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**UNITED NATIONS GLOBAL
COMPACT**

**AEGIS COMMUNICATION ON
PROGRESS**

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1 CEO STATEMENT OF CONTINUED SUPPORT

Aegis Defence Services Limited ("Aegis") has for many years been active in adopting and promoting the advancement of Human Rights, Labour, the Environment and Anti-Corruption, the four major categories of the United Nations Global Compact, as part of our long-standing work to establish and develop high standards across the private security industry.

The company has played a leading role in creating a regulatory framework for the global security sector that has Human Rights at its heart. Aegis helped establish the International Code of Conduct for Private Security Providers (ICOC) agreed in October 2010 which embodies principles around human rights, labour protection and anti-corruption. Aegis has also promoted environmental stewardship through its policies and operations.

In April 2014 Aegis was named one of the first companies to be certified to the new, ground-breaking industry standard PSC-1 developed specifically to challenge private security companies to achieve high standards across operational delivery. This new standard, which Aegis helped to develop, was adopted by the UK Government and sets a high bar in relation to protection of human rights¹, labour, environmental stewardship, and anti-corruption. In that sense, Aegis has been living the UNGC and has undergone rigorous independent testing by an audit company that has itself been tested and accredited by the UK government's independent Accreditation Service, the UK Accreditation Service (UKAS).

Committing to the principles of the Compact is wholly consistent with Aegis's policies, processes and activities both in our own operations and our wider public engagement work. I am pleased therefore formally to pledge the company's support and commitment to the advancement of the ten principles underpinning the four categories. We see our commitment and participation in the UNGC as an integral part of our broader endeavour to make a lasting and significant contribution in the areas in which we operate and to set the highest standards within our industry with regards to responsible business practice.

We are determined to continue to improve our performance in all areas and our support and commitment to the Compact is unwavering.



Graham Binns
CEO, Aegis Defence Services Limited

¹ (and indeed is the first external standard that seeks to measure compliance with the UN Guiding Principles on business and human rights)

2 GENERAL

Aegis is a London based, privately owned British company that provides integrated, land-based and offshore security, risk management and consultancy services globally in complex and potentially high-risk environments. The company has overseas offices in Afghanistan, Dubai, Mozambique, Iraq and the USA. We have substantial experience and a world-wide client base, including governments, international agencies and the international corporate sector. We are a major security provider to the US and UK governments, a registered UN contractor and security advisor to the Lloyds Joint War Risk Committee.

We offer comprehensive advice and services on every aspect of security – from corporate operations, commercial risk and foreign investment to counter-terrorism, close protection and support to governments. We run a world-wide network of offices, contacts, and associates and our clients further benefit from the extensive capabilities of our personnel, built up through careers in the military, diplomatic and intelligence services, as well as in the police, journalism, the UN, finance and commerce. This breadth of knowledge, combined with our global reach and wide practical experience, allows us to provide the highest quality specialist security advice as well as risk management solutions that take meticulous account of the specific requirements of each client.

Our vision is to deliver excellence to our clients worldwide, through outstanding service, total integrity and precision of compliance.

3 ACCOUNTABILITY, ETHICS AND VALUES

Aegis believes that the private security sector can only benefit from a continuously improving, properly regulated system of accountability and ethics. As we face changing missions, new responsibilities and increasingly complex and dangerous environments, we recognise that the need for transparency and oversight is greater than ever.

Aegis is committed to setting and adhering to the highest ethical standards, as reflected in our Code of Conduct and Code of Business Conduct (see <http://www.aegisworld.com/compliance/>). In addition, all employees, advisors and sub-contractors sign up to an internal code of ethics that insists on integrity in all areas of commercial and personal behaviour. These are all set out in our Code of Conduct.

In 2013 Aegis became a founding member of the International Code of Conduct Association (ICOC(Association)). This formalises in an international forum our commitment to conform to the International Code of Conduct for Private Security Service Providers, the Voluntary Principles on Human Rights, UN Guiding Principles on Business and Human Rights and applicable international humanitarian law, human rights and customary laws and agreements.

The following core values and standards underpin Aegis practice and guide everything that we do, from the strategic decision making to tactical level detail:

- Integrity - Integrity is an essential ingredient of trust and a core requirement of management. We promote a culture of honesty; openness and transparency and an ethical and working environment based on trust and confidence.
- Respect - Even in the most difficult of circumstances we will treat each other with dignity and decency.

