

# Corporate Governance Report

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*For the year ended on 31 December 2024*

***United Projects for Aviation Services Company KSCP***

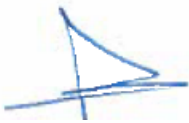
## INTRODUCTION

United Projects for Aviation Services Company KSCP (“UPAC”) is committed to implementing the rules of governance in accordance with the laws and regulations of the regulatory bodies, in particular Module 15 (Corporate Governance) of the Executive Regulations of Law No. 7 of the year 2010 regarding the establishment of the Capital Markets Authority (CMA) and regulating securities activities and their amendments.

The Company believes that practices managed within the framework of governance are the basis for achieving the Company’s main objectives, creating sustainable value, enhancing the role of internal control, and activating integrity and transparency in the workplace. In doing so, (“UPAC”) ensures that the governance framework meets the relevant regulatory requirements set by the CMA and thus maintains trust amongst its shareholders and stakeholders alike.

In terms of the performance of its functions, the Board of Directors supports a number of different committees: the Audit and Risk Committee, the Nomination and Remuneration Committee, as well as the role of Executive Management.

In compliance with the highest standards of transparency and in line with the best practices adopted under the Corporate Governance Framework and its subsequent amendments, the Company has prepared this annual Corporate Governance Report, providing an overview of the corporate governance rules applied in the Company throughout the year 2024.



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Hamad Adnan Malallah  
Vice Chairman and CEO

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## Pillar 1: Construct a Balanced Board Composition

### 1.1 Board Composition

United Projects for Aviation Services Company's KSCP ("UPAC" or "Company") Board of Directors is comprised of five members, all of whom have been elected/appointed in line with the applicable provisions of the Company's Memorandum of Association and the Articles of Association of the Company, as well as in conformity to the Companies Law No. 01 of the year 2016 and its Executive Regulations. All members hold the relevant educational qualifications and professional experiences to carry out their responsibilities dutifully and professionally, in addition to being wellversed with the relevant corporate laws and regulations. The formation of the relevant Board Committees ensures that the composition of each Committee accurately reflects the experience and educational qualifications of each member in accordance with the allocated tasks and responsibilities of each Committee.

#### Members of the Board of Directors

Sl.	Name	Capacity	Board Member	Date Elected/Appointed
1	Tarek Al-Mousa	Chairman	Non-Executive Member	23 May 2024
2	Nadia Akil	Vice Chairperson	Executive Member	23 May 2024
3	Zuhair Al-Zamel	Board Member	Independent Member	23 May 2024
4	Majed Al-Ajeel	Board Member	Non-Executive Member	23 May 2024
5	Hassan El-Houry	Board Member	Non-Executive Member	23 May 2024

The Secretary of the Board of Directors, Mr. Mahmoud Mimi Said, has been reappointed by Board Resolution No. 03/24 dated 11 June 2024 in order to carry out the roles and responsibilities assigned to him.

It is worth noting that Ms. Nadia Akil has submitted her resignation from her position as Vice Chairman and CEO of the Company, and the Board of Directors, by virtue of its resolution dated 30<sup>th</sup> September 2024, approved the aforementioned resignation, with her last working day in both positions being 31<sup>st</sup> December 2024. The Board of Directors also approved the appointment of Mr. Hamad Adnan Malallah as CEO of the Company, effective 01<sup>st</sup> January 2025. Subsequently, Mr. Hamad Adnan Malallah was appointed as a member of the Board of Directors of the Company and elected as Vice Chairman of the Board of Directors by virtue of Board of Directors Resolution No. 1/2025 issued on 15<sup>th</sup> January 2025. Prior to this appointment, Mr. Malallah served as Vice President of Operations at UPAC and held various leadership roles at Agility Public Warehousing. He holds a bachelor's degree in mechanical engineering from Saint Martin's University in Washington, D.C., USA. He is also an active member of the Kuwait Transportation Association and the Kuwait Society of Engineers.

#### Educational Qualifications and Experience of the Board Members

Sl.	Name	Educational Qualifications	Experience
1	<b>Tarek Al-Mousa</b> Chairman of the Board of Directors	Bachelor's degree in Mass Media and Sociology from the University of Evansville, Indiana.	As Chairman, Tarek Al Mousa provides leadership to the Board of Directors and acts as a direct liaison between the board and executive management. He also oversees the Company's corporate governance program and aims to protect the interests of investors and stakeholders. In addition, Tarek is also the Vice Chairperson and CEO of the Metal and Recycling Company (MRC). MRC is a waste management Company offering the latest practical and cost-effective solutions to manage the complexities of responsible waste management. Tarek also managed several executive positions within Agility, last serving as the Executive Director of Strategic Programs.

