

I. TO OUR STAKEHOLDERS

I am pleased to confirm that Arab Center for Engineering Studies (ACES) reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment, and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,



Dr. Izz Eddin Katkhuda
Partner & Director



II. HUMAN RIGHTS PRINCIPLES

Our Human Rights Commitment includes the principles and systems adopted by ACES to identify and manage human rights impacts and reduce potential human rights violations.

A. Description of Actions

ACES cover the human rights principles in our day to day operations and activities as explicitly stated in our Code of Integrity and Professional Conduct and our HR Policies. The code of conduct is available for all employees, and is continuously emphasized by the ACES leadership. Furthermore, we have continuous internal audits to ensure that the HR policies are being observed in all operations.

Highlights of the Code of Integrity and HR policies pertaining to Human Rights are shown below:

1. The ACES Code of Integrity and Professional Conduct, guarantees employee, partners, supplier, client, and all stakeholder dignity and rights through guidelines on:
 - 1.1. Ethical and Legal Standards:
 - Commitment and compliance with the regulations and policies.
 - Compliance with the highest standards of integrity, objectivity, ethical dealing, respect of customers, colleagues, and referring people, as well as behaving wisely in all circumstances.
 - Compliance with the governmental laws and legislations as well as observance of general ethics.
 - 1.2. Employee Relations:
 - ACES will ensure that employees are treated fairly and with dignity and consideration for their goals and aspirations and that diversity in the workplace is embraced.
 - ACES will apply fair labor practices while respecting the national and local laws of the countries and communities where we operate.
 - ACES is committed to providing equal opportunity in all aspects of employment and will not engage in or tolerate unlawful workplace conduct, including discrimination, intimidation, or harassment.
2. ACES HR Policy Manual, which contains 35 policies that are regularly updated and touch on the various subject related to Human Resources, with explicit guidance and regulation on the below:
 - 2.1. Fair pay according to local legal requirements and a regional benchmarked salary scale
 - 2.2. Gender and race equality for all roles across the organization
 - 2.3. Health insurance for all employees, irrespective of position, gender, religion, and nationality
 - 2.4. Restrictions on child labor and employment below the legal limit

B. Measurement of Outcomes

Successful implementation of the abovementioned actions and the overall commitment of ACES to Human Rights Principles are evident in the diverse and well-represented ACES employee pool, and positive employee satisfaction results in workplace safety and security.

- Women constitute 21% of the white-collar labor force. The racial diversity of all staff is 65%, compared to an industry average of 16%.

- Employment of 27 different nationalities within ACES including but not limited to Bulgarian, Eritrean, Emirati, French, Gambian, India, Iraqi, Iranian, Jordanian, Lebanese, Omani, Pakistani, and Phillipino.
- The ACES anonymous employee satisfaction survey yielded top quartile results on the “Safety and Security” in the workplace.

III. LABOUR PRINCIPLES

ACES is committed to providing a safe and healthy working environment and does not compromise the health and safety of any individual. ACES goal is to have no work-related accidents and mitigate impacts on the environment by working with our stakeholders, peers, and others to promote responsible environmental practices and continuous improvement. Additionally, we are committed to develop and train our employees to advance and enhance their skill set in the workforce and the community.

A. Description of Actions

ACES commitment to labor principles in our operations are monitored on a daily basis, and are based on the below policies and manuals. Examples of the events that ACES conducts are on the next page.

1. ACES Safety policies, which contain detailed policies and procedures regarding health & safety actions that ACES employees should adhere to in the workplace and on the field.
2. Corporate Social Responsibility policy that contains Labor Rights Principles and other principles embedded in the Global Compact Program.
3. ACES HR Policy Manual, which contains 35 policies that are regularly updated and touch on the various subject related to Labor Principles, with explicit guidance and regulation on the below points:
 - 3.1. Incentive and motivational schemes
 - 3.2. Training and development
 - 3.3. Social and sporting activities
4. Commitment to a learning culture. ACES hold regular seminars and training sessions by internal experts and external specialists.

B. Measurement of Outcomes

Successful implementation of the abovementioned actions and the overall commitment of ACES to Labor Principles are evident through the achievement of external certifications, and results of third-party industry surveys. Namely:

- Achievement of ISO 45001 to certify Occupational Health and Safety at ACES
- Voluntary employee turnover is 9%, below an industry average of 10%
- Positive feedback from anonymous employee satisfaction regarding labor principles in the workplace (work environment, leadership and supervision), with scores in the top quartile for each category.

Learning Events

Seminar October 26, 2019 conducted by Mr. Okoye Onyeka entitled Self Compacting Concrete.



ACES Jeddah arranged a seminar entitled Asphalt SUPERPAVE mix design presented by Dr. Ibrahim Asi at KEO office - KAAR project in Makkah - October 22, 2019.