- Professionalism - We undertake to set the gold standard of delivery by adopting an energetic; vibrant and 'can do' approach and ensuring that everyone understands their roles and responsibilities in order to attain the highest of standards.
- Accountability - We aim to create an environment where individuals take full responsibility for their own actions and behaviour and ensure all employees have confidence that the Company is promoting a no blame culture.

4 OUR COMMITMENT

The United Nations Global Compact's principles are reflected in our Company policies, standards and guidance which all flow from our Code of Conduct and Code of Business Conduct. These two core documents, and our Whistleblowing policy, can be found on our Company's intranet and our external website. Communications are carried out regularly with staff to ensure they are familiar with these documents and that a culture of continuous improvement is embedded in the organisation.

Below we provide evidence from our relevant policies on how we apply the UNGC's principles in our work; on how these have been mainstreamed into corporate functions and business units; and on the sustainability efforts and performance of the company in the last 12 months including the measurement of outcomes.

4.1 Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses
Assessment, Policy and Goals

Our commitment to the UNGC's principles on human rights is expressed in our Code of Conduct, which states that:

- Aegis will only engage in legitimate security work which adheres to the principles of International Law, including International Humanitarian and Human Rights Law.
- Aegis does not condone, nor will it ever become involved in, the violation of human rights as embodied within the Universal Declaration of Human Rights and the European Convention of Human Rights.
- Aegis personnel respect the culture, religion and ethnic customs, human dignity and human rights of the communities and countries in which they work. They will to the best of their ability and wherever possible, rigorously oppose violation of these rights.

We have a specific policy dealing with Human Rights and Professional Standards which outlines the commitment to the UN Guiding Principles on Business and Human Rights, including guidance on human rights impact. Furthermore, although unable to participate formally in the extractives' industry Voluntary Principles on Security and Human Rights (VPs) due to our status as consultants, Aegis incorporates the ethos of the VPs into our day-to-day business conduct via our code of conduct.

Aegis has robust policies requiring our sub-contractors to adhere to these principles. We have a supplier selection policy through which we determine whether potential suppliers meet the same standards and code

of ethics and conduct on human rights. Only suppliers that can demonstrate evidence are included on our supplier list.

Systems and Monitoring

- Statement of Ethics: In order to maintain the highest ethical standards, Aegis has a Statement of Ethics which is signed by all personnel; this commitment is recorded corporately.
- Whistleblowing: The Company encourages all workers to take responsibility for raising any concerns that they might have about any unethical malpractice or human rights abuses within the workplace. As such Aegis has a designated Whistleblowing Policy in order for any individual to report concerns about potentially dangerous, illegal or unethical workplace practices. The policy and procedures allow anonymity if it is requested. Any cases of Whistleblowing are monitored by the Legal Department to ensure properly handled and lessons learnt.
- Training for operatives: To ensure that the ethos that we work to is properly understood by all deployed personnel, training is given which covers Geneva Convention, Hague Convention and International Humanitarian Law; local Law; Human Rights Law (including anti trafficking in persons); Public International Law; the Montreux Document and UN Global Compact and, where relevant, Sharia Law. In addition, every member of staff receives mandatory training on human rights including the UN Guiding Principles on Business and Human Rights. Personnel attendance on training courses is recorded and monitored and the requirement for continuation training is reviewed as part of regular performance reviews.

Measureable Achievements since last COP

In the past 12-18 months Aegis has achieved measurable improvements in our processes, systems and culture. Company examples are:

- An overarching policy document "Human Rights and Professional Standards" has been developed and published in August 2013 covering all aspects of human rights, from which our operating procedures flow. This policy covers compliance with ICOC, corporate social responsibility and human rights impact assessments.
- We have revised our third party grievance procedures, including Whistleblowing, in line with the greater requirements of transparency and accountability required by the International Code of Conduct and by the ICOC(Association) membership requirements. These procedures were tested by an independent human rights auditor during Aegis' certification to PSC-1.
- We have reviewed our training requirements and have added additional training modules on anti-bribery in the light of the UK Bribery Act. This is in addition to the existing training for operatives covered above.

We have instituted annual Human Rights Impact Assessments at the strategic level to review all our policies, systems and procedures against the requirements of human rights. Our 2013 HRIA led us to include changes to Aegis' Code of Conduct to ensure we meet all our obligations under the UN Guiding Principles on Business and Human Rights.

