



UPAC

شركة المشاريع المتحدة
للخدمات الجوية | ش.م.ك.ع

**UNITED NATIONS
GLOBAL COMPACT
COMMUNICATIONS ON PROGRESS**

2019



United Nations Global Compact



Message from the CEO

I am pleased to confirm that United Projects for Aviation Services Company K.S.C.P. (UPAC), for the sixth 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 continuing its participation and support in each of these areas, and for the ultimate benefit of its stakeholders, shareholders and the wider community.

Within this 2019 Communication on Progress (COP) report, we list our latest achievements, policies, and performance with regards to the ethics and values upheld by the UN Global Compact Principles. Achievements during 2019 include:

- Participation in various community activities to support humanitarian issues locally and worldwide.
- Expansion in scope of various activities within Corporate Social Responsibility (CSR) to include the support to Kuwait Red Crescent and UNICEF.
- Reem Mall, one of UPAC's projects based in Abu Dhabi, UAE, has been awarded the Estidama 2 Pearl Design Rating by the Abu Dhabi Urban Planning Council (UPC).
- Recognitions of the longest serving employees, completing 15 years of dedicated service with the Company.
- Execution of the Cleaning Activity Procedure and Tenants Manual.
- Protection of the environment by controlling Company waste and electricity consumption.
- Application of Company's health and safety rules and regulations to its ongoing projects.
- Re-Certification of Quality Management System - ISO 9001:2008.
- Re-Certification of the Occupational Health and Safety Management System - OHSAS 18001.
- Re-Certification of the Environmental Management Systems - EMS 14001
- Finalization of existing HR policies and procedures manuals in order to ensure they are in line with the Company's Corporate Governance Framework.
- Finalization of the compensation and benefits structure and grading system in line with updated HR policies and procedures.
- Completion of more than 30 technical and management training programs across departments.

In this annual COP report, UPAC presents an overview of its commitment to the ten principles set out in the UN Global Compact. This report is compiled in order to present the Company's achievements to date in line with its business strategy, work culture and daily operations. UPAC continues to uphold these principles as well as its obligation to consistently and responsibly report and communicate its annual progress to its stakeholders.

Best Regards,

Nadia Akil
CEO and Vice Chairperson



Table of Contents

Message from the CEO	2
Human Rights Principles	4
Labour Principles	8
Environment Principles.....	12
Anti-Corruption Principles	16
Corporate Social Responsibility	20
UPAC's Commitment	28



**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 support and respect proclaimed human rights and does not get involved in any activity related to human rights abuses. UPAC employees are required to participate in mandatory Ethics and Compliance training courses during the first six months of employment. The training is conducted using examples and other real situations that are designed to help in the understanding of model behavior.

Participants must complete an online examination designed to ensure an 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.

During 2019, UPAC's management implemented a new set of training courses in addition to the basic training provided upon joining. The below courses are the new set of training courses allocated to employees, both managers and non-managers.

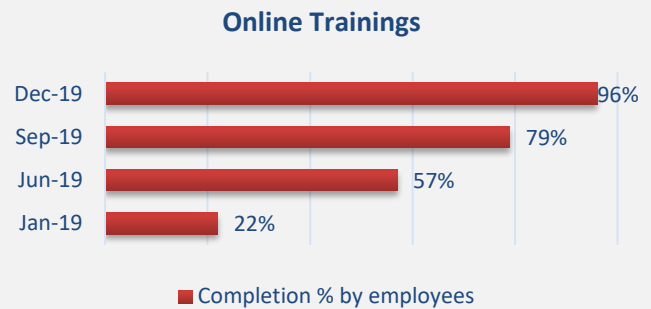
- Antitrust
- Code of Business Ethics
- Conflicts of Interest
- Combating Bribery in Business
- Global Data Protection
- FCPA Anti-Bribery
- Insider Trading
- Government Procurement
- Protecting Human Rights in the Supply Chain
- UK and EU Competition Law
- Whistleblowing: Raising Concerns
- Preventing Sexual Harassment
- Privacy and Data Protection
- Antitrust: Careful Communication with Competitors **(New)**
- Code of Conduct: Best Practices **(New)**
- Recognizing and Avoiding Bribery **(New)**
- Human Rights **(New)**

The 'Human Rights' and 'Code of Conduct: Best Practices' training courses are now required to be completed upon joining.

