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COMMUNICATION ON PROGRESS

Prepared for the United Nations Global Compact

8 December 2017 – 8 December 2018

Communication on Progress

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To our Stakeholders,

I am pleased to confirm that Sovereign Global Solutions (SG SOL) continues to affirm its support of the Ten Principles of the United Nations Global Compact (UNGC) in the areas of Human Rights, Labour, Environment and Anti-Corruption for 2017/18, and have integrated the 17 Sustainable Development Goals (SDGs) into the company's business model, thus adding value to our business, the environment, and society.

In this our third annual 'Communication on Progress', we describe our existing policies and our actions to continue to improve the integration of the UNGC, its principles, and the SDGs into our business strategy, culture and daily operations, which includes seeking adherence from our business partners, suppliers and even clients.

We are in the SME bracket (small and medium-sized enterprises) and keen to 'do our bit' to help the UNGC work towards the vision of a sustainable and inclusive global economy and help companies meet their commitment to corporate sustainability.

We commit to share this information with our stakeholders through our website and the Global Compact. We are committed to analysis and continuous improvement of our performance and look forward to any feedback on this report.

Yours sincerely,



Jérôme Paolini
Chairman



Bruno Pardigon
Chairman

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

Our support of the Universal Declaration of Human Rights (UDHR) and observer status of the International Code of Conduct for Private Security Providers' Association (ICoCA) demonstrates our commitment to Human Rights and these first 2 principles. The latter endorses the principles of the Montreux Document (*Montreux Document on Pertinent International Legal Obligations and Good Practices for States Related to Operations of Private Military and Security Companies During Armed Conflict*) and the "Respect, Protect, Remedy" framework it adopts.

Policy & Assessment

Our Code of Conduct explains how we will conform to the rule of law and acknowledges our corporate responsibility to respect human rights, as well as seeking to ensure our business partners and suppliers do the same. Further to this, as a large part of our work is providing Capability Building Programmes to States, we are also bound to do our best to ensure these sovereign state end-clients also conform to these principles. Part of this process is achieved by assessing Human Rights related risks and their impact in our business sector and countries of operation prior to beginning any work there.

We require our personnel to treat all people humanely and with respect for their dignity and privacy and will report any breach of compliance. We will not engage in torture or other cruel, inhuman or degrading treatment or punishment. Contractual obligations, superior orders or exceptional circumstances such as an armed conflict or an imminent armed conflict, a threat to national or international security, internal political instability, or any other public emergency, can never be a justification for engaging in torture or other cruel, inhuman or degrading treatment or punishment.

We require our personnel to report any acts of torture or other cruel, inhuman or degrading treatment or punishment known to them, or of which they have reasonable suspicion. Such reports will be made to the senior management of SG SOL who will coordinate with the client, and/or the competent authorities in the country where the acts took place, the country of nationality of the victim, and the country of nationality of the perpetrator. We have made the means of any such reporting easy by designing a 'Don't Walk By' initiative, where all cases of Human Rights abuse can be freely reported by anyone.

In addition to inhumane treatment of individuals, we pay particular attention to acts which are considered particularly heinous and at no point will they ever be sanctioned by us, including but not limited to:

- Sexual exploitation and abuse or gender-based violence. SG SOL will not benefit from, nor allow their personnel to engage in or benefit from, sexual exploitation (including, for these purposes, prostitution) and abuse or gender-based violence or crimes, either within the Group or

externally, including rape, sexual harassment, or any other form of sexual abuse or violence. SG SOL requires its personnel to remain vigilant for all instances of sexual or gender-based violence and, where discovered, report such instances to competent authorities.

- Human trafficking. SG SOL will not to engage in trafficking in persons and requires its personnel to remain vigilant for all instances of trafficking in persons or illegal trafficking of human organs and, where discovered, report such instances to competent authorities. This includes, but is not limited to:
 - A commercial sex act induced by force, fraud, or coercion, or in which the person induced to perform such an act has not attained 18 years of age.
 - Labour or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, debt bondage, or slavery.
 - Illegal trafficking of human organs.

As before, all such suspicions and/or actual cases can also be reported using our 'Don't Walk By' initiative.

