OnGuard

YOUR SECURITY IS OUR CONCERN

First Annual Report
Communication of Progress
implementing the ten principles
of the un global Compact
for the period october 2016 to September 2017

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**United Nations Global Compact
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1. Statement by CEO

H.E. Ban Ki-moon
Secretary-General
United Nations
New York, NY 10017
September 10, 2017

Dear Mr. Secretary General,

OnGuard Security is an Iraqi private security company engaged in the provision of risk management and security services within the oil and gas sector operating in the Kurdistan Region of Iraq.

OnGuard Security believes our reputation is a critical component in the creation of long-term value for our stakeholders. We also recognize that our success is ultimately measured by our behaviour beyond financial performance. Protecting and enhancing our reputation in addition to our social license to operate is a significant element of sustained success and motivates us to commit to a level of corporate social responsibility across our operations and throughout our organization in part by incorporating and supporting the ten principles of the United Nations Global Compact.

We are committed to making the Global Compact and its principles part of our corporate strategy, our culture and our day-to-day operational decisions within our company. We are a committed corporate citizen operating in the Kurdistan Region of Iraq and engage in collaborative projects to broaden the development goals of the United Nations, particularly the promotion of the Millennium Development Goals in Iraq.

OnGuard Security is proud to make a clear statement of this commitment to our stakeholders and the general public. As a key requirement for participation in the Global Compact we hereto attach the 2017 Communication on Progress ("COP").

Yours sincerely,

**Mr. Polo Askari
CEO**

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2.0   General Background

OnGuard Security has Policies, Procedures and Programs ("PP&Ps"), which directly relate to the Global Compact principles and as such fall into a number of the reporting headers. These PP&Ps are addressed in this section and are also referenced in the Principles section of the report.

i)   Code of Ethics and Business Conduct

OnGuard Security has built its reputation as an organization that requires and applies ethical business practices and high levels of integrity in all of our business transactions. Integrity is one of our company's core values – it is an integral part of our strategy and forms an essential foundation upon which we carry out our business.

Ethical business is not just a solution to the challenges of legal compliance, but a means of doing business that provides customers, employees, partners and communities with the confidence that they are working with a principled organization, which is not prepared to compromise on its integrity just to achieve its objectives or make money.

The strength of OG's reputation is based not only on our own conduct, but also on the behaviour of those with whom we do business. For that reason, we will work only with those clients that share our values and commitment to ethical business practices. The entire team is committed to the highest standards of integrity and full compliance with our company codes as well as the regulations and policies affecting our business. As such, it is our goal to ensure that our relationships with clients reflect and support the same high ethical standards.

In keeping with this goal, OG has developed an '**Integrity Management Code'** (the "Code")**.** The intent of this policy is to reiterate our commitment to integrity and ethical standards and to clearly convey our intent to all clients and other relevant stakeholders.

The Code acknowledges our adoption of international best practice in relation to business ethics and applies to all directors, officers, employees and independent contractors of OnGuard Security and its sub-contractors. The Code has been compiled based on the ethical and legal obligations of OnGuard Security's directors, officers, employees and sub-contractors of all geographic locations and job positions. The Code is in respect to our obligations:
  1.   Under the law
  2.   To OnGuard Security
  3.   To our customers, suppliers, competitors and other stakeholders
  4.   To our colleagues
  5.   To the environment
  6.   To report violations, if any

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ii)   Corporate Social Responsibility (CSR)

OnGuard Security believes the company and its employees have a duty to assist people who are less fortunate. This is embodied in our corporate social responsibility philosophy of 'giving back to the communities' in which we work. As a locally owned and operated company, is proud to conduct business in the Kurdistan Region of Iraq and to support initiatives to improve the lives of the Iraqi Kurdish people.

Iraqi families, communities and businesses. We conduct our business ethically, legally, and in a manner that is fiscally, environmentally and socially responsible. Corporate values of integrity and trust are entrenched through the conduct of our management team and are guided by our leadership. In order to analyse our on-going impact on the communities surrounding the operations, OnGuard Security has undertaken comprehensive assessment to ensure our treatment of various stakeholders is considered fair.