Participation is conducted through e-learning on an individual basis, and employees must pass the online

examination to achieve certification. Upon completion of the course, an electronic certificate is generated for employee and corporate records are updated accordingly.

In 2019, eleven employees joined UPAC, and their training completion ratio for online training during the year was recorded 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
- Contact details for key persons
- Health and Safety Procedures
- Residency information
- Working Hours, Leave and Official Holidays
- Performance Review Process on E-forms
- 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, as well as a brief on the Grievance and Disciplinary Policy.

As per the Orientation Training and Development Policy, employees shall receive the required orientation in order to understand their rights and duties. Orientation is provided in both languages, Arabic and English. New recruits are informed of their rights in both Arabic and English languages. Contracts

defining salary and benefits are issued to each employee in three copies; one copy for UPAC, one for the employee and one provided to The Public Authority for Manpower, a Kuwait government entity.

As part of our recruitment and employee orientation training, new recruits are provided with the employee handbook that includes an overview of the Company's ethical practices. Employee handbook has been revised during 2019 to include additional information related to annual leave process and end of service calculation. UPAC is committed to paying salaries by the 25th of each month, and are based on an approved grading system that defines the titles, basic pay, as well as allowances and benefits for each employee.

During 2019, the Succession Plan and Career Development Policy have been updated and approved. The Succession Plan aims to ensure the timely availability of a diverse and experienced employee pool to fulfill key job requirements as and when required. All members of the management team, as well as direct line supervisors, are responsible for the implementation of the Career Development Policy.

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. 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).

UPAC's policy states that all employees must retain their own passports. All employees are recruited based on the Kuwait Labour Law practices considering their right for annual leave and sick leave pay. Service period indemnity is paid as per the Kuwait Labour Law.

The recruitment processes 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).

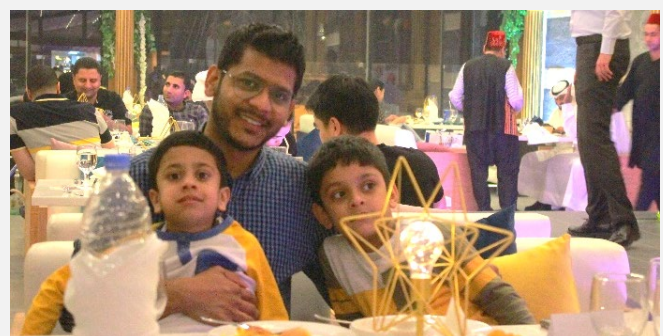
Any associated recruitment costs are fully covered by UPAC. UPAC is also committed to recruit applicants from abroad through the official channels stated by local embassies and as per the Kuwait Labour Law.

UPAC carefully screens all employees prior to employment to ensure the recruitment of applicants above the age of 18. 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.

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.

Work-Life Balance

Over the course of 2019, 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 that took place in June 2019 for all staff members and their families. The second event was an employee Family Outing which took place in October 2019. Both events took place at the Palms Hotel & Spa, Kuwait.



During the Iftar Family Gathering, 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 Iftar meals.



UPAC's employee family outing at the Palms Hotel & Spa, welcomed over 145 employees and their families to celebrate the Company's successes. This is the fourth annual open day event and it is UPAC's way to extend thanks and appreciation to employees.



The event marked Saturday 26th October 2019, where employees and their family members enjoyed various entertainment activities. During the open day, everyone had the opportunity to enjoy access to various swimming pools and other fun water activities along with several entertainment areas for kids and adults, in addition to sports facilities available at the hotel.



Employees enjoyed the snacks throughout the day and the open buffet dinner by 6:00 pm at Sea Breeze Ballroom.





**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 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 Company also continues to enhance its existing policies and procedures throughout the year.

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

All employment decisions at UPAC are based on business needs, job requirements and individual qualifications, without regard to race, color, religion or belief, national or 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 any other type of abuse. UPAC promotes workplace equality and seeks to eliminate all forms of discrimination.

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. By the end of 2019, UPAC's team consists of 95 employees, two out of its seven senior executives are females; this reflects the value the Company places on their experience and knowledge.

Revision of Policies and Procedures

UPAC revised the Human Resources Policies and Procedures, including the Equal Employment Opportunity Policy to ensure compliance with the regulations issued by the Capital Markets Authority (CMA) in relation to the overall Corporate Governance Framework. The Human Resources policies have been signed off in 2015 and have since been reviewed, updated and enhanced every two years. The last review has been approved in 2018.