To every reasonable extent, we also monitor the use of equipment provided by the Company and will investigate situations in which such equipment is used in an inappropriate manner. Every effort will be made to ensure that information used as the basis for allegations of human rights abuses is credible and based on reliable evidence. The security and safety of sources will be protected. Additional or more accurate information that may alter previous allegations will be made available as appropriate to concerned parties.

The Group Directors have overall responsibility for the protection of Human Rights within SG SOL, advised by the Human Resources Department, but all personnel have a responsibility to report any abuse or violation up to senior management.

Achievements

- In partnership with the IMO (International Organisation for Migration), have helped to transport several hundred migrants from war-torn Yemen to safety in Somaliland and Djibouti.
- Providing maritime support to the UN Verification and Inspection Mechanism for Yemen (UNVIM) in order to help humanitarian aid to reach people suffering in war-torn Yemen.
- On-going Programmes working with international partners 'Combating Violent Extremism' in Djibouti.
- Designed and distributed a 'Don't Walk By' initiative, where all cases of Human Rights abuse can be freely reported by anyone.
- Awareness raising of Human Rights continues to be conducted for all personnel upon joining, as laid down in our Code of Conduct.
- Consultation with interested and affected parties to ensure harmonious principles are followed, including business partners, suppliers and clients.
- Instigated a 'Community Investment Policy' whereby worthy community projects are identified and established in order to bring the local community together and eradicate human rights and forced labour issues.

Goals for 2018

- Continue to participate in programmes that support Human Rights across the world.
- Continue to raise awareness of Human Rights issues by keeping people informed, consulted and interested, as written in our Code of Conduct.
- Continue to consult with interested and affected parties to ensure harmonious principles are followed, including business partners, suppliers and clients.
- Continue to invest in our Community Investment Programmes to help improve Human Rights in areas of greatest need.

Measurement of outcomes

We intend to continue monitoring and evaluating our performance by:

- Recording specific progress made in the area of Human Rights in the past reporting period
- Recording any Human Rights violations and explaining how we dealt with them (nil to date)
- Recording any Human Rights related investigations, legal cases, rulings, fines and other relevant events (nil to date)
- Conducting periodic reviews of results by senior management

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

Policy & Assessment

Our Human Resources, Compliance and Health & Safety frameworks are based on National and ILO Core Conventions, and daily consultation with our employees is an important part of our business. We encourage our employees to feedback their thoughts (good and bad) and engage in dialogue with their supervisors and managers in order to improve the company's performance. This includes collective bargaining, or open negotiation between management and employees to reach agreements on topics such as working conditions, wage scales, working hours, training, health and safety, overtime, grievance mechanisms, and rights to participate in workplace or company affairs.

At the heart of our ISO 9001 processes we include assessments of labour-related risks in our business areas and countries of operations.

It is our policy that neither us nor our partners, suppliers or clients will use slavery, forced or compulsory labour, or be complicit in any other entity's use of such labour. We respect the rights of children to be protected from the worst forms of child labour, including:



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- All forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in provision of armed services.
- The use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances.
- The use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs.
- Work, which by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

We undertake all necessary steps to provide a safe and secure workplace for all personnel. All Group workplaces operate without any threat of violence, harassment or illegal discrimination and operate in a respectful and responsible way, in line with all policies and procedures in place at the location and at a Group level.

Discrimination, or behaviour or comments that may be understood to be based in discrimination, will not be tolerated from or to personnel of the Group. All personnel are treated equally irrespective of race, ethnicity, religion, colour, national origin, gender, sex, sexual orientation, gender identity, age, veteran status, marital status, ancestry, genetic information or disability, or any status protected by national or international law.

Harassment will not be tolerated from or to personnel of the Group. Harassment includes, but is not limited to, racist, sexist, ethnic, or other inappropriate comments, jokes, gestures, or any action or statement that demeans individuals or creates a hostile, intimidating, or offensive work environment.

The Group Directors have overall responsibility for the protection of Labour Rights within SG SOL, advised by the Human Resources Department, but all personnel have a responsibility to report any abuse or violation up to senior management, which can be done easily using our 'Don't Walk By' initiative.

