



# UPAC

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## COMMUNICATIONS ON PROGRESS

# 2022



United Nations

Global Compact

## Message from the CEO

As we approach the end of our ninth year communicating our progress to United Nations Global Compact, I am pleased to reaffirm that United Projects for Aviation Services KSCP (UPAC) is committed to support the ten principles of the UN Global Compact relating to Human Rights, Labour Standards, the Environment and the Fight Against Corruption. UPAC continues to adhere to these principles, as well as to its obligation in providing consistent reporting and communication to its stakeholders on an annual basis.

UPAC provides an overview of its continued commitment to the ten principles outlined in the UN Global Compact in the 2022 Communication on Progress (COP) by highlighting its relevant achievements to date through its business strategy, work culture, and daily operations. Among the accomplishments in 2022 are:

- Re-Certification of the Quality Management System - ISO 9001:2015.
- Re-Certification of the Environmental Management Systems - ISO 14001:2015.
- Re-Certification of the Health and Safety Management System - ISO 45001:2018.
- Completion of more than 17 technical and management training programs across various departments.
- Completion of more than 21 ethics and compliance trainings for all computer and non-computer users.
- Participation in various community activities to support humanitarian issues locally and globally.
- Expansion in the scope of various activities within the Company's Corporate Social Responsibility (CSR) platform to include ongoing support to the Kuwait Red Crescent Society, UNICEF, UNHCR, and other NGOs.
- Protection of the environment by controlling Company waste and electricity consumption using Diligent/Accuvio platform.
- Development of an aggregated application for Reem Mall, with a built-in e-commerce platform as well as other digital services such as parking navigation, hands-free shopping, and a digital wallet.
- Continuation of maintaining a work life balance post COVID-19 with the organization of various community events and family gatherings during the holy month of Ramadan.

This report has been compiled to present the Company's achievements to date in accordance with its business strategy, work culture, and daily operations. UPAC continues to adhere to these principles, as well as to its obligation to report and communicate its annual progress to its stakeholders in a consistent and responsible manner.

Best Regards,



**Nadia Akil**  
CEO and Vice Chairperson



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# HUMAN RIGHTS PRINCIPALS



### 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 is committed to promoting and respecting the declared human rights principle and does not engage in activities that violate human rights. UPAC employees are required to attend mandatory Ethics and Compliance training courses during their first six months of employment. Training is conducted using examples and other real-world scenarios designed to contribute to an understanding of model behavior.

To demonstrate their understanding of good business practices, participants must pass an online test. The system allows the participant to choose between listening to a live conversation and reading a scenario script.

UPAC's management implemented a new set of training courses in 2022, in addition to the basic training provided upon joining. The courses listed below represent a new set of training courses designed for employees, both managers and non-managers.

- Anti-Money Laundering **(New)**
- Confidential Information and Intellectual Property **(New)**
- Conflicts of Interest booster **(New)**
- Cyber Security **(New)**
- Ethics Street Social Media **(New)**
- Global Anti-Bribery & Corruption **(New)**
- Global Data Privacy **(New)**
- Fair Labour Training – Managers **(New)**
- Whistleblowing: Raising Concerns
- Code of Conduct: Best Practices
- Recognizing and Avoiding Bribery
- Human Rights
- Global Cybersecurity Employee Training
- Conflicts of Interest
- FCPA Anti-Bribery
- Antitrust: Careful Communication with Competitors
- Government Procurement
- Global Data Protection
- Insider Trading
- Privacy and Data Protection
- Preventing Sexual Harassment

Employees participate individually through e-learning and must pass an online exam to obtain a certification of completion.

Employees who complete the course will be issued an electronic certificate, and corporate records will be updated accordingly.

Three employees joined UPAC in 2022, and their online training completion ratio for the year was as follows:



### Induction and Orientation

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

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

### Training and Development

The orientation process provides the employee with information related to the organization's structure, direct reporting access, whistleblowing channels, and a summary of the Grievance and Disciplinary Policy. Orientation is available in both Arabic and English. Recruits are informed of their legal rights in both Arabic and English.

Contracts defining salary and benefits are issued in three copies to each employee: one for UPAC, one for the employee, and one for The Public Authority for Manpower, a Kuwaiti government entity. Employees must receive the necessary orientation to understand their rights and responsibilities, according to the Orientation Training and Development Policy.

UPAC is committed to paying salaries by the 25<sup>th</sup> of each month. Salaries are based on an approved grading system that defines the titles, basic pay, as well as allowances and benefits applicable to each employee.

As part of their recruitment and employee orientation training, new recruits are provided with an employee handbook which includes an overview of the Company's ethics and fair practices. During 2021/2022, the employee handbook was revised to include additional amendments made in relation to the annual leave process and end-of-service calculation.

The Career Development Policy must be implemented by all members of the management team including line managers and supervisors. The Succession Plan and Career Development Policy was updated and approved in 2022. The Succession Plan's goal is to ensure the timely availability of a diverse and experienced pool of employees to meet key job requirements as needed.

### Local and International Recruitment

For local and international recruitment, UPAC covers all relevant recruitment fees, visa fees, airfare, travel, medical as well as any other applicable fees for all employees. UPAC is committed to continue to contract only with recruitment agencies that refrain from charging fees to applicants and that refuse to accept applicants under the age of eighteen (18).

UPAC is also committed to recruiting candidates from other countries through the official channels specified by local embassies and in accordance with Kuwait Labour Law. In this case UPAC will cover all associated recruitment costs.