This assessment includes a social impact assessment, for the purpose of gaining a better understanding of the impact of our operations. The intent of the assessment is to use it as a tool to provide the best possible benefit to surrounding communities.

The five key CSR initiatives that OnGuard Security is committed to providing resources for are: health, water, education, local employment and youth recreation. As this is our first annual report, we provide examples of projects completed in the Kurdistan Region, over the last three years below. The local employment and water projects are discussed more fully in section 3b) Labour Principles and 3c) Environment Principles.

Project	Community	Year
Renovated a kindergarten and primary school	Aghjalar	2014
Constructed a football pitch	Goptappa	2015
Donated school text books	Aghjalar	2016
Provided emergency medicines	Arbat	2016
Constructed a water well	Askar	2017

iii)   Health, Safety & Environment

The mandate of the OnGuard Security "**Health, Safety and Environment Policy**" states that we are committed to protecting the environment and to preventing harm to our employees, contractors and communities in which we operate. The "**Health, Safety and Environment Policy**" is available on the Company's website at www.onguardsecurity-iraq.com

The Company has developed a comprehensive Health, Safety and Environment Management System ("HSEMS") in order to provide employees and sub-contractors with the fundamental information required to conduct all tasks in a safe, healthy and environmentally friendly manner.

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All personnel working with OnGuard Security, at all locations, are required to understand and comply with the information contained in the HSEMS, and to use continually it as a reference and a resource.

The HSEMS is built on the ISO 14001, OHSAS 18002:2000, and API Standard models to ensure that HSE issues are systematically identified, controlled, and monitored. There are several reasons for selecting these standards as models for the HSEMS framework and are summarized as such:

- The ISO 14001 Standard for Environmental Management Systems is a widely accepted international standard for Environment Management Systems.
- The OHSAS 18002:2000 Occupational Health and Safety Management Systems is a newly accepted international standard for Occupational Health and Safety.

Management Systems.
- The API (American Petroleum Institute) Model EHS Management System is a voluntary tool for companies interested in developing an EHS Management System, or enhancing an existing one, and is widely used within the Petroleum Industry.
- The standards are consistent with the key elements found in most management system models.
- The HSEMS utilizes the action steps: plan, implement, check & correct, and review, which provide a process for continual improvement. Additionally, the HSEMS provides the structure for the delivery of the health, safety, and environment policy commitments made by OnGuard Security.

The HSEMS starts with the HSE Policy and Statement of Management's Commitment, it is then supported by hazard identification, regulatory compliance, set with objectives and meets target, and has practices and procedures that are prescriptive "how-to's". Documentation and record keeping help as a roadmap and a resource. Incident management and the reporting of incidents are learning tools. OnGuard Security requires all reportable incidents and near misses be investigated to identify root cause and prevention. Audit and management review are the capstone of our system to ensure effectiveness and to manage risks. Detailed plans, procedures and industry practices such as the Waste Management Practice and Site Specific Emergency Response Planning are in place to address and detail each specific concern.

iv)   Risk Management
Risk Management is performed at all enterprise levels. Risk assessment and risk control are apparent in our decision-making. The nature of private security operations is a risk-based business and, as a result, the process of assessment, mitigation and control of risks is well established. Because of this core competence, risk assessments are carried out on all operational activities.

v)   Emergency Response
OnGuard Security's corporate Emergency Response Plan acts as a guide to define the response procedures and functional team checklists that are required during an emergency. Site Specific Emergency Response Plans provide details on specific uncertainties (risks) identified throughout the operations of OnGuard Security. Detailed preparations, examples, checklists and specialized equipment required, are planned, practiced and reviewed.

3.0 Progress Report

a)   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

OnGuard Security fully embraces the Voluntary Principles on Security and Human Rights (www.voluntaryprinciples.org) and the International Code of Conduct Association (https://icoca.ch), which provide standards for companies on maintaining the safety and security of their operations within a framework that ensures respect for human rights and fundamental freedoms. The above principles form part of every induction and training package delivered to both expatriate and local national personnel. As an annual reminder of this, all stakeholders must sign our Code of Conduct every year.

