



ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRINCIPLES

Our culture and values are rooted in service, integrity, transparency and taking personal responsibility for our actions, outcomes, and reputation. Building trust and acting responsibly with our customers, employees and business partners has always been a key behavioural point for us, that has been central to our success.

The present Environmental, Social and Governance (“ESG”) policy describes the main principles of corporate social responsibility that shall guide ALVEST Group people in their operations.

In addition, this policy shall serve the four following purposes:

- Give us a competitive edge and set us apart from the competition by giving customers and partners the transparency they deserve;
- Help us find and retain the best talents;
- Provide a way to anticipate and avoid risks that could damage our business;
- Live and stand by the Group’s core values.

As a leading player in our industry, we have a particular responsibility and we believe that we need to set high standards for all of our partners and stakeholders. In a global market with international customers, our Group's reputation is a key asset and is therefore critical to maintain. We are convinced that sustainable growth and long-term economic performance can only be achieved by taking a responsible, honest, human and transparent approach to the business.

We want to operate with the highest ethical and environmental standards and provide products and solutions to our customers that enable them to reduce the environmental impact of their operations. Given the worldwide span of our factories, clients, suppliers, and partners, we recognize the global reach of our products, business practices and our public accountability.

1 SUSTAINABLE DEVELOPMENT GOALS IN THE GROUP’S BUSINESS

The Group’s sustainable development initiatives are designed to support the United Nations’ Sustainable Development Goals (SDGs), which include eradicating poverty, promoting development and protecting the planet.

Depending on the divisions or countries where it operates, the Group has made undertakings in terms of:

- No poverty (SDG 1);
- Good health and well-being (SDG 3);
- Quality education (SDG 4);
- Gender equality (SDG 5);
- Decent work and economic growth (SDG 8);
- Industry, innovation and infrastructure (SDG 9);
- Reduced inequalities (SDG 10);
- Sustainable cities and communities (SDG 11);
- Responsible consumption and production (SDG 12);
- Climate action (SDG 13);
- Life on land (SDG 15).

2 HUMAN RESOURCES, EMPLOYEES AND PEOPLE

We take seriously our responsibilities to protect, support, and prepare workers for successful careers, and to advocate on their behalf. Our efforts are focused on providing career opportunities and resources to the global workforce, and leading by example in areas such as workplace safety, health and wellness, diversity respect and inclusion, as well as training and development.

We believe in opportunity for all and are steadfast in our commitment to equal employment opportunity, the protection of human rights, and the prevention of human trafficking.

Relationships with employee representatives

Regular interactions with employees, their representatives and union organizations, incentive schemes and a range of programmes are put in place to help our employees in their life at work.

We value a constructive dialogue with employee representatives. Agreements at Group and each company level according to local applicable regulations shall enable progress in gender equality, age diversity, access to training and other areas, such as prevention of psycho-social risks and improvement of working conditions.

Worldwide, most of our employees shall be covered by at least one collective agreement.

Compensation policy

Our employees are a critical asset and the most important reason explaining the performance of our Group. Our compensation policy shall be structured in a way to encourage and reward employees on both individual and collective performance.

Our employees shall also benefit from incentive and profit-sharing schemes which help to build cohesion within each Group's company.

Every employee must receive a formal annual evaluation with his supervisor at least once a year. In order to foster ethical and sustainable behaviours, ESG compliance-related performance shall be considered for the granting of the bonus. Related performance targets may be set in terms of: participation and performance in compliance trainings; level of active

support and enforcement of ESG policy; willingness to question or reject dubious conduct or proposals, etc.

Furthermore, a specific incentive system, designed to reward significant and sustainable value creation over a three-year period, has been put in place for business unit managers. This system is not based on the annual budget achievement, but is mainly triggered by progression and exceeding RONCE objectives. The Group is focusing on RONCE (Return on Net Capital Employed) as a key financial-statement-based indicator of value creation. The RONCE trend and rise over the period is also an important indicator to provide evidence of success for the action plans implemented.