UPAC's policy states that all employees must retain their passports. All employees are recruited based on the Kuwait Labour Law practices considering their right to annual leave and sick leave pay. Service period indemnity is paid as per the Kuwait Labour Law. Technical employees are supplied with six (6) complete sets of Company uniforms, two (2) pairs of safety shoes, winter weather clothing, and job-related Personal Protective Equipment (PPE).

Recruitment processes continue to support the establishment of a diverse workforce and ensure that all employees and job applicants are treated fairly and in accordance with the Equal Employment Opportunity Policy.

Employee entitlements, such as salary, benefits, annual leave, vacation, and indemnity, are clearly defined in employment contracts. The annual incentives are linked to the performance evaluation review and are included in the UPAC remuneration packages for all employees. UPAC carefully screens all employees prior to hiring to ensure that applicants are over the age of 18. Religious beliefs and practices are respected and accepted within the organization, and ample time for prayer is provided during working hours. Working hours are reduced by two (2) hours per day during Ramadan, in accordance with Kuwait Labor Law, and all relevant religious holidays are respected.

### Work-Life Balance

Over the course of 2022, UPAC organized a family gathering during the holy month of Ramadan. This was the first social event hosted after Covid-19 and sought to rebuild community ties as all as to recognize employee's contribution to the Company. During the evening, employees participated in a raffle draw and winners were presented with exciting surprises. Following the event, attendees collected Ramadan gifts along with Girgeaan take away gift boxes for children.



# LABOUR PRINCIPLES



### **Principle 3**

**Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.**

### **Principle 4**

**The elimination of all forms of forced and compulsory labour.**

### **Principle 5**

**The effective abolition of child labour.**

### **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 has committed itself to the principle of equal opportunities for all employees and provides them with a secure workplace free of discrimination or harassment. The Company continues throughout the year to improve its current policies and procedures.

UPAC follows a zero-tolerance policy with regard to any such breach of conduct; hence employees must attend the Code of Business Ethics E-Learning training and are required to pass the course to ensure compliance. The mandatory Code of Business Ethics E-Learning training course is assigned to raise awareness of the Equal Employment Opportunity and prevention of harassment.

All UPAC employment decisions are based on business needs, employment requirements, and individual qualifications regardless of race and color, religion or belief, ethnic or national origin, gender, age, disability or any other such status protected by legislation or regulations. UPAC does not tolerate discrimination of any form, harassment, inhumane treatment, including forced labor or physical punishment. UPAC promotes equality in the workplace and aims to eliminate all forms of discrimination.

By the end of 2022, the Company consisted of a total of 83 employees. Out of this total, 9 are senior executives, with 3 of those positions held by women. UPAC supports women in the workplace and takes the necessary measures to understand their needs while seeking to actively support their career paths by promoting a healthy work-life balance.

Despite the fact that Kuwait International Airport was closed during the COVID-19 crisis in 2020/2021 as

most flights were suspended at that time, UPAC managed to maintain its employees and was able to avoid any employment service terminations or suspensions during this time. Once the airport resumed operations in August 2021, UPAC provided all employees with permission to apply for annual leaves for up to 60 days and this continues on during the course of 2022.

### **Revision of Policies and Procedures**

All internal Human Resources policies were approved in 2015 and have consistently since been reviewed and updated every two years. The most recent review of all HR policies and procedures has been completed in March 2022, including an amendment to the Equal Employment Opportunity Policy, to ensure compliance with the changes made to the Corporate Governance Framework and any other relevant changes made to various pertinent regulations outlined by the Capital Markets Authority (CMA).

In 2022, the CEO revised and approved the Succession Plan and Career Development Policy. One of the goals of the Succession Planning process is to identify and plan for the timely availability and of a diverse and experienced pool of employees to meet critical job requirements as and when they arise. The Career Development Policy must be implemented by all members of the management team, as well as supervisors.

Following the same pattern, UPAC signed off the Finance Department Policies and Procedures during the course of 2019. The Finance Department policies have been since reviewed and updated in September 2022. The policies address the necessary relevant International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAPs) to ensure compliance with both local and international laws and to ensure stronger financial controls. The various policies cover the following subjects:

- Accounts Payables
- Accounts Receivable and Bad Debts Process
- Cash Management and Bank Reconciliation
- External Audit Process
- Fixed Assets
- Inventory
- Petty Cash Process
- Revenue Recognition
- Management of Information Reporting
- Annual Budgeting Process



## Other Department Policies and Procedures

During 2022, the Legal Department and Business Development Department established and signed off their policies. The policies were signed off by Department Heads and the CEO in order to create a clear pathway for both departments on how to handle business opportunities and legal cases, including responsibilities, obligations, and rights.

## Collective Bargaining

UPAC employees are free to participate in the political process in their private capacity, provided it does not violate the principles set out in the Code of Business Ethics and Conduct.

There is no common practice of collective bargaining in the State of Kuwait, additionally, private sector labor laws limit employees' scope for collective bargaining; however, anti-union discrimination and employer interference with union functions is prohibited under the law.

Following the approved Corporate Governance Framework and HR policies, employees are provided with different channels for expressing views, providing feedback, and raising concerns. The Company also worked to expand the channels available for employees to address their concerns to management in a formalized manner.

UPAC promotes an open, equitable, and transparent work environment. As such, various formal channels have been established to enable employees to confidentially communicate their concerns and grievances to management. These platforms are outlined below:

- UPAC Customer Complaint Email [customer.feedback@upac.com.kw](mailto:customer.feedback@upac.com.kw)
- UPAC Whistleblowing Email [whistleblowing@upac.com.kw](mailto:whistleblowing@upac.com.kw)
- UPAC Suggestion Box

UPAC strives to meet the highest standards of business conduct and ethics both internally within the organization and externally with respect to its customers, suppliers and other related third parties. Having said that, all employees must abide by these ethical standards and comply with these regulations when conducting business.

