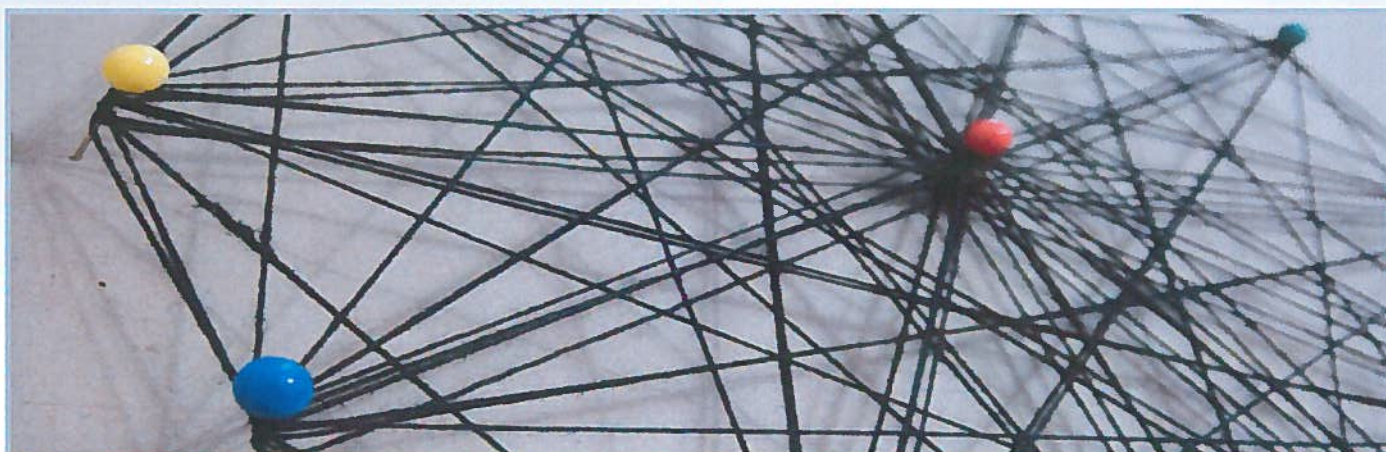


United Nations Global Compact Communications on Progress



2016

Message from the CEO

As we approach the end of our third year communicating our progress to United Nations Global Compact, I am pleased to reaffirm that United Projects for Aviation Services KSCP (UPAC) is committed to support the ten principles of the UN Global Compact relating to Human Rights, Labour Standards, the Environment and the Fight Against Corruption. UPAC continues to uphold these principles as well as its obligation with regards to consistently reporting and communicating its annual progress to its stakeholders.

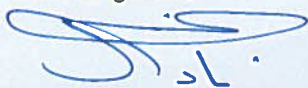
In this annual Communication on Progress (COP), UPAC provides an overview of its continued commitment to the ten principles set out in the UN Global Compact by showcasing its relevant achievements to date through its business strategy, work culture and daily operations.

Achievements during 2016:

- Certified Quality Management System - ISO 9001:2008.
- Full adoption and implementation of the Corporate Governance Framework
- Approval of various HR Policies, in line with the Corporate Governance Framework, including:
 - Grievances and Discipline Policy.
 - Public and Business Relations Policy.
 - Termination of Employment Policy.
 - Star Employee of the Month Policy.
 - Code of Business Ethics and Conduct.
 - Customer Complaint Policy.
 - UPAC Employee Handbook.
- Protection of the environment by using environment friendly products, controlling company waste and electricity consumption.
- Organized various community activities by supporting social initiatives for under privileged individuals.
- Initiated and participated in Internal and external Corporate Social Responsibility (CSR) activities.
- Provided various trainings programs across all department and sectors within the organization.
- Considering mandatory training for all employees with regards to the UN Global Compact principles.

In this report, we mark our most up-to-date achievements in our policies and performance with regards to the ethics and values upheld by the UN Global Compact Principles. UPAC remains committed to making continued progress in each of these areas, and preserving its professional image for the benefit of its stakeholders, shareholders and wider community.