Talents attraction and retention

We aim at attracting and retaining the best talents by offering them:

- True professional development opportunities, including internal mobility across the different divisions and entities of the Group;
- Meaningful missions and programmes;
- Opportunities to contribute to a long-term project and to grow collectively and individually;
- Teamwork within a multicultural environment.

We want to foster an interest among youth in our industry and the communities we “live-in” as well as the markets we operate in and as such, we shall organize factory visits and internships for students.

All of our employees receive a formal induction plan and are subject to a probationary period.

Developing our people

We offer a range of skills development opportunities to help staff grow professionally and improve their employability:

- Annual training orientation is discussed at management level (integration of new products, new technologies, personal development, managerial skills, ...);
- Training wishes of employees are formally expressed during the annual performance review, and discussed with managers;
- Consolidation, choice and implementation of skills are organized accordingly.

The importance given by the Group to ongoing training and access for all its employees to quality training supports the United Nations’ goal of significantly increasing the number of adults with the relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship (SDG 4).

Equality and diversity

We hire people from a variety of backgrounds and shall take active steps to fight all forms of discrimination. We value and actively promote interaction between staff members with different backgrounds, cultures and experiences. Recruiting local employees in all our countries of operation helps us to understand our local environment and customers better. Having several nationalities working together in the same team generates a range of different points of view that can inspire new ideas.

Gender diversity

We recruit a significant proportion of our workforce from engineering schools, and the number of women attending these schools is unfortunately lower, explaining the low percentage of women employed. We strive to increase this portion and as such we organize frequent presentations to female students of jobs in the industry and express our willingness to the recruiting forms we use. We want to support initiatives for women at work, in particular promoting the organization of adapted work schedules.

We have a strict equal pay policy, and a proactive approach to career development for women ensuring that male and female employees have equal opportunities for advancement.

This aim of achieving gender diversity and the related programs aligns with the United Nations' goal of ensuring "women's full and effective participation and equal opportunities for leadership at all levels of decision-making in [...] economic life" (SDG 5).

Overcoming disability

We shall try to offer employment opportunities to disabled people. We shall create internships positions to allow disabled people to discover work in the industry.

Bringing the generations together

We shall make sure that every age demographic is represented in the workforce, and that we hire beginners in order to open the doors of professional life to them.

Promoting health and safety in the workplace

We implement a range of measures to ensure the health and safety of our employees. Overall responsibility for health and safety issues is held by the different local HSE (Health, Safety & Environment) and Human Resources departments, who actually measure and report on the different programs' effectiveness as well as benchmarking against industry practices. Annual HS training plans are put in place according to legislations and job constraints.

Clear procedures and programmes are in place to anticipate and manage potential health risks anywhere in the world, such as: regular health monitoring, training and prevention.

Health insurance coverage and related benefits above what is required by law is offered to our employees.

Anti-Harassment Policy

ALVEST is committed to maintaining a work environment that is free from harassment. As such, ALVEST does not tolerate harassment of any sorts, or by its employees. It is committed to deploy all efforts to prevent such harassment to happen, and to encourage and facilitate the alert regarding such behaviour.

3 ENVIRONMENT

We recognize a shared responsibility to protect our planet. As such, reducing our environmental footprint and contributing to the reduction of the environmental footprint of the aviation industry, through our products and services, shall be one of our key missions.

Efficient products / innovative solutions

We put our technology and expertise to work every day to ensure a positive impact on the environment, keep our carbon footprint to a minimum and design more efficient equipment and innovative solutions for our customers. Our strategy is based on rolling-out the most effective technologies across our products and services offering, so as to constitute massive leverage in the fight against pollution and climate change.

Equipment use being the main cause of emissions for the ALVEST OEM division, it is our strategy to:

- Further develop our range of product with clean, low carbon energy efficient technologies that preserve air quality, and sell best in class combustion and electric vehicles;
- promote the use of aircraft “green taxiing” and develop a range of new innovative services (APU-off, pooling, fleet and operations management) to promote aviation carbon footprint reduction and to support our customers in changing behaviours and setting new expectations.

