requires an accommodation to perform the essential functions of the job should contact their supervisor or Human Resources representative and request such an accommodation. The individual with the disability should specify what accommodation he or she needs to perform the job. IAG will then conduct an investigation to identify the barriers that make it difficult for the applicant or employee to have an equal opportunity to perform his or her job. IAG will identify possible accommodation, if any, which will help eliminate the limitation. If the accommodation is reasonable and would not impose an undue hardship, IAG will make the accommodation.

It is also against IAG policy for any employee, male or female, to harass another employee, based on an individual’s race, religion, color, sex, sexual orientation, national origin or ancestry, citizenship status, marital status, pregnancy, age, medical condition, handicap or disability. IAG policy defines “sexual harassment” to mean any conduct, comment, gesture or contact of a sexual nature (a) that is likely to cause offence or humiliation to any employee; or (b) that might, on reasonable grounds, be perceived by that employee as placing a condition of a sexual nature on employment or on any opportunity for training or promotion”

Labor Principles

Implementation

The following has been implemented to ensure compliance with IAG policies:

1. All hiring managers have been trained to take affirmative action in compliance with IAG policy.
2. Hiring managers are supervised by a company Director to ensure compliance with IAG policy.
3. All reasonable accommodations have been made to allow employees to practice their religious beliefs without interference
4. Any grievance or suggestions may be submitted to hr@interarmored.com

Outcomes

1. IAG is ISO 9001:2008 certified
2. Annual review by company director has found employees to be in full compliance with IAG policy

Labor Principles

Assessment, Policy and Goals

International Armored Group abides by ILO's eight fundamental conventions in support of UN Global Compact's four labor principles, including:

- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
- Forced Labour Convention, 1930 (No. 29)
- Abolition of Forced Labour Convention, 1957 (No. 105)
- Minimum Age Convention, 1973 (No. 138)
- Worst Forms of Child Labour Convention, 1999 (No. 182)
- Equal Remuneration Convention, 1951 (No. 100)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

Implementation

1. IAG's training manual is made available to all office staff, which outlines IAG's company vision, core principles, health and safety regulations and employee labor rights.
2. As part of the hiring process, all employees are required to submit valid government documents with photos (passport, driver's license) as proof of age to ensure minimum age requirements are met
3. ISO 9001:2008 Quality Management Systems principles, goals and objectives are published throughout the factory

Outcomes

1. IAG boasts a very diverse workplace, with over 200 employees from a diverse range of backgrounds. Over 10 nationalities are represented at IAG
2. No government agency, commercial company or NGO, including all UN agencies, have ever blacklisted or barred IAG from bid participation as a result of labor rights violations

Environmental Principles

Assessment, Policy and Goals

The following is IAG's environmental policy:

1. We are committed to restoring and preserving the environment.
2. We are committed to reducing waste and pollutants, conserving resources and recycling materials at every stage of the product lifecycle.
3. We will actively participate in educating the public about environmental conservation.
4. We will continually assess the impact of our facilities and products on the environment and the communities where we live and operate with a goal of continuous improvement.

Implementation

1. IAG uses high efficiency, energy rated electronics and equipment only
2. Air conditioning is limited to the office areas of the factory only in order to reduce greenhouse emissions.
3. State-of-the-art technologies help maximize the use of raw materials to minimize waste, such as CNC laser cutting machines
4. Steel used in our production comes from recycled metals

Outcomes

1. The percentage amount of waste created from production as a result of leftover materials has not increased over the past three years
2. The amount of energy costs per IAG employee has decreased over the past three years

Anti-corruption principles

Assessment, Policy and Goals

IAG actively works against corruption at all levels of business, including extortion and bribery. IAG's Code of Ethical Business Conduct highlights the company's policies against corruption. Below is excerpt from IAG's Code of Ethical Business Conduct:

Legal Compliance

The industry which IAG operates in is heavily regulated by governing bodies at various levels, and it is imperative that we meet all the requirements set forth by these organizations. In addition, we will grant full cooperation during all government inspections and inquiries. It is strictly prohibited to impede an inspection, including but not limited to lying to inspectors, destroying or altering information and unreasonable delaying the release of information.

Bribes/Kickbacks

Bribery or kickback is the exchange of valuable goods (i.e. money, gifts, or favors) for preferential treatment. Offering and receiving bribes or kickbacks directly or indirectly is illegal and strictly forbidden. Violation of this policy may result in penalties and/or termination in addition to possible criminal charges.

Gifts, Meals, and Entertainment

IAG competes solely on the merits of the products and services. It is our policy not to influence the purchasing decision of potential customers through the usage of gifts, meals and entertainment. This is regulated by various government organizations, and it is crucial for all IAG employees to ensure that these regulations are not violated. Gifts, meals and entertainment are considered non-material and acceptable only up to an amount of US\$100.

Clientele

IAG will only conduct business with legitimate and recognized governments, international organizations, non-governmental organizations and lawful private companies. We refuse to conduct business with any clients who are engaged in unlawful activities.

International Business

The geographic scope of IAG spans across many countries across the world, and it is imperative that we comply with all the laws of the regions in which we are conducting business as well as any additional regulations from international governing bodies. Furthermore, we may encounter foreign traditions, cultures, norms, and mannerisms, and it is important for us to be aware and respect these issues when engaging in business activities overseas in order to maintain our professional reputation.

Implementation

1. Prices and quantity discounts for all products, including but not limited to, armored vehicles, spare parts and maintenance services, are published for all sales staff to use.
2. All transactions and contracts are internally reviewed before being sent to the client to ensure prices accurately reflect company's price list. If discrepancies are found, the overseeing manager will review the contract to ensure corruption practices are not found.
3. Financial statements are independently audited every year

Measurement of outcomes

1. IAG has never been investigated or accused of corruption
2. IAG has never been blacklisted or disbarred from any agency or company for any reason
3. Internal audits by senior management have revealed no evidence of corruption in the history of the company