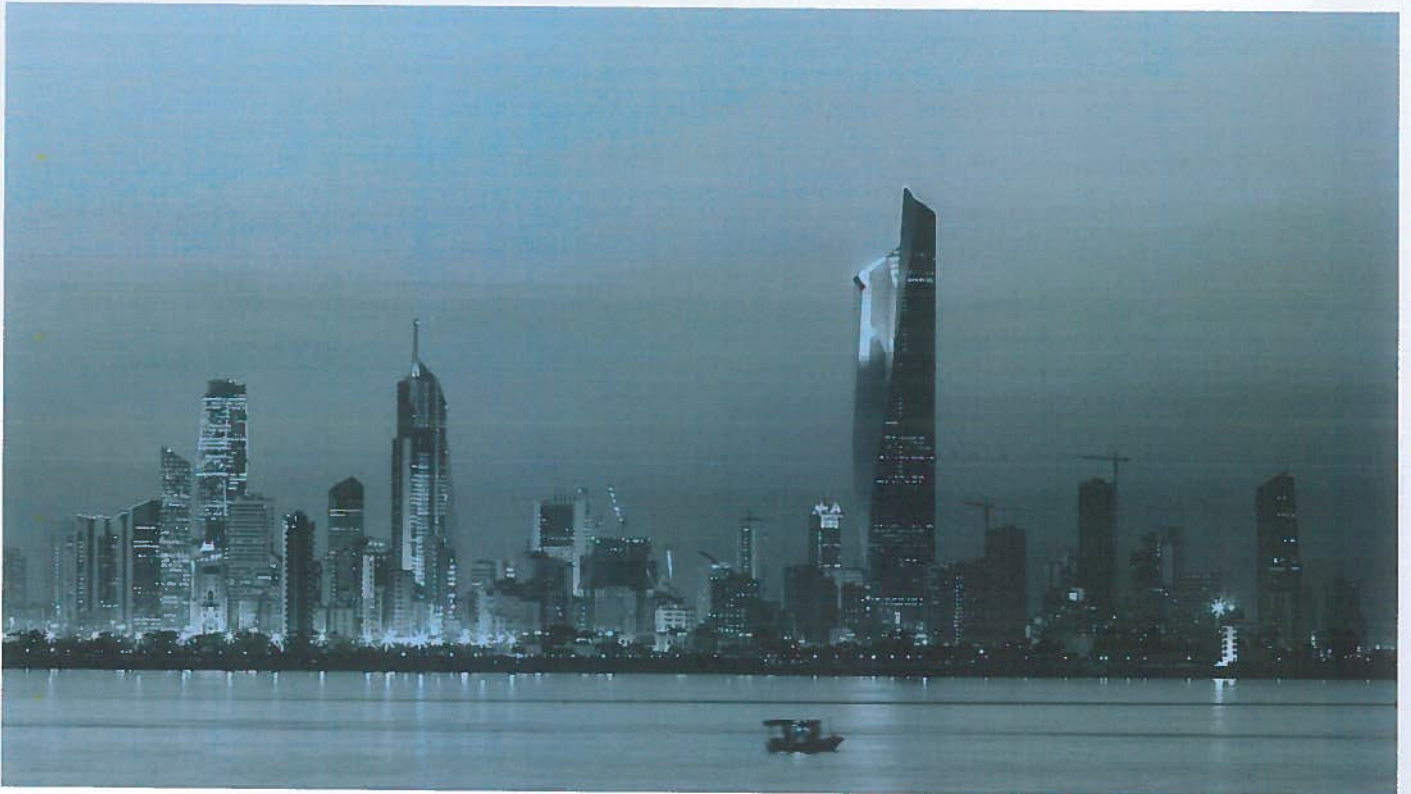


United Nations Global Compact Communications on Progress



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

2017

Message from the CEO

I am pleased to confirm that United Projects for Aviation Services Company K.S.C.P. (UPAC), for the fourth consecutive year, hereby reaffirms its support, of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. UPAC is committed to continue its participation and support in each of these areas, and for the ultimate benefit of its stakeholders, shareholders and wider community.

In this Annual Communication on Progress (COP) report, UPAC presents an overview of its commitment to the ten principles set out in the UN Global Compact by showcasing its relevant achievements to date through its business strategy, work culture and daily operations.

Achievements during 2017:

- Protection of the environment by using environment friendly products, controlling company waste and electricity consumption.
- Certification of Quality Management System - ISO 9001:2008.
- Complete review of existing HR policies and procedures manuals in order to ensure they are in line with the overall Corporate Governance Framework.
- Drafting of the finance department policies and procedures manuals.
- Participation in various community activities to support humanitarian issues.
- Expansion of the scope of overall Corporate Social Responsibility (CSR) activities.
- Completion of the environmental project: A practical guideline for the successful operation of variable frequency drives for cooling towers at Kuwait International Airport.
- Completion of various training programs across all department within the organization.
- Conducting refresher e-learning training courses on UN Global Compact principles

Within this 2017 COP report, we list our latest achievements, our policies and performance with regards to the ethics and values upheld by the UN Global Compact Principles. UPAC continues to uphold these principles as well as its obligation to consistently report and communicate its annual progress to its stakeholders.