2	<p><b>Nadia Akil</b> Vice Chairperson of the Board of Directors</p>	<p>Master's degree from New York's Columbia University School of International and Public Affairs, with a concentration in Business and Finance. Bachelor's degree in International Affairs from Georgetown University in Washington D.C.</p>	<p>Nadia Akil is the Vice Chairperson and CEO of UPAC. Since having been appointed to this position in 2012, she has been responsible for the overall operations of UPAC in Kuwait, including managing its three BOT contracts within the airport. Nadia is also involved in the investment and development of Reem Mall in Abu Dhabi, which is set to become the region's first fully digitized omnichannel offering. Previously, Akil held various positions at Agility, and last served as a Director on Agility's Executive Projects Team. In this role, she concentrated on identifying growth areas, business development opportunities and operational efficiencies. Prior to Agility, Akil was part of the Global Wealth Management Group at Citigroup in London. In 2023, Nadia was selected by Forbes Middle East among the list of the one hundred most powerful businesswomen in the Middle East.</p> <p>On September 30, 2024, Ms. Nadia Akil submitted her resignation from her position as Vice Chairman and CEO of the Company, with her last working day in both positions being December 31, 2024, to devote herself to a leadership position within the Group.</p>
3	<p><b>Zuhair Al-Zamel</b> Independent Member</p>	<p>Bachelor's degree in Electrical Engineering from the University of California at Santa Barbara (UCSB) 1974.</p>	<p>Zuhair Al Zamel has been a member of UPAC'S Board of Directors since 2008. Al Zamel held various positions with the Directorate General of Civil Aviation (DGCA) for over 30 years, and most recently as Vice General Director of Civil Aviation for Airport Affairs. He also served as a Consultant for National Aviation Services (NAS) from 2009 until 2015.</p>
4	<p><b>Majed Al-Ajeel</b> Non-Executive Member</p>	<p>Master's degree in planning and a bachelor's degree in architecture from the Catholic University of America.</p>	<p>Majed Al Ajeel has been a UPAC board member since 2005. He has also held various prominent positions most notably as Chairman of Burgan Bank from 2010 until 2022. He also served as the Chairman and Member of the Kuwait Banking Association during that period and previously held leading positions such as Vice Chairperson and CEO of UPAC and served as a member of the Board of Directors of various other companies.</p>
5	<p><b>Hassan El-Houry</b> Non-Executive Member</p>	<p>Masters of Business Administration (MBA) from the University of Pennsylvania's Wharton School of Business and a bachelor's degree from the American University of Beirut.</p>	<p>Hassan El Houry is currently the Chairman of Menzies Aviation, the world's largest aviation services Company by number of countries served and the leading service partner to the world's airports and airlines. Hassan was Group CEO of National Aviation Services (NAS) from 2009, and he spearheaded the Company's expansion into Africa, Asia, and the Middle East to become NAS and Menzies an integrated global entity in the name of Menzies. Hassan also is currently Chairman of the Board of Directors of National Real Estate Company (NREC) and Royal Aviation (UPAC subsidiary). In 2014, Hassan was honored by the World Economic Forum in Davos as a Young Global Leader given his experience and contributions in the field of aviation and airport services. Hassan is also a member in the Young Presidents Organization (YPO) and serves as the director of the Wharton Alumni Club in the Middle East.</p>

## 1.2 Meetings of the Board of Directors

The Board of Directors held a total of six meetings during the course of 2024. All meetings are called for by way of 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 at least three working days prior to the meeting to allow members sufficient time to review, excluding the urgent meetings if any. Board meetings are held when a quorum is met, with at least three members present, otherwise the meeting may be adjourned until a legal quorum is met. The Board Secretary ensures that minutes are recorded and formally signed off by members once they are in agreement. Board meetings are always conducted in line with the Company's Memorandum and Articles of Association as well as in conformity to Companies Law No. 01 of the year 2016 and its Executive Regulations.

### Board of Directors Meetings Record during the Year 2024

Name & Capacity	Meeting No. 01/24 held on 27 March 2024	Meeting No. 02/24 held on 15 May 2024	Meeting No. 03/24 held on 11 June 2024	Meeting No. 04/24 held on 08 August 2024	Meeting No. 05/24 held on 30 Sept 2024	Meeting No. 06/24 held on 13 November 2024	Number of meetings attended in 2024
<b>Tarek Al-Mousa</b> Chairman	√	√	√	√	√	√	6/6
<b>Nadia Akil</b> Vice Chairperson	√	√	√	√	√	√	6/6
<b>Zuhair Al-Zamel</b> Board Member	√	√	√	√	√	√	6/6
<b>Majed Al-Ajeel</b> Board Member	√	√	√	√	√	√	6/6
<b>Hassan El-Houry</b> Board Member	√	√	√	√	√	√	6/6

√ Attendance

## 1.3 Register, Maintain and Coordinate Board of Directors Minutes of Meetings

Minutes of meetings are organized and recorded within a Company register with applicable serial numbers to mark those meetings during the year. Each meeting records specified relevant details such as the date of the meeting, start and end times, discussion items, deliberations and voting processes on the proposed agenda items. The Board Secretary is responsible for maintaining and updating the Company register in accordance with all relevant Board documentation. The tasks and responsibilities of the Board Secretary are ultimately approved by the Board of Directors.

## 1.4 The Independent Member's Acknowledgment of the Availability of Independence Controls

The Company's Board of Directors includes an Independent Member, representing 20% of the members of the board of directors. The Nomination and Remuneration Committee has confirmed that the independent board member has met all the conditions and controls of independence that contained in the executive regulations of Law No. 7 of the year 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities and their amendments. Furthermore, the independent member has acknowledged this by virtue of a written acknowledgment that is submitted to the Board of Directors, [a copy of the independent member's acknowledgment is attached within appendix (A) herein].

## Pillar 2: Establishing Clear Roles and Responsibilities

### 2.1 Duties and Responsibilities of the Members of the Board of Directors and Executive Management

In line with the provisions of the Corporate Governance Regulations (including Module 15 of the CMA Executive Regulations-Corporate Governance), the Company has set out in detail the roles and responsibilities governing the conduct of members of the Board of Directors and Executive Management. In addition to this, the Board of Directors has implemented formal documentation to clearly set out in detail those powers granted to Executive Management and ultimately delegated by the Board of Directors. Below is a list of some of the specific roles and responsibilities allocated to members of the Board of Directors and Executive Management:

### **Roles and Responsibilities - Board of Directors**

- Approve strategic objectives and material plans and policies of the Company.
- Approve annual estimated budgets and interim and annual financial statements.
- Monitor the basic capital expenditure of the Company, ownership and disposal of assets.
- Follow up on Company performance through meetings of the Board of Directors and follow up with the results of the committees.
- Set performance goals and monitor implementation and overall performance in the Company.
- Ensure the Company's compliance measures through various policies and procedures honoring respective applicable internal bylaws and regulations.
- Verify accuracy and soundness of data and information for disclosure in line with applicable disclosure and transparency policies and regulations.
- Establish effective channels of communication that allow the shareholders of the Company to have regular and periodic access to the Company's financial reports and periodic disclosures.
- Develop and supervise a Corporate Governance system and monitor its effectiveness.
- Follow-up on the performance of each member of the Board of Directors and Executive Management according to Key Performance Indicators (KPIs).
- Formation of the Board Committees amongst the existing Board members and in accordance with the Board Charter setting out the Committee's clear roles and responsibilities and the methodology of supervision by the Board of Directors.
- Ensuring that the policies and regulations adopted by the Company are transparent and clear, allowing for decision making and achieving good governance principles, and separation of powers between the board of directors and executive management.
- Control and supervise the performance of Executive Management and verify the implementation of approved policies and regulations.
- Develop policies and internal regulations to oversee the Company's overall processes and practices.
- Ensure periodic and effective internal control systems are in place at the Company level and its subsidiaries.

### **Roles and Responsibilities - Chairman of the Board of Directors**

- Verify the Board's efficient and timely discussion of all key matters.
- Encourage all members to fully and effectively participate in meetings.
- Represent the Company before third parties pursuant to Articles of Association of the Company.
- Ensure actual communication with shareholders and inform the Board of their opinions.
- Encourage constructive relationships and active participation between the Board of Directors and Executive Management.
- Create a structure which encourages constructive criticism of conflicting views.

### **Roles and Responsibilities – Executive Management**

- Execute the Company's strategic plans, related policies and internal regulations and verify its adequacy and efficiency.
- Implement all internal policies, procedures and regulations of the Company as approved by the Board of Directors.
- Prepare periodical (financial and non-financial) reports concerning the progress achieved within the Company's business.
- Develop an integrated accounting system and ensure that the preparation of financial statements is carried out pursuant to international accounting standards approved by the relevant authority.
- Manage day-to-day operations and manage the Company's resources.
- Actively participate in building and developing an ethical culture inside the Company.
- Develop internal control and risk management systems and verify their adequacy and efficiency.

## 2.2 Board of Directors Achievements during the Year

The Company was awarded the bid contract (No. 1/2024) offered by the Touristic Enterprises Company (TEC) to operate and manage the Messilah Beach project (Plage 2), which extends over a total area of 70,334 square meters, for a 17-year investment period starting from the project's operational date. The Company also worked to meet all financing requirements for the development and construction of the Reem Mall project in Abu Dhabi, as well as participating in enhancing and implementing the strategies set for the management, operation, and marketing of the Reem Mall project. The Company's operations at the Kuwait International Airport project witnessed relative stability in operational performance over the past year. It is worth noting that the Board of Directors is keen to continue taking the necessary measures to restructure operating costs and reduce potential liquidity risks, as well as to continue developing digital services to localize the latest automated practices and enhance customer experience. The Company is also working closely with all relevant authorities to implement various measures to ensure increased operational capacity in line with the steady increase in air traffic and visitors to Kuwait International Airport.

The following is a summary of the Board's key achievements throughout the year 2024:

- Carrying out the overall roles and responsibilities entrusted to the Board of Directors, covered in the above clause 2.1.
- The Company has been awarded the Messila Beach project (Plage 2) for a 17-year investment period, effective from the date of operation.
- Planning, arrangements and completion of overall work related to the Messila Beach project.
- Updating the Company's digital services within the management and operation of the parking lots at Kuwait International Airport.
- Structuring operational costs and reducing potential liquidity risks.
- Meeting the financing requirements for the development and construction of the Reem Mall project in Abu Dhabi.
- Participate in promoting and implementing the strategies developed regarding the management, operation and marketing of Reem Mall.
- Continued cooperation with the Concerned authorities regarding the extension of contracts for the project of operation and management the car park building and its related facilities at Kuwait International Airport (T1), as well as Sheikh Saad Airport Building project (T3).
- Participation in various public bids and other projects in order to further diversity in its business and revenue streams.

## 2.3 Forming Specialized Independent Committees

Pursuant to the provisions and rules of Module 15 of the CMA Executive Regulations ("Corporate Governance"), the Board of Directors have formed the relevant Committees in order to support and enable Board members to perform their roles and responsibilities in a more effective and informed manner.

### A) Board Risk and Audit Committee (BRAC)

#### Members of the Board Risk and Audit Committee

Name	Capacity	Board Member Classification
Hassan El- Houry	Chairman of the Board Risk and Audit Committee (BRAC)	Non-Executive Member
Zuhair Al-Zamel	Member of the Board Risk and Audit Committee (BRAC)	Independent Member
Majed Al-Ajeel	Member of the Board Risk and Audit Committee (BRAC)	Non-Executive Member

A consolidated Risk and Audit Committee (BRAC) has been established with the approval of the Capital Market Authority (CMA) issued on February 28, 2016. The BRAC performs tasks and responsibilities covering various aspects of risk management and internal audit controls of the Company. The BRAC was formed by way of a resolution of the Board of Directors dated June 28, 2016, for a period of three years renewed periodically, which has recently been renewed following the election/appointment of the Company's Board of Directors on May 2024. The BRAC carries out its tasks and responsibilities as per the Committee Charter, which defines the framework and objectives assigned to the Committee. Furthermore, the BRAC Secretary has been reappointed to carry out the assigned roles.



## Board Risk and Audit Committee' Meetings Record during the Year 2024

Name & Capacity	Meeting No. 01/24 held on 27 March 2024	Meeting No. 02/24 held on 15 May 2024	Meeting No. 03/24 held on 08 August 2024	Meeting No. 04/24 held on 13 November 2024	Number of meetings attended in 2024
<b>Hassan El- Houry</b> Chairman of the Board Risk and Audit Committee (BRAC)	√	√	√	√	4/4
<b>Zuhair Al-Zamel</b> Member of the Board Risk and Audit Committee (BRAC)	√	√	√	√	4/4
<b>Majed Al-Ajeel</b> Member of the Board Risk and Audit Committee (BRAC)	√	√	√	√	4/4

### √ Attendance

The BRAC held four meetings during the course of 2024, where all meetings are called for in advance by a formal invitation extended by the Committee Chairman, accompanied by the agenda and all documents and information needed to discuss the items on the meeting agenda, enabling members to carry out relevant discussions in order to make the necessary recommendations to the Board of Directors. The BRAC Secretary ensures that minutes are recorded and formally signed off by members once they are in agreement.

