

1557

April 12<sup>th</sup>, 2021

António Guterres  
Secretary-General  
United Nations  
New York, NY 10017  
USA

Dear Mr. Secretary-General,

I am pleased to confirm that PASHA Insurance supports the ten principles of the Global Compact with respect to human rights, labour, environment, and anti-corruption. With this communication, we express our intent to implement those principles. We are committed to making the Global Compact and its principles part of the strategy, culture, and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations. PASHA Insurance will make a clear statement of this commitment to stakeholders and general public.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the ten principles. We support public accountability and transparency, and therefore commit to report on progress within one year of joining the Global Compact, and annually thereafter according to the Global Compact COP policy.

This includes:

- A statement signed by the chief executive expressing continued support for the Global Compact and renewing our ongoing commitment to the initiative and its principles. This is separate from our initial letter of commitment to join the Global compact.
- A description of Practical actions (i.e., disclosure of any relevant policies, procedures, activities) that the company has taken (or plans to undertake) to implement the Global Compact principles in each of the four issues.
- A measurement of outcomes (i.e., the degree to which targets/performance indicators were met, or other qualitative or quantitative measurements of result).

Sincerely yours,

Mrs. Ulviyya Jabbarova  
Chief Executive Officer





## Communication on Progress Report April 2021

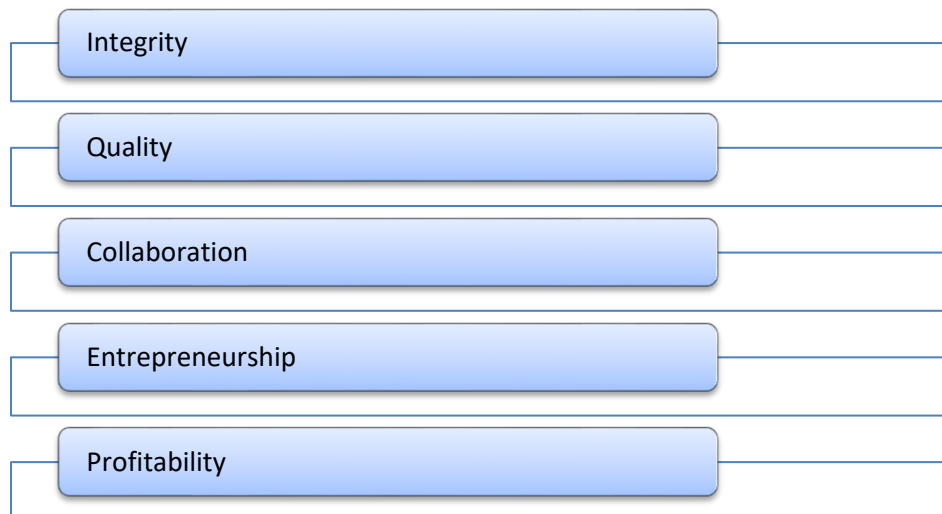
PASHA Insurance OJSC is a recognized leader in the insurance market of Azerbaijan. Founded on March 3, 2006, the company is the biggest insurance company in Azerbaijani market with share capital of 50 million AZN. This level of capitalization provides PASHA Insurance with necessary financial capacity to perform the insurance liabilities confidently and guarantees its solvency.

Important to mention, in previous years, PASHA Insurance OJSC has been assigned **Financial Strength Rating of B+ (Good) and a Long-Term Issuer Credit Rating of “bbb-” by AM Best Company**, which provides credit ratings and financial data services globally for the insurance industry. The ratings reflect PASHA Insurance’s balance sheet strength, which AM Best categorises as strong, as well as its strong operating performance, limited business profile and marginal ERM. The revision of the outlooks to stable reflects an improvement in PASHA Insurance’s balance sheet strength and AM Best’s expectation that the company’s risk-adjusted capitalisation will remain at the strongest level, as measured by Best’s Capital Adequacy Ratio (BCAR), supported by improvements in its capital management and enterprise risk management (ERM) capabilities.