UPAC undertakes to conduct its business fairly and in full compliance with all applicable laws and regulations.

## Roundtable Discussion - Introduction to the ILO FAIRWAY Program

The International Labour Organization (ILO) is the United Nations organization that has been tasked with promoting labour rights, encouraging decent work opportunities, and strengthening dialogue between employers, workers, and governments. The ILO's FAIRWAY Programme addresses underlying causes of decent work deficits and works to promote fair migration (including fair recruitment) to prevent the exploitation of migrant workers.

UPAC participated in the Roundtable Discussion meeting and discussed international labour standards and local best practices. The meeting was a closed-door, private session facilitated by the ILO Technical Officer in Kuwait. The discussion included how companies are doing their business while maintaining decent work and worker welfare. It was an opportunity for companies to share challenges as well as best practices in such areas as fair recruitment, grievance mechanisms, subcontractor management (in the context of rights of subcontracted workers), occupational health and safety, and the ability of workers to change sponsors, particularly with how these topics relate specifically to low-income workers.



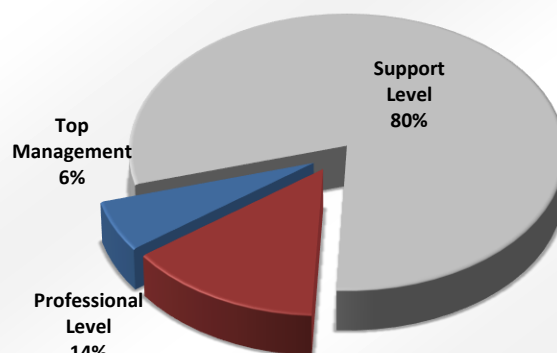
## Training and Development

In 2022, UPAC invested over USD 9,000 in training and development programs. The investment was coordinated with international bodies to ensure that quality-assured services are provided and has helped to improve the knowledge and skills of employees at all levels within the Company.

Structured, e-learning, online, and on-job trainings are an ongoing process at UPAC, and in 2022 the Company provided the below intensive training programs covering the following topics:

Training Description	# Of Participants
Schematic Drawing Reading and Understanding (QMS)	13
Electrical Power Tools Procedure (OHSMS)	9
ARC and TIG Welding Practical (QMS)	5
PDCA Cycle Training (EMS)	7
Fire Fighting System Training (QMS)	6
Noise and Vibration (EMS)	6
Electrical Power Distribution and Backup (QMS)	10
Behavior-Based Safety (OHSMS)	7
Building Management System (BMS) (QMS)	6
PLC Networking and Backup (QMS)	9
Set to Succeed (Arbinger)	1
Building Emotional Intelligence (SkillPath)	1
Developing a Viable Ecosystem for Prospective Entrepreneurs (Learn & Evolve)	1
Developing a mechanism for participation in the public stock exchange for companies in the Kuwait Stock Exchange	2
Adding Confidence to Business Decisions (Afterskills)	1
Value Added Tax Implementation Program	1
Project Management Professional (PMP)	1

**Percentage of Training Across the Structure in 2022**



**The Equator Principles and Human Rights**

UPAC signed an agreement to partner with Al Farwaniya Property Developments (AFPD) to develop Abu Dhabi’s Reem Mall. The 10 Equator Principles (EPs) have been implemented in all aspects of Reem Mall’s project.



The Equator Principles are defined as a set of voluntary guidelines adopted by financial institutions to ensure that large-scale development and construction projects appropriately consider the associated potential impacts on the natural environment and community.

One of the Equator Principles seeks to fulfill the responsibility to respect human rights following the United Nations Guiding Principles, specifically Human Rights. This is accomplished by performing due diligence on the Project’s personnel working at Reem Mall.

**Number of Training Diversity in 2022**





These principles are followed by AFPD and subcontractors alike, and they are incorporated into all forms of contracting. Multiple parties, including AFPD, rigorously check all tendering and employment methodologies to ensure that compulsory work, corruption, and bribery are prevented. Reem Mall also adheres to the Agility Corporate and Social Responsibility directives, and the project is audited on a biannual basis.

### Employees Recognition

Employee promotions and increments are based on certain key performance indicators and relevant job qualifications. During 2022, six employees were promoted to more senior positions, and 39 employees received an increment to match the new grading structure approved by UPAC.



### Star Employee of The Month

The Star Employee of the Month (SEOM) program is designed to honor exceptional employees who exemplify the organization's standards of excellence in performance, behavior, and values.

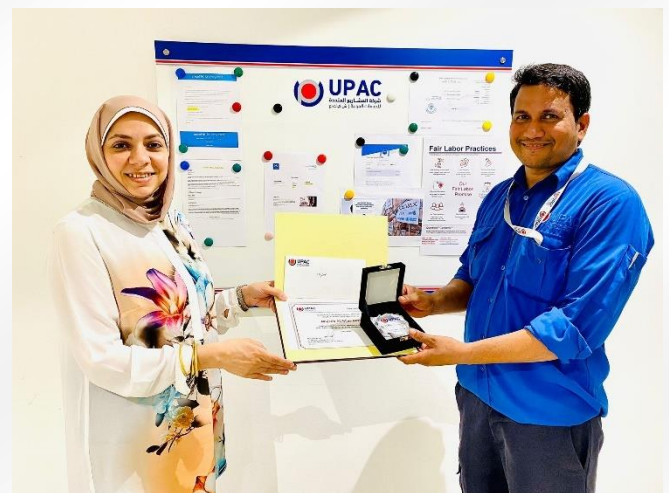
The SEOM event is held monthly and is designed to recognize employees and site workers who have consistently demonstrated their dedication to upholding the highest levels of quality and safety on

site. The award symbolizes the Company's commitment to recognizing top performers and achievers.