- We have established a Quality Management Review Board to: own Aegis' Quality Management System (QMS) and the QMS Action Plan to drive continuous improvement across the company; monitor Company performance against the QMS including through relevant data, trend analysis and audit recommendations; and ensure that lessons/improvements are incorporated into company policy, procedure and practices.

- We have been a leading player in the establishment of the UK Security in Complex Environments Group as the UK Government's industry partner for regulation and standards for the Private Security Sector.
- We have been a leading player in the establishment of the multi-stakeholder International Code of Conduct Association (ICOC(Association)) and are a founding member.
- We have, as part of a pilot UK government programme, had our operations in East Africa independently certified against a new, ground-breaking standard (PSC-1) that has human rights risk management at its heart², and are now part of the process of turning this US standard into an International ISO Standard.
- In June 2014 Aegis Advisory was awarded the sought-after bronze rating by the Dutch Corporate Social Responsibility accreditation organisation Fira.

Plans for 2014/15

We will:

- Roll out independent certification against PSC-1 (and in due course the new ISO when published) across all our global operations to provide independent testing of our human rights, risk management and continuous improvement policies and procedures.
- Review our policies and procedures regularly to ensure lessons are learnt and continuous improvement opportunities exploited.
- Continue to enhance our training provision in respect of human rights and situational awareness.
- Provide further support and input internationally to helping build the ICOC(Association) into an effective, high-profile, organisation focussed on monitoring the health of the Private Security Sector globally.

4.2 Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Assessment, Policy and Goals

Aegis has clear policies on all these issues as part of ensuring the highest standards of welfare are provided for personnel whether in-house staff or contractors. Aegis prides itself on being a respected employer of choice and achieves this by providing competitive remuneration, the best available equipment taking account of the operating and other risks, safe and secure accommodation and life support relevant to the operating environment.

² Which includes measuring compliance with the UN Guiding Principles on business and human rights.

Aegis fulfils its responsibility for promoting equal opportunities and combating discrimination, seeking to ensure the full integration of each employee in his or her working environment regardless of ethnic or social origin, race, gender, religion, nationality, sexual orientation or other distinguishing characteristics. Our commitment to the UNGC's principles on Labour is expressed in our Code of Conduct which states:

Working Standards

- Good working standards are crucial in the development of Aegis and the potential of its personnel. Maintenance of appropriate remuneration levels reduces the risks of staff turnover and through continuity of quality ensures a high level of efficiency.
- Aegis is committed to ensuring the best working conditions that the area of operation will permit.
- In accordance with this principle, the level of remuneration is designed to ensure that quality work is appropriately remunerated and encourages loyalty and continuity.
- There are many different occupational hazards associated with the nature of the work engaged in by Aegis. Appropriate medical support including psychological assessment is provided to ensure the maximum possible attention in the event of serious incidents and subsequent injuries to personnel.
- In line with these procedures Aegis follows best practice by ensuring suitable insurance is always in place to cover medical issues, assets and business risk.

Equal Opportunities

- Aegis recognises its responsibility for promoting equal opportunities and combating discrimination.
- It seeks to ensure the full integration of all personnel in his or her working environment, regardless of his or her ethnic or social origin, colour, gender, religion, nationality, sexual orientation or other distinguishing characteristics.
- It seeks to ensure that its clients also recognise respect for these values in the working conditions made available to all personnel.

Systems and Monitoring

Aegis has implemented practices that prevent People Trafficking activities, such practices include performing our own recruitment and where this is not possible, undertaking due diligence on the recruitment companies we use. This ensures that any person recruited is not being coerced, tricked, blackmailed or otherwise pressurised into accepting employment or conditions that would fail under the definitions of People Trafficking or Forced Labour. All personnel receive training to ensure awareness of the issue and a clear understanding of the applicable regulations.

One of Aegis's four core values is Respect. At Aegis all staff are committed to treating each other with dignity and respect regardless of background or level and understands that each employee has a valuable contribution to make to the overall success of the company. These values are embedded into the culture of the Company alongside our other core values – Integrity, Professionalism and Accountability.

Aegis has a Grievance Policy which clearly outlines the procedure that staff can take to ensure they can resolve any complaints or grievances relating to their employment. Instances of grievances are monitored by the legal department and at the highest level by the independently-chaired Quality Management Review Board.