UPAC signed off the Finance Department Policies and Procedures that address 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.

- 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

During 2019, the Operations Department signed off new procedures that control the supporting activities at Kuwait International Airport. The new procedures include:

Cleaning Activity Procedure.

The Cleaning Activity Procedure aims to state the approved policy and procedure to control the cleaning activities within Kuwait International Airport. It defines the expected level and quality of the deliverables, in addition to the level of performance of the cleaning employees. The document similarly states the human rights laws and regulations that should be followed.

Tenants Manual

The Tenants Manual aims to define the Tenant and landlord (UPAC) obligations and rights. The document is detailed enough to include all aspects of maintenance and preventive maintenance liabilities on both parties.

Collective bargaining

Collective bargaining is not common practice in the State of Kuwait, and the private sector labour laws limit the scope of collective bargaining for employees; however, the laws prohibit anti-union discrimination and employer interference with union functions.

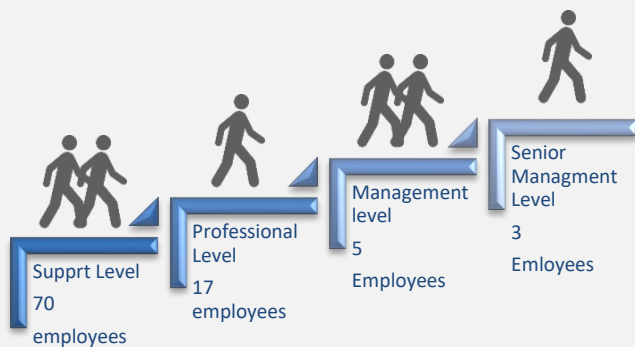
Employees are free to participate in the political process in their private capacity provided it does not constitute a breach of the principles set out in the Code of Business Ethics and Conduct.

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. We are expanding the channels for employees to speak about their grievances and concerns to management in a formal structure.

UPAC fosters an honest, fair, and transparent work environment, accordingly the Company 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

At UPAC, the promotions and increments are based on performance, fulfilling certain job requirements as well as the employees' qualifications. During 2019, six employees were promoted between the different levels within UPAC climbing the organizational ladder based on their performance.



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.

During 2019, UPAC commemorated International Workers Day (falls on 1 May every year) by organizing an honorary celebration to recognize the long servicing employees who completed 15 years of dedicated service with UPAC.



UPAC CEO presented the fourteen longest-serving employees with an eight grams' golden coin along with a plaque of appreciation in recognition of their commitment, contributions and dedication towards the Company over the years. During the ceremony, several employees graciously shared some of their most memorable moments over the course of their journey with UPAC.



Training and Development

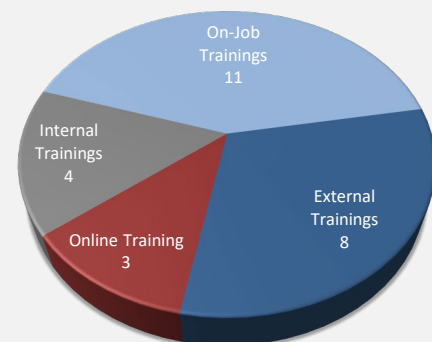
During 2019, UPAC invested more than USD 30,000 in training and development training programs. The investment has been coordinated with international entities to ensure the provision of quality assured programs. This investment has been instrumental in developing the skills and competencies for employees at all levels in the organization.

A structured, e-learning and on-job training are an ongoing process at UPAC, and in 2019 the Company provided the below intensive training programs covering the following topics:

Training Description	# of Participants
The Emotional Intelligence Program	1
Science, Technology, and Strategic Business Transformation	1
Leading Teams for Emerging Leaders	1
Spark a Culture of Innovation	1
Group Training: Team Building Training	24
ISO 45001:2018 OHSMS - Lead Auditor training (Updated standard)	2
QMS Auditor Lead Auditor Training	2
International Financial Reporting Standards "IFRS" - Online	1
Performance Review Cycle Orientation	25
Orientation: Procurement Process	25
Service excellence (QMS)	27
MS Word / MS Outlook / MS Excel	21
Certified First Aid Trainer	5
Personal Protective Equipment (HSE)	9
Hand and Power Tools Safety (HSE)	10
Waste Management (EMS)	36
SKIDATA Parking System / Lector Vision / Plate Tech Software	6
Electrical and Electronic Control System and Reading System Drawings	9

Training Description	# of Participants
Electrical Power distribution and Back-Up	9
Root Cause Analysis (QHSE)	9
Fire Alarm and Fire Fighting Systems	10
Generators and power Back-Ups (QMS)	8
Hazard Identification and Risk Assessment (HIRA)	37
Carpentry and Masonry works (QMS)	11
Recognizing and Avoiding Bribery (e-learning)	5
Code of Conduct: Best Practices (e-learning)	5

Number of Training Diversity in 2019



Percentage of Training Across the Structure in 2019





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 pledged to continue working with various environmentally friendly organizations and promote environmental activities to further its commitment and support of the environment.