Each month, the details of the winner of the SEOM is displayed on the company's recognition board for a period of 12 months.



The SEOM Committee is composed of three members: one from the HR Department, one from the supervisory level, and one from the support level. The SEOM Committee seeks to recognize employees who demonstrate exceptional achievement and contribution on the job, both individually and collectively, by going above and beyond their regular responsibilities to contribute to the creation of a more efficient and inclusive workplace for coworkers and customers.



The SEOM program recognizes employees whose efforts have inspired and supported others in their performance and achievements. The program winner received a small financial reward and is presented with a plaque to commemorate their achievement, which is then displayed within the Company premises. .

# ENVIRONMENT PRINCIPLES



**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.**

**ENVIRONMENT**

UPAC has committed to continuing to collaborate with a variety of environmentally conscious organizations and to enhancing sustainable activities that encourage environmental engagement and support. As a responsible company, UPAC aims to minimize environmental impact and increase efforts to promote various forms of environmental and social sustainability.

Various environmental enhancements have been implemented within the company’s projects, one of which is within the Reem Mall development in Abu Dhabi. Reem Mall has been awarded an Estidama 2 Pearl Design Rating by the Abu Dhabi Urban Planning Council (UPC).

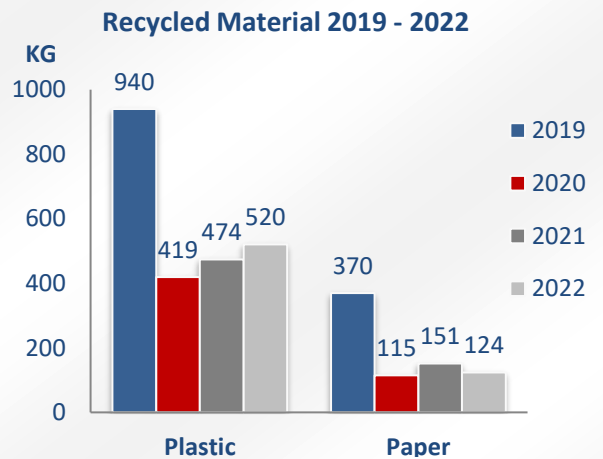
Estidama is a significant urban development initiative spearheaded by the UPC. Its mission is to promote rational and responsible development by establishing a balanced society founded on four equal pillars of sustainability: environmental, economic, social, and cultural.



Reem Mall is constructed under Estidama 2 Pearl Rating and is eco-friendly with regard to material choice and waste management. The Equator Principles

previously discussed include requirements for environmental and social assessments that Reem Mall should follow and adhere to.

Since the launch of the 'Go-Green' initiative in 2014, UPAC has consistently supported and improved the program. Since 2016, UPAC has partnered with Omniya Plastic Recycling to collect and recycle all types of plastic waste.



As a result of the COVID-19 pandemic, UPAC employees were instructed to work remotely from home for a duration requiring the adoption of various internal policies to be put in place with regard to online payments and other digital methods to manage workflow and avoid unnecessary physical contact. As a result of this, the amount of recycled material during 2020 and 2021 was significantly lower than usual. The diagram below depicts the total amount of recycled materials collected between 2019 and 2022 (as of November 2022).

UPAC regularly promotes energy conservation and environmental protection amongst employees by applying the following:

- Spreading awareness between employees of the importance of environmental protection and energy conservation.
- Sharing reminder memos to turn off all electronics (including lights, laptops, PCs, and other electronics) daily at the end of each working day.
- Verbally addressing these issues to employees on an individual basis.

UPAC conducts ongoing training sessions to ensure adequate protection and to assist in the prevention of hazardous incidents. In order to protect those who come into contact with hazardous materials, all

employees are provided with appropriate Personal Protective Equipment (PPE) such as overalls, gloves, eyeglasses, hearing protection, reflective vests, and safety shoes.

This year's Earth Day activity was part of a wider range of socially responsible initiatives dedicated solely to the environment. In celebration of Earth Day, UPAC organized a tree planting initiative with the Green Hands Environmental Team, a local non-profit organization.



The initiative was themed 'Let's Make it Green' and took place in several schools within the Al Andalus and Adailiya areas, including Abdul Aziz Alrashid Primary School for Boys, Arwa Bint Abdul Mutaleb Secondary School for Girls, Saad Bin Obada Primary School for Boys, Sherifa Al-Awadi High School for Girls. The event participants included volunteers, students, as well as some management personnel from the schools. At the site, the Green Hands Environmental team worked with the volunteers and students on the basics of successful planting.



UPAC's support to Green Hands Environmental Team included the donation of 1000 plants which were planted, as well as water pipes and special watering

connections to be utilized in the gardens. In addition, Green Hands team also provided labor workers to help in preparing the areas to be planted.



The Green Hands Environmental Team facilitated all the necessary approvals to support UPAC's Earth Day project this year. The non-profit organization aims to support efforts and communities to protect and conserve the environment, as well as to increase environmental sustainability awareness.



UPAC has pledged to continue working with various environmental organizations to further its commitment to reducing its overall environmental footprint by supporting various socially responsible activities that have a positive impact on the environment.

### Reem Mall Adopted the Equator Principles

Since the implementation of the Equator Principles at Reem Mall, Al Farwaniya Property Developments (AFPD), the developer of Reem Mall, made sure that its contractor and all subcontractors comply with these principles.