### Roles and Responsibilities – Board Risk and Audit Committee (BRAC)

- Review annual and interim financial statements and provide recommendations to the Board of Directors prior to their final approval. This is to ensure fairness and transparency of financial statements and reports.
- Recommend to the Board of Directors the appointment and reappointment of the Company's financial auditors, determine their fees and ensure their independence.
- Monitor the work of the Company's financial auditors and confirm that their services to the Company are solely confined to the provision of audit services.
- Review of the financial auditors' reports and following up on any observations.
- Ensure proper accounting procedures are applied.
- Evaluate the efficiency of the Company's internal control systems and the preparation of the Audit Committee Report.
- Supervise the Company's internal audit department function, in order to ensure its effectiveness in performing the operations and tasks assigned to it by the Board of Directors.
- Recommend to the Board of Directors the appointment and re-appointment of the Company's internal auditors.
- Review and approve the internal audit plans proposed by the internal auditor and provide comments thereon.
- Review and approve the Internal Audit Report schedule as proposed by the Internal Auditor and provide technical supervision in reviewing results of the Internal Audit Report.
- Review the outcomes of regulatory bodies reports and ensure that necessary measures are taken in this regard.
- Ensure that the Company complies with relevant laws, policies, regulations and instructions.
- Prepare and review risk management strategies, policies and procedures and provide recommendations to the Board of Directors prior to its final approval and verify the implementation of such strategies and policies in line with the nature and volume of the Company activities.
- Ensure availability of adequate resources and risk management systems.
- Evaluate systems and mechanisms for identifying, measuring and monitoring various types of risks that the Company may face.
- Assist the Board of Directors in identifying and evaluating the Company's appetite for acceptable risk levels and ensure the Company operates within those parameters following approval by the Board of Directors.
- Verify the independence of the risk management employees from activities that result in subjecting the Company to certain risks.
- Ensure that risk management employees obtain a full understanding of the risks surrounding the Company and ensure transparency in the awareness of potential risks.
- Raise periodical reports to the Board of Directors concerning the nature of risks facing the Company.

### Achievements of the Board Risk and Audit Committee (BRAC)

- Reviewed annual and interim financial statements prior to submission to the Board of Directors and provided recommendations.
- Reviewed the auditor's observations on the Company's financial statements.
- Ensure proper accounting procedures are applied.
- Recommend to the Board of Directors the reappointment of the Company's internal auditors and approval of the audit plan.
- Ensure that internal audit reports are issued periodically in accordance with the approved audit plan.
- Regular meetings with the Company's internal auditor at all BRAC meetings.
- Study and analyze internal audit reports and follow up the actions taken towards the observations contained in those reports.
- Ensure the effective performance of the internal auditor of the Company and assess its performance.
- Ensure the Company's compliance with relevant laws and regulations.
- Follow up on the decisions issued by the regulatory bodies and any further amendments that may be made to the laws and regulations in force.
- Ensure that all regulatory requirements are met.
- Study the comments and observations of the regulatory authorities and work to meet all requirements and/or avoid any shortcomings, if any.
- Ensure the adequacy of internal controls applied in the Company.
- Reviewed the independent Internal Controls Report (ICR) and followed up on the observations raised in that report.
- Recommend to the Board of Directors the reappointment of the Company's financial auditor and ensure their independence and fulfillment of all conditions and requirements.
- Meet periodically with the Company's financial auditor to discuss and review the interim and annual financial statements.
- Recommend to the Board of Directors the reappointment of an independent risk management unit and ensuring its independence and compliance with all requirements.
- Recommended the adoption of effective risk management systems and procedures.
- Study and analyze risk reports, presenting risks and expressing opinions and recommending them to the Board of Directors.
- Recommend the appointment of an independent auditing firm to review and evaluate the internal control systems applied in the Company and to issue a report in this regard.
- Recommend the appointment of another additional independent audit firm to review and evaluate the performance and systems of the internal audit department/unit for the previous three years.

### B) Board Nomination and Remuneration Committee (BNRC)

#### Members of the Board Nomination and Remuneration Committee

Name	Capacity	Board Member Classification
Zuhair Al-Zamel	Chairman of the Board Nomination and Remuneration Committee (BNRC)	Independent Member
Tarek Al-Mousa	Member of the Board Nomination and Remuneration Committee (BNRC)	Non-Executive Member
Nadia Akil	Member of the Board Nomination and Remuneration Committee (BNRC)	Executive Member

The Board Nomination and Remuneration Committee (BNRC) was formed pursuant to a Board Resolution dated 10 November 2016 for a period of three years renewed periodically, which has recently been renewed following the election/appointment of the Company's Board of Directors on May 2024. Members of the BNRC carry out the responsibilities of the Committee assigned to them as per the Committee Charter, which defines the framework and tasks assigned to it. Furthermore, the BNRC Secretary has been reappointed to carry out the assigned roles. It is worth noting that, subsequently to the date of this report, and following the resignation of Ms. Nadia Akil from the Company's Board of Directors, Mr. Hamad Adnan Malallah was appointed as a member of the Nominations and Remuneration Committee to replace the resigning member, pursuant to Board of Directors Resolution No. 1/2025 issued on 15<sup>th</sup> January 2025.

