

UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS
JANUARY 2019 – FEBRUARY 2020



HXZA SECURITY

2020 COP Statement

To Our Stakeholders:

I am pleased to confirm that Hua Xin Zhong An (Beijing) Security Service Co. Ltd reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. In this 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 sharing this information with our stakeholders using our primary channels of communication.



Weihong YIN

Chairman & CEO

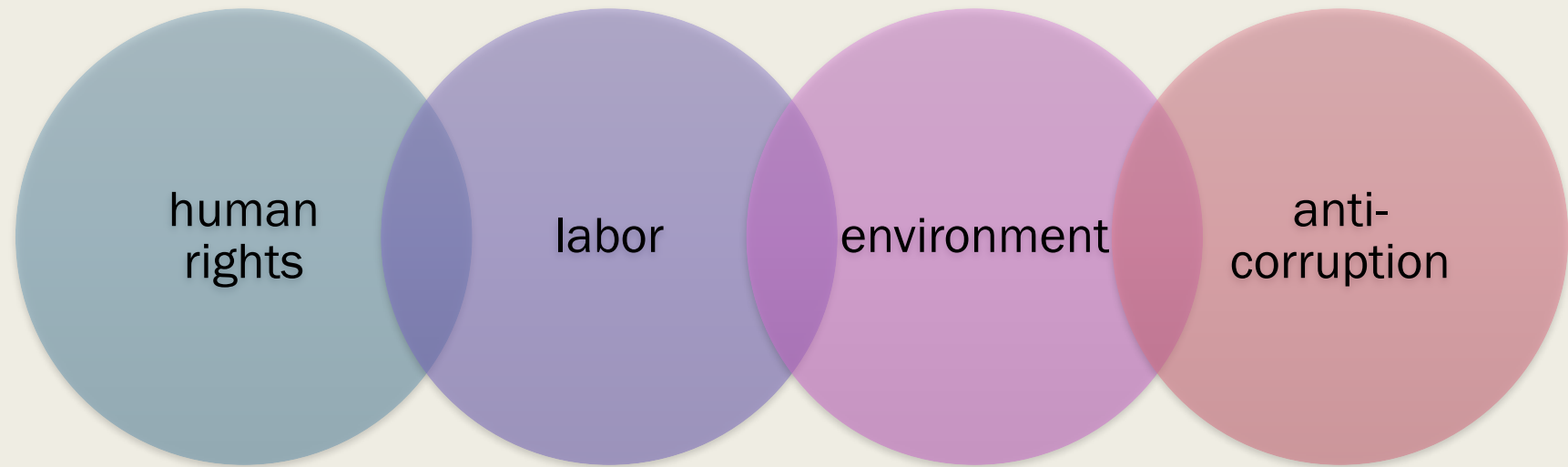
Hua Xin Zhong An (Beijing) Security Service Co. Ltd.

“4 / 10 / 17”

**What does it mean for
us?**



4 = Four issue areas of the UN Global Compact:



10 = Ten Principles of the UN Global Compact

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.

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.

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.

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



17 = Seventeen Sustainable Development Goals



Where we operate....



Maritime



Construction



Energy



Diplomatic



Aviation



Hotel



Entertainment



Road & Rail



We practice what we preach by implementing the “4/10/17” principles throughout our service scope:



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Annual Summary

What we did in 2019:

- Human Rights: Maritime Human Rights Risk Assessment and Policy + ICoCA Maritime Certification
- Environmental Safety, Security, and Compliance
- Labor Union Promotion in our Domestic Business
- Anti-Corruption Compliance vetting for all vendors

Plans for 2020:

- Human Rights: Land Human Rights Risk Assessment and Policy + ICoCA Land Certification
- IMO Low Sulfur Fuel Requirement Compliance Vetting for Clients and Vendors
- Labor Union Promotion in our Overseas Business
- Anti-Corruption Compliance vetting for all Clients



Human Rights

What we did in 2019:

Our company made a big stride in our promotion and protection of human rights this year. HXZA became the first company in Asia and (for a time) the only company in the maritime security business to receive certification from ICoCA for human rights and compliance with the ICoC in the maritime domain.