With respect to reducing Human Rights risks and responding to violations, OnGuard Security ensures that any/all such reports will be taken seriously and will be promptly and thoroughly investigated. In addition to the corporate internal complaint procedure, regional and federal laws always prevail.

The Company's "**Corporate Social Responsibility Policy**" states that OnGuard Security is committed to acting in a socially responsible manner and will maintain highest standards and respect for human rights, local rights and property in the regions that we operate.

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Risks, Actions & Measures

Due to the nature of private security the greatest human rights risks arise from the potential use of excessive force and mistreatment of people with whom we interact with as part of normal security operations. OnGuard Security mitigates any risk of such incidents through providing comprehensive induction and specialised security training based on the guiding principles of the United Nations Code of Conduct for Law Enforcement Officials (UNCCLEO) and Basic Principles on the Use of Force and Firearms (BPUFF).

In addition, OnGuard Security strictly enforces a community relations and local hiring policy which provides standards around how we interact with the communities in which we operate and a mandate to provide local hiring opportunities to unemployed villagers (with appropriate training and security vetting clearances).

b)   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 labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

OnGuard Security upholds the freedom of association and recognizes the right to collective bargaining. We promote and uphold the elimination of all forms of forced and compulsory labour.

Our local hiring policies in the Kurdistan Region of Iraq adhere to the highest regional standards and we support the local communities in which we work through local hiring where appropriate. Local hiring strategies and principles are defined within OnGuard Security's Local Hiring Procedures and are documented. OnGuard Security adheres to all regional and international laws.

As per our hiring policy the minimum age of worker allowed by the Company (and the Kurdistan Regional Government - Ministry of Interior) is 18 years of age. A local hiring committee made up of OnGuard Security, the Sub-District Mayor and Asaish Security Directorate in the regions in which we operate, work in partnership to provide a fair and transparent process for each employment application.

Approximately 99% of our staff throughout our Kurdistan operations are local national employees leaving only 1% who are expatriate consultant managers and specialists who are recruited from western based countries to provide necessary oversight, training and technical skills in accordance with a strict employment vetting criteria. All company manpower statistics are reported to the Kurdistan Regional Government on a regular basis.

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Risks, Actions & Measures
The continuity and sustainability of operational activities is primarily tied to our commercial security contracts in the Oil and Gas Industry in the Kurdistan Region of Iraq. Subsequently, OnGuard Security increases and decreases our manpower in accordance with associated oil and gas operations; however, this is minimized by reallocating human resources as new contracts are secured and become operational.

Other labour risks are the exploitation of otherwise unemployed workers at unreasonably low wages, unsafe working conditions and unreasonable working schedules. OnGuard Security does not and will not exploit our people as we are in the business of providing human based skills and expertise to our clients.

OnGuard Security has placed a strong emphasis on the safe incremental development of local personnel capacity. As at 30 September 2017, OnGuard Security had 201 full-time local national and two expatriate management/training consultants working throughout the Kurdistan Region of Iraq.

Kurdistan Region of Iraq. Initiatives related to the development of new jobs for local employment initiatives include the following:
- Trained and promoted local national personnel to positions of middle management and supervisory roles;
- Trained and appointed additional local national personnel in specialised fields including medical, vehicle and equipment maintenance, health and safety and administration.

As OnGuard Security conducts its operations in the Kurdistan Region of Iraq, health, safety, environment and security of our client's people and assets are of utmost importance. OnGuard Security has adopted United States, British and other well-recognized international health, safety and environment standards for its operations. It is important that all personnel conducting work on our operations feel safe and comfortable with their work environment. OnGuard Security has operated in the Kurdistan Region of Iraq with an excellent safety and security record and has not experienced a single workplace fatality or serious injury since incorporation.

OnGuard Security tracks various labour statistics and the Health, Safety, Environment and Security ("HSE&S") departments track lost-time incidents, near misses and has a stop work card program. Man-hours are documented to assure balancing of working hours. An Incident Management Practice is in-place to monitor our performance. As at September 2017 we surpassed the 1.57 million man-hours mark without a lost time incident.