Best Regards,



Nadia Akil
CEO and Vice Chairperson

UN GLOBAL COMPACT Human Rights

- Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights
Principle 2: Make sure they are not complicit in human rights abuses

UPAC employees are required to participate in Ethics and Compliance mandatory training courses during the first six months of employment. The training is conducted using examples and other real situations that are designed to aid in the understanding of model behavior. Participants must complete an online imbedded examination designed to ensure understanding of good business practices. The system provides the participant with an option to listen to the live conversation or read the script of the situation. An electronic transcript of completion is generated for employee and corporate records are updated accordingly.

In 2017, management implemented refresher training courses to be redone for all employees who completed three years of service period at UPAC effective from November 2017. Employees are required to pass the training and certification exams set by SAI Global company through an on-line interactive training. The set of trainings allocated to employees are categorized into two groups. For more information please visit www.saiglobal.com

- **Management Team**
 - Whistleblowing: Raising Concerns
 - Preventing Sexual Harassment
 - Code of Business Ethics
 - Combating Bribery in Business
 - Antitrust
 - Human Rights
 - Privacy and Data Protection
- **Non-Managers**
 - Combating Bribery in Business
 - FCPA Anti-Bribery
 - Antitrust
 - Code of Business Ethics
 - Human Rights
 - Government Procurement
 - Whistleblowing: Raising Concerns



The Human Rights mandatory training aims to provide information and knowledge of what human rights and humanitarian standards are and what they mean for UPAC. The courses are provided through an e-learning platform via SAI Global company. The 'Whistleblowing: Raising Concerns' course is one of the seven key modules required to complete the program. Employees are requested to pass the mandatory on-line training that includes Human Rights. Participation is conducted through e-learning on an individual basis, and employees must pass an on-line examination to achieve certification.

During 2017, six employees joined UPAC and the completion ratio for all trainings during the year was recorded as follows:

- 100% December 2016
- 100% March 2017
- 95% August 2017
- 99% December 2017

Newly joined employees were introduced to UPAC through a comprehensive orientation program. The standard orientation program covers the following topics:

- UPAC Vision, Values and Services.
- UPAC Organizational Structure.
- HR Department Scope of Work.
- Contact details for key persons.
- Introduction for Abroad Hires.
- Residency information.
- Working Hours and Official Holidays.
- Leaves.
- Grievance and Disciplinary System.
- Performance Review Process on Eforms.
- Dress Code.
- Code of Business Ethics and Conduct.
- Health and Safety Procedures.
- Job Description and Orientation to the respective Department.

Orientation is provided in both languages, Arabic and English. As per the revised Orientation Training and Development Policy, employees will receive the required orientation in order to understand their rights and duties. The orientation process provides the employee with information related to organization structure, direct reporting access, whistleblowing channels as well as a brief on the Grievance and Disciplinary Policy.

As part of our recruitment and employee orientation training, new staff members are provided with the employee handbook that includes an overview about the company's ethical practices. New recruits are also informed of their rights in both Arabic and English languages. Contracts defining salary and benefits are issued to each employee in 3 copies, one for UPAC, second for the employee and the third is provided to The Public Authority for Manpower, a government entity.

UPAC is committed to pay salaries by the 25th of each month based on an approved grading system that defines the titles, basic pay, as well as allowances and benefits for each employee.

For local and international recruitment, UPAC covers all the relevant recruitment fees, visa fees, airfare, travel, medical as well as all other applicable fees for all employees. All employees are recruited based on Kuwait Labour Law practices considering their right for annual leave and sick leave payback. Service period indemnity is paid as per Kuwait Labour Law.

In January 2017, UPAC introduced "Performance Appraisal Awareness Training Using Electronic Forms" training in both Arabic and English. The training included the Electronic Performance Review process where employees can set his/her goals for the next year and track their performance from the previous year. The training was attended by 84 employees over a four days period.

In May 2017, The Succession Plan and Career Development Policy has been approved, following which, all members of the management team as well as direct line supervisors would be responsible for the implementation of this policy. The Succession Plan aims to ensure timely availability of a diverse and experienced employee pool to fulfil key job requirements as and when required. Availability of the succession plan ensures continuous training and development are conducted for potential and talented successors.

UPAC's policy states that all employees must retain their own passports. Employees are issued six (6) complete sets of company uniforms, two (2) pairs of safety shoes, winter weather clothing and job-related Personal Protective Equipment (PPE).