As a responsible Company operating in Kuwait, UPAC aims at reducing its overall environmental impact and increasing its efforts in promoting various socially responsible activities.

The expansion of the environmental aspect included UPAC’s project in Abu Dhabi - Reem Mall. Reem Mall has been awarded the Estidama 2 Pearl Design Rating by the Abu Dhabi Urban Planning Council (UPC).

Estidama is an initiative developed and promoted by the UPC for large-scale sustainable urban developments. It seeks to promote thoughtful and responsible development through the creation of a balanced society based on four equal pillars of sustainability: environmental, economic, social and cultural.



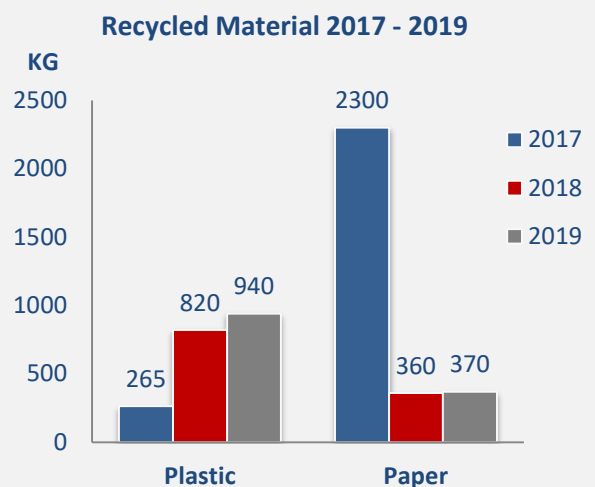
From the outset, Reem Mall exceeded the minimum mandatory sustainable design. The walls, roof, and glazing have been carefully studied and designed with high-efficient insulation and high-performance materials, coupled with high-efficiency air conditioning and lighting systems.

Water consumption has been another key consideration. To reduce the consumption of potable water in the building, efficient water irrigation systems and appliances have been incorporated into the design. Equally, robust sustainability measures have been applied to the construction phase since 2016. A minimum of 70% of the waste generated on-site is recycled, and 20% of materials procured from sources within 500 km of the site, reducing the traveling distance and related air pollution.

Since the launch of the ‘Go-Green’ program in 2014, UPAC continues to uphold and expand the program day by day. In 2019, the Company renewed the contract with United Waste Management Company to recycle all types of paper in UPAC.

For plastic recycling, UPAC has been working with Omniya Plastic Recycling Company since 2016 to collect all types of plastic waste. Both companies are committed to recycling schedules on a weekly basis.

The scope of recycling plastic waste has been expanded to include UPAC projects. By the begging of this year, Discovery Management has been instructed to collect the plastic waste generated by daily visitors to be recycled with Omniya Plastic Recycling Company. The below diagram represents the total recycled material from 2017 until 2019. (As of 1st November 2019)



UPAC expanded its scope of environmental awareness to include all employees in its environmental initiatives. The HR Department organized six sessions in both Arabic and English languages to increase awareness of practices that can affect the environment and how to change those practices.



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

- Spreading awareness about the importance of protecting the environment and conserving energy.
- 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.
- Verbally addressing such issues individually to employees.

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.

In line with our commitment to promote industry-leading health and safety standards, Al Farwaniya Property Developments, the developer behind Abu Dhabi’s Reem Mall (one of UPAC projects), launched a unique awards program for its staff and contractors “Health and Safety Awards”.

The award is presented monthly to a worker in recognition for showing outstanding commitment to health and safety standards, or for directly contributing to the health and safety of their colleagues.



The Reem Mall Health and Safety Awards is a platform that showcases the importance of safe building practices to the contractors, consultants, Company employees and site workers involved in delivering the \$1.2 billion project.



This year's Earth Day activity marks up a part of a wider range of socially responsible initiatives dedicated solely to the environment.

