



UN Global Compact

Communication on Progress 2015

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UN Global Compact



Statement of support from Dr. Anton Stefov, President and CEO of International Armored Group



IAG has participated in the United Nations Global Compact and I am once again pleased to state that IAG remains committed to the Ten Principles of the United Nations Global Compact wherever we operate. As a CEO of IAG, I am proud to confirm our continued support for this important initiative.

The UN Global Compact's ten principles are reflected in IAG's policies, standards and guidance and are embedded in our overall approach to sustainable development.

Here you will find our 2015 Communication on Progress and learn more about how we are implementing all ten principles across IAG.

Dr. Anton Stefov, C.E.O. & President
International Armored Group

The Ten Principles

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:

The principles enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

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.

Labour Standards

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.

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.

Anti-Corruption

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

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”

Outcome

Since the last COP report, our company has not received any human rights complaints nor have been documented for any violations. No fines related to human rights issues have been levied against the company by any governmental organization since the formation of the company. The goal of 2016 will be to maintain our flawless track record.

Labor Principles

Assessment, Policy and Goals

Leading policy for IAG is to guarantee equal opportunity without abusing human rights for all its employees. Therefore, IAG is constantly implementing policies beyond minimum legal requirements regarding: supporting the freedom of association, elimination of forced labour and child labour, elimination of all forms of discrimination.

IAG 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)

Our practice and sustainability policies are designed to guarantee that all employees reflect in their daily work the high ethical standards set by the company.

IAG is upholding the freedom of association by means of providing the right to form and join workers' organizations of their choice. Workers are allowed to freely choose representatives and no management interference is obstructing their privilege in collective bargaining. Moreover, IAG is working on implementation of rigid sets of rules preventing from any form of harassment levied on unions' representatives at the work place. Providing access to all workplaces in the company and allowing attendance to certain management meetings in order to initiate genuine dialog with workers' representatives through consultations are just few of the strategies which reflect company's desire to abide to the labour principles regarding the freedom of association and the right to collective bargaining.

IAG strictly does not engage in any practices related to forced labor. We require all recruitment to be consistent with the human rights policy, equal opportunity requirements, relevant employee protection legislation and appropriate pre-employment screening in order to prevent from involving the company into activities harming vulnerable workers. One of the means for prevention is initiating regularly consultations with employees and

workers' representatives as well as other groups concerned. Further, IAG plans to include in our sets of sustainability development policies a transparent procedure for appointed employee to educate and inform the workers in order to prevent their becoming involved in forced or compulsory labour practices as well as to prevent vulnerable workers from possible abusive and fraudulent practices during recruitment and placement process.

IAG guiding philosophy is intended to abide to effectively abolish child labour. We require from all our employees to conform with the relevant protection legislation and to strictly observe labour requirements such as: minimum age for working in the particular country, minimum weekly hours of work that can be undertaken legally by children below this age, minimum age for hazardous work, other legal requirements if any regarding child labour. Regular audits are being held of HR documentation in order to maintain proper screening of the age of the workers.

Recruitment and promotion are based entirely on professional qualities, without any form of discrimination. IAG undertakes to respect and defend the dignity and privacy of each of its employees. Across every part of our business, we strive to create an inclusive culture in which difference is recognized and valued. We employ people on the basis of job requirements and do not discriminate on grounds of age, ethnic or social origin, gender, sexual orientation, politics, religion or disability. It is of great importance to us that our employees are properly trained, and that they work in safe, healthy and environmentally responsible ways. We are committed to diversity, and aim to build an environment of inclusion where all differences are valued.

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. 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.
5. 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
6. ISO 9001:2008 Quality Management Systems principles, goals and objectives are published throughout the factory
7. Any grievance or suggestions may be submitted to hr@interarmored.com.

Outcomes

1. Annual review by company director has found employees to be in full compliance with IAG labour policies.
2. IAG boasts a very diverse workplace, with over 500 employees from a diverse range of backgrounds. Over 15 nationalities are represented at IAG
3. 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

IAG identifies it has a major role to play in the minimization of risk to the safety and health of employees, contractors, customers and also to protect the environment. Thus, we constantly look for alternative solutions in order to minimise environmental impact and energy consumption in our day to day operations. IAG continuously tries to reduce its environmental footprint and to improve operational performance. We aim to improve our energy efficiency and emissions performance and make a positive contribution to the protection of the environment.

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.

Foremost among the commitment we are undertaking is constantly aiming to be environment-friendly orientated business organization. We are continually educating our employees on IAG's priorities revealing our motivation of a company based on ambitious for a greater sustainable development.

IAG acknowledges the need for greater climate change and supports a precautionary approach to environmental challenges. We believe that human activities footprint is contributing to climate change, and that avoiding human-caused changes to climate is an internationally recognized aim which we unconditionally support. We recognize that investment in climate solutions is essential to competitive advantages which will give us opportunities for growth and innovation in addressing the climate challenge.

We undertake initiatives to promote greater environmental responsibility in collaborating with industry peers to foster innovation for climate change solutions. Thus, we address the climate challenge through cooperation which unlocks scalable ways to efficient solutions. Setting up targets and regular screening against these targets is a priority and helps us to manage our performance. Taking sound measures to increase climate resilience demonstrates our commitment to encourage the development and diffusion of environmentally friendly technologies.

We truly believe that climate action is an urgent priority for business to address. Therefore, our most substantial investment is related to technological innovations and machinery that help in significantly lowering energy consumptions. We recognize the ever-increasing importance to climate debate in order for these ambitious commitments to be realized. Hence, IAG's policies reflect our desire to persistently implementing environmental friendly technologies and methods and encouraging our peers to do the same.

Implementation

1. IAG uses high efficiency, energy rated machines and equipment
2. Air conditioning is limited to the office areas of the facility 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 year

Anti-corruption Principles

We prohibit bribery and corruption in all forms. We do not offer, promise, give, demand or accept any bribe or other undue advantage, whether directly or indirectly to obtain, retain or direct business or to secure any other improper advantage in the conduct of business. Nor do we allow gifts, entertainment and per diem reimbursements to be given or received as a reward or encouragement for preferential treatment.

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.

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.

As a business leader in the industry we are seeking to close the gap between ambition and execution entailing major factors in our everyday operations such as:

- Management commitment - constantly defining goals and overseeing implementation;
- Monitoring and screening – attaining long term corporate sustainability;
- Stakeholder engagement – publicly recognizing IAG's responsibilities on our global impact;
- Transparency - sharing sustainability information and achievements.

We believe we have done a lot in complying with the principles for sustainable development yet recognizing that it is not enough. Therefore, we will keep on working on improving our business approach through participating and supporting the United Nations Global Compact.