## Board Nomination and Remuneration Committee' Meetings Record during the Year 2024

Name & Capacity	Meeting No. 01/24 held on 27 March 2024	Meeting No. 02/24 held on 30 September 2024	Number of meetings attended in 2024
<b>Zuhair Al-Zamel</b> Chairman of the Board Nomination and Remuneration Committee (BNRC)	√	√	2/2
<b>Tarek Al-Mousa</b> Member of the Board Nomination and Remuneration Committee (BNRC)	√	√	2/2
<b>Nadia Akil</b> Member of the Board Nomination and Remuneration Committee (BNRC)	√	√	2/2

### √ Attendance

The BNRC held two meetings during the course of 2024, where all meetings are called for in advance by a formal invitation extended by the Committee Chairman, accompanied by the agenda and all documents and information needed to discuss the items on the meeting agenda, enabling members to carry out relevant discussions in order to make the necessary recommendations to the Board of Directors. The BNRC Secretary ensures that minutes are recorded and formally signed off by members once they are in agreement.

### Roles and Responsibilities – Board Nomination and Remuneration Committee (BNRC)

- Recommend the nomination or re-nomination of Board Members and members of Executive Management.
- Develop a clear remuneration policy for Board Members and Executive Management, with an annual review of the required skills necessary for Board membership and executive positions as required.
- Develop clear job descriptions for Executive Members, Non-Executive Members, and the Independent Member.
- Ensure the existing Independent Members' autonomy on the Board of Directors and their capacity to serve as an Independent Member.
- Prepare the Remunerations Report, including the total remunerations granted to Board Members, Executive Management and Managers, whether they are amounts, benefits or advantages, and whatever nature and name.

### Achievements of the Board Nominations and Remunerations Committee (BNRC)

- The Committee prepared the remunerations report including the total remunerations granted to members of the Board of Directors (if any), its committees, Executive Management and Managers, for the financial year ended on 31<sup>st</sup> December 2024, in accordance with the requirements contained in the Module 15 - Corporate Governance – of Executive Regulations of Law No. 7 of the year 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities and their amendments.
- Recommend to refrain from allocating payment of the Board of Directors remuneration for the fiscal year ended on 31<sup>st</sup> December 2024, as a result of the BOD's recommendation not to distribute dividends for the aforementioned fiscal year, which requires the BRAC's recommendation to do so, pursuant to the provisions of article no. (198) of the Companies Law No. 1 for the year 2016, and to submit its recommendation to the Board of Directors to take the necessary actions in this regard.
- The Committee's recommendation regarding the appointment of a member of the Board of Directors and Chief Executive Officer to succeed the member who resigned from the positions of Vice Chairman and CEO.
- Review of the existing skills and competencies required for the members of the Board of Directors and Executive Management to ensure the Company's proper management.
- Review and approve the Company's organizational structure and ensure the availability of internal control principles in order to meet the requirements of the dual control process.
- Review of the existing Independent Members autonomy on the Board of Directors and their capacity to serve as an Independent Member, based on the criteria and definition of an Independent Board Member as covered within the provisions of Module 15 - Corporate Governance - of the Executive Regulations of Law No. 7 for year 2010 and their amendments.
- Recommend the distribution of annual compensation to two members of the Audit and Risk Management Committee in recognition of their efforts and consulting services provided throughout the year 2024.
- Preparation of a report on the annual evaluation of the performance of the Board of Directors and Executive Management, as well as carrying out an evaluation of the performance of the Committees emanating from the Board of Directors for the fiscal year ended on 31<sup>st</sup> December 2024.
- Review and approval of the Company's comprehensive training plan for the coming year ending on 31<sup>st</sup> December 2025.

## 2.4 Provides Members of the Board of Directors with Accurate and Timely Information and Data

The Company is committed to ensuring complete accessibility and availability of information to the Board. To further validate this purpose, the Board of Directors has approved a policy to clearly outline the roles and responsibilities of the Board Secretary. Such tasks include the scheduling of meetings, circulation of agenda items, maintaining and updating the Company register with all relevant documentation, and the accurate and timely provision of information at least three working days prior to scheduled meetings. In addition, the Board Secretary also ensures that minutes are recorded during the course of the meetings and formally signed off by members once they are in agreement.

## Pillar 3: Selection of Qualified Candidates for the Board of Directors and Executive Management

### 3.1 Formation of the Board Nomination and Remuneration Committee (BNRC)

The Board of Directors has formed a Board Nomination and Remuneration Committee (BNRC). The BNRC ensures that it satisfies all the requirements that need to be met by its committee members. Further, all relevant BNRC information has been detailed within Pillar 2 of this report – Board Nomination and Remuneration Committee (BNRC) – as mentioned in the above section 2.3.

### 3.2 Report on the Board of Directors, Executive Management and acting Managers Remuneration

The Company has established a remuneration policy in line with the Corporate Governance related regulations issued by the Capital Markets Authority and other related regulatory requirements. The remuneration is determined based on the achievement of Key Performance Indicators (KPI's) toward the Company's overall strategy. Key performance indicators include both qualitative and quantitative indicators of the Company's activities, business results and financial performance.