Aegis is committed to identifying training and development needs of employees as well as monitoring and reviewing training and development at individual and organisational levels. All employees have the opportunity to discuss and agree with their line manager any gaps in skills and/or performance against objectives. Monitoring that these discussions have taken place is part of the Company's performance pay regime.

Measureable Achievements since last COP

Company examples are:

- Measures relating to eliminating the potential for forced labour and child labour have been reviewed and emphasised in the Company's Quality Management System and related operational procedures.
- Checks have been carried out to ensure that measures preventing the arming of minors are rigorously implemented. Checks have also been carried out to ensure that documentation such as identify cards are only retained with the written consent of the individual and only for business critical purposes such as obtaining visas. These checks have been reported to the Company's independently chaired Quality Management Review Board.
- Aegis has reviewed and improved our Grievance policy and procedures to take account of the transparency and accountability requirements of the International Code of Conduct and the developing good practice likely to be adopted by the ICOC(Association). This includes procedures to ensure that staff are aware of the policy and the routes by which they can have complaints relating to their employment resolved. These procedures were tested by an independent human rights auditor during Aegis' certification to PSC-1.
- Aegis has developed comprehensive Health & Safety at Work procedures (STRIKE © HSSE) and these have been communicated to projects and operations through a series of internal audit visits and engagements.
- Aegis reviewed our HR strategy and policies, also in 2013, to include industry best-practice. The impact is measured through the review of trends and statistics undertaken by the independently chaired Quality Management Review Board.
- Mentoring programmes have been introduced to improve interaction between personnel at all management levels

Plans for 2014/15

- Measures that allow representative groups of workers to have their say will be reviewed, including taking account of lessons from recent operational incidents.
- Any relevant grievances/complaints will be monitored by the Quality Management Review Board to ensure that any lessons are learnt for ensuring a culturally respectful environment.
- A review will be carried out to determine whether the H&S training plan requires upgrading and to ensure that appropriate translation is undertaken to assist communications.
- Employment practices will be reviewed on a 6-monthly basis during the company's strategic HRIA review.

4.3 Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

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

Assessment, Policy and Goals

Within the scope of our business activities, Aegis aims to promote respect for the environment both on a local and global level. Aegis appreciates the necessity of a sustainable environment in continuing sustainable business activities. Our commitment to the UNGC's principles on the Environment is expressed in our Environmental Policy in which it states as follows:

Environmental Policy: It is the policy of Aegis to conduct its business throughout the world in a manner that protects and sustains the environment. To this end, the company is committed to the following:

- Incorporating environmental considerations into business decisions, including planning and design activities.
- Assessing environmental impacts of products, processes, and operations.
- Encouraging employees to adopt good housekeeping measures to save energy, use public transport and non-paper based communications where possible, and recycle paper and other office waste responsibly.
- Assure compliance with both the spirit and intent of local and national laws and regulations. In countries where laws and regulations do not exist or are inadequate, appropriate standards will be developed.
- Reporting environmental results to all stakeholders.
- Striving to make a positive environmental contribution to the communities where we operate.

Systems and Monitoring

As part of Aegis STRIKE © HSSE both 14001 and 18001 management systems are fully integrated across the Company.

Aegis Project Managers are fully trained in environmental impact assessment and environmental impact mitigation. Environmental emergency contingencies are fully planned and rehearsed with both staff and sub-contractors.

Due to the unique nature of environmental analysis and assessment, for all new projects commissioned Aegis employs a specialist environmental consultancy company to ensure all aspects are fully considered and planned for.

Aegis is committed not only to environmental sustainability but also to better social welfare and is very proud of the efforts of its own registered charities, The Aegis Foundation in the UK, and Hearts and Minds Inc (a 501c3 corporation) in the US, which aim to bring immediate relief to communities in post-conflict

environments through low-cost, high impact, grass roots community projects such as water purification projects in Iraq.

Aegis adopts a prudent use of natural resources where possible and has adopted procedures to waste and energy reduction such as system defaults to double-sided printing, the use of paper from sustainable forests and lighting systems that switch off office lighting at the end of the working day.

With regards to travel, Aegis promotes the 'cycle scheme' which allows staff to purchase a bicycle 'tax free' to use for commuting purposes.

Measureable Achievements since last COP

Company examples are:

- A successful audit against the environmental ISO standard ISO14001.
- A Green Champion has been appointed and has undergone training to help ensure that carbon footprint reduction is embedded in our culture at Head Office.
- Improvement in our video-conferencing facilities to cut down on travel in order to reduce carbon emissions.