Training and communication are an important part of the process. The work stoppage procedures and policy exist so that any personnel within the company that witness an unsafe action can halt the work until further precautions are put in-place. Our rigorous HSE&S Management Plan dictates how these policies are implemented and is also supported by our Code.

OnGuard Security has established relationships with reliable local health providers in the Kurdistan Region and has an agreement with Hiscox Insurance for emergency medical evacuation. OnGuard Security requires its sub-contractors to have their own insurance, medical capability and a HSES representative on site full time.

The Code speaks directly to the elimination of discrimination or harassment, which is highlighted within the details of the Workplace Conduct section.

Senior management reviews and applies "Lessons Learned" in order to improve operational safety and the procedures enlisted that mark each significant milestone within our operations. Directors, officers, employees and independent contractors must adhere to the standards as described in the Code. The Code is annually reviewed and acknowledged by signing the Awareness Statement on the Code. Violations of law and/or violation of our policies and procedures must be reported through the appropriate channels. OnGuard Security does not permit retaliation against those who make such reports in good faith.

c)   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

OnGuard Security strives to conduct its business to the highest standards and applies international best practices to our operations where these exceed local standards. We manage our Health, Safety and Environmental performance in a manner equal to any other of our critical business performance measures. The mandate of the "**Health, Safety and Environment Policy**" states that OnGuard Security is committed to protecting the environment.

The Health, Safety and Environment Policy is available on the Company website at www.onguardsecurity-iraq.com

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Examples of environmental projects completed by OnGuard Security include:

Project	Community	Year
Community clean up project	Dukan Dam	2015
Recycled water bottle greenhouse project	Goptappa	2016/17

d)   Anti Corruption Principles

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

Anti-Corruption. OnGuard Security's commitment to dealing legally and ethically with host governments and clients applies not just in the Kurdistan Region but also worldwide. Company policy and laws such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and similar anti-corruption laws around the world strictly prohibit our employees or agents from giving or offering to give money or anything of value, directly or indirectly, to anyone to induce that person to influence or attempt to influence any governmental act or decision, or to assist the Company in obtaining or retaining business or securing any improper advantage.

This prohibition applies to all clients, whether government-owned or controlled or not, and to all government officials regardless of rank and duty.

OnGuard Security may not act in any way, in our business relationship with clients or otherwise, that violates this important principle. And, OnGuard Security must only themselves use clients that do not violate ethical standards through bribes, kickbacks, or other similar improper or unlawful payments. Additionally, OnGuard Security must maintain awareness and comply with all applicable laws and regulations of the countries of their operation.

Gifts. Clients should be aware that it is not permissible for company employees to give, receive or solicit gifts, payments or other benefits that influence any business decision or that create the appearance of influencing any business decision. OnGuard Security employees are therefore, discouraged from providing any gifts whatsoever and absolutely may not provide a gift or other benefit that is more than nominal in value (US$50) once per year. Cash or cash equivalent gifts (i.e., gift cards or gift certificates) are prohibited by company policy.

Entertainment. It is not permissible for company employees to be entertained in such a manner as to cause the employee to feel obligated to make a certain business decision. The appearance of such an obligation must also be avoided. OnGuard Security may entertain a client only when:

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- The entertainment is incidental to a discussion of company business
- The entertainment is in a setting appropriate for a discussion about business
- The entertainment is reasonably priced
- The entertainment was not solicited by the employee

Risks, Actions and Measures
Our operations involve the procurement of goods and services in support of our operations. At times this involves a tendering process, and the approval of tenders according to our internal procedures.

OnGuard Security's procurement policies, including agreed procedures with the Kurdistan Regional Government and our internal procedures have ensured that the business operations have remained free of inappropriate behaviour.

OnGuard Security may not source any services from any entity known to be headquartered in, or owned or controlled by a sanctioned national, or any other individual or entity identified on an applicable denied or restricted party list. OnGuard Security is also prohibited from receiving goods originating from, transiting or shipping through, or even making a port stop in, irrespective of whether the goods are unloaded, any country subject to trade sanctions.

-    End of Report   -