PASHA Insurance OJSC has been assigned **'BB+' long-term insurer financial strength and issuer credit ratings by S&P Global Ratings**. These ratings indicate stable outlook.

PASHA Insurance offers 36 types of voluntary and compulsory insurance services for both natural and legal persons. Over the years of operation in the insurance market, PASHA Insurance OJSC established mutually beneficial partnership relations with many organizations and companies globally.

The **values** that we have declared throughout the company are:



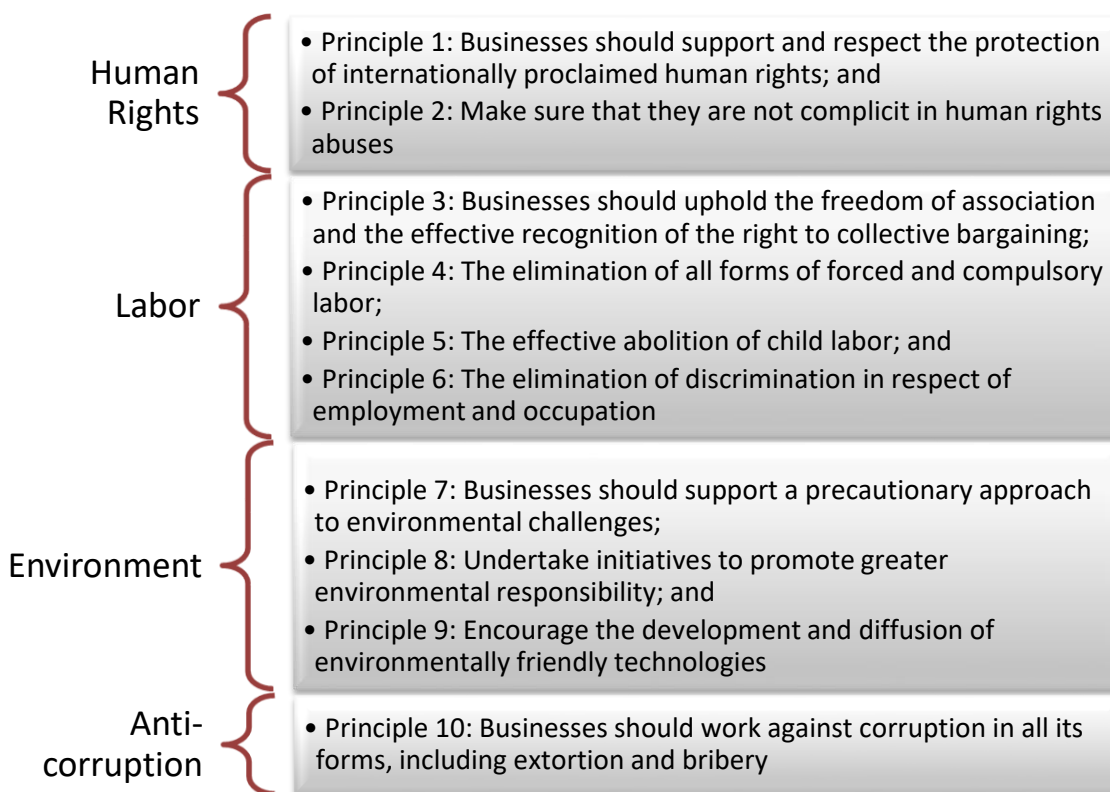
**Our mission** is to offer tailored insurance solutions relying on our professionalism by assuring confidence and ensuring the highest quality.

**Our vision** is to provide our customers with easy and accessible insurance services for the secure future.

Code of Ethics setting out the general corporate rules of the company regarding ethical behaviour, has become a worthy tool in supporting UN Global Compact principles.

Our operational philosophy is satisfaction of the requirements of both corporate and individual customers. Reaching this goal was possible due to optimization of the operational processes and high-level professionalism of our staff.