Best Regards,



Nadia Akil
CEO and Vice Chairperson

UN GLOBAL COMPACT

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Make sure they are not complicit in human rights abuses

UPAC employees are required to participate in Ethics and Compliance training courses during the first six months of employment. The courses are provided through an e-learning platform via Integrity International. Human Rights courses are one of the seven key modules required to complete the program. Employees are requested to pass the mandatory on-line training that includes "Whistleblowing: Raising Concerns". Participation is conducted through e-learning on an individual basis – and employees must pass an on-line examination to achieve certification.

UPAC personnel are required to pass the training and certification exams set by Integrity International on-line interactive training. The set of trainings allocated to employees are categorised into two groups.

- Management Team
- Non-Managers

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

The orientation presentation covers the following topics:

- UPAC Vision, Values and Services.
- UPAC Organization Structure.
- HR Department Scope of Work.
- Contact details for key persons.
- Information for new employees in Kuwait.
- Residency information.
- Uniform and Dress Code.
- Working Hours.
- Official Holidays.
- Annual Leave.
- Sick Leave.
- Grievance and Disciplinary system.
- Performance Appraisal.
- Code of Business Ethics and Conduct.
- Health and Safety Procedures.

As part of our recruitment and employee orientation training, new staff members are informed of their rights in both languages Arabic and English. Contracts defining salary and benefits are issued to each employee in 3 copies, one for UPAC and second for employee and the third one to be provided to The Public Authority for Manpower, a government entity.

For local and international recruitment, UPAC covers all the relevant recruitment fees, visa fees, airfare, travel, medical as well as all other applicable fees for all employees. All employees are recruited based on Kuwait Labour Law practices considering their right for annual leave and sick leave payback. Service period indemnity is paid as per Kuwait Labour Law. UPAC is committed to pay salaries based on an approved grading system that defines the titles, basic pay, as well as allowances and benefits for each.

In March 2016, the Grievance and Discipline Policy has been approved, following which, all members of the management team as well as direct line supervisors would be held directly responsible for the implementation of this policy.

Working hours are governed by the Kuwait Labour Law and all relevant Religious holidays and Ramadan hours are respected. All religious beliefs and practices are respected and tolerated, sufficient time is given for prayer during working hours. During Ramadan, employees on duty are provided with daily meals at Iftar time.

During this year, Iftar Family Gatherings have been organized for all staff members and their families in Sheraton Kuwait in June 2016. Employees enjoyed an open buffet and a raffle draw in a charming atmosphere. In April 2016, UPAC organized a family outing for all employees along with their families. Both events are intended to create a work - life balance and to recognize the contributions of all employees.

During the year, UPAC established a comprehensive HR and Admin system that includes the below internal corporate policies and procedures. In addition to the signed off policies that took place during 2015 and reported in the previous COP, the CEO signed off on the additional following policies.

- P 10 In house Rules and Code of Conduct.
- P 11 Grievances and Discipline Policy.
- P 12 Termination of Employment.
- P 13 Public and Business Relations Policy.
- P 14 Star Employee of the Month.
- P 15 UPAC Code of Business Ethics and Conduct.
- P 16 Customer Complaint Policy.
- Employee Handbook.

UPAC aims to continue to consistently review all internal HR and Admin policies and procedures during 2017 in order to ensure that they are and continue to be compatible with the regulations issued by the Capital Market Authority in relation to the Corporate Governance Framework.

As per UPAC targets for 2016 and with reference to the UN Global Compact Report for 2015, UPAC planned to sign off the Grievances and Discipline Policy that addresses the relevant procedures necessary and that align with both local and international laws, to ensure proper management and handling of human rights abuse. The HR Manager and CEO signed off this policy in March 2016.

Between January and February 2016, UPAC introduced both Arabic and English training on "How to Conduct a Successful Performance Appraisal". The training has been attended by 73 employees over a four day period. The HR team also introduced the concept of Self-Assessment and Performance Appraisal Review, and this practice is now ongoing and adopted by various employees as part of the performance appraisal process.