Reem Mall has always strived to go beyond the minimum required level of sustainability. Highly insulating and high-performance materials, as well as highly efficient air conditioning and lighting systems, have been carefully studied and designed for the walls, roof, and glazing.



Another critical factor to consider is Reem Mall's water consumption. The design incorporates efficient irrigation systems and equipment to help the building consume less potable water. Since 2016, robust sustainability measures have been incorporated into the construction phase as well. At least 70% of onsite wastewater is recycled, and 20% of material is sourced within 500 kilometers of the project, significantly reducing travel distance and associated air pollution.

The Equator Principles have been adopted by Reem Mall. This standard is used by the financial industry to determine, assess, and manage environmental and social risks associated with projects. Reem Mall stakeholders, from the AFPD to subcontractors, adhere to these standards, which are incorporated into all contract documents. These activities contribute to the achievement of the United Nations Sustainable Development Goals' objectives and outcomes.

On February 28<sup>th</sup>, Reem Mall opened its first store to the public “Carrefour Hypermarket.” The successful opening ceremony took place in the presence of both Carrefour and AFPD senior management. To mark the grand opening shoppers were offered a variety of exclusive deals and promotional offers to enjoy



To mark UAE National Day on November 3<sup>rd</sup>, AFPD were invited by the senior management team to an activation day November 3<sup>rd</sup>. The south entrance of the mall was decorated with UAE flags and balloons and the national anthem was played honoring the UAE Flag Day.



### Digital Transformation

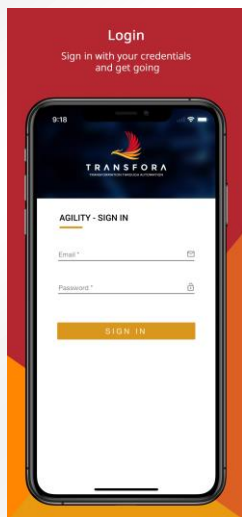
During 2022, Agility procured Diligent/Accuvio as its sustainability software solution. UPAC has used the same to report the environmental performance and compliance with local and international requirements.



The solution consists of a single IT platform that all Agility subsidiaries can use for sustainability program management and reporting. The application is used to help improve reporting procedures and manage the environment, social and governance issues in each of

the businesses groups. Ideally, the solution will enable the Company to identify ESG goals and monitor KPIs in the system. The reporting of such information will ensure that the Company will be able to track progress against set goals, as well as progress assist with better reporting standards.

In 2019, UPAC implemented a newly automated process management system called Tansfora, enabling users to model, implement, monitor, and optimize processes and transactions such as the processing of employees' leaves, contracts approval, issuance of visas, procurement, supplier evaluations and the approval of IT license fees.



The system helps to improve productivity, efficiency and to reduce paper printing which is important for environmental sustainability. UPAC continues to use the same system to conduct the end-of-the-year and mid-year performance reviews.

In 2021, UPAC continued moving toward adopting a fully comprehensive digital environment by automating more and more of its business and administrative processes through Transfora. The team relaunched the Transfora mobile app in 2021 and upgraded the system in 2022 to include additional process and options which provide users with additional accessibility, visibility and efficiency.

The app allows the user to manage all Transfora requests anytime, anywhere. The app includes the personal Transfora inbox, all department processes, and a mobile-friendly version of any forms submitted. The Transfora platform encompasses more than 150 processes across Agility and its subsidiaries, including HR, finance, marketing, quality, legal, administration, and operations. Transfora streamlines any process, from leave requests to employee onboarding to contract management. As a result, workflow is more efficient.

In addition, a secured network was developed to enable employees to access UPAC's systems allowing them to work from home in case of emergencies. Other

measures to facilitate remote working were also provided to employees, these include the Transfora mobile application for online request processing, corporate virtual meeting tools, internet connections, flexible working hours, and emergency hotlines

Reem Mall developed an aggregated application with a built-in e-commerce platform, and other digital services such as parking navigation, hands-free shopping, and a digital wallet.



The app is set to revolutionize the shopping experience for consumers and retailers alike. The philosophy at Reem Mall has always been to keep innovating, adapting, and maintaining a strong digital approach to retail.





# ANTI- CORRUPTION PRINCIPLES



## Principle 10:

**Businesses should work against corruption in all its forms, including extortion and bribery.**

### ANTI-CORRUPTION

UPAC has a zero-tolerance approach to unethical conduct and is committed to ensuring that its employees retain the reputation of the Company. UPAC promotes honesty, integrity, and equality in all aspects of its business and expects the same in its relationship with all those with whom it conducts business.

### Code of Conduct and Business Ethics

UPAC has approved the Code of Business Ethics and Conduct policy to help employees identify, report, and resolve certain conflicts and other complications that may arise during the course of business as part of its standard review procedure.

UPAC's Code of Business Ethics and Conduct reflects UN Global Compact Principles, which include, but are not limited to, conflicts of interest, insider trading, external affiliations, money laundering, improper payments, fair dealings, gifts, meals, and entertainment while interacting with customers, suppliers, subcontractors, and competitors.

UPAC employees are required to comply with internal rules on the prevention of bribery and corruption in interactions between government officials and private individuals. It is also required that external consultants comply with the same internal policies as the Corporate Governance Framework.

The Code is available to all employees on the Company [website](#) and is also covered within the employee handbook. Both employees and the Board of Directors are governed by the Code and Conduct and the code conforms to the corporate governance framework.

