



UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS
2016

CHIEF EXECUTIVE'S STATEMENT

Alfagates became a signatory to the UN Global Compact in 2010 and we are pleased to submit our fourth Communication on Progress.

Activities

Alfagates Group provides specialist services for challenging environments. We focus on frontier territories and emerging economies. Our core infrastructure support activities are enablers for players - commercial organisations, governments, NGOs, and supranationals - entering new territories where we are either already established or else we establish for that specific purpose.

Integral to our business is obtaining an understanding – usually with great haste - of how to do business in almost any type of economy, which has included anarchic, unregulated, supposedly lawful (but not, or not very) to the relatively fully developed. We play a role in encouraging host governments to create and develop the framework for their own economies to grow through the input of foreign goods and services.

At the heart of our business we recruit and retain the best quality people from all cultures, to bond and deal and live with people from all cultures in our host territories. Our staff, specifically our field based operators, have an implied authority to make decisions which reflect the highest international standards set by both ourselves and by our international counterparties, and which provide the correct and most beneficial solution at the local level.

Corporate activity; good news

We are delighted to have brought aboard two valuable sources of business, insurance and renewable energy.

A staple of properly structured finance solutions in frontier territories is risk management and financial risk transfer. Traditionally insurance markets do not offer



policies for areas or risks they did not fully understand. However, in line with the global village economy, insurers have felt they ought to offer policies even when they did not specifically understand the risks, recouping losses from profits made on their clients' more traditional policies. In 2005, after having bought insurance for Alfagates from providers who had neither visited, nor had the claims infrastructure in, the countries in which we operated, we discovered a new broker who had definitely broken the mould; thus we swapped our policies at the next renewal. Since then we have continuously insured with this broker.

I am delighted to announce that we have now bought a book of insurance business and key personnel, and registered in the United Kingdom. We will be launching insurance products in the Alfagates name in Q2, 2017. In the meantime we are offering products in travel, cargo, personal accident and DBA, medical, Directors and Officers, Kidnap and Ransom, and all corporate risks. All our policies are as suited to the commercial, government and not-for-profit sectors.

I am also delighted that in the last year we have gained expertise in renewable energy. Much fossil fuel energy is not correctly harvested, with oil being polluted in underground reservoirs by the quick fix methods demanded by Oil Companies (and countries), and gas of great calorific value being burned off. The path forward is clearly not with fossil fuels, or with the short horizons (even, perhaps up to 100 years) displayed by most first world countries. This is where nations, not rich in fossil fuels, can seek to become global gamechangers, by the very virtue of not already having the burden of an existing infrastructure legacy reliant on fossil fuels. We act as catalysts for local and regional solutions reliant on working in harmony with the environment.

The Ten Principles and the Compact

We are specifically delighted that the ten principles and our *modus operandi* fit together symbiotically and naturally. Above all, the UN Global Compact is a platform which we can use to achieve common standards and empathy with, and therefore a mutual understanding between, all stakeholders and ourselves.

I pay tribute to our local staff who have had to work sometimes in the most terrifying of conditions, with physical threats, economic misery surrounding them, and, barring steely resolve which not everyone can muster, the dashed hopes of a generation. I salute them all.

We hereby renew our support for, and commitment to, the Ten Principles and the Compact.



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HUMAN RIGHTS

Assessment, policy and goals

Our assessment is that all people are to be treated as you yourself would like to be treated. This applies especially within the complex and broad ethnic environments in which we work.

Our policy remains to disseminate information and educate whilst remaining as far as possible independent, apolitical, and disinterested.

Our goal in the next year is to extend our methods to our new territories and types of business.

Implementation

We continue to apply the “two report” principle concerning any potential violations or complaints. One report from each of a local and a non-local will be sent to the line manager and the Human Resources Manager. In a case when we deem that the line manager does not have sufficient experience to handle this situation, the report is passed directly to the CEO for resolution.

We encourage staff, and third parties unconnected with Alfagates, to try to obtain cross border access whether it is for holiday or work. Also, we have identified former staff who have made their new lives in the US, Europe, Asia and Australia. We keep in contact with former members of staff, and will act as a sounding board to assist them develop their careers.

Our current staff receive help for family needs outside their contracts of employment. We show empathy with all local cultures, for example granting time off for family gatherings, offering financial assistance for overseas medical trips, and pastoral care especially in international matters such as immigration, and international career opportunities outside Alfagates. We include part time and home workers amongst our team, which broadens the work pool.

We encourage skills such as IT and language and will make cash or equipment available for educational purposes.