In compliance with the highest standards of transparency and in line with the best practices adopted under the Corporate Governance Framework, the Company's Nominations and Remunerations Committee has prepared the annual Remunerations Report, including the total remuneration packages granted to members of the Board of Directors, Executive Management, and acting managers to be presented to the general assembly of the Company. Such remuneration for 2024 is outlined as follows:

#### Board of Directors Remuneration

Board Members remuneration is recommended by the BNRC and endorsed by the Board of Directors which is to be presented to the Company's Annual General Assembly (AGM) for final approval. As set out in the Company's Articles of Association and internal policies, total remunerations shall not exceed 10% of the net profits of the Company following any relevant deductions. The Board of Directors, following the recommendation of the BNRC on the same, has endorsed the recommendation of refraining from paying any remuneration to the members of the Board of Directors for the fiscal year ended on 31<sup>st</sup> December 2024. The following is a statement of the remuneration granted to members of the Board of Directors:

Remunerations and benefits of Members of Board of Directors							
Total number of members	Remunerations and benefits through the parent Company			Remunerations and benefits through the subsidiaries			
	Fixed remuneration and benefits (Kuwaiti Dinar)	Variable remuneration and benefits (Kuwaiti Dinar)		Fixed remuneration and benefits (Kuwaiti Dinar)		Variable remuneration and benefits (Kuwaiti Dinar)	
	Health insurance	Annual remuneration	* Committees remuneration	Health insurance	salaries total of the (year)	Annual remuneration	Committees remuneration
Five Members	None	None	10,000	None	None	None	None

#### \* Committees Remuneration

The BNRC has recommended to grant the two Members of BRAC committee an allowance with a total value of KD 10,000 (ten thousand Kuwaiti Dinars) in recognition of their efforts and advisory services provided throughout the year 2024, in accordance with the following details:

Capacity in Committee	Board Member Classification	Kind of Reward	Reward Value (KD)
Member of the Board Risk and Audit Committee (BRAC)	Independent Member	Allowance for committee efforts and advisory services provided throughout the year 2024	5,000
Member of the Board Risk and Audit Committee (BRAC)	Non-Executive Member	Allowance for committee efforts and advisory services provided throughout the year 2024	5,000

### Executive Management Remuneration

Remuneration granted to Executive Management and acting Managers includes two main components – fixed and variable remuneration. Fixed benefits are related to those benefits assigned to Executive Management and acting Managers per their associated roles and responsibilities, whereas variable benefits are those awarded for the successful performance and achievement of specific objectives. Both Human Resources and members of the BNRC are involved in setting the above benefits and reviewing them annually, note that the Nominations and Remunerations Committee did not detect any deviations from the approved remuneration policy during the year. The table below sets out the total fixed and variable benefits granted to the top five members of Executive Management and acting Managers for the year 2024:

Remunerations and benefits through the Company							
Number of Members	Fixed remuneration and benefits (KD)						Total variable remuneration and benefits (KD)
	Total monthly salaries during the year	Health insurance	Annual tickets	Housing allowance	Transportations allowance	Children's education allowance	Annual remuneration and accruals
Five Members	179,428	7,502	7,644	15,608	5,362	10,000	225,431

### 3.3 Compliance with the Remuneration Policy Approved by the Board of Directors:

The Nomination and Remuneration Committee confirms that there are no other remunerations granted, either directly or indirectly, other than those mentioned above. The committee also seeks to monitor any fundamental deviations with regard to the approved remuneration policy.

## Pillar 4: Ensure the Integrity of Financial Reporting

### 4.1 Soundness and Integrity of Financial Reporting

Executive Management is mindful of its responsibilities to the Board of Directors with regard to the significance of accounting policies and to the preparation of fair and sound financial statements. The Executive Management has prepared and presented a written undertaking to the Board of Directors confirming that financial statements have been prepared with integrity and that all financial aspects of the Company are in line with approved international accounting standards. The Board of Directors also undertakes to ensure the integrity of financial reporting to the Company's shareholders. The financial statements and reports posted by the Company are as follows:

- Annual Financial Statements.
- Interim Financial Statements.
- Annual and interim financial disclosure forms.
- Annual and periodical reports related to the Company's activity and the results of its operations.

### 4.2 Audit Committee

The Board of Directors has formed an Audit Committee which ensures that it satisfies all the requirements that need to be met by its committee members. Further, all relevant Audit Committee information has been detailed within Pillar 2 of this report – Board Risk and Audit Committee (BRAC) – as mentioned in the above section 2.3.

### 4.3 Recommendations of the Board Audit Committee and Resolutions of the Board of Directors

Although the Board Audit Committee is ultimately formed and approved by the Board of Directors, members of the Audit Committee carry out their tasks and responsibilities as per the Audit Committee Charter and provide a recommendation to the Board of Directors for final approval. Given that Committee members have been chosen specifically to meet the requirements set out under the Audit Committee Charter, all recommendations provided to the Board of Directors are typically considered to be sound and effective. During the course of 2024, the Committee did not report any contradictions or inconsistencies between Committee recommendations presented to the Board and the resolutions of the Board of Directors passed through the year.

### 4.4 Safeguarding the Independence and Impartiality of the External Auditor

Based on feedback and recommendations provided by members of the Audit Committee through their nomination of the external auditor and the review of their performance, the Company hereby ensures the full independence and impartiality of its external auditors. Furthermore, the Company confirms that the external auditors have been engaged only for the provision of such services required to be performed under the external audit profession, the auditors also provide a declaration to ensure their complete independence and pledge to follow general international auditing standards.

## **Pillar 5: Applying Sound Systems of Risk Management and Internal Audit**

### **5.1 Establish an Independent Unit for Risk Management**

The Risk Management Function is one of the most important objectives and a main component for the Board of Directors. Enabling a process whereby risks can be identified and categorized at different risk levels is a key contributing factor to the overall success of the Company. The continuous development and effective application of Risk Management measures is vital to ensure effective and stable continuity within the Company's activities. Given the relevance of the overall Risk Management Function, the Board of Directors has therefore approved and endorsed an independent unit for the Risk Management Function. The Risk Management Function is responsible for reviewing the risk management strategies and assessing the Company's overall risk management policies and procedures. The function seeks to assist the Board in defining certain risks that the Company may face as well as in assessing acceptable risk levels. This Risk Management Function ultimately reports to the Board Risk Committee, which in turn provides their final recommendations to the Board of Directors.

### **5.2 Risk Management Committee**

The Board of Directors has formed a Risk Committee which ensures that it satisfies all the requirements that need to be met by its committee members. Further, all relevant Risk Committee information has been detailed within Pillar 2 of this report – Board Risk and Audit Committee (BRAC) – as mentioned in the above section 2.3.