The induction program for new recruits at UPAC educates employees on the importance of corporate ethics, values, and business conduct. When new employees are hired, they are given a copy of the Code of Business Ethics and Conduct and are required to sign it as acceptance and acknowledgment.

### Recognizing and Avoiding Bribery

UPAC's 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.

During 2022, employees and board members participated in various tailored e-learning sessions organized by SAI Global Company and Percipio Learning Management System (LMS), in compliance with the Corporate Governance Framework.

The training was customized to the executive level to address all scenarios related to ethical business practices and how to recognize, address and avoid bribery in business.

Name	Description
Anti-Money Laundering	This course provides guidance to participants to identify money laundering practices to help the organization to meet its regulatory obligations and to prevent the negative impacts of money laundering and terrorist financing.
Global Anti-Bribery and Corruption	This course is designed to make it clear that the Company prohibits bribery, including the bribery of government or public officials, anywhere it conducts business.
Cybersecurity	The training is intended to educate participants about the various types of fraud that target businesses. This training assists the organization in defending itself against compromised accounts.
Antitrust and Competition Law	This course aims to help the organization to manage and minimize the risk of violations, and ensure employees, at all levels, understand their responsibility to recognize antitrust red flags.

UPAC undertakes to provide up-to-date, accurate, and reliable information. All data or information submitted to public officials or other third parties is up to date, accurate and reliable. UPAC makes no payments to political parties, organizations, or their representatives.

UPAC and its subsidiaries follow the approved Tendering Procedure in all their projects. The tendering procedure stipulates specific criteria for pre-qualification and selection of tender winners that must be met. The invitation to an envelope opening meeting ensures that tenders submitted by subcontractors (including the Abu Dhabi Reem Mall Project) impose strict controls to prevent corruption.

### Equator Principles

The Equator Principles are explicitly referenced in the Main Contract Document signed by the contractors responsible for the construction of Reem Mall, which is monitored on a monthly basis by Agility, the parent company, through audits, workshops, and regular site audits. The Contractor has signed this document and agrees to abide by these principles unconditionally.

On a monthly basis, the Contractor provides written statements advising of its continued compliance with these requirements, such as payment of staff and labor, retention of passports, and payment of employment fees. In addition to these statements, labor attending the project is subjected to spot checks carried out at random.



The Project also includes anonymous comment boxes where people may express themselves without fear of reprisals. All comments are responded to and investigated for factual content.

All procurement and employment processes for Reem Mall are rigorously vetted by multiple parties, including AFPD, to ensure that corruption and bribery are avoided. Additionally, AFPD has ensured that each subcontract work contains a back-to-back clause transferring this obligation to all subcontractors and sub-consultants.

### International Accreditation

#### Integrated Management System



In August 2022, UPAC successfully passed the surveillance audit requirements for the ISO 9001:2015 - Quality Management Systems (QMS), the re-certification requirements for ISO 14001:2015 - Environmental Management System (EMS), and the re-certification requirements for ISO 45001:2018 - Occupational Health and Safety Management System by SGS Kuwait. The certifications were done by Société Générale de Surveillance (SGS) Kuwait.

Certificates were awarded following a comprehensive site audit of all UPAC operated facilities at Kuwait International Airport and in recognition of its implementation of environmental and safety management systems, as well as its continuous efforts to uphold and develop its quality management standards.

These certificates reflect UPAC 's dedication to provide the highest level of quality, safety, and environmental management. It further credits UPAC 's role in the local and regional markets as a leading real estate and facilities management company. Certificates are awarded by the United Kingdom Accreditation Service (UKAS), the only national accreditation body recognized by the British Government.



## Corporate Governance

The principles of the Corporate Governance Framework fall within the competence of the members of the Board of Directors (BOD). The members of the BOD are committed to implementing a sound governance system that meets the relevant regulatory requirements set out by the Capital Markets Authority (CMA) and other applicable regulatory bodies.

UPAC's BOD has adopted a sound Corporate Governance Framework that improves the overall governance environment and is in line with the applicable corporate governance 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.

Under the Corporate Governance Framework, UPAC began the implementation of an internal control system that ensures all business transactions are checked, verified, and audited regularly.

### Risk Management Function

The Risk Management function ensures that the overall risks of the Company are identified, managed, and rectified effectively. Risk identification involves existing or potential risks. UPAC's BOD ensures that sufficient management resources are allocated to identify, assess, and take appropriate action on related business risks.

### Internal Audit Functions

The Internal Audit Function (IAF) plays a critical role in providing the BOD and Executive Management with a comprehensive view of the applied financial and operating controls. The IAF assures the effectiveness of the Internal Control, Risk Management, and Corporate Governance Framework processes within the Company. The BOD has allocated qualified resources to manage the IAF.

During 2022, all financial reporting activities have been carried out through the external audit and internal audit functions, as well as through direct reporting to the BOD via the recommendations of the Board Risk and Audit Committee.

The external and internal audit activities included the following:

- Re-certification audit was conducted for ISO 9001.
- Re-certification audit was conducted for ISO 14001:2015
- Re-certification audit was conducted for ISO 45001:2018.
- Risk Assessment Audit conducted by Protiviti Kuwait.
- Internal Control Audit conducted by Grant Thornton Kuwait
- Financial Audits conducted by Ernst & Young Kuwait.
- Quality Assurance Review Report (QARR) by Baker Tilly.
- Internal Audits conducted by Agility Kuwait.
- Corporate Social Responsibility Audit conducted by Agility Kuwait.

Access to the full Corporate Governance Report for 2021 is available on this [link](#).

### Board of Directors Meetings

The BOD held a total of six meetings during the course of 2022. All meetings are called by a formal invitation in advance, in order to allow adequate time for members to attend.