The religious beliefs and practices are respected and accepted within the organization, whereby sufficient time is given for prayer during working hours. During Ramadan, working hours are reduced by two (2) hours a day as per the Kuwait Labour Law and all relevant religious holidays are respected.

Over the course of 2017, UPAC organized two employee focused events intended to build the bonds between UPAC's team as well as to recognize their contributions to the company. The first event was UPAC's Iftar Family Gathering which took place in June 2017 at the Regency Hotel Kuwait for all staff members and their families. Attending employees and their families enjoyed a pleasant atmosphere with the wider UPAC team where they were entertained by an exciting raffle draw. Employees who could not attend the Iftar due to work conflicts were provided with an open buffet station near their working location to enjoy an Iftar meal. In addition, employees on duty during the whole month of Ramadan were provided with daily meals at Iftar time.

In October 2017, UPAC organized the second employee family outing at the Jumeirah Messilah Beach Hotel & Spa, Kuwait. Over 100 employees and their families across UPAC's various departments came together to celebrate the company's successes. The family day included various team building activities in addition to various water sports available at the hotel. Again, employees unable to attend due to work conflicts were presented with a complimentary coupon to enjoy an open buffet lunch or dinner at Jumeirah Messilah Beach Hotel & Spa, Kuwait.

The company also continued to enhance its existing policies and procedures during the year. UPAC revised the signed off Human Resources Policies and Procedures to ensure compliance with the regulations issued by the Capital Markets Authority (CMA) in relation to the overall Corporate Governance Framework.

In addition, the Finance Department initiated the process of drafting its policies and procedures to ensure applying the International Financial Reporting Standards (IFRS). The initial policies include the below internal corporate policies and procedures.

- UPAC.FIN.D.001 Accounts Payables
- UPAC.FIN.D.002 Accounts Receivable and Bad Debts Process
- UPAC.FIN.D.007 Petty Cash Process

As a target for 2018, UPAC plans to sign off the Finance Department Policies and Procedures that addresses the necessary relevant International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP) to ensure alignment of both local and international laws and to ensure stronger financial control.

UPAC supports women in the workforce, and takes the necessary measures to understand their needs while seeking to actively support their career paths by promoting a healthy work-life balance. The company also supports female employees with maternity leave and nursing hours for pregnant employees. In 2017, one female employee started her maternity leave for 70 days as per the Kuwait Labour Law and is still eligible for two hours daily nursing time-off over the next two years. The company also employed another female candidate, expanding UPAC's team to 85 staff members, 9 of whom are female, three of which are in senior positions.

UN GLOBAL COMPACT 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**
- Principle 6: The elimination of discrimination in respect of employment and occupation**

UPAC is an Equal Opportunity Employer and prohibits discrimination and harassment of any Kind. UPAC is committed to the principle of equal employment opportunities for all employees as well as providing them with a secure work environment free of any form of discrimination or harassment. The Code of Business Ethics mandatory E-Learning training is assigned to UPAC employees to raise awareness of the Equal Employment Opportunity and prevention of harassment. Employees attend these courses electronically and are required to pass the course – the process of which ensures compliance and provides the foundation for the company's zero tolerance regarding breach of conduct.

All employment decisions at UPAC are based on business needs, job requirements and individual qualifications, without regard to race, color, religion or belief, national, ethnic origin, gender, age, disability, or any other status protected by the laws or regulations. UPAC does not tolerate discrimination, harassment, inhumane treatment including any form of forced labour, physical punishment or other type of abuse. UPAC promotes workplace equality and seeks to eliminate all forms of discrimination.

Recruitment, promotion and compensation policies have been signed off as of 2015 and have since been reviewed annually for updates and other enhancements. Promotions are based on job requirements and qualifications as well as performance. In 2017, six employees were promoted from a support or junior role to a supervisory and managerial role within the company. The processes in place continually support the establishment of a diverse workforce and ensure that all employees and employment applicants are treated fairly and as per the Equal Employment Opportunity Policy.

UPAC is committed to continue and contract with only those recruitment agencies that refrain from charging fees to applicants and that refuse to accept applicants under the age of eighteen (18). Any associated recruitment costs are fully covered by UPAC. Employment contracts clearly define employee entitlements, including salary, benefits, annual leave, vacations and indemnity. The annual incentives are linked to performance appraisal review and it is part of UPAC's remuneration packages for all its employees.

UPAC is also committed to recruit applicants from abroad through the official channels stated by local embassies and as per Kuwait Labour Law. UPAC carefully screens all employees prior to employment to ensure recruitment of applicants above the age of 18.

UPAC is committed to conduct its business fairly and in full compliance with all applicable laws and regulations. UPAC strives to implement the highest standards of business conduct and ethics both internally within the organization, as well as externally with respect to its customers, suppliers and other related third parties. That being said, it is crucial that all employees uphold these ethical standards and comply with such regulations when conducting business.