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

UPAC is committed to actively support the inclusion and collaboration of women in the workplace and to promote a healthy work/life balance. During 2016, two female employees have been hired, and one of which is in a senior position. UPAC supports female employees taking maternity leave and pregnant employees with regards to providing adequate nursing hours. The total number of UPAC employees is 84 staff members; 8 team members are women, 3 of which are in senior positions.

UN GLOBAL COMPACT

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 4: The elimination of all forms of forced and compulsory labour
- Principle 5: The effective abolition of child labour
- Principle 6: The elimination of discrimination in respect of employment and occupation

Equal Employment Opportunity and Workplace Conduct for Managers is a key course in the Code of Business Ethics e-learning course through Integrity International. Employees attend these courses electronically and are required to pass the course examination – the process of which ensures compliance and provides the foundation of our zero violations regarding breach of conduct.

Our Equal Employment Policy commits us not to tolerate any inhumane treatment of people working for us, including any form of forced labour, physical punishment or other type of abuse. Employment contracts clearly define employee entitlements, including salary, benefits, annual leaves, vacations and indemnity. Annual bonus linked to performance appraisal is part of UPAC remuneration packages and it is applied to all UPAC employees.

UPAC promotes workplace equality and seeks to eliminate all forms of unfair discrimination. Equitable processes for recruitment and promotion and remuneration are in place, both of which ensure employment and promotion on the basis of job requirements and merit. In addition, these processes continually support the establishment of a diverse workforce and ensure that all employees and employment applicants are treated equally irrespective of race, color, sex, sexual orientation, religion or belief, family circumstances, political opinion, age, nationality or disability.

UPAC is committed to contract with recruitment agencies that recruit applicants without setting any charges on the applicant themselves, as all recruitment costs are fully covered by the Company. UPAC is also committed to recruit applicants from abroad through the official channels stated by local embassies and as per Kuwait Labor Law. UPAC carefully screens all employees prior to employment. UPAC does not employ personnel under the age of 18, nor accept suppliers who employ children.

The Code of Business Ethics and Conduct has been developed and approved this year as part of the Corporate Governance Framework. UPAC's Board of Directors approved the Code and all UPAC employees including management have acknowledged receiving it. 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.

While collective bargaining is illegal in the State of Kuwait, at UPAC we are working on expanding channels for employees to air out their grievances and present their concerns to management in a more official capacity. As per the approved Corporate Governance Framework and HR and Admin policies, employees are provided with different channels to express their opinions, provide feedback or raise concerns.

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

- UPAC Web Based Feedback Form www.upac.com.kw/ContactUs.aspx
- UPAC Customer Complaint Email customer.feedback@upac.com.kw
- UPAC Whistleblowing Email whistleblowing@upac.com.kw

Employee training is an ongoing process; it allows us to identify capabilities and to promote internally within the organization. During 2016, UPAC invested more than USD 38,500 to develop specific skills and competencies for employees. By implementing ISO 9001 standards, training programs and awareness as part of ISO standards that have been implemented for the entire organization. It is not uncommon to find that employees who started with the company in a junior role capacity have risen to supervisory or more senior roles.

During the year 2016, UPAC provided intensive training programs covers the following topics:

Training Description	Number of Participants
Strategic Planning and Review	1
ISO 9001:2008 Awareness - Arabic	16
ISO 9001:2008 Awareness - English	17
HR Orientation Training	15
Technological and Innovative Leadership in Project Management	16
Facilities Management	16
Cisco Certified Network Associate "CCNA"	2
Corporate Governance	3
Certified Public Accountant "CPA"	1
Digital Disruption	1
Electrical and Control Systems	7
Basic Mechanical Training	12

UN GLOBAL COMPACT

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

UPAC launched a 'Go-Green' program in 2014 and it is still implemented in 2016, and we plan to uphold this program and expand it going forward. All offices are provided with collection bins, for Paper, Plastic, Metal and Glass that are collected for recycling on a weekly basis by Al-Arfaj (Kuwait Waste Collection and Recycling Co.).