Each time a meeting is called for, a formal agenda is shared with members along with all necessary supporting documents prior to the meeting to allow members sufficient time to review.

Board of Directors Meetings	
Year	Number of Meetings
2020	5
2021	6
2022	6

In 2016, UPAC established (as per newly adopted regulations by the Capital Markets Authority) two independent committees in order to provide an independent review function between the BOD and management. The committees seek to provide recommendations to the BOD as an independent body and as well as to monitor the effectiveness of Executive Management.

### Board Risk and Audit Committee (BRAC)

The Board Risk and Audit Committee (BRAC) was formed pursuant to a Board Resolution executed on 28<sup>th</sup> June 2016, following the approval from the CMA to merge the Board Risk Committee and the Board Audit Committee.

The Board Risk and Audit Committee has been restructured in November 2017 to meet the requirements of the Capital Market Authority.

The below schedule indicates the progress of the Board Risk and Audit Committee (BRAC) meetings as of 15<sup>th</sup> November 2022:

Board Risk and Audit Committee (BRAC)	
Year	Number of Meetings
2020	4
2021	4
2022	4

### Board Nomination and Remuneration Committee (BNRC)

The BNRC was formed pursuant to a Board Resolution dated 10<sup>th</sup> November 2016. The below schedule indicates the progress of the Board Nomination and Remuneration Committee (BNRC) meetings as of 15<sup>th</sup> November 2022:

Board Nomination and Remuneration Committee (BNRC)	
Year	Number of Meetings
2020	1
2021	1
2022	1

**CORPORATE  
SOCIAL  
RESPONSIBILITY**



## CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a socially responsible organization, UPAC has designed and participated in various CSR initiatives throughout the year that support individuals, families, NGOs, and communities both locally and internationally. UPAC has always placed importance on its social commitments. CSR initiatives included volunteering, fundraising, donations, and sponsorship.

### UPAC Celebrates Earth Day at Al-Andalus Area. 25<sup>th</sup> March 2022

UPAC organized a tree planting initiative with Green Hands Environmental Team, a local non-profit organization in celebration of Earth Day 2022.

The initiative was themed 'Let's Make it Green' and took place in several schools within the Al Andalus and Adailiya areas, including Abdul Aziz Alrashid Primary School for Boys, Arwa Bint Abdul Mutaleb Secondary School for Girls, Saad Bin Obada Primary School for Boys, Sherifa Al-Awadi High School for Girls.

UPAC's support to Green Hands Environmental Team included the donation of 1000 plants which were planted, as well as water pipes and special watering connections to be utilized in the gardens. In addition, Green Hands team also provided labor workers to prepare the areas to be planted.



The Green Hands Environmental Team facilitated all the necessary approvals to support UPAC's Earth Day project this year. The non-profit organization aims to support efforts and communities to protect and conserve the environment, as well as, to increase environmental sustainability awareness.



The event participants included volunteers, students, as well as some management personnel from the schools. At the site, the Green Hands Environmental team worked with the volunteers and students on the basics of successful planting.



UPAC has pledged to continue working with various environmental organizations to further its commitment to reduce its overall environmental footprint by supporting various socially responsible activities that have a positive impact on the environment.



## UPAC Supports the Kuwait Red Crescent Society (KRCS) Campaign “Donate to Educate”

27<sup>th</sup> June 2022

UPAC joined forces with the Kuwait Red Crescent Society (KRCS) to support their campaign “Donate to Educate” with the aim to support less fortunate students by providing them with the opportunity to gain access to a basic level of education.

Over the last few years, UPAC has supported a variety of charity programs that aim to further benefit education and communities at different levels.

Through this campaign, UPAC’s employees were able to participate by providing support by way of cash and non-cash donations including new school supplies such as calculators, school bags, stationery, as well as books, dictionaries, and other related school supplies.

In terms of cash contributions, all employee contributions made through UPAC were matched dollar for dollar by the company.



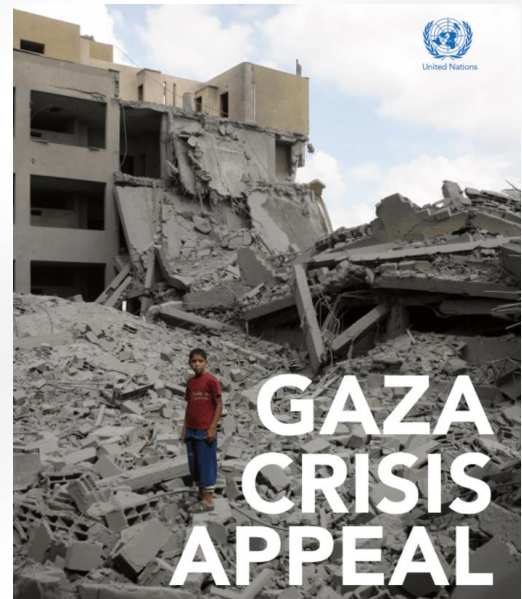
UPAC believes that social responsibility is a vital part of any organization and within the community in which it operates.

## UPAC Supports UNRWA’s Campaign “Gaza Crisis Appeal”

8<sup>th</sup> August 2022

The United Nations Relief and Works Agency (UNRWA) launched its “Gaza Crisis Appeal” campaign to support Palestine refugees in Gaza.

UPAC joined forces with UNRWA to provide critical health care, including psychosocial support, food and cash assistance, and construction of desperately needed infrastructure, including schools and shelters and educational services for over 250,000 Palestine refugee students.