Lastly, as a result of listening to the views of the general public, the Group wants to play an active role in the transformation of our industry, by rolling-out driver assistance systems offering increasing levels of safety and improved operations flows and promoting the development of autonomous vehicles. This is also in line with the United Nations’ goal of enhancing “scientific research and upgrading technological capabilities of industrial sectors in all countries” (SDG 9).

Environmental performance of our operations

Although our facilities and operations have a relatively limited ecological footprint, we want to minimize the environmental impact of our business through preservation, conservation, and waste reduction practices.

As a commitment to follow United Nations’ goal for Responsible Consumption and Production (SDG 12), Climate Action (SDG 13), Life on Land (SDG 15), we have decided that all our manufacturing sites shall be ISO 14001-certified.

From design to manufacture, the ALVEST Group is committed to optimizing the use of resources by incorporating green or recycled materials into its products, by guaranteeing their recyclability and by limiting the environmental footprint of its production plants and sales and services networks in terms of energy, water consumption and waste.

The ALVEST Group manufacturing process relies heavily on suppliers and subcontractors, which we shall involve in our improvement process. They are expected and shall be encouraged to make all reasonable efforts to protect the environment, keep the impact of their activities and products on the environment as low as possible. Suppliers and subcontractors are expected to identify the risks and environmental impact attached to their processes and products during the production, distribution and transportation as well as the entire lifecycle of their products and components, and look for opportunities to reduce them. They shall ensure and demonstrate continuous environmental improvements and reduce waste to the extent possible.

We shall implement procedures for the safe handling, storage, transportation, utilization and disposal of waste in accordance with the applicable legislations.

Group commitment to the circular economy

The Group wants to make a commitment to the circular economy whenever possible in the following two areas:

- Sustainable use of resources, with policies and action plans covering:
 - Water consumption and water supply;
 - More efficient use of raw materials;
 - Energy consumption and increased energy efficiency, and use of renewable energies;
 - Products lifetime enhancement through extended periods of after-sales service and parts support
- Prevention and management of waste:
 - Recycling of waste resulting from the production process;
 - Re-use of packaging materials;
 - Recovery and life extension of products (including overhaul, retrofit, etc.).

4 LOCAL AND SOCIETAL COMMITMENT

Economic development of its host countries

The Group's operations have an important economic and social impact on its host communities. On this basis, it shall select as much as possible some of its key suppliers from amongst those closest to its production plants. By increasing its percentage of local purchases in a responsible way, the Group is demonstrating that its operations support the sustainable economic development of its host regions and countries.

Engagement with local communities

Our policy is to play an active role in the local communities where we are located including the support of our local and regional economies, as well as local charitable organizations. We will build long-term partnerships with local community organizations that allow our employees to participate in this commitment.

Examples may include:

- Action with, and donations to local associations helping unemployed people (presentations, factory visits, internships, resume workshops, interview trainings, etc.);
- Convention with local brigade for employee volunteering for fire brigade (late arrival, training...)
- Partnership with local charitable organizations in fundraising activities (i.e. Walkathons, fundraisers, etc)
- Organized company events to donate time with local charitable organizations (i.e. Habitat for humanity, food sorts, holiday toy drives etc.)

5 ETHICS

Compliance is an essential dimension in business. It means respect of laws, regulations and procedures, but we believe that it also means compliance with our Group values and a spirit of transparency and integrity. Public news constantly brings new evidences and cases that highlight the importance of compliance in today's world, and demonstrates the huge and sometimes unrepairable waste and damages caused by non-compliance.

As a world leader in our market, our goal is not only to ensure that we, our companies, our procedures, our employees and our spirit are meeting effectively these standards, but we want to contribute to set high standards and we must show exemplarity in our way of conducting business. We are not willing to get any business by illegal or unfair ways and reject corruption and bribery, even if this position may