Achievements

- We continue to be equal opportunity employers to local communities across 3 continents in our offices in the UK, Dubai and Djibouti, and also on our vessels.
- Designed and distributed a 'Don't Walk By' initiative, where any Labour related issues can be freely reported.
- Awareness raising of the Labour Principles is conducted for all personnel upon joining, as laid down in our Code of Conduct.
- Consultation with interested and affected parties to ensure harmonious principles are followed, including business partners, suppliers and clients.
- Continued investment in our Community Investment Project - the Aseyla Community Eco-Farm in Djibouti - where the local community benefits from their own cooperative management of an organic farm to feed their families and have an opportunity to grow the farm into a future business.

Goals for 2018

- Continue to be equal opportunity employers to local communities across 3 continents in our offices in the UK, Dubai and Djibouti, and also on our vessels.
- Continue to raise awareness of the Labour Principles for all personnel upon joining, as laid down in our Code of Conduct.
- Continue to consult with interested and affected parties to ensure harmonious principles are followed, including business partners, suppliers and clients.
- Continue to invest in our Community Investment Programmes to support local use of labour.

Measurement of outcomes

We intend to continue monitoring and evaluating our performance by:

- Recording specific progress made in the area of Labour in the past reporting period
- Recording any Labour related violations and explaining how we dealt with them (nil to date)
- Recording any Labour related investigations, legal cases, rulings, fines and other relevant events (nil to date)
- Conducting periodic reviews of results by senior management
- Study of the demographics of management and employees by diversity factors (e.g. gender, ethnicity, age, etc.)

Environmental

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

Policy & Assessment

All our decision-making processes consider the potential impact on the environment. We do this by following our strict Environmental Policy, analysing our performance by completing Environmental Checklists, and conducting Environment Risk Assessments prior to beginning any project.

With most of our business consisting of service supply, opportunities to develop and diffuse environmentally friendly technologies is limited, but one example is how we researched, purchased and installed 2 pumps & solar panels for a community Eco-Farm in Aseyla, Djibouti, which fill drip-feed reservoirs to successfully farm the surrounding arid area. To date, the Eco-Farm has been a resounding success, with local communities successfully farming crops including corn, peppers, bananas, watermelon, tomatoes, herbs and other fruit & vegetables.

Vessels

As the owner of ocean-going vessels, one of the most environmentally friendly forms of transport, the implementation of our new Shipboard Oil Pollution Emergency Plan (SOPEP) written in accordance with

the requirements of regulation 37 of Annex I of the International Convention for the Prevention of Pollution from Ships, and our comprehensive vessel Garbage Management Plans, continue to maintain high levels of environmental protection awareness throughout our fleet and ensure tight and effective emergency procedures.

The recent introduction of our Environmental Policy Checklist has further helped to reduce our footprint upon the environment by raising awareness throughout our offices and on board our vessels, with such things as:

- Turning lights, heating/cooling and electric items off when leaving a room
- Installing thermostats and motion-sensitive lighting
- Use of energy efficient electrical items and light bulbs
- 'Think before you print' initiative, printing on both sides and reusing scrap paper
- Using mugs and reusable cups instead of disposable cups
- Recycling garbage where possible, and purchasing recycled products
- Ordering environmentally-friendly chemicals where possible
- Tightening up stock control systems

The Group Directors have overall responsibility for the protection of the environment within SG SOL, advised by the HSSEQ Director, but all personnel have a responsibility to report any abuse or violation up to senior management, which again can be done freely with our 'Don't Walk By' initiative.

Achievements

- Logistical support to the protection of whale sharks in Djibouti with the Whale Shark Conservation Society
- Logistical and financial support to the Decan Association and the protection of cheetahs and other endangered and/or mistreated animals in Djibouti
- The Aseyla Community Eco-Farm in Djibouti, where a previously arid area has been turned into a fertile oasis producing food and water for local communities
- Installation of solar-powered water pumps in Aseyla, Djibouti, which have turned previously barren semi-arid desert into fertile farmland for the local community.
- Reduction of plastic waste on our vessels, e.g. by reducing plastic consumption, such as plastic cups (see more listed on SDG Goal 14 below)

Goals for 2018

- Continue to consult with interested and affected parties to ensure our Environmental Policy is followed, including business partners and suppliers.
- Continue to invest in our Community Investment Programmes, such as the Aseyla Community Eco-Farm in Djibouti.
- Assessment of the environmental footprint and impact of our company
- Aim to achieve ISO 14001 certification

Measurement of outcomes

We intend to continue monitoring and evaluating our performance by:

- Recording specific progress made in the area of environmental progress in the past reporting period
- Recording any environmental policy/legal violations and explaining how we dealt with them (nil to date)
- Recording any environmental related investigations, legal cases, rulings, fines and other relevant events (nil to date)
- Conducting periodic reviews of results by senior management

Anti-Corruption

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

Policy & Assessment

SG SOL has a zero-tolerance policy for corruption, bribery and extortion.