UPAC encourages the development of environmentally friendly technologies by considering renovation projects with the Directorate General of Civil Aviation (DGCA) that began back in 2014. In 2016, and as part of the renovation process of some facilities at Kuwait International Airport, UPAC replaced 80% of the regular lamps to the environment friendly Light Emitting Diode "LED" lamps. UPAC also considered changing the water taps to be motion sensitive in all public areas at the airport in order to reduce water and electricity consumption as per Ministry of Water and Electricity (MOW&E). Hand dryer machines have been installed in public toilets instead of tissues to reduce the environmental waste. All the above changes have also been implemented with the intention to meet relevant and applicable international environmental standards.

The renovation of UPAC Head Office began earlier this year and has considered various environmentally friendly provisions in terms of water and electricity conservation. In addition, UPAC contracted with Teknion Furniture, an environmentally conscious supplier, to provide environment friendly furniture that meets environmental international standards. On the other hand, UPAC regularly encourage all employees to save energy and protect the environment by applying the following:

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

In anticipation of Earth Day 2016, UPAC started a series of activities in celebration of Earth Day 2016. "Give Back to Earth" day aimed at reducing its environmental impact by planting 85 flowering plants and trees in the garden next to the Discovery Mall in Kuwait City. Planting trees in this garden not only helped mitigate environmental impact but also provides a green area for families to enjoy with their children when visiting the Discovery Mall

<http://forestnation.com/you-plant-trees/give-back-to-earth/>

Following Earth Day activities, UPAC employees participated in the "Recycling Week" in April 2016 by recycling all types of recyclable material such as but not limited to plastic, paper, metals, and rubber. Employees participated actively by bringing recyclable materials from home, office and public working areas such as the Kuwait International Airport counters. UPAC contracted with Kuwait Waste Collection and Recycling Co. to collect all the material by the end of the program on 21st April in order to be recycled. UPAC recycled 2980 KG of different material. Awareness increased between staff with the importance of saving the environment through reduction of non-recyclable material.



UPAC launched a "Carpooling" program in 2016. The carpooling practice helps to reduce traffic and cut carbon emissions resulting in a better environment. Employees during this week shared their cars in order to participate in this environmental activity.



Furthermore, all employees are furnished with appropriate Personal Protective Equipment such as overalls, gloves, eyeglasses, hearing protection, reflective vests and safety shoes to ensure that anyone coming into contact with Hazardous Materials is protected. Continued training is conducted to ensure adequate protection to such hazardous incidents.

Corporate Social Responsibility

UPAC participated in supporting families and communities both locally and internationally by engaging in CSR activities. Activities carried out ranged between fundraising, donation and sponsorship.

- **Global Education Drive – Help Make a Difference**

31st July – 31st August 2016

UPAC has supported a variety of charity programs that aim to further benefit education at different levels. As a continuation of this effort, UPAC has partnered with Agility, the parent company, in order to support the "2016 Global Education Drive – Help Make a Difference" project which is a humble attempt by UPAC to support those less fortunate students by providing them with the opportunity to gain access to a basic level of education.



- **Raise Funds to Feed the Underprivileged**

6th – 20th June 2016

During the holy month of Ramadan, employees from UPAC raised funds to provide Iftar meals for underprivileged individuals in Kuwait. The donation was given to the Kuwait Charity House (Bait Al-Zakat), and matched by UPAC. Zakat House organized the meal distributions during the holy month.



- **Discovery Center Celebrates "Girgean"**

16th – 25th June 2016

Discovery Center, Kuwait's unique recreation and family entertainment complex, celebrated Girgean (a recreational activity common during the last days of the holy month) by engaging in a wide range of activities for children. These activities were planned by different organizations in Kuwait and included cartoon shows as well as the free distribution of chocolates and sweets. Children and their families also enjoyed other fun activities offered by the mall in a safe and comfortable environment.



- **The Young Merchant**
23rd – 25th March 2016.

UPAC participated in this workshop organized by a supporting sponsor. The workshop aims to provide education and practical training for energetic and talented children on how to be a successful merchant. This was carried out by utilizing children's energy and ideas through a variety of exercises amongst small scale educational projects.



