



FIRST ANNUAL REPORT

COMMUNICATION OF PROGRESS ("COP"): IMPLEMENTING THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

For the period of: September 2014 to August 2014

Kelkan for General Contracting and Oilfield Services Limited

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COMMUNICATION ON
PROGRESS

This is our **Communication on Progress**
in implementing the principles of the
United Nations Global Compact and
supporting broader UN goals.

We welcome feedback on its contents.



STATEMENT OF CONTINUED SUPPORT BY MANAGING DIRECTOR

September 28, 2015

Dear Friends,

I am pleased to confirm that Kelkan for General Contracting and Oilfield Services Limited, "Kelkan," reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

Kelkan, established in 2004, has grown to be one of the leading Oil and Gas service companies in the Kurdistan Region of Iraq. Kelkan's services include Oilfield Civil Works, Camp Management and Catering, Fabrication, and support services. For all of its services, Kelkan firmly believes in utilizing locally available materials, equipment, and labor, where possible, in order to contribute to the growth of our communities.

In our first 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,

Hiwa Talabani
Managing Director

HUMAN RIGHTS PRINCIPLES

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

In 2014, Kelkan signed on to UN's Global Compact in order to strengthen its commitment to, human rights, labor, environment and anti-corruption. Furthermore, Kelkan firmly is committed to UN's Universal Declaration of Human Rights.

Implementation

Kelkan is committed to Human Rights especially the rights of the child. Over the past three years, Kelkan has provided assistance to a local orphanage in the Sulaymaniyah region. Kelkan's assistance includes:

- A grant to pay for salaries of orphanage staff,
- Various donations in forms of:
 - Providing clothes and school supplies to children
 - Providing necessary furniture and appliances for the orphanage.

Additionally, Kelkan has responded to the refugee crises in the region by providing employment opportunities to Syrian and displaced Iraqi nationals. Kelkan has also contributed to various refugee camps in the region in forms of supplies and financial contributions.

Measurement of Outcomes

Kelkan's CSR department actively monitors the community in order to provide timely assistance to those that are in need.

LABOUR PRINCIPLES

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 labor; Principle 5: the



effective abolition of child labor; and Principle 6: the elimination of discrimination in respect of employment and occupation.

Assessment, Policy and Goals

Kelkan has established its employment contracts and company policies in accordance with Iraq Labour Law No. 71 of 1987. Furthermore, Kelkan shall:

- Stay in compliance to all local labor laws and adopt international laws, such as ILO Core Conventions
- Continue to treat all employees fairly with equal opportunities for all
- Respect our workers and demand the same from our clients and suppliers.
- Stand against harassment, discrimination, child labor, forced labor or any exploitation
- Provide an atmosphere where employees from all backgrounds are welcome and are not discriminated against based on their gender, race, religion, or political affiliations.
- Provide a safe working environment throughout our operations.

Implementation

Kelkan Human Resources and Management are deeply involved in assuring Kelkan's employees are work in an environment where their rights are upheld by ensuring Kelkan is in compliance to local labor laws. Furthermore, Kelkan shall continue its commitment to implement its HSE policies throughout its operations to ensure safe working environment for our workers and stakeholders.

Measurement of Outcomes

Kelkan's Human Resources (HR) Department along with top management is responsible for monitoring its commitment to Labour Principles by:

- Monitoring staff turnover
- Monitoring staff levels

ENVIRONMENTAL PRINCIPLES

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

Kelkan's Environmental Policy and Procedure (HSE-EMP-003) is part of Kelkan's HSE Manual and Culture. Kelkan's HSE department applies the procedure to all Kelkan operations. Kelkan has established a Health, Safety, and Environment manual that exceeds local HSE requirements. It is Kelkan's goal to minimize its footprint, by reducing waste, spillages, and using recyclable materials, where available.

Implementation

Kelkan utilizes its ENVIRONMENTAL MANAGEMENT PLAN (HSE-EMP-003) throughout its projects by:

- Applying above mentioned plan
- Applying Client's plans (if it exceeds Kelkan plan)
- Applying local regulatory laws relating to HSE
- Providing HSE training for local suppliers and contractors
- Providing HSE training for local workforce

All Kelkan staff, including managers, line managers, supervisors, and workers are responsible in the implementation of HSE plans.

Measurement of Outcomes

Kelkan's HSE department is responsible for monitoring and measuring outcomes of its programs. The department's HSE supervisors are responsible for each project and produce daily and weekly reports, where necessary. The reports are then compiled into monthly and yearly reports.

ANTI-CORRUPTION PRINCIPLES

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



In 2014, Kelkan updated its Compliance, Ethics, and Procedures in order to enhance the company's policies on Ethics, Anti-Corruption, Confidentiality, Duty of Care, Conflict of Interest and others. Kelkan's Anti-Corruption policy is in line with:

- UK Bribery Act
- Foreign Corrupt Practices Act (FCPA)
- Organization for Economic Cooperation and Development Convention on Combating Bribery of Foreign Officials in International Business Transactions (OECD Convention).
- United Nations Global Compact.

Implementation

Kelkan's Anti-Corruption Policy is implemented throughout the organization by:

- Utilizing Kelkan's procedures for purchasing and contracting (Evaluations, etc)
- Working with district, sub-district, and village committees rather than individuals.
- All local work are provided in coordination with local officials

Measurement of Outcomes

To date, Kelkan has not been involved in any legal cases, investigations or proceedings relating to bribery or corruption. Kelkan will continue to its commitment to its anti-corruptions procedures and will start a new program to provide more trainings for its staff so that the staff is aware of Kelkan's Compliance, Ethics, and Procedures.

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