Collective bargaining is tightly restricted in the State of Kuwait and the private labour laws have a limited employee rights to form and join unions, however the law prohibits anti-union discrimination and employer interference with union functions. At UPAC, we are expanding the channels for employees to speak about their grievances and concerns to management in a formal structure. As per the approved Corporate Governance Framework and HR policies; employees are provided with various channels by which to express their opinions, provide feedback, or raise concerns.

UPAC fosters an honest, fair, and transparent work environment, accordingly UPAC provides the below communication channels to allow employees to voice their concerns accordingly and in complete confidentiality:

- UPAC Customer Complaint Email customer.feedback@upac.com.kw
- UPAC Whistleblowing Email whistleblowing@upac.com.kw
- UPAC Suggestion Box

During 2017, UPAC invested around USD 50,000 in training and development compared with USD 38,500 in 2016. This investment has been instrumental in developing the skills and competencies for employees at all levels in the organization. Structured and on-job training is an ongoing process at UPAC, and during 2017, UPAC provided the below intensive training programs covering the following topics:

Training Description	Training Structure	# of Participants
Management of Customer Complaints	On Job Training	80
Performance Appraisal Awareness Training using Eforms	On Job Training	84
"Innovation Immersion" Foresight	External Training	2
Innovation through Human-Centered Design	External Training	1
Decision Making Strategies Under Risk – USA	External Training	1
Group - Health and Safety / First Aid	External Training	18
Group - The 7 Habits of Highly Effective People	External Training	16
PLC Technical Training – India	External Training	1
Denka Lift control & function	On Job Training	4
Electro - Mechanical	On Job Training	4
Basic Air Conditioning	On Job Training	6
Workshop - How to make disclosure to the Capital Market Authority	External Training	1
Workshop – Importance of Investor Relations	External Training	1
Defense Theories	External Training	1
Risk Based Internal Audit Conference	External Training	1
E-Learning - Conflict of Interest	E-Learning	5
E-Learning - Insider Trading	E-Learning	5
Certified First Aid Trainer	External Training	3

UN GLOBAL COMPACT
Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges**
Principle 8: Undertake initiatives to promote greater environmental responsibility
Principle 9: Encourage the development and diffusion of environmentally friendly technologies

UPAC encourages the development of environmentally friendly technologies by considering the development of projects funded and initiated by the Kuwait Institute for Scientific Research (KISR) and the Kuwait Foundation for the Advancement of Sciences (KFAS). These technologies were aimed at reducing the water and electricity consumption at the Kuwait International Airport.

Project Title	Practical Guideline for Successful Operation of Variable Frequency Drives for Cooling Towers at Kuwait International Airport.
Objectives	<ol style="list-style-type: none"> To investigate and resolve the failure of variable frequency drives for the cooling towers at Kuwait International Airport. To propose technical guideline for installing variable frequency drives to the existing cooling towers.
Project Description	<p>The Building Management System (BMS) controls the operation process of the cooling towers (CTs) fans of dual speed motors to maintain a constant leaving water temperature for different cooling loads and different ambient wet bulb temperature (WBT).</p> <p>In 2013, "Optimization of Water and Electricity Consumption of Cooling Towers – Phase I" project was initiated and funded by the Kuwait Institute for Scientific Research (KISR) and the Ministry of Electricity and Water (MOE&W) to install variable frequency drives (VFDs) for CTs fans at Kuwait International Airport during the summer season to achieve energy savings compared to dual speed control. While the VFDs were in operation at the airport site during summer dry days and keeping the CTs leaving water temperature constant, the savings for the specific water consumption (l/h/RT), average CT fan power and average cooling system power rating were 45.7%, 92% and 21.8%, respectively.</p> <p>In 2017, KISR approached Kuwait International Airport site to inquire about the status of the VFDs operation. They found that they faced problems when operating the CTs on VFD mode. This study was concerned with the investigation behind the reasons for the failure of VFDs operation in CTs at the airport site and to resolve this issue.</p>
Duration	Nine months
Deliverables	<ol style="list-style-type: none"> Resolve the failure of VFDs for the cooling towers at the Kuwait International Airport site. Propose technical guideline for installing VFDs to existing CTs at Kuwait International Airport.

The renovation of UPAC's Head Office began in 2016 and was completed in 2017. UPAC considered environmentally friendly furniture that meets international standards and following recommendations of the Environment Public Authority with the intention to meet relevant, applicable international environmental standards.

In continuation of the 'Go-Green' program that was launched in 2014, the company is upholding this program and expanding it day by day. UPAC's newly renovated offices include collection bins for paper, plastic and metal that are collected for recycling on a weekly basis by both Al-Arfaj (Kuwait Waste Collection and Recycling Co.) and Omniya. This year UPAC expanded its scope of environment awareness to include Discovery Center facility in the environmental activities.