The Group expects all personnel to not engage in any activity which conflicts or competes with the interests of the Group or in any way damages the Group's reputation or integrity. Personnel must not exploit their position or influence, or misuse any Group asset including confidential information, for their own personal gain or benefit or that of an unauthorised third party. This also precludes any unfair bias or favouritism during the recruitment of personnel or any other business activity. Any potential conflict of interest must be reported to senior management.

All Group, business partner and supplier activities shall be exercised in strict compliance with the laws and regulations against corruption in force in the United Kingdom and France, as well as other international legislation including the UN Convention Against Corruption, US Foreign Corrupt Practices Act 1977, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of 1997, the Convention of the European Union of 1997, as well as their transcription in national law. Personnel must not promise, offer or give to any person or public official, directly or indirectly, anything of value for the public official them self or another person or entity, in order for that person to act or refrain from acting in the exercise of their official duties if such inducement is illegal. This includes the prohibition of facilitation or "grease" payments.

At the heart of our ISO 9001 processes we include assessments of corruption-related risks in each of our business areas and countries of operations. We also allow all personnel to report any suspicions or non-conformities via our 'Don't Walk By' initiative.

The Group Directors have overall responsibility for anti-corruption within SG SOL, advised by the Legal and Human Resources Department, but all personnel have a responsibility to report any abuse or violation up to senior management.

Achievements

- ‘Don’t Walk By’ initiative, creating a quick and easy way any worker can feed back suspicions or non-conformities.
- Awareness raising of corruption and corrupt practices continues for all personnel upon joining, as laid down in our Code of Conduct.
- Consultation with interested and affected parties to ensure harmonious principles are followed, including business partners, suppliers and clients.

Goals for 2018

- Continue to raise awareness of corruption for all personnel upon joining, as laid down in our Code of Conduct.
- Continue to consult with interested and affected parties to ensure harmonious principles are followed, including business partners, suppliers and clients.

Measurement of outcomes

We intend to continue monitoring and evaluating our performance by:

- Recording specific progress made in the area of anti-corruption in the past reporting period
- Recording any corruption related violations and explaining how we dealt with them (nil to date)
- Recording any corruption related investigations, legal cases, rulings, fines and other relevant events (nil to date)
- Conducting periodic reviews of results by senior management

The 17 Sustainable Development Goals

In 2015, countries adopted the [2030 Agenda for Sustainable Development](#) and its [17 Sustainable Development Goals](#) (SDGs) to transform our World. We support this agenda, and this is our progress to date:

Goal 1: End poverty in all its forms everywhere

We have offices across 3 continents – UK, UAE, Djibouti, Kenya and Angola – and employ local staff in each of these places, in turn supporting the local families and communities escape and remain free from poverty.

Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture

We support people in areas of malnutrition through our Community Investment Programmes. For example, in Aseyla, Djibouti, a semi-arid area affected by frequent droughts and cases of mass malnutrition, we have used local manpower to help us establish a sustainable eco-farm, using solar-powered water pumps to access water and create productive farmland from semi-arid desert using drip-feed irrigation systems.

Goal 3: Ensure healthy lives and promote well-being for all at all ages

At our eco-farm in Aseyla, Djibouti, we supply clean, fresh water and fresh fruit and vegetables for the local community.

Goal 4: Ensure inclusive and quality education for all and promote lifelong learning

At SG SOL, we provide free First Aid, Fire Safety and Health & Safety training for our staff.

Goal 5: Achieve gender equality and empower all women and girls

Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world. At SG SOL, this is written into our Code of Conduct and governs all our business activity.