Plans for 2020:

In 2020, we will aim to expand this certification to also include our land based business scope. This is currently in process.



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Labour

What we did in 2019:

- Our Employee Labor Union was very active in the representation of workers rights, concerns, and requests. The Union promoted the interests of workers rights to the company management and established a monthly meeting schedule with the Chairman. The company developed and released grievance mechanism in line with ICoCA guidelines.

Plans for 2020:

- The company will further develop the labor standards and the grievance mechanism in line with ISO 18788 / PSC1 standards which we will seek certification to in 2020.



Environment

What we did in 2019:

HXZA staff supported personnel working on our client oil and product carriers to perform the necessary safety and security activities to prevent any leakage, spill, or damage to the marine environment.

Plans for 2020:

In 2020, we are implementing full compliance measures with IMO 2020 Low Sulfur Fuel requirements and will implement a vetting procedure to ensure all our vendors and clients are in compliance as well.



Anti-Corruption

What we did in 2019:

- Our company participated in all anti-corruption measures initiated by our homestate government in the last few years, including 2019.

Plans for 2020:

- In 2020, we will implement Anti-Corruption Compliance vetting for all vendors, subcontractors, and clients.



Measurement of Key Outcomes



ENVIRONMENT: We implemented measures in advance of IMO 2020 Low Sulfur Fuel regs to reduce vessel source pollution sulphur oxides by 85%



HUMAN RIGHTS: We have developed a Human Rights Risk Assessment which identifies 57 human rights related risks and includes our mitigation measures.



WOMEN'S PARTICIPATION: We have increased the employment of women in our workforce by 3% year on year.



MANAGEMENT REVIEW: We have implemented measures to ensure senior management reviews our human rights and UNGC compliance at a minimum of 6 months intervals.



Our support for:

UNGC [Principle 1](#): Businesses should support and respect the protection of internationally proclaimed human rights;

What we did in 2019:

- Our company completed a Human Rights Risk Assessment for our maritime operation.
- Our company implemented Human Rights Policy for our maritime operation.

Plans for 2020:

- Our company will complete a Human Rights Risk Assessment for our land operation.
- Our company will implement a Human Rights Policy for our land operation.



Our support for:
UNGC [Principle 2](#): make sure that they are not complicit in human rights abuses.

What we did in 2019:

- Our Company implemented a human rights policy for the maritime scope of our business.
- Our company completed ICoCA Certification for Human Rights for the maritime scope of our business.

Plans for 2020:

- Our Company will extend the human rights policy to the land scope of our business.
- Our company will complete ISO 18788, PSC-1, and ICoCA Certification for Human Rights for the land scope of our business.



Our support for:

UNGC [Principle 3](#): Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

What we did in 2019:

- Our company continued positive interaction with the HXZA labor union, a free association of company employees.

Plans for 2020:

- Our company will provide further opportunities for interface with the labor union, including the establishment of monthly meetings to discuss labor related issues with the Chairman.



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Our support for:
UNGC [Principle 4](#): the elimination of all forms of forced and compulsory labour;

What we did in 2019:

- While our company does not have any forced labor activity taking place, we did create and issue a policy specifically prohibiting forced labor as part of our ICoCA Certification process.

Plans for 2020:

- As our business expands in SE Asia and Africa, two regions which unfortunately have high rates of forced labor, we will implement a policy for vetting both clients and vendors to ensure we are not supporting any forced labor activities, even inadvertently.



Our support for: UNGC [Principle 5](#): the effective abolition of child labour; and

What we did in 2019:

- While our company does not have any child labor activity taking place, we did create and issue a policy specifically prohibiting child labor as part of our ICoCA Certification process.

Plans for 2020:

- As our business expands in SE Asia and Africa, two regions which unfortunately have high rates of child labor, we will implement a policy for vetting both clients and vendors to ensure we are not supporting any child labor activities, even inadvertently.



Our support for: UNGC [Principle 6](#): the elimination of discrimination in respect of employment and occupation.

What we did in 2019:

- While our company does not have any discriminatory practices taking place, we did create and issue a policy specifically prohibiting discriminatory practices as part of our ICoCA Certification process.