In October 2017, UPAC initiated a project to archive the company's documents dating back to 2000; this resulted in collecting and recycling large amounts of papers, files, boxes and cartons.

Recycled Material in 2017		
Plastic	More than 265 Kilos	Omniya Project for Plastic Recycling
Paper	More than 2300 Kilos	Kuwait Waste Collection and Recycling Co.

UPAC regularly encourages all employees to save energy and protect the environment by applying the following:

1. Spreading awareness on the importance of protecting the environment and conserving energy.
2. Sharing reminder memos to switch off all electronics (including lights, laptops, PCs and other electronics) on a daily basis at the end of each working day.
3. Verbally addressing such issues individually to employees.

UPAC marked Earth Day 2017 by hosting a range of environmentally friendly activities at Discovery Center in Kuwait City. The event, which was hosted on April 22nd, focused on the screening of various Earth Day related documentaries covering topics such as environmental preservation, water conservation and the importance of agriculture.



The screenings were accompanied by the distribution of more than 140 small plants to participants in order to re-plant in their own gardens to support environmental awareness.



This year's Earth Day activities make up a part of a wider range of socially responsible initiatives supported by UPAC and dedicated solely to the environment. Between March and May 2017, UPAC participated in several environmental programs including the Exhaust Emission Challenge aimed at increasing awareness about the risks of air pollution. UPAC pledged to continue working with various environmentally friendly organizations in order to further its commitment and support of the environment.

UPAC joined forces with Omniya Project for Plastic Recycling in an effort to further preserve the environment through the recycling of plastic materials. Since commencement, three small containers have been distributed within UPAC's office and Discovery Center to collect empty water bottles and other plastic material to be recycled by Omniya. By continuing these efforts, we will be able to contribute to the reduction of environmental pollution in the long run.



Furthermore, all employees are provided with the appropriate PPE such as overalls, gloves, eyeglasses, hearing protection, reflective vests and safety shoes to ensure that anyone coming into contact with hazardous materials is protected. UPAC conducts continuous training programs to ensure adequate protection to help prevent any hazardous incidents.

Corporate Social Responsibility

UPAC participated in CSR initiatives that support families and communities both locally and internationally. Initiatives carried out ranged between fundraising, donation and sponsorships.

- **Donations to Syrian Refugees**

21st January 2017

UPAC completed a fundraising initiative with Agility to support the United Nations refugee agency, known as UNHCR. The proceeds from this project will go towards a cash transfer program for Syrian refugees living in Jordan. In fact, Jordan is the first country in the world to use IRIS scanning technology to enable refugees to access funds without the need for a bank card or PIN code.



Cash transfers have proved to be the most cost-effective way to deliver aid and also have the double benefit of supporting the local economy in Jordan's urban environment. Moreover, UPAC matched the donations raised by UPAC employees.

- **Donation to National Bank of Kuwait Hospital**

24th January 2017

UPAC donated specialized medical gowns and child-friendly medical hand wash dispensers to the NBK Children Hospital for Hematology and Oncology.

The donated gowns and dispensers benefited an estimated 150 children. The gowns were fashioned with colorful prints and shapes, an intentional contrast to the usual medical whites. Bright colors in pediatric wards have been proven to create a more welcoming environment for patients, particularly for children, who may feel psychosocial stress as a result of medical treatment.



The gowns were also practically designed to allow medical teams to provide medical care to the children in a more comfortable procedure. Meanwhile, the child-friendly hand wash dispensers were posted throughout the hospital, dispensing liquid soap to help promote the concept of cleanliness to children in the hospital. The dispensers met international health and safety regulations.

- **UPAC Organizes Blood Donation Campaign In Collaboration with the Kuwait Central Bank.**
1st April 2017

UPAC organized a blood donation campaign that saw 17 bags of blood, amounting to 8.5 liters, donated to the Kuwait Central Blood Bank.

The initiative called “Blood is Life” took place over four hours in Discovery Center in Kuwait City at the beginning of April 2017, and was open to all center visitors. UPAC employees and investors attended to donate blood in support of the Kuwait Central Blood Bank and the society.



In Kuwait, there is a large requirement for hundreds of blood donations every day, with a continued growing demand. Blood donations help those in need of immediate transfusions following an accident or illness.