UPAC marked Earth Day 2019 by hosting Earth Day activities for the fourth consecutive year. UPAC hosted a group of 28 junior students from Kuwait English School (KES) where a screening of environmental documentaries was viewed, covering key topics including environmental preservation, water conservation and the importance of agriculture.



The program aimed at increasing awareness of following a healthy lifestyle to lose weight. The program encourages participants to walk and practice sports to reduce their weight and have a better lifestyle.

UPAC has pledged to continue working with various environmentally friendly organizations to further its commitment and support towards the environment. As a responsible Company operating in Kuwait, UPAC aims at reducing its environmental impact and increasing its efforts in promoting various CSR initiatives.

By the inception of 2019, UPAC implemented a new Process Management Software "Transfora" which enables users to model, implement, execute, monitor and optimize their management processes such as processing employee leave, approving a contract, issuing visas or approving IT-related permissions. The system helped in increasing the productivity, efficiency and reduce the printing of papers to protect the environment.



UPAC is keen to protect the environment and considering any step to enforce the concept of a green environment. This has been demonstrated by encouraging employees to enclose "go green" footnote in UPAC emails.



Five UPAC volunteers distributed 120 plants to the students, which were later planted in and around Discovery Mall's garden area. UPAC also distributed informative flyers about Earth Day in order to increase the awareness amongst the community.



Between June and August 2019, UPAC partnered with several organizations (Public Authority for Sports, New Mowasat Hospital, Moageza Honey and Atyab) through the sponsorship of "First Step – Lose Your Weight" program that took place in Discovery Mall.

An aerial photograph of a large-scale construction project. The central focus is a multi-story building under construction, its steel framework exposed. The site is surrounded by other buildings, some completed and some under construction. A large body of water is visible in the background, with a curved shoreline. The sky is clear and bright. The overall scene depicts a busy urban development project.

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 uphold the Company's reputation. 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.

Code of Conduct and Business Ethics

UPAC approved the Code of Business Ethics and Conduct policy in order 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 employees are required to comply with internal rules regarding the prevention of bribery and corruption with interactions related to government officials and private individuals. It is also required that external consultants comply with the same internal policies as per the Corporate Governance Framework.

UPAC's Code of Business Ethics and Conduct mirrors 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 in the course of interacting with clients, suppliers, subcontractors, and competitors.

The Code is available to all employees on the Company website and is also covered within the employee handbook.

UPAC's induction program for new recruits 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 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 the course of 2019, and in complying with the Corporate Governance Framework, all five members of the Board of Directors attended a customized e-learning session by SAI Global Company which is related to:

- Recognizing and Avoiding Bribery (e-learning)
- Code of Conduct: Best Practices (e-learning)

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

Name	Description
Recognizing and Avoiding Bribery	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.
Code of Conduct: Best Practices	This course is designed to provide the recipient with the fundamentals of acceptable business practices. It outlines the principles of driving business in an ethical way to reinforce business values.

UPAC commits to providing information that is up-to-date, accurate and reliable. All information or data presented to government officials or other third parties is up-to-date, accurate and reliable. UPAC does not make payments or other contributions to political parties, organizations or their representatives.

UPAC and its subsidiaries are applying an approved Tendering Process which is strictly followed in all of UPAC projects. The Tendering Process sets specific criteria for the tender's prequalification and selection of the tender winner who should meet those criteria. Calling for enveloping meeting to envelop the tenders submitted by subcontractors (including Reem Mall Project in Abu Dhabi) imposed a tight control to avoid corruption.

International Accreditation



In September 2019, UPAC has also successfully passed the re-certification requirements for the ISO 9001:2015 - Quality Management Systems (QMS) by SGS Kuwait.

UPAC acquired the ISO 14001:2015 - Environmental Management System (EMS) and OHSAS 18001:2007 Occupational Health and Safety Management System certifications by Société Générale de Surveillance (SGS) Kuwait.

The certificates were awarded following a stringent site audit of all UPAC managed facilities at the Kuwait International Airport and in recognition of its implementation of the environmental and safety management systems as well as its continued efforts to maintain and improve its quality management standards.

These certificates reflect UPAC's commitment to providing the highest standard of quality, safety, and environmental management. It furthers credits UPAC's position in the local and regional markets as a leading real estate and facilities management company.

The certificates are issued by the United Kingdom Accreditation Service (UKAS), the sole national accreditation body recognized by the British government.