Plans for 2020:

- As our business expands internationally, we must become familiar with the types of discrimination which occur in our overseas places of business. We may not be familiar with the discriminatory practices in these countries, such as between ethnic or religious groups. We will develop policies to identify, prohibit, and root out discrimination from within our business and combat discrimination beyond our business, wherever it appears.



Our support for:

UNGC [Principle 7](#): Businesses should support a precautionary approach to environmental challenges;

What we did in 2019:

- Our company has strict adherence to environmental controls. We have leveraged our following of the precautionary approach to facilitate full implementation of low Sulphur fuel use in compliance with IMO 2020 regulations in advance of the deadline.

Plans for 2020:

- In 2020, we will roll out vendor, supplier, and client vetting mechanisms to ensure all effected parties are in compliance with IMO 2020 low Sulphur marine fuel regs.



Our support for:
UNGC [Principle 8](#): undertake initiatives to promote greater environmental responsibility

What we did in 2019:

- In 2019, our staff participated in various clean up activities in China and overseas, removing trash from public spaces and sorting and recycling materials. We have also fully implemented our regime of 100% reusable lunch trays, plates, and utensils at our employee canteens.

Plans for 2020:

- 2020 will be the year of implementation for our community recycling program, of which HXZA will take part as a leading company in our region. We will implement a regime of sorting of recyclables.



Our support for:

UNGC [Principle 9](#): encourage the development and diffusion of environmentally friendly technologies.

What we did in 2019:

- Our company has participated in the rollout of IMO 2020, encouraging the use of low Sulphur fuels and/or approved technological alternatives such as scrubbers.

Plans for 2020:

- In 2020 we will establish and implement a certification scheme to ensure full compliance across our operations, vendors, suppliers, and clients with this IMO requirement.



Our support for:

UNGC [Principle 10](#): Businesses should work against corruption in all its forms, including extortion and bribery.

What we did in 2019:

- Our company participated in all anti-corruption measures initiated by our homestate government in the last few years, including 2019.

Plans for 2020:

- In 2020, we will implement Anti-Corruption Compliance vetting for all vendors, subcontractors, and clients.



Our support for: SDG 1: End poverty in all its forms everywhere

Achieved in 2019

- Our company undertook charity work in the sensitive regions where we operate to donate our time and resources to those less fortunate, foster opportunities for social mobility, and provide for the needy in times of need.

Planned for 2020

- In the new year, we will launch various programs to incorporate less fortunate members of communities where we operate into our workforce. This will further localize our operations and also bring prosperity into the locales where we work.



Our support for: SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture

What we did in 2019:

- Our company continued to work in this sphere, providing our solutions to the food transportation, fishery, and agricultural sectors.

Plans for 2020:

- 2020 will continue the above trends, and hopefully present an opportunity for HXZA to participate in UNFAO programs to further achieve food security, improve nutrition, and promote sustainable agriculture in Africa and the Middle East.



Our support for: SDG 3: Ensure healthy lives and promote well-being for all at all ages

What we did in 2019:

- HXZA Labor Union and HXZA Company jointly established various sports teams for all our employees to voluntarily join, continued to offer our employees time off for health and fitness related activities, and provided nutritional advice to our canteen managers and chefs to ensure all staff are achieving healthy diets.

Plans for 2020:

- 2020 will further deepen our sports and health activity. HXZA management will dedicate funds to improve and modernize our sports and gym facilities at several of our locations.



Our support for: SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

What we did in 2019:

- HXZA has opened the HXZA Training College which is open to all. The company has also become the Red Cross Training Center for emergency medical training in the region. This is open to all persons who are interested.

Plans for 2020:

- 2020 will bring new opportunities for HXZA and company partners to bring international academic and vocational training to China. Our management is preparing for the release of several courses which will be open to all persons who are interested.



Our support for: SDG 5: Achieve gender equality and empower all women and girls

What we did in 2019:

- HXZA saw a year-on-year increase of 3% of women working in the company.

Plans for 2020:

- HXZA will aim to bring more women into management positions in the company and its subsidiaries.



Our support for: SDG 6: Ensure availability and sustainable management of water and sanitation for all

What we did in 2019:

- HXZA performed water testing across all our facilities to ensure the water is safe to drink. If any water was found unsafe to drink, bottled water delivery was arranged on a regular schedule to meet the needs of the staff.