Goal 6: Ensure access to water and sanitation for all

We produce solutions that tackle water scarcity, such as ensuring access to safe drinking water to the villagers of Aseyla, Djibouti, using our solar-powered water pumps to supply the local community with a year-round, reliable fresh water source.

Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all

We have provided solar-powered water pumps free-of-charge to access a deep underground water reservoir in the Djiboutian desert to supply the local community with fresh water for drinking and farming.

Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all

It is our aim to provide as many job opportunities as we can by sustainable economic growth, creating the conditions that allow people to have quality jobs that stimulate the economy while not harming the environment. The more we grow, the more we invest in the workforce of local communities.

Goal 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation

It has long been recognized that growth in productivity and incomes, and improvements in health and education outcomes require investment in infrastructure. This is why a part of business is involved in supporting States grow and improve their infrastructure, such as with our Maritime Support Programme in Angola.

Goal 10: Reduce inequality within and among countries

A major part of our business strategy is building our business footprint in Djibouti, East Africa, and helping this relatively poor and vulnerable country improve its economic, social and environmental sustainable development in order to reduce inequality.

Goal 11: Make cities inclusive, safe, resilient and sustainable

Having offices in several major cities worldwide, we are committed to doing 'our bit' to make cities of opportunities for all, including with access to basic services, energy, housing, transportation and more. While limited in our ability to do this directly, we can help by doing so within our business, which will then leach out into the surrounding cityscape.

Goal 12: Ensure sustainable consumption and production patterns

As a shipowner and operator, we have been proactive in reducing waste onboard by adopting better recycling processes (where possible), reducing our consumption of plastic (e.g. no more plastic cups) and using biodegradable substances where possible, including non-ablative paints on our ship hulls. This can be seen from our Environmental Policy (and its Environmental Checklists), and onboard Garbage Management Plans.

Goal 13: Take urgent action to combat climate change and its impacts

Climate change is affecting every country on every continent. It is disrupting national economies and affecting lives, costing people, communities and countries dearly today and even more tomorrow. Wherever possible, our Environmental Policy allows us to help combat climate change by using non-polluting and energy efficient technologies, such as:

- We promote the use of travel alternatives such as e-mail or video/phone conferencing
- We favour 'green' transport methods and maintain our own vehicles to keep them as efficient as possible
- We endeavour to book more direct flight options and favour fuel efficient aircraft where possible
- We monitor our vessel CO₂, SOX and NOX emissions and reduce them as much as possible

Goal 14: Conserve and sustainably use the oceans, seas and marine resources

The world's oceans – their temperature, chemistry, currents and life – drive global systems that make the Earth habitable for humankind. Among the negative effects we are having, our use of plastics is slowly killing everything in the Ocean. We are committed to looking after the Oceans by:

- Following MARPOL guidelines
- Following a Bunkering Procedure Checklist according to company Safety Management Manual



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- Bilge water and sludge discharge only to shore facilities
- MSDS (Maritime Safety Data Sheets) available and followed for all harmful chemicals
- Garbage Management Policy enforced (e.g. garbage correctly lashed down)
- Educating crew and passengers of the importance of our oceans, preventing them littering the sea with plastic bottles etc.
- Developing a good environmental protection culture onboard so everyone understands the damage garbage can have on marine life
- Strict ballast water management according to local and international regulations
- Reduced plastic consumption (e.g. no more plastic cups)
- Using biodegradable substances where possible, including non-ablative paints on our ship hulls

Goal 15: Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

Deforestation and desertification – caused by human activities and climate change – pose major challenges to sustainable development and have affected the lives and livelihoods of millions of people in the fight against poverty. At SG SOL, our Eco-Farm in Djibouti has created a sustainable community farm growing a variety of fruit and vegetables in an area previously desolate due to chronic water shortage.

Goal 16: Promote just, peaceful and inclusive societies

Part of our work in Djibouti involves providing resources to ‘Combat Violent Extremism’ together with our partners, helping the promotion of peaceful and inclusive societies for sustainable development.

Goal 17: Revitalize the global partnership for sustainable development

A successful sustainable development agenda requires partnerships between governments, the private sector and civil society. As participants in the UN Global Compact, we are actively involved in developing these partnerships and working towards a sustainable future for generations to come.