PASHA Insurance OJSC, being a member of the United Nations Global Compact organization since 2009, fully recognizes and is firmly committed to the following principles of GC in the areas of human rights, labor, environment, and anti-corruption:



Our company works in compliance with the Quality Management System built in accordance with the ISO 9001:2018 requirements. Such approach to work ensures the quality of our insurance products and services and their full compliance to customers' needs and expectations.

This year PASHA Insurance has obtained ISO 10002:2018 certificate being the first insurance company in Azerbaijan. ISO 10002:2018 is the standard for customer satisfaction which provides us with guidelines for putting in place own complaints management system - helping to identify complaints, their causes and how to eliminate them. ISO 10002 will also allow us to

identify areas in our business where we can improve and completely remove the cause of complaints. An effective and efficient complaints-handling process reflects the needs and expectations of both the organizations supplying products and services and those who are the recipients of those products and services.

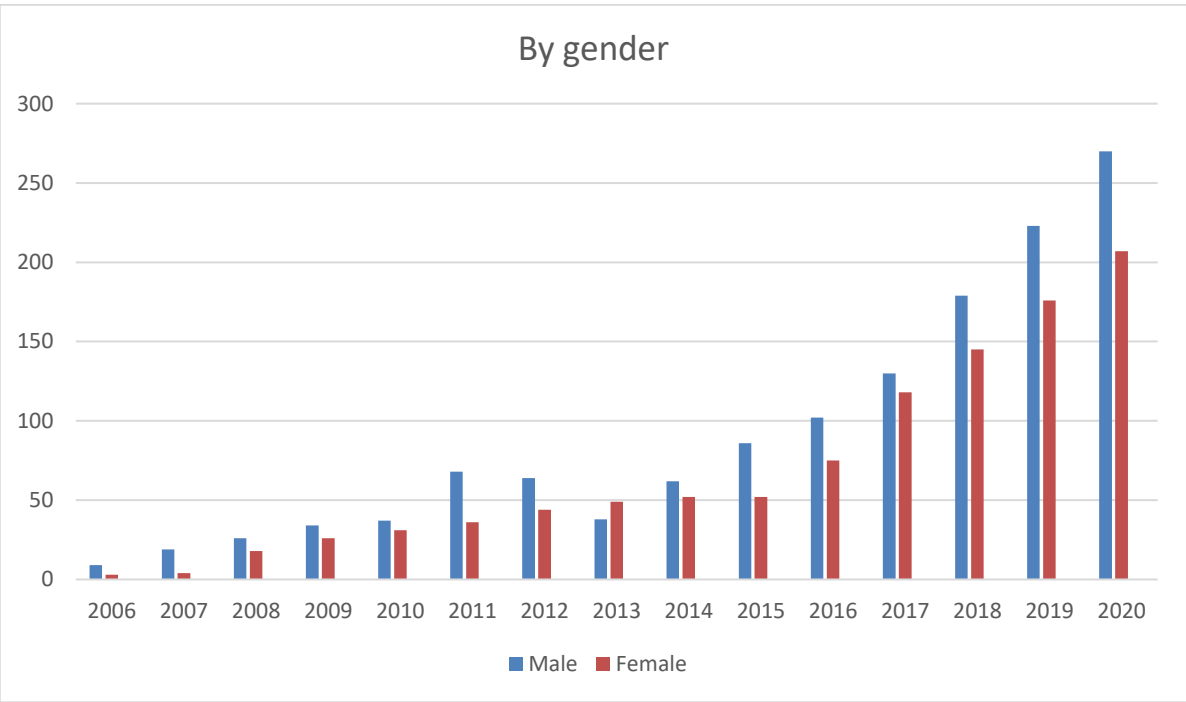
Below in the text, we introduce an overview of our actions and future goals in respect to the following Global Compact Principles:

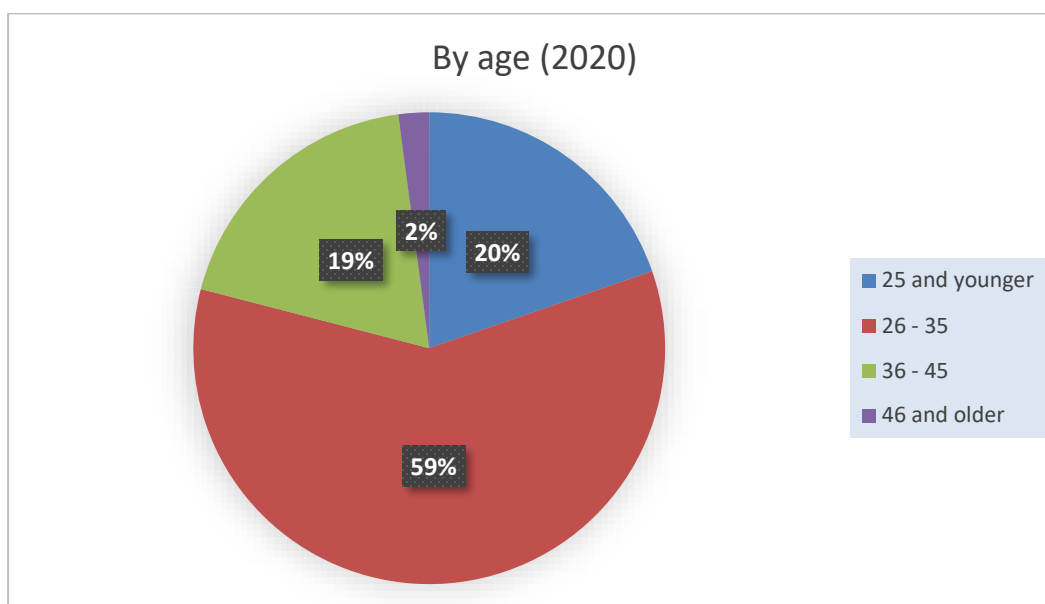
**Human rights**

PASHA Insurance recognizes the principles declared by international conventions and has adopted the protection and maintenance of human rights as established by the Universal Declaration of 1948.

We commit to all requirements of the Law of Azerbaijan Republic and International Law standards regarding human and labour rights and support them in all our operations.

PASHA Insurance Human Recourses Indicators: Number of Employees





We are regularly reviewing our Code of Ethics to extend its content to adequate human rights.

## Labour

PASHA Insurance clearly understands that professionalism can be achieved through company employees' full engagement. It is the quality of their daily work that reflects on the overall rating of the company in the market and its financial indications. Therefore, the company strives to make every employee feel as comfortable as possible at work and creates a workplace characterised by respect for people's rights.

We treat each employee as a team member and we are sure we can accomplish more by working together.

We provide equal opportunities for all applicants. We recruit, select, and develop our people on merit – irrespective of their race, colour, national origin, religion, gender, age, marital status, disability, or any other characteristic protected by the applicable laws.

We all share responsibility for protecting people's health, safety, and security at the workplace.

As an insurance company, we take care of our employees and provide them with medical insurance that covers medical expenses related to hospitalization and work incapability. Additionally, starting from the first day of employment, every employee is insured for professional disability, which can be caused by industrial accidents and professional diseases.

Establishment of safe and positive working environment is key to PASHA Insurance. We implement physical and technical security, fire safety, and other measures that ensure the protection of our clients and employees, their assets and valuables. All security and safety measures are completely compliant to the legal regulations.

We create environment of transparent and open communication. We conduct employee satisfaction surveys and present results to the team. We discuss and promote company's operation philosophy, mission, and values during retreats, meetings, events, etc. to ensure that employees know their contribution. Having open discussions get people involved and allow them to share their views and perspectives on how to achieve company goals.