Plans for 2020:

- HXZA will implement a sanitation program to improve sanitation and wastewater facilities across our footprint, ensuring it meets the needs of the staff, enhances efficiency, and reduces pollution.



Our support for: SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all

What we did in 2019:

- HXZA has implemented a smart system for use of electricity and gas at our facilities. This system is available for all staff and affiliates.

Plans for 2020:

- Tanked propane appliances at our main offices will be replaced with piped gas as feasible in order to enhance effectiveness, reduce emissions and pollution, and also reduce consumable tanks and eliminate the need for trucked delivery.



Our support for: SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

What we did in 2019:

- We have rolled out opportunities for our TCNs to be promoted to TM level. This is a major change facilitating now career growth for all staff.

Plans for 2020:

- We will continue introduce additional HR and employment measures to promote SDG 8 within and beyond our company.



Our support for: SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

What we did in 2019:

- HXZA invested several million RMB in the design, development, and deployment of technology solutions.

Plans for 2020:

- In 2020, we will share this equipment with our global partners facilitating the transfer of innovative health and safety technology for the benefit of all mankind.



Our support for: SDG 10: Reduce inequality within and among countries

What we did in 2019:

- HXZA has supported upward mobility in our own country since the company was founded. In 2019 we onboarded 1289 new staff members, many of which were recruited from other provinces and from a wide range of economic backgrounds.

Plans for 2020:

- In 2020, we will bring this hiring practice to our foreign locations, hiring diverse employees from all walks of life and economic backgrounds to support our operations, thus reducing inequality at home and abroad alike.



Our support for: SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable

What we did in 2019:

- This is a core component of our work. Our personnel strive for excellence in delivering safety and security services to achieve SDG 11 on a daily basis.

Plans for 2020:

- In 2020, our company will seek certification to ISO 18788 which will further enhance and confirm our capabilities to make cities more inclusive, safe, resilient, and sustainable.



Our support for: SDG 12: Ensure sustainable consumption and production patterns

What we did in 2019:

- In 2019, we further reduced our consumption of disposable goods across our company footprint.

Plans for 2020:

- 2020 will see HXZA implement measures to eliminate low Sulphur fuel across our effected supply chain and client base in compliance with IMO 2020 regs.



Our support for: SDG 13: Take urgent action to combat climate change and its impacts

What we did in 2019:

- Our company has committed to combat climate change through the reduction of vessel source marine pollution. We participated in full implementation of low Sulphur fuel use in compliance with IMO 2020 regulations in advance of the deadline.

Plans for 2020:

- In 2020, we will roll out vendor, supplier, and client vetting mechanisms to ensure all effected parties are in compliance with IMO 2020 low Sulphur marine fuel regs. This change will see an 85% reduction in Sulphur pollutants which contribute to climate change.



Our support for: SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development

What we did in 2019:

- In 2019, we accomplished the launch of a client review process to ensure client vessels we work on are not involved in IUU fishing, thereby doing our part to promote conservation of sustainable use of marine resources.

Plans for 2020:

- In 2020, we will ensure compliance with the new IMO 2020 Low Sulfur Fuel Requirements to minimize, mitigate, and work toward eliminating vessel source pollution in our oceans.



Our support for:
SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Achieved in 2019:

Our staff have organized and participated in nature clean ups, trash removal, ecosystem rejuvenation, and biodiversity protection.

Planned for 2020:

Our company will continue to participate in the above mentioned activities and will aim to lend our professional capabilities to anti-poaching organizations.



Our support for:
SDG 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

What we did in 2019:

- Our company is proud to be recognized as a leader in inclusivity, development, and justice at all levels in China.

Plans for 2020:

- In 2020 we will carry this spirit forward into our international footprint, implementing the necessary measures to ensure inclusive and sustainable development is just for all.



Our support for: SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

What we did in 2019:

- In 2019 we established almost 30 global partnerships with sister companies around the world to join forces and provide integrated solutions to better meet the needs of our clients, and sustainably create a foundation for global growth for mutual benefit.

Plans for 2020:

- In 2020, we will formalize this network of companies into an NGO or business alliance.



Thank you!

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