- **Injaz Program**
7th February 2017



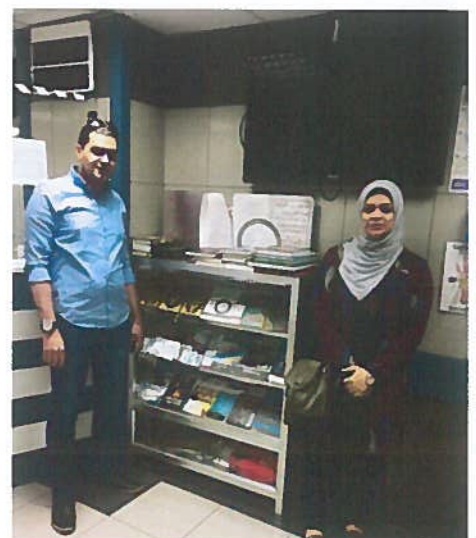
UPAC participated in an entrepreneurship master class program organized by INJAZ. INJAZ is a non-profit (NPO), non-governmental organization (NGO) driven by Kuwait's private sector. They deliver educational programs on entrepreneurial and leadership skills aimed at inspiring and educating future generations. The program aims to inspire and prepare youth to succeed in a global economy. The program helps in preparing students for future success in Kuwait's private sector.

UPAC employees participated in developing of the training materials and preparation of business cases to be presented to the students of Al-Jeel Al-Jadeed Private School. The program works with students between the ages of 11-24 years through implementing programs in middle schools, high schools, vocational colleges and universities.

- **Read Campaign**
19th April 2017

UPAC employees participated in donating 35 reading and listening materials to one of the popular governmental hospitals in Kuwait, with the intention of encouraging this activity within hospital waiting rooms.

The books provided by employees came out of their personal collection and covered a variety of topics ranging from scientific, narrative, research, and other



- **Exhaust Challenge**
1st May 2017

As part of the arrangements for earth day activities, UPAC partnered up with Agility to organize a competition to measure the amount of exhaust fumes emitted from employees' cars by using a white sock to determine the severity of the fumes. 20 employees from UPAC participated in this activity.



A white sock was placed in the car's nozzle while car engines ran for 60 seconds. The winner of the competition received a dinner invitation for two persons; and the owner of the car having the maximum amount of exhaust fumes received a free motor service in order to reduce environmental pollution and increase awareness.

- **UPAC Supports Zakat House for the Second Consecutive Year**
During the Holy Month of Ramadan 2017



Stemming from its belief towards supporting the local community, UPAC has presented Zakat House (Bait Al-Zakat) with a check to raise funds in order to provide Iftar meals for underprivileged individuals in Kuwait.

During the Holy month of Ramadan, UPAC's employees collected an amount of money intended as part of their contribution towards Zakat Al Fitr. These funds were distributed by the Zakat House to provide Iftar meals to those in need.

The amount collected from the employees was also matched by the company, making it a notable contribution from t UPAC to the community.

- **Agility and UPAC Contribute to Indian Shelter Project**
15th August 2017

In an effort to support communities across the globe, Agility and UPAC have both made sizable contributions to support the Indian Orthodox Syrian Church's project (a Church based in Kuwait) in building a shelter for the elderly and homeless population in Kerala, India.

The contribution from UPAC will help build a three-floor shelter, comprised of 25 rooms on each floor, with common facilities. Once completed, this shelter will be able to accommodate roughly 75 residents with food and living facilities. The project also aims at employing 20 staff who will give the proper care and support to those residing in the shelter.



- **Back to School Contribution**
15th August 2017

This campaign was organized by the “Faculty of Medicine – Kuwait University” with the support of UPAC in order to raise funds collected through the sale of ice cream at Discovery Center.

The collected funds were allocated to support under privileged children in Nepal to help provide basic school needs such as stationary items and were also used to provide children with approved WHO scheduled vaccinations.



- **UPAC Supports KRCS’s “Give Them A Chance” Campaign**
21st August 2017

Education is an essential part for the continued growth and development of any society. UPAC places great importance in investing in education since it plays a crucial role in laying the foundation for a skilled and educated workforce.

In continuation of its socially responsible efforts, UPAC joined forces with the Kuwait Red Crescent Society (KRCS) in their campaign “Give Them a Chance,” which aimed at raising funds to support underprivileged families in Kuwait and cover their basic educational needs. UPAC presented its check to KRCS, and also committed to match the donated amounts collected by its employees.



- **Ramadan Food Truck at Discovery Center**
27th May – 24th June 2017

In collaboration with Agility and other fellow subsidiary companies, the group organized a food truck program offering complimentary Iftar meals at Discovery Center to those fasting during the holy month of Ramadan.

The program kicked off on May 27th, the first day of Ramadan, and continued for the duration of the Holy month.

The food truck distributed 300 Iftar meals daily, amounting to 9,000 meals by the end of the holy month.



- **Discovery Center Celebrates “Girgean”**
25th – 27th June 2017

Discovery Center, Kuwait’s unique recreation and family entertainment complex, celebrated Girgean (a recreational activity common during the last days of the holy month) by engaging in a wide range of activities for children.

These activities were planned by different organizations in Kuwait and included cartoon shows as well as the free distribution of chocolates and sweets. Children and their families also enjoyed other fun activities offered by the center in a safe and comfortable environment.