- **Donate Blood – Save Life**
Date: For One day – 30th April 2016

This drive was organized with the Kuwait Central Blood Bank and held within Discovery Mall - Child Development Center, one of UPAC's various projects. The blood donation campaign was attended by the UPAC team and other public visitors of the mall.



- **Oral Health Day**
25th March 2016

Awareness day was organized by the Kuwait Ministry of Health – Dental Care Department with the sponsorship of UPAC. This event was organized to support the Oral Health Day event in Discovery Mall and to educate children on the importance of oral health and hygiene. The Awareness Day aimed at providing children with several training sessions on how to maintain their oral health.



- **LOYAC Program**
Sept 2015 - August 2016

UPAC participated in the Loyac Program with a Bronze Sponsorship, donating KD 5,000 for 1 year effective from Sept. 2015 until August 2016.

LOYAC is an organization that runs programs to facilitate the professional development and personal growth for youth between the ages of 6 – 28 years in Kuwait and across the Gulf region. The organization provides opportunities for personal growth and for the development of professional skills through on the job training and internships, both of which seek to build self-confidence and understanding on how to achieve stated objectives.



- **Earth Day**
22nd April 2016

This event was organized by both UPAC and "Engineers without Borders." The event aimed at planting seeds within special pots and distributing them among Discovery Mall visitors, allowing them to replant those seeds in their gardens or public areas.



- **Vaccinations for unprivileged children**
6th – 8th July 2016

This campaign was organized by the "Young Chefs Academy" with the support of UPAC, in order to raise funds collected through the sale of ice cream at Discovery Mall. The raised funds were allocated to support under privileged children in India and grant them the ability purchase vaccinations.



UN GLOBAL COMPACT

Anti-corruption

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

UPAC developed the Code of Business Ethics and Conduct in order to help employees' identify report, and resolve certain conflicts and other complications that may arise during the course of business.

UPAC published the Code of Business Ethics and Conduct on its website in order to further confirm UPAC's commitment to international standards and practices related to ethics and conduct. UPAC personnel are required to receive and sign off on the Code and acknowledge receipt. In addition, all employees are required to complete the Integrity International on-line, an interactive training module in the following format:

For the Management Team:

- Whistleblowing: Raising Concerns
- Preventing Sexual Harassment
- Code of Business Ethics
- Combating Bribery in Business
- Antitrust
- Human Rights
- Privacy and Data Protection

For Non-Managers:

- Combating Bribery in Business
- FCPA Anti-Bribery
- Antitrust
- Code of Business Ethics
- Human Rights
- Government Procurement
- Whistleblowing: Raising Concerns

The training is conducted using examples and other real situations that are designed to aid in the understanding of model behavior. Participants must complete an online imbedded examination designed to ensure understanding of good business practices. Course participation is mandatory and is ongoing during the year to ensure compliance. An electronic transcript of completion is generated for employee and corporate records are updated accordingly.

During 2016, 14 employees joined UPAC and the completion ratio for all trainings during the year is recorded as follows:

- 98% December 2015
- 100% March 2016
- 95% August 2016
- 100% December 2016

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

UPAC's Code of Business Ethics and Conduct, in addition to the In-house Business Rules mirrors some of the UN Global Compact Principles and specifically addresses various topics including employee conflicts of interest, insider trading, external affiliations, money laundering, improper payments, fair dealings, gifts, and meals and entertainment policies in the course of interacting with clients, suppliers, subcontractors and competitors.

In September 2016, UPAC acquired the ISO 9001:2008 certification for Quality Management Systems (QMS) by SGS Kuwait. The certificate was awarded following a stringent site audit of all UPAC managed facilities at the Kuwait International Airport. This certification recognizes UPAC's commitment to customer service and quality, and further credits UPAC's position in the local and regional markets as a leading real estate and facilities management company.



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

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

- **Risk Management Function**

The Risk Management Function seeks to identify all areas of the Company where risks exist or may potentially arise. The Risk Management Function ensures that the overall risks of the Company are effectively managed and rectified. UPAC's Board of Directors ensures that sufficient management resources are allocated to the identification, assessment and appropriate treatment of business risks.