### **5.3 Internal Audit Systems and Controls**

The Board is fully responsible for the implementation of the Company's Internal Audit Systems and Controls. Internal policies have been developed in order to ensure set standards and internal control processes are followed and adopted by the Company to enhance the soundness, accuracy and efficiency of its operations. The Internal Audit Function is responsible for reviewing and monitoring a set of policies and regulations and for preparing the necessary reports for submission to the Internal Audit Committee. The Internal Audit Committee will in turn review the reports for final submission to the Board of Directors for approval. The main internal controls that have been implemented in the Company to date are as follows:

- Delegation of authorities – limitation and allocation of certain powers and responsibilities.
- Separation of certain tasks and the prevention of potential conflicts of interest.
- Dual inspection and controls for further verifications.
- Dual signatures for further verifications.
- Establishment of approved policies and procedures for the Company.
- Implementation of modern automated technological systems for the enhancement of internal controls within the Company (via– Transfora - group automated internal platform).

In addition, and as per Corporate Governance Requirements, a fully certified and independent auditor (Crowe Al-Muhanna and Co) was appointed to carry out the evaluation and review of the Company's Internal Control Systems and for the preparation of the Internal Control Review Report (ICR), which is to be submitted to the CMA within 90 days of the end of the fiscal year 2024. Further, the Company is working to appoint a separate independent auditor to conduct the review and evaluation of the Internal Audit Function for the previous three years and issue the Quality Assurance Review Report (QAR) to be provided to both the Board of Directors and Board Risk and Audit Committee, in accordance with Article 6-9 of Module 15 - Corporate Governance - of the Executive Regulations of Law No. 7 of the year 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities and their amendments.

### **5.4 Independent Unit for Internal Audit and Controls**

On 22 June 2016, UPAC obtained approval from the CMA in order to outsource the Internal Audit Function to its Parent Company. The Parent currently enjoys a fully established, independent and integrated system of Internal Audit and Controls, tasked with carrying out audits in accordance with plans set and approved by the Board of Directors. The Internal Audit Department is responsible for setting the internal audit schedule, conducting the actual internal audit, and providing final reports and recommendations to the Board Audit Committee for recommendation to the Board of Directors for final approval.

## **Pillar 6: Promote Code of Conduct and Ethical Standards**

### **6.1 Code of Conduct and Business Ethics**

The Company has developed a Code of Conduct that has been ratified and approved by the Board of Directors. The Code is intended to serve as a guiding principle for Members of the Board and Executive Management with regards to proper and ethical business conduct. The Code of Conduct covers the professional standards and ethical values applicable to clients, suppliers and stakeholders alike, both internally and externally. It also serves to enhance and uphold the qualities of integrity, impartiality and discretion. Board members are thus expected to exercise good judgment, to ensure the interests, safety and welfare of customers, employees and other stakeholders are met and to maintain a cooperative, efficient, and positive work environment. The Code also establishes a certain set of standards in dealing with issues related to insider trading, dealings with related parties, conflicts of interest and whistle blowing procedures. Furthermore, all Board Members, Executive Management and employees are expected to abide by the Code of Conduct and apply the highest ethical standards during the performance of their duties and responsibilities.



## **6.2 Mitigate Conflicts of Interest**

The Board of Directors adopted a Conflict-of-Interest Policy aimed at ensuring that appropriate procedures are applied to identify and deal effectively with cases of conflicts of interest. It also ensures that the Board of Directors deals with conflicts of interest that exist and that all decisions are taken in the best interests of the Company. This policy is an integral part of the Company's full commitment to integrity and fairness in dealing with stakeholders. The policy also highlights the concept of conflict of interest, the basis of dealing with them, how to manage conflicts of interest through established examples, parties whose interests might conflict with the Company, and the roles of the Board of Directors, Executive Management and internal audit in this respect. The policy also reviewed procedures for dealing with conflicts of interest and disclosure mechanisms.

## **Pillar 7: Ensure Timely and High-Quality Disclosures**

### **7.1 Accurate and Transparent Disclosures**

Accurate disclosures form the basic foundation for tracking the Company's activities and for evaluating performance, whether this is carried out by current shareholders, potential investors or the general public. Given the importance of information accuracy and transparency, the Board of Directors has developed a Disclosure Policy outlining standard rules and procedures to be applied when disclosing pertinent information. The Disclosure Policy has been developed in compliance with the provisions of the Corporate Governance laws as well as in conformity to Module 10 – Disclosure and Transparency - of the Executive Regulations of Law No. 7 of the year 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities and their amendments. The Company also reviews the applicable disclosure policy periodically and makes sure to include any amendments issued by the regulatory authorities therein.

### **7.2 Disclosure Records for Members of the Board of Directors, Executive Management and Managers**

The Company maintains a detailed disclosure register which includes and monitors all disclosure records for Board Members, Executive Management and Managers as well as all other information related to bonuses, salaries, incentives and other benefits. The Company regularly reviews and updates the disclosure data and records in order to accurately reflect the related parties' position.

### **7.3 Formation of an Investor Relations Unit**

The Company established a separate Investor Relations Unit in charge of establishing and monitoring disclosures. This unit is responsible for the overall provision of necessary data, information and reports for the benefit of current shareholders as well as potential investors. The Investor Relations Unit enjoys a certain level of independence, and this allows it to perform its duties and provide accurate and timely information through well-established disclosure systems, including the corporate website.

### **7.4 Development of a Solid Information Technology Framework**

The Company has developed solid IT systems in order to support its disclosure process, as well as to enhance further communication with its shareholders, investors and stakeholders. The corporate website has been developed in line with Corporate Governance regulations and has thus dedicated a specific tab covering 'Investor Relations. This section covers all previous and current disclosures and provides a breadth of information and other pertinent data to enable potential investors and shareholders to exercise their rights and accurately evaluate the Company's performance.