Measurement

We have neither had reports of Human Rights violations, nor discovered any problems, nor been fined, nor been threatened with legal action or sanctions.

We uncover information through extensive discussion within our staff at all levels. The CEO and senior managers talk one-to-one with all branch management staff face to face in the relevant branch. All senior management visit our staffed branches on a frequent basis and any problems are resolved on the spot.



LABOUR

Assessment, policy and goals

We assess the greatest values accrue to us by employing based on merit, and as far as possible on locality, introducing non-locals only where necessary.

Our policy is that at least one member of staff may step into a colleague's job at short notice and perform his role on a temporary basis from day 1 at 65% efficiency. This encourages diversity, skill transfer, and fosters a society of merit-based leadership.

Our goal in the year 2016-17 is to extend our methods to our new territories and types of business.

Implementation

We have employed and will continue to employ, disabled people, women (including during and after pregnancy, granting maternal leave beyond the statutory minimum), and all persons whose skills and locality merit employment fitting our requirements.

Local general managers at each branch recommend solutions to such issues as discipline, pay review, bonus, benefits, and time off other than pre-arranged holidays. The CEO takes great heed of these recommendations, mainly because his managers visit and get to know all branch staff, try to understand the local customs and requirements, and are thereby more easily able to infuse international ideas and standards into the local labour market.

All staff are expected to be curious and to learn skills from other staff. All staff are expected to train other staff in their own skills.

Productivity per person by almost any measure, is increasing. We expect a leap during the next year.

Measurement

We have neither had reports of Labour violations, nor discovered any problems, nor been fined, nor been threatened with legal action or sanctions.



ENVIRONMENT

Assessment, policy and goals

Our host governments are increasingly aware of the moral (as a minimum) obligations to ensure that environmental considerations are a component of their strategies. However, budgets in all but aid budget dominated countries have been constrained in many instances and the limited funds diverted to prioritise security, military, and anti-corruption measures (although the effect of these may at best be minimal and at worst, shield additional corruption by the very authorities delegated to resolve the problem).

Our policy is to ensure that we contribute the most within our resources to improve the situation. However, short of basic housekeeping and staff education programmes, and the potential environment audit thresholds required by certain insurance policies, we do not expect the next year to hold significant promise for us.

Our goal in the year 2016-17 is to extend our methods to our new territories and types of business.

Implementation

We focus on servicing our clients' needs in order to retain them, but we comply with all local laws and we work together with all our responsible clients to ensure that their international standards are met as closely as possible within their practical commercial constraints.

Measurement

We have neither had reports of Environment violations, nor discovered any problems, nor been fined, nor been threatened with legal action or sanctions.

We make daily walk-through inspections and discussions to minimise waste, minimise accidents and spillages, which may cause an environmental problem. These inspections include interacting with our field staff, our facilities, our clients and our suppliers.

Incident report forms log errors and omissions, and track the rectifying action to compliance with at least the local legal standard.

Our larger clients provide a constant source of external audit.



ANTI-CORRUPTION

Assessment, policy and goals

All our senior managers know all of our staff with an ability to make procurement and client service decisions, so this acts as a simple, effective control.

Our policy is that we do not permit corrupt practices. This is an immediate termination offence for staff; if we discovered that our suppliers were engaged in such practices we would seek to remove them; and we reject all offers of business which we suspect or know would support corruption.

Our goal in the year 2016-17 is to extend our methods to our new territories and types of business.

Implementation

All our managers with a procurement ability watch over each other at all levels. The Chief Executive has direct oversight and is involved in constant discussions, education and oversight at head office and branch level. This is a core platform of his leadership.

Our staff are bonded to Alfagates in the knowledge that the business, and therefore their jobs, exist through Alfagates' reputation for undoubted probity. This is proving a most effective method of ensuring that corruption does not even become a temptation and is demonstrating that we can self-regulate from within the organisation.

The bonus incentive scheme established in 2014 is effective. The qualifications for payout include the pre-requisite that an un-reported breach by one is a disqualifying event for all.

We offer unsolicited advice and guidance to our clients and expect the same in return in our attempts to create a virtuous circle of improvement.



Measurement

We have neither had reports of Corruption-related violations, nor discovered any problems, nor been fined, nor been threatened with legal action or sanctions.

We conduct a monthly audit of cash expended at branch and head office level. The Chief Finance Officer regularly visits the branch offices. We continue to handle less cash proportionally to electronic money.

In the close community society in which we generally operate, staff actively monitor each other's behaviour and spending habits to identify personal expenditure beyond the expected norm for that person.