Presentation on geosynthetic as a salt barrier by Bonar: an interesting presentation was given to us by end Mohammad Baradee area director of Bonar. In the presentation the use of composite geotextile was addressed for drainage and salt barrier application, which has a great wide range of use especially in shallow groundwater. We also presented our capability of performing a complete set of lab testing; physical and mechanical and also the UV.



The branch managers and assistant branch managers of ACES branches in UAE, Qatar, Saudi Arabia, and Oman are attending the leadership training program organized by CH and presented by Dr. Suhail Jouaneh from Better Business in Fairmont Hotel, Abu Dhabi from 22-25.9.2019. Inspiring sessions and interactions with the presenter and among the colleagues with the aim of improvement of the leadership skills through 360 degrees assessment of each participant.



Ramadan Iftar

Annual ACES Ramadan Iftars are held for all ACES employees and their families. Below an image of ACES Doha.



Sporting Activities

Annual athletic competitions including football and basketball tournaments take place across the ACES offices. Below is a picture of the trophy ceremony.



IV. ENVIRONMENT

ACES is committed to ensuring the preservation of the environment, and ACES is committed to conduct its business in a manner that ensures no damage is caused to the environment as a result of its activities.

A. Description of Actions

1. Emphasized the importance of the environment in day to day activities and commitment to environment per our Environmental Policy Statement. The statement aims to:
 - 1.1. Ensure that company employees recognize the importance of the environment
 - 1.2. Engage and work closely with the client and comply with their environment rules, regulations and specifications to mitigate any damage to the environment as a result of an accident
 - 1.3. Implement and continually upgrade its environment procedures
2. Awarded best Environment-friendly practices across the ACES group, namely:
 - 2.1 Implementation of the Environment Friend Award @ ACES
 - 2.2 Donation of \$700 for the Arab Group for the protection of nature
3. Limited environmental impact through the implementation of digital systems that facilitate collaboration, and eliminate paper wastage. Namely:
 - 3.1 Paperless transactions and process flow
 - 3.2 Digital approval cycles for procurement, leaves and other daily operational processes
 - 3.3 Limit of travel by utilizing cloud-based technology and video conferences
 - 3.4 Email signatures that encourage recipients not to print
 - 3.5 Replaced printed newsletters and marketing material with digital communication
4. Installed (PV) Photovoltaic Electricity systems to compensate for non-renewable energy sources in two of our buildings.
5. Introduced new environmental testing services allows ACES to contribute to the preservation, monitoring, and compliance of the environment in the geographies we operate.

B. Measurement of Outcomes

ACES commitment to the environment is evident through the achievement of external certifications and measurable outputs, as highlighted below:

- Achievement of ISO 14001 to certify the effectiveness of Environmental Management Systems at ACES.
- Installed two Photovoltaic systems (total capacity of 40.0KWp) to reduce electricity consumption, leading to a monthly saving of \$2,000.
- Discontinued paper newsletters (3,000 newsletters, 4 A4 pages each) and replaced them with email newsletters, leading to a cost reduction of \$3,500.

V. Anti-Corruption

We are committed to conducting our activities in a wholly ethical manner, free from any form of bribery or corruption.

A. Description of Actions

1. Developed the ACES Legal and Compliance Manual, which contains a clause that explicitly addresses Anti-Bribery and Corruption, namely:
 - 1.1. Compliance with all relevant anti-bribery and corruption (ABC) laws to protect our corporate reputation, protect and empower our employees, and help us to win in the market.
 - 1.2. Description of concrete actions to be taken when facing corruption in the form of anti-corruption policies, risks, and incident response.
 - 1.3. Employees shall not make illegal payments to government officials themselves or through a third party.
 - 1.4. Employees who are conducting business with government officials of any country must contact the legal department for guidelines on the law governing payments and gifts to government officials.
2. We are committed to the Internal Audit Function. The internal auditor conducts regular internal audits to ensure compliance with ACES policies, as well as country laws. The findings of these internal audits are sorted by severity and are addressed promptly with a higher priority given to urgent and timely items.
3. We have established an internal legal department to assist in the enforcement of anti-bribery and corruption practices.
4. We filter and eliminate potential candidates with a previous history of bribery and corruption. Our HR team requires the following certificates before hiring:
 - 4.1 Certificate of no criminal record duly issued by the compete for authority
 - 4.2 All expatriate candidates shall comply with the relevant local laws and regulations.

B. Measurement of Outcomes

Since our last update, our systems of checks and balances has not identified any major dealings in corruption or bribery. We will continue to conduct our business according to our values, the ACES Code of Conduct Integrity and Professional Conduct, and our comprehensive list of policies and procedures. Moving forward, we will oversee the implementation of the newly developed legal and compliance manual, and aim to empower our team to conduct its business ethically and foster an environment where employees feel comfortable with highlighting and communicating any acts of corruption.