## **Pillar 8: Protection of Shareholders Rights**

### **8.1 Protection of Shareholders' Rights**

The Company's Articles of Association and internal policies and procedures include the necessary controls required for the protection of shareholders' rights and to ensure their fair and equal treatment, in line with applicable laws and regulatory instructions issued in this regard.

### **8.2 Shareholders Information**

For the accurate and continuous follow up of shareholders data, the Company formed a special register "The Shareholders Register" to be maintained and updated with the specified clearing agency – the Kuwait Clearing Company (KCC). This register includes names of shareholders, nationalities and details of the number of shares they hold. The KCC also makes amendments to the existing data and records in its register. Data incorporated in the shareholders register is treated with the greatest degree of protection and confidentiality in line with applicable laws and regulations.

### **8.3 Participate and Vote in the Company's General Assemblies**

Participation in the Annual General Meeting (AGM) is one of the basic rights for all shareholders and thus shareholders are encouraged to attend and actively participate in these annual meetings. In order to ensure the full extent of shareholder participation, certain measures are taken by the Company when calling for its AGM including extending formal notices calling for its date, time and location, as well as sharing agenda items for discussion, as per applicable laws and regulations.

## **Pillar 9: Recognize the Roles of Stakeholders**

### **9.1 Protection and Recognition of Stakeholders Rights**

The Company has developed policies to govern the roles of stakeholders. Such policies include the adoption of certain procedures implemented to ensure the protection and recognition of stakeholders' rights. These include fair and equal treatment without prejudice in line with applicable laws, and pursuant to the relevant executive regulations and regulatory controls.

### **9.2 Stakeholders Incentives to Participate in Tracking the Various Activities of the Company**

Stakeholders are encouraged to stay updated and participate in monitoring the different activities of the Company through Company news, applicable disclosures, and facilitating their reporting to the Company's board of directors in safe ways about any improper practices they may be exposed to by the Company, if any.

## **Pillar 10: Encourage and Enhance Performance Improvement**

### **10.1 Continuous Training Programs**

One of the key elements of Corporate Governance includes implementing policies to ensure that Members of the Board and Executive Management obtain access to continuous training programs and are up to date with the latest business developments. A qualified and functioning Board is one of the key components of a successful business, and for this reason the Company has developed certain procedures to allow Board Members and Executive Management to attend relevant training programs in order to further enhance and strengthen their experience, administrative and organizational skills. The following are some of the courses attended by Board Members and Executive Management during the course of 2024:

- Human Trafficking
- Records Management
- XBRL Electronic Disclosure System

### **10.2 Evaluation of the Performance of the Board Members and Executive Management**

In order to continually monitor and ensure applicability, the Company has worked on developing certain mechanisms for the evaluation of the performance of the Members of the Board of Directors, Committees and Executive Management. Performance evaluations are carried out regularly against a set of agreed key performance indicators related to the Company's strategic objectives. Such indicators reflect the performance of Members of the Board and Executive Management and seek to identify areas of strengths and deficiencies to tailor future training needs accordingly.

### **10.3 Board of Directors Effort towards "Value Creation"**

Board Members' performance should promote value creation principles among their employees. The Company has worked to adopt certain modern technology systems for the evaluation of employees' performance under the 'Management by Objectives' system. Such an evaluation is performed at the beginning of the year, setting clear targets and objectives for each employee based on his / her job requirements, with progress monitored throughout the year. The Company believes in the importance of encouraging employees to act productively and to continue to enhance performance levels and has thus established a process whereby employee efforts are recognized and appreciated.

## **Pillar 11: Importance of Corporate Social Responsibility**

### **11.1 Balance between the Objectives of the Company and of Society**

Corporate Social Responsibility (CSR) forms an important part of the Company's commitment to act ethically and to contribute to the achievement of sustainable development. An internal policy based on the importance of CSR has thus been developed with the aim of highlighting social responsibility and creating a balance between the objectives of the Company and those of society.

### **11.2 The Company's Efforts within Corporate Social Responsibility**

Various policies and mechanisms have been adopted during the year to highlight the efforts of the Company within the CSR framework. UPAC is keen to support social responsibility measures in accordance with its strategic objectives and responsibilities, be it through environmental support, charitable events or other acts supporting the local community. For further information about the different social responsibility initiatives sponsored by the Company, please visit our website at [www.upac.com.kw](http://www.upac.com.kw)



## Appendix (A) - Declaration of the Independent Board Member



### Declaration of the Independent Board Member United Projects for Aviation Services Company K.S.C.P.

Kuwait on 01<sup>st</sup> January 2025

I, the undersigned, Zuhair Abdul-Mohsen Musallam Al-Zamel, a Kuwaiti national, and I hold civil ID No. [REDACTED] in my capacity as an independent member of the Board of Directors of United Projects for Aviation Services Company K.S.C.P. (the "Company") that I am fully aware of the independency conditions contained in the Executive Regulations of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activity and their amendments, as I acknowledge the following:

1. I do not own 5% or more of the Company's shares, and I do not represent any of the shareholders who own 5% or more of the Company's share capital.
2. I have no first-degree relationship with any of the Company's members of the board of directors or the executive management or any of the group entities or the main parties related to the Company or its subsidiaries.
3. I am not a member of the board of directors of any of the group companies.
4. I am not an employee of the Company or of any of the group entities, or of any of the Company's stakeholders.
5. I am not an employee of a corporate/ legal person who has controlling stakes in the Company.
6. I have no interest or relationship with the Company that may affect my independence, and I declare that I am aware of the duties and responsibilities of the independent member, and I also undertake to inform the Board of Directors immediately of any change that may affect my independence in accordance with the above criteria.

Acknowledged by,

Name: Zuhair Abdul-Mohsen Musallam Al-Zamel

Signature:  \_\_\_\_\_

Date: 01<sup>st</sup> January 2025