- **Internal Audit Functions**

This function plays a critical role in providing the Board of Directors and Executive Management with an objective and comprehensive view of the business. The Board of Directors has allocated qualified resources to manage the Internal Audit Function.

All Financial Reporting activities are carried out through the External Audit and Internal Audit Functions, as well as direct reporting to the Board of Directors via the recommendations of the Board Risk and Audit Committee. External audits activities include ISO 9001 compliance and Ernst & Young third-party financial audits.

The Board of Directors is keen to adopt a sound Corporate Governance Framework that would enhance the overall governance environment within the Company and that is in line with applicable leading practices, laws and regulations. The Corporate Governance Framework established to uphold the below 11 principals:

Principle 1	Description
Principle 1 :	Strengthen Board Composition where highly qualified members are part of the Board
Principle 2 :	Roles and Responsibilities of Board and Executive Management are clearly defined
Principle 3 :	Establishment of committees to ensure that adequately skilled and qualified members of the Board provide high quality advice to management and monitor the effectiveness of management's policies and decisions, including the execution of its strategies.
Principle 4 :	Establishment of Sound Systems of Risk Management and Internal Controls.
Principle 5 :	Disclosure and Transparency to ensure timely and quality disclosures in line with laws and government regulatory requirements.
Principle 6 :	Financial Transparency to ensure the integrity in Financial Reporting
Principle 7 :	Recognize and Protect the Legitimate Interests of Stakeholders
Principle 8 :	Encourage Enhanced Performance for Board and Executive Management.
Principle 9 :	Promote Ethical Standards and Code of Conduct to address and adequately handle potential Conflicts of Interest.
Principle 10 :	Promote Social Responsibility and achieve balance between the Company's goals and the society' goals.
Principle 11 :	Respect the Rights of Shareholders to ensure fairness and equality among all shareholders.

The following are the key policies developed by UPAC in responding the above principles and to comply with Capital Markets Authority rules and regulations as part of the Corporate Governance Framework:

1. Corporate Governance Formwork.
2. Code of Conduct Policy.
3. Shareholders Protection Policy.
4. Stakeholders Protection Policy.
5. Disclosure Policy,
6. Conflict of Interest Policy.
7. Whistleblowing Policy.
8. Related Party Transactions Policy.
9. Corporate Social Responsibility Policy.
10. Remuneration Policy.
11. Board of Director Charter and Handbook
12. Board Risk & Audit Committee Charter (BRAC)
13. Board Nomination and Remuneration Committee Charter (BNRC)

As per the Corporate Governance Framework, UPAC has established two independent committees to provide high quality advice to executive management and monitor the effectiveness of management's policies and decisions.

1. The Board Risk and Audit Committee (BRAC)

The Board Risk and Audit Committee (BRAC) consists of three non-executive members, one of them must be an independent member and meets at least four times annually. The main role and responsibility of the BRAC is to review and evaluate the existing risk management systems to ensure the existence of clear lines of authority and accountability for identifying, measuring and monitoring the various risks that the Company may be exposed to in order to determine the areas of deficiencies.

2. Board Nomination and Remuneration Committee (BNRC)

The Board Nomination and Remuneration Committee (BNRC) consists of three non-executive members, one of them must be an independent member, and meets at least once annually. The main role and responsibility of the BNRC is to provide recommendations to the Board on the nomination and re-nomination for Board members and Executive Management. The BNRC is responsible for conducting an annual review on the required skills and competencies for Board of Directors and Executive Management.

For more information, please visit www.upac.com.kw

In the light of the above performance and activities carried out over the year 2016, it is clear that UPAC is fully committed to support the ten principles of the UN Global Compact relating to Human Rights, Labor, Environment and Anti-Corruption.

By adhering to the UN Global Compact principles and by expressing our continued commitment to report on the Communication on Progress (COP) annually; UPAC has managed to increase its overall responsibility and obligation to its employees, shareholders, stakeholders and community.

We look forward to continue to progress our performance and activities in upholding the principles of the UN Global Compact and hope that by the end of 2017, UPAC will be able to report further improvements and growth in this respect.