- **World Animal Day**
7th October 2017.

In celebration of the World Animal Day, UPAC participated as a sponsor in this event organized by the “Kuwait Volunteers Group.”

The event took place in the park within Discovery Center. And aimed to raise the awareness and educate the community about animal welfare. The vents were carried out in partnership with the Animal Conservation Team, the Environment Public Authority, as well as various veterinarians and zoologists from Kuwait University, including many environmental activists.



- **Family Happiness Program**
11th October 2017

Awareness day was organized by the New Mowasat Hospital and Cancer Awareness Nation “CAN” and was sponsored by UPAC at Discovery Center.

This awareness day included several workshops organized to raise the awareness of the importance of maintaining good and promoting a healthy lifestyle in general.

During the course of the day, blood pressure and diabetes blood tests were conducted in order to provide participants with awareness training sessions on general health maintenance and breast cancer self-examination and prevention.



- **First Step – Lose Your Weight**
1st Aug – 15th Sept 2017

Awareness campaign was organized by the Public Authority for Sports with UPAC participating as sponsor. This campaign continued for 45 days in Discovery Center and aimed at educating children about the importance of maintaining healthy diets and lifestyles, as well as the importance of daily exercise.

Children who participated in the program had the opportunity to weigh themselves before and after the awareness campaign. Participants were also provided with a complete health program by a pediatric dietitian assigned by Ministry of Health.



- **Owl Awareness Day**
28th Sept. 2017

UPAC participated in the “Q8 Owl Group” to sponsor the “Owl Awareness Day” in Discovery Center. The event aims to raise awareness and educate the community about the importance of protecting wildlife, birds, and owls in particular. The day included presentations and exhibitions covering various species of owls, their environmental benefits, as well as their habitats and the existing laws against hunting them.



UN GLOBAL COMPACT
Anti-corruption

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

UPAC has a zero tolerance approach to unethical conduct and is committed to ensuring that its employees uphold the company’s reputation. The Code of Business Ethics and Conduct governs the conduct of employees as well as the Board of Directors. The Code is aligned with the regulatory Corporate Governance Framework.

UPAC fosters honesty, integrity and equality in all aspects of its business and expects the same in its relationships with all those with whom it conducts business. UPAC’s induction program for new hires educates employees on the importance of corporate ethics, values and business conduct. New employees are given a copy of the Code of Business Ethics and Conduct upon their employment and are required to sign it as acceptance and acknowledgement. The Code is available to all employees on the company website and is also covered within the employee handbook.

For more information, please visit <http://upac.com.kw/BusinessEthics.aspx>

In complying with the Corporate Governance Framework, all five members of the Board of Director attended a customized e-learning session that has been customized by SAI Global company. The below topics have been covered for 2017.

Name	Description
Conflict of Interest	This course helps participant deal with situations in which their personal interests or personal relationships may interfere with the interests of the company.
Insider Trading	This course covers the proper and improper use of inside information and prohibits insider trading.

In 2016, UPAC developed the Code of Business Ethics and Conduct in order to help employees’ identify, report, and resolve certain conflicts and other complications that may arise during the course of business. This year, the HR department provided employees with a copy of this Code as part of its standard hiring procedures.

All employees are required to comply with UPAC’s internal rules regarding the prevention of bribery and corruption with interactions related with government officials and private individuals. UPAC also requires its external consultants to comply with the same internal policies as per the Corporate Governance Framework. When presenting information or data to government officials or other third parties, UPAC commits to providing information that is up-to-date, accurate and reliable.

UPAC does not make payments or other contributions to political parties, organizations or their representatives. Employees are free to participate in the political process in their private capacity provided it does not constitute a breach of the principles set out in the Code of Business Ethics and Conduct. UPAC’s Code of Business Ethics and Conduct mirrors UN Global Compact Principles such as conflicts of interest, insider trading, external affiliations, money laundering, improper payments, fair dealings, gifts, meals and entertainment in the course of interacting with clients, suppliers, subcontractors and competitors.

In September 2016, UPAC acquired the ISO 9001:2008 certification for Quality Management Systems (QMS) by Société Générale de Surveillance (SGS) Kuwait. A surveillance audit has been conducted in August 2017. The certification is issued by The United Kingdom Accreditation Service (UKAS), the sole national accreditation body recognized by the British government.



The certificate was awarded following a stringent site audit of all UPAC managed facilities at the Kuwait International Airport. This certification recognizes UPAC's commitment to customer service and quality, and further credits UPAC's position in the local and regional markets as a leading real estate and facilities management company.

After meeting international standards accreditation, UPAC began to enhance and develop the existing operations department policies and procedures in order to prepare for the Occupational Health and Safety Assessment Series (OHSAS) 18001 certification audit in 2018. This certification process will ensure compliance and robust management practices.