PASHA insurance is actively promoting work and life balance in order to ensure well-being of employee energy and mood within the organization. We encourage employees, either as a part of a team or an individual, to participate in sport events organised by the company. In order to create a good working atmosphere, we uphold a tradition of organising social events on a regular basis, such as company parties, team-building activities, and cultural events.

### **Learning opportunities**

Continuous learning opportunities are important motivator and a condition for job satisfaction. We pay great importance to the professional and personal development of our employees. Each new employee completes a training schedule aimed at acquiring the knowledge and skills required in several fields (commercial, technical, administration, communication, general business skills). Employees with new responsibilities or in need of developing additional skills receive appropriate internal or external training. Moreover, PASHA Insurance covers exam fee and other related costs of those employees who are willing to earn qualifications in insurance, finance, and other fields. Each year lots of employees benefit from this opportunity. Last year, the company has arranged trainings on three topics: Presentation skills, stress management, and time management.

PASHA Insurance always values and supports young generation in all undertakings. Consequently, company is providing internship programs for undergraduates and graduates. Company seeks improvements through innovative projects and develops tight connections with the local universities.

Employees of our company are involved in wide range of activities, such as company advisory at university level, trainings for university students and both government and private youth organizations.

### **The safe future**

The "Safe Future" project was created by PASHA Insurance with support of PASHA Holding and the GID CSR Consulting. The main purpose of the project is to conduct safety trainings for children from orphanages, shelters and low-income families located in our capital and regions. The trainings teach "How to get rid of thieves in 5 seconds?", which is a big issue in the world as well as in our country nowadays. 600 children aged 8-14 will take part in these trainings. The project, which will last several months, will include trainings on these topics, the production of educational videos, and outreach to schoolchildren, as well as other centers where children live. "End to Bulling!" training provides children with information how to distinguish harmful actions and accidental insults, how to recognize criminals, and finding effective ways of moral resistance depending on the situation, understanding secret manipulations and fighting with them. We are confident that the implementation of such special programs will have a positive impact on the lives of our children at all stages of life in the future.

### **Environment**

PASHA Insurance is committed to conducting its business in an environmentally sustainable way. We contribute to global sustainability by developing, promoting, utilizing resource-efficient and environmentally friendly services through our actions to minimize the environmental impact of our own activities. We constantly look for opportunities to maximize the use of best of environmentally sustainable practices in our operations.

In our own operations, we aim at efficient use of raw materials and energy and active promotion of such services to our customers.



At PASHA Insurance, we utilize systems and equipment with low level power consumption. We work hard to make positive environmental impact by using energy and water efficiently and reducing waste. We will continue our efforts towards proper waste management and efficient use of paper, energy, and other resources.

### **PASHA Insurance keeps up recycling paper**

In order to give its contribution to prevent deforestation and climate change, PASHA Insurance has started its recycling paper project, few years ago. Papers used at PASHA Insurance offices are collected in recycle boxes and handed to paper recycling factory. This way, PASHA Insurance prevents paper waste and takes its responsibility for the environment. Project is being enthusiastically supported by PASHA Insurance team and is ongoing.

Being a leader requires courage of staying active not only in insurance field, but also keeping up with the innovative campaigns for our surrounding environment. By understanding this responsibility, PASHA Insurance tries to reflect through its nationwide projects on local environmental issues. Some of our ongoing projects are «Green Baku» and «Mysterious Baku» that have a big demand in society.

### **Green Baku**

PASHA Insurance provides maximum effort not only to save, but also to improve the environment. Therefore, company has launched new compulsory and voluntary insurance of movable and immovable property by the name «Yaşıl Bakı» - «Green Baku». This product consists of 3 packages: Plane tree (Çinar), Linden tree (Cökə) and Olive tree (Zeytun), tariffs of those insurance packages are determined, and everyone can purchase suitable package according to their own query.