Palestine refugees are still picking up the pieces of their shattered homes, livelihoods, and families. A high level of psychosocial stress, especially among children, has been further exacerbated.

Over the last few years, UPAC has supported a variety of charity programs that aim to further benefit communities at different levels.

Through this campaign, UPAC’s employees were able to participate by providing support by way of cash donations that were matched dollar for dollar by the Company.



## Breast Cancer Awareness Campaign.

1<sup>st</sup> – 31<sup>st</sup> October 2022

As part of the "Let's Tie One More Ribbon for Breast Cancer" campaign launched in October 2020 and continued to 2022, UPAC employees were offered preferential rates for early screening visits to private hospitals. Preferential rates were provided by New Mowasat Hospital, Al Salam International Hospital, and Taiba Hospital.



The flyer features the UPAC logo and a pink ribbon. The text reads: "Let's Tie One More Ribbon for Breast Cancer". Below this, it says: "You are invited to avail these limited offers and save on early breast cancer screenings. Spread the word, early detection saves lives." The main heading is "BREAST CANCER SCREENING OFFERS". It lists three hospitals with their respective offers:

New Mowasat Hospital 50% Discount	Al Salam International Hospital 50% Discount	Taiba Hospital KD 40
Offer includes: <ul style="list-style-type: none"><li>Mammogram</li><li>Sonomammography</li><li>Breast Ultrasound</li></ul>	Offer includes: <ul style="list-style-type: none"><li>Mammogram</li><li>Breast Ultrasound</li><li>Cervical Smear</li></ul>	Offer includes: <ul style="list-style-type: none"><li>Mammogram</li><li>Breast Ultrasound</li></ul>
Cash patients only Booking is required	Sunday to Thursday Booking is required	Sunday to Thursday Booking is required
Contact details: 1826666, 50826666	Contact details: 1830003	Contact details: 1808088

All offers are valid only until end of October 2022.

The campaign's goal is to raise awareness about the causes and risk factors of breast cancer, self-examination, clinical manifestations, early detection, stage of breast cancer, preventive methods, and treatments.

## UPAC Supports UNICEF's "Vaccine for All" Campaign

25<sup>th</sup> April 2022

UPAC joined forces with United Nations International Children's Emergency Fund (UNICEF) to support the "Vaccines for All" campaign which aims to raise funds to provide children with life-saving vaccines.



UNICEF's campaign raised funds to reach vulnerable communities, including children, in order to provide them with life-saving vaccines. UPAC employees were involved in raising funds for the cause, with the company pledging to match the total amount raised.

## UPAC Supports UNHCR Campaign in Ukraine

"Help families forced to flee their homes"

19<sup>th</sup> October 2022

UPAC initiated a 30-day fundraising campaign to support UN High Commission for Refugees (UNHCR) Campaign "Help families forced to flee their homes" to provide food, shelter, water, medical care and resettlement assistance to Ukrainian refugees.



The UNHCR estimated that more than 7 million people will flee Ukraine to neighboring countries as a result of this conflict. Most are fleeing without any possessions and without a sense of when or whether they will be able to return.

Throughout this campaign, UPAC's employees were able to participate by providing support by way of cash donations that were matched dollar for dollar by the Company.

## UPAC Celebrates Ramadan with its Employees

14<sup>th</sup> April 2022

UPAC organized an iftar gathering at The Regency Hotel Kuwait for its employees and their families to celebrate the Holy month of Ramadan.



UPAC's employees along with their families enjoyed the gathering and broke fast together with their colleagues in a Ramadan atmosphere.

## UPAC Organized Blood Donation Drive with Kuwait Central Blood Bank

17<sup>th</sup> November 2022

For the seventh consecutive year, and in continuation of the “Donate Blood to Save Lives” campaign, UPAC organized a blood donation drive in partnership with Kuwait Central Blood Bank.



The blood donation drive was held on 17<sup>th</sup> November at UPAC’s head office. 30 UPAC employees, as well as various walk-in visitors, donated blood in support of Kuwait Central Blood Bank’s campaign.



A total of 30 blood bags was donated which will be utilized to supplement emergency blood requirements at various government hospitals in Kuwait. Donating blood contributes to helping those in need of immediate transfusions following an accident, as well as restoring the health of patients recovering from illnesses. UPAC’s blood donation drive showcases the company’s commitment towards the local community where it makes an impact on the lives of the community where it operates.

## Machla Donation During Ramadan

28<sup>th</sup> March 2022

UPAC joined forces with Agility to run a charitable meal distribution program. In coordination with Al Ber Foundation “Nemati”, nearly 500 meal boxes were distributed to help feed more than 2,500 individuals through a daily Iftar meal program and a Machla donation box distribution.



The campaign began on 28<sup>th</sup> March 2022, one month before the first day of the Holy Month of Ramadan. Al Ber Foundation helped in packaging and distribution of the Machla boxes, which were then donated to almost 300 families in need.

The boxes contained basic food supplies, provided as a gift to cover an entire months’ worth of necessary food items to families in need.

## UPAC's Commitment

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

UPAC is committed to continuing to update and report annually on the Communication on Progress Report (COP). Integrating the principles of the Global Compact into UPAC's policies and culture has provided the Company with an opportunity to enhance its culture of integrity and accountability and has allowed it to continue to build on its responsibilities towards its people, stakeholders, and the wider community.

We hope that this report succeeds in outlining the Company's performance in 2022 and in demonstrating its commitment to upholding the ten principles of the UN Global Compact. In the coming year, UPAC aims to maintain and advance its human rights, workplace, environment, and anti-corruption activities.

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

[www.upac.com.kw](http://www.upac.com.kw)