Corporate Governance

The principles of the Corporate Governance Framework fall within the responsibilities of the members of the Board of Directors (BOD). The BOD members are 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.

UPAC's BOD 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.

Under the Corporate Governance Framework, UPAC began 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 Company's overall risks are effectively identified, managed and rectified. Risk identification includes existing or potential risks. UPAC's BOD ensures that sufficient management resources are allocated to the identification, assessment and the appropriate measures are taken related to 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 provides assurance on 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 2019, 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:

- Surveillance audit conducted for the ISO 9001, OHSAS 18001, EMS 14001 standard by SGS.
- Risk Assessment Audit conducted by Protiviti Kuwait.
- Internal Control Audit conducted by Deloitte Kuwait
- Financial Audits conducted by Ernst & Young Kuwait.
- Internal Audits conducted by Agility Kuwait.
- Corporate Social Responsibility Audit conducted by Agility Kuwait.

Access to the full Corporate Governance Report for 2018 is available on the below link.

<https://www.upac.com.kw/pdf/AnnualReports/AnnualReport-UPAC-E2.pdf>

Board of Directors Meetings

The BOD held a total of six meetings during the course of 2019. 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
2016	8
2017	8
2018	7
2019	6

In 2016, UPAC established 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 28th 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 15th November 2019:

Board Risk and Audit Committee (BRAC)	
Year	Number of Meetings
2016	3
2017	4
2018	4
2019	4

Board Nomination and Remuneration Committee (BNRC)

The BNRC was formed pursuant to a Board Resolution dated 10th November 2016. The below schedule indicates the progress of the Board Nomination and Remuneration Committee (BNRC) meetings as of 15th November 2019:

Board Nomination and Remuneration Committee (BNRC)	
Year	Number of Meetings
2016	1
2017	1
2018	2
2019	1



**CORPORATE
SOCIAL
RESPONSIBILITY**

CORPORATE SOCIAL RESPONSIBILITY (CSR)

UPAC has always given importance to its social commitments. Being a socially responsible organization, UPAC designed and participated in various CSR initiatives throughout the year that support individuals, families, NGO's and communities, both locally and internationally. Initiatives included volunteering, fundraising, donations, and sponsorships.

Donate to Protect Children in Yemen.

3rd January – 28th February 2019

UPAC joined forces with United Nations International Children's Emergency Fund (UNICEF) to support Yemen's children in their campaign "Donate to Protect Children in Yemen."



The campaign raised funds to support those Yemeni children that require humanitarian and financial support in order to secure basic necessities such as food, water, and healthcare. UPAC employees were involved in raising funds for the cause, with the Company pledging to match the total amount raised. The total donation for the campaign was more than €680.

UPAC is keen to join campaigns driven by international organizations to help those in need. UPAC places great importance on its social responsibility and aims to continue supporting such humanitarian causes that require assistance.

UPAC Organized Fun Days for Special Needs Children at Discovery Center.

20th February 2019

14th March 2019

8th October 2019



UPAC organized various entertainment and fun days for special needs children at Discovery Center. The days marked Liberation and National days' celebrations and other events throughout the year.

The fun days (20th February and 8th October) were coordinated with Al Salam Academy Nursery for Special Education, where a total of 51 special needs children enjoyed several fun activities across the center. UPAC employees volunteered two full days to entertain the children and provide the required assistance during the days.

The second event took place on 14th March 2019 in coordination with the Sawaedna Volunteering Group. 25 special needs children enjoyed several fun activities with the support of nine UPAC volunteers who spared no efforts to share children's joy and play. The children were provided with their favorite meals during the events. The fun days were coordinated with both the Ministry of Social Affairs and Labour and the Ministry of Education.



UPAC Hosts 'Job Shadowing' Workshops for INJAZ 19th February 2019



In continuation of our partnership with INJAZ Kuwait, UPAC organized a "Job Shadowing" workshop aimed to help in mentoring nearly 20 high school students from Kuwait International English School. This workshop allowed students to better define their own career paths, and academic direction, as they continue their studies after graduation.

A total of six employees volunteered from various departments at UPAC to share their respective work experiences, department responsibilities and gave an overview of the Company structure and operations. In addition, the students were then taken on a 90 min tour of Kuwait International Airport's Control Room, conveyor belts and plant room to gain a greater understanding of UPAC's line of business and its operations.