It should be noted that this project has a social part. Whenever one of the packages is purchased, a tree will be planted according to the package of the choice. The employees of PASHA Insurance planted more than 500 trees within this program. The company is planning to plant trees in spring of 2021, too.

### **Mysterious Baku**

The “Mysterious Baku” project created by PASHA Insurance with support of PASHA Holding and the Ministry of Culture and Tourism of Azerbaijan Republic intends to introduce information about historic heritage of Baku for local and foreign visitors using high technology, such as Augmented Reality.

High-tech is part of our everyday life and use of smartphone or tablet is a very common practice and we believe our initiative will allow tourist and locals to learn about history of Baku in more user friendly and innovative way.

Around 44 stands are located near historical places in Baku. One can download “Sirli Bakı” (Mysterious Baku) application from Google Play Store or App Store, open the application, scan the informative stand, and learn interesting facts about the building, its history, and impact on the city's development. It will be both educational and recreational for locals and visitors of Baku.

Main advantages:

- The “Sirli Bakı” (Mysterious Baku) application is available in both Google Play Store and App Store

- The application is in 3 different languages (Azerbaijani, Russian, and English). Thus, both local and foreign visitors will be able to use the application.
- Users can discover all 44 historical buildings through navigation guidelines of the application.

Similar programs are already running in major capitals and cities around the globe and this program will put Baku on the map along such cities as London, Berlin, Paris and Madrid.

PASHA Insurance understands and accepts responsibility of preserving our historical heritage for not only current but also future generations.

PASHA Insurance is entrusted not to practice corruption, collusion, or any other form of bribery at all. Our Company controls the best principles in the field of corporate governance implemented in accordance with the principles of good insurance practice, which forbids all employees at all levels to receive gifts, money, or compensations from customers or colleagues who have business relationships with the Company.

### **Anti-Corruption**

As PASHA Insurance does not tolerate any form of corruption or bribery, we progressively strive to pass on our corporate values to all employees by corporate communications, inductions, and take measures of control in relation to money laundering transactions. The company regularly reports to the Financial Monitoring Service (FMS) under the Central Bank of Republic of Azerbaijan, established to implement the state policy in prevention of legalization of criminally obtained funds and other property and financing of terrorism in the Republic, improve the supervision system and coordinate the activity of relevant government authorities. PASHA Insurance also participated in the survey of MONEYVAL (The European Council Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism) related to the assessment of system of combating the legalization of criminally obtained funds or other property and financing the terrorism of the Republic of Azerbaijan (AML/CTF) which was organized on February 19, 2014 in the FMS premises. The head of the mission expressed satisfaction with the level of cooperation between Azerbaijan and the MONEYVAL, highly appreciated the implemented reforms on AML/CTF and especially notified the achievements obtained in the fields of improvement of the appropriate legal basis, development of the institutional potential, enlightening monitoring subjects, implementing information technologies.

Additional information can be found through the link: <http://www.fiu.az/eng/>

PASHA Insurance aims to be a reliable and trustworthy partner to suppliers and contractors. We focus on long-term, good business relations, and healthy cooperation. We expect our suppliers and contractors to support international standards of anticorruption and neither pay, nor receive bribes or other illegal payments to obtain or retain business.

We select and evaluate suppliers and subcontractors based on predetermined criteria such as quality, price, availability, delivery, reliability, service, and corporate responsibility requirements, which include social and environmental aspects.

Business decisions and actions shall be based on the best interest of the company, customers, and shareholders. Therefore, decisions may not be motivated by personal relationships or interests, and these shall not affect our independent and sound judgement.



We do not enter discussions or agreements with competitors concerning pricing, market shares, or other similar illegal activities and relationships with our business partners are based on mutual trust.

PASHA Insurance will endeavour to ensure the integration of the Principles of the UN Global Compact in all aspects of its operations. We believe that joining this initiative has given us an added incentive to continue our further development towards socially responsible business and in the coming period we will invest additional efforts in promoting the Global Compact Principles throughout our operations.