Plans for 2014/15

- The Quality Management Review Board has commissioned a review of our environmental sustainability policies and practices and will receive recommendations for decision, action and monitoring by April 2015.
- New office space is being identified and considerations will include environmental factors.

4.4 Anti-corruption

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

Assessment, Policy and Goals

Aegis is committed to the very highest of ethical standards in relation to business integrity. We have a Code of Business conduct which extensively and comprehensively demonstrates that we have a zero tolerance approach to corruption, including extortion and bribery.

Our commitment to the UNGC's principles against corruption is expressed in our Code of Business Conduct in which it states:

"Aegis operates a value added outsourced service in high risk environments, often in the undeveloped world. We wish to be the "best of breed" and as such it is essential that we set ourselves the very highest standard of ethics, conduct and procedures. Aegis – its employees, advisors, contractors and suppliers – must behave, at one and the same time, ethically and with integrity, whilst remaining a commercial organisation. All Aegis employees, contractors, or suppliers are, in one form or another, open to audit for compliance with this Code. The spirit of this code applies not only to all employees of Aegis but also to any advisor,

contractor, supplier or agent engaged by Aegis. This Code is not a contract and no contract is implied. If any part of this Code conflicts with applicable law, the law will prevail.”

Detailed within our Code of Business Conduct is policies relating to our “Ethical Business Practices” including anti-trust/anti-competitive behaviour and independent pricing, anti-boycott, international business, conflicts of interest and potential conflicts.

Systems and Monitoring

Training is given to all staff regarding our Code of Business Conduct to ensure that all employees are cognisant of all relevant policies. This is also emphasised in our Core Values induction training. Aegis’s consultancy business, Aegis Advisory, advises clients on complex anti-corruption issues including money-laundering and bribery legislation. Many of our analysts are informed about specific conditions in individual markets and we pride ourselves on having developed in-house expertise relating to the regulations of anti-bribery practice around the world.

Monitoring is carried out through regular internal audit reviews of financial systems; cash-box and cash-flow checks in operational areas; and monitoring trends and statistics at the Quality Management Review Board.

Measureable Achievements since last COP

Company examples are:

- A full review of our Code of Business Conduct was carried out in August 2013 to ensure that it remains fully current and in line with the new human rights standard PSC-1.
- Mandatory anti-corruption training has been reviewed and all staff at Head Office have been required to carry out the revised training: 100% have done so.
- An internal Ethical Working Group (EWG) has been established to discuss and educate regarding anti-corruption initiatives with particular emphasis on the UK Bribery Act. All areas of the business are represented and the EWG has for example developed an internal policy on issues to be taken into account in considering moving into new markets, to ensure that full risk assessments are undertaken including of external environmental risks.

Plans for 2014-15

- The Quality Management Review Board has commissioned data collection that will allow it to review anti-corruption procedures and the success of their implementation.
- The Quality Management Review Board will be receiving regular (quarterly) reports on gifts and hospitality and will keep procedures under review in the light of these reports.

5 SUMMARY

Aegis has pledged its commitment to conform with and promote the Global Compact and its principles. Each principle, as demonstrated, has been integrated within Aegis’ Quality Management System, policies, culture and day-to-day processes including monitoring and continuous improvement.

Aegis has continued to play a leading role in the introduction of arrangements internationally to drive up standards in the Private Security industry including in relation to human rights, labour and anti-corruption.

Through this broader action and advocacy in support of UN goals and issues Aegis has started to meet the requirements of Global Compact Advanced.

Aegis has tested its own policies and procedures against those set out in PSC-1, a standard that builds on the International Code of Conduct and challenges Private Security Companies to achieve high standards against operational delivery and in particular to assess human rights, labour, anti-corruption, environmental and other ethical policies and procedures. The requirements of PSC-1 are unique in that the independent auditors not only example policies and protocols at a company's head office but also in the teams on the ground that support clients. Aegis is therefore very proud to be one of the first Private Security Companies to be certified to this new, ground-breaking industry standard. Currently certified for our head office and operations in East Africa, in 2014/15 Aegis will be one of the first to roll out the independent audit process across its Group-wide services in two of the most challenging environments world-wide – Iraq and Afghanistan.

For the future, Aegis will ensure that it meets its assurance to the Global Compact by publishing an annual Communication on Progress, setting out the progress that we are making in implementing the ten principles into our overall functions and performance.