UPAC Organizes Fun Days for Kuwait's Orphanage 28th February 2019

UPAC organized a Fun Day for Kuwait's Orphanage at Discovery Center. The event took place on 28th February 2019 to take part in the National Day celebration activities in Kuwait. The event was carried out in coordination with the Ministry of Social Affairs and Labor, who currently manage various orphanages across Kuwait.



UPAC places great importance on social responsibility and its overall role in increasing social awareness and participating in the wider community. The events catered to 14 children between the ages of 4 – 12 all of whom were given the opportunity to enjoy several activities across the center's entertainment outlets, including Tarkeeb, Play, Cozmo Kids, Paint Ball, and trampoline.

Accompanying the children were 9 UPAC volunteers who spent the day alongside the children and guided them throughout the various fun activities.



UPAC Celebrates Earth Day with Students at Discovery Mall
4th March 2019



As a responsible Company operating in Kuwait, UPAC aims at reducing its overall environmental impact and increasing its efforts in promoting various socially responsible activities.

In light of the above, UPAC organized Earth Day activities for the fourth consecutive year with the junior students of Kuwait English School (KES). UPAC hosted a group of 28 junior students where a screening of environmental documentaries was viewed, covering key topics including environmental preservation, water conservation and the importance of agriculture.



Five UPAC volunteers distributed 120 plants to the students, which were later planted in and around Discovery Center's garden area.

UPAC distributed informative flyers about Earth Day to increase the awareness amongst the community. UPAC has pledged to continue working with various environmentally friendly organizations to further its commitment and support of the environment.

UPAC Partners with Kuwait Food Bank During Ramadan
5th May – 4th June 2019



UPAC joined forces with Agility to run a charitable meal program during the Holy Month of Ramadan. In coordination with the Kuwait Food Bank, nearly 30 volunteers from the Company donated their time to help feed more than 10,000 individuals through a daily Iftar meal program and a Machla donation box distribution.

The campaign began on 5 May, one day before the first day of the Holy Month of Ramadan. Volunteers helped with the packaging and distribution of the Machla boxes, which were then donated to 330 families in need. The boxes contained basic food supplies, provided as a gift to cover an entire month's worth of necessary food items to families in need.

In addition, throughout Ramadan, volunteers from UPAC helped distribute 300 Iftar meals to individuals and workers near the Omar Bin Khattab mosque in Kuwait City. These meals were distributed throughout Ramadan to those fasting and in need.



Donate to Educate

30th May - 20th June 2019

Since 2016, UPAC has supported a variety of educational charity programs with intentions to provide education to support unprivileged students.

As a continuation of this effort, UPAC has supported the Kuwait Red Crescent Society (KRCS) campaign "Donate to Education". The campaign aims to support less fortunate students by providing them with the opportunity to gain access to a basic level of education.



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, the total amount donated to KRCS made by employees and UPAC were more than \$600.



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

UPAC Organizes Two Blood Donation Drives

Discovery Center : 1st July 2019

UPAC Head Office : 2nd July 2019

For the fifth consecutive year, and in continuation of the "Donate Blood to Save Lives" campaign, UPAC organized two blood donation drives in partnership with Kuwait Central Blood Bank.

The two blood donation drives were held between 1 – 2 July at Discovery Center and at UPAC's head office respectively. 48 UPAC employees, as well as various walk-in visitors at Discovery Center, donated blood in support of Kuwait Central Blood Bank's campaign.



A total of 24 liters of blood 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 in restoring the health of patients recovering from illnesses.



UPAC's blood donation drive showcases the Company's commitment towards the local community and to helping those in need.

UPAC Contributes to the Indian Shelter Project for the Third Year.

12th November 2019

For the third year and in an effort to support communities across the globe, UPAC has 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 will help build this three-floor shelter, comprised of 25 rooms on each floor, with common facilities such as a dining hall and restrooms. 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.

To date, the project has received three levels of approval from the relevant ministries and local regulatory bodies, with the expectation that construction will be completed by 2020.

UPAC Supports “Dialysis for Refugees” Campaign

30th May - 20th June 2019

In light of UPAC’s continued efforts to uphold its social responsibility, UPAC had joined forces with Agility and Kuwait Red Crescent Society (KRCS) to support the “Dialysis for Refugees” campaign.



The campaign aimed to raise funds to support the refugees in need of financial support in order to secure renal dialysis sessions to save their lives.

The employees were provided with information related to the renal failure disease and its implications on the patient’s life. Renal Failure affects the physical fitness of the patient and it has a dramatic impact on the patient's quality of life and forces limitation on daily functions in addition to frequent hospitalization.



Hemodialysis patient requires 1 – 3 sessions per week to stay alive. The cost of one session is more than \$130. UPAC employees were involved in raising funds for the cause, with the Company pledging to match the total amount raised. Agility pledged to match the donation in support for this campaign. The total donation to KRCS in support for this campaign was more than \$1650.

UPAC Participates in “Birds Gathering” Exhibition

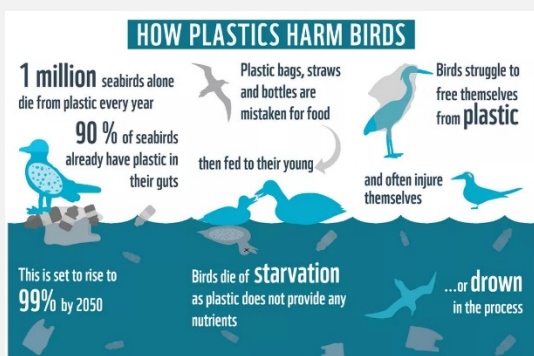
23rd February 2019

UPAC sponsored and participated for the second year the “Birds Gathering” exhibition organized by the “Kuwaiti Awareness Team of Birds” at the Discovery Center.

The event aimed to raise awareness and educate the community about the importance of protecting and conserving wildlife, especially birds.



Video clips and photos were projected during the event to give the visitors information related to how these birds are widely hunted for entertainment and caged for business. The most endangered bird species were also displayed in the video to spread awareness amongst the community. Organizers shared their knowledge on how birds are affected when their habitat is destroyed and how this could affect the planet.



UPAC employees participated in the event. The day included presentations and exhibits covering various species of talking birds, their environmental benefits, and laws against hunting them.

First Step – Lose your weight

25th June to 22nd Aug 2019

UPAC accommodated the “First Step - Lose Your Weight” campaign within Discovery Center with the support of Public Authority for Sports, New Mowasat Hospital, Moageza Honey and Atyab.



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. The targeted segment from this campaign is the children between the ages of 7 – 16.



Children who participated in the program had the opportunity to weigh themselves before and after the campaign. Participants were also provided with complete health program guidance by a pediatric dietitian assigned by the Ministry of Health. Games and entertainment programs were arranged for the kids at Discovery Center.

REEM Mall's Health and Safety Medical Camp.

October 2018 / 2019

In line with its commitment to promote industry-leading health and safety standards, Al Farwaniya Property Developments (a partnership between Agility, UPAC, and National Real Estate Company), the developer behind Abu Dhabi's Reem Mall, has launched a unique new awards program for its staff and contractors.

The initiative sees an award and prize presented monthly to a worker in recognition for showing outstanding commitment to health and safety standards, or for directly contributing to the health and safety of their colleagues.



Al Farwaniya is working with a specialist health and safety consultant, 4See, to oversee the health and safety directly on behalf of the employer. They are working together with main works contractor, Itinera Ghantoot JV, and they have implemented a number of unique health, safety and welfare initiatives such as a 24-hour medical clinic, a 2,000 worker cool room to provide relief from weather conditions and a dedicated facility on-site for ongoing safety training for workers, sub-contractors and staff.



UPAC Sponsored "Kids and Family Festival"

21st March 2019

UPAC joined hands with Kuwaiti Smurfs Company and Fit Kid Academy to celebrate Mother's Day in Discovery Center, Kuwait's unique recreation and family entertainment center, during the Kids and Family Festival.



The event included several activities for the kids and their families in celebration of Mother's Day. Activities included a karate show, Kong Fu show, playing the Smurfs on the main theater, entertainment games, distribution of gifts to mothers and their children. Children and their families enjoyed several fun activities offered by the center in a safe and comfortable environment.



The invitation was publicly announced and included discussions related to the influence of social media, cases of domestic violence and the reasons behind it. The event aimed to encourage children ages 6 – 16 to practice sports, such as Kong Fu, to develop their defensive skills in an ethical manner.



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.

Going forward, UPAC is committed to continue to update and report on the Communication on Progress (COP) annually. 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 and has allowed it to continue 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 during the course of 2019 and in showcasing its commitment to uphold the ten principles of the UN Global Compact. During the coming year, UPAC aims to continue and progress its performance and activities related to human rights, labour, environment, and anti-corruption.

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

www.upac.com.kw