In 2016, UPAC's Board of Directors adopted a sound Corporate Governance Framework that enhanced the overall governance environment within the company and that is in line with applicable leading practices, laws and regulations. This has been pursued through an integrated Corporate Governance system applied and monitored through a set of policies, standards and internal controls that have been adopted by the company in line with regulatory requirements. These procedures serve to enhance transparency and integrity of the company's operations and ensure that shareholders' objectives are met and the stakeholders' rights are respected and protected.

UPAC began implementation of an internal control system under the Corporate Governance Framework. This system ensures that all business transactions are checked, verified and audited regularly. The below internal controls are applied:

- **Risk Management Function**

The Risk Management Function ensures that the overall risks of the company are effectively identified, managed and rectified. Risk identification includes existing risks or risks that may potentially arise. UPAC's Board of Directors ensures that sufficient management resources are allocated to the identification, assessment and the appropriate measures related to business risks.

- **Internal Audit Functions**

The Internal Audit Function plays a critical role in providing the Board of Directors and Executive Management with a comprehensive view of the applied financial and operating controls. The IAF provides assurance on the effectiveness of the Internal Control, Risk Management and Governance framework processes within the company. The Board of Directors has allocated qualified resources to manage the Internal Audit Function.

During the course of 2017, all financial reporting activities have been carried out through the external audit and internal audit functions, as well as through direct reporting to the Board of Directors via the recommendations of the Board Risk and Audit Committee. The external audit activities included the first surveillance audit conducted for the ISO 9001 standard by SGS as well as third party financial audits conducted by Ernst & Young.

The principles of the Corporate Governance Framework falls within the responsibilities of the members of the Board of Directors, all of whom have committed to implementing a proper governance system that meets the relevant regulatory requirements set by the Capital markets Authority (CMA) and other applicable regulatory bodies.

You can have a full view of the Corporate Governance Report for 2016 on the below link.

<http://upac.com.kw/AnnualReports.aspx>

In 2016, UPAC established two independent committees in order to provide an independent review function between the board and management. The committees seek to provide recommendations to the Board of Directors as an independent body and as well as to monitor the effectiveness of Executive Management.

1. The Board Risk and Audit Committee (BRAC)

The Board Risk and Audit Committee (BRAC) consists of three non-executive members, one who must be an independent member. The committee must meet at least four times annually. The main role and responsibility of the BRAC is to review and evaluate the existing risk management systems in order to ensure the existence of clear lines of authority and accountability for identifying, measuring and monitoring the various risks that the company may be exposed to in order to determine areas of inefficiency. . The BRAC term is valid for three years from its initial formation and shall be renewable upon the expiry of members' terms.

The Board Risk and Audit Committee (BRAC) was formed pursuant to a Board Resolution executed on 28th June 2016, following the approval from the CMA to merge the Board Risk Committee and the Board Audit Committee. The below schedule indicate the progress of the Board Risk and Audit Committee (BRAC) meetings as of 30th Sept. 2017:

Board Risk and Audit Committee	
Year	Number of Meetings
2016	3
2017	4

2. Board Nomination and Remuneration Committee (BNRC)

The Board Nomination and Remuneration Committee (BNRC) is made up of three non-executive members, one of whom must be an independent member. The committee must meet at least once annually. The main role and responsibility of the BNRC is to provide recommendations to the Board on the nomination and re-nomination of Board members and Executive Management as per Module 15 of the Executive Bylaws of the CMA Corporate Governance Regulations in State of Kuwait.

The BNRC is also responsible for conducting an annual review on the required skills and competencies for Board of Directors and Executive Management. The BNRC term is valid for three years from its initial formation and is renewable upon the expiry of members' terms.

The BNRC was formed pursuant to a Board Resolution dated 10th November 2016. The below schedule indicate the progress of the Board Nomination and Remuneration Committee (BNRC) meetings as of 30th Sept. 2017:

Board Nomination and Remuneration Committee	
Year	Number of Meetings
2016	1
2017	1

UPAC's Commitment

Going forward, UPAC is committed to continue to update and report on the Communication on Progress (COP) annually. By integrating the Global Compact principles into UPAC's policies and culture, has provided the company with the opportunity to enhance its culture of integrity and accountability, continuing to build upon its responsibilities towards its people, its stakeholders and its overall community.

We hope that this report succeeded in outlining the company's performance and during the course of 2017 showcases its commitment to uphold the ten principles of the UN Global Compact. During the next year to come, UPAC hopes to continue and progress its performance and activities related to human rights, labour, environment and anti-corruption.

The annual Communication on Progress Report (COP) serves to incorporate information regarding the company's activities according to the UN Global Compact. Overviews of such activities are available on the UN Global Compact's website as well as the UPAC website.

We thank you for this opportunity and welcome any feedback to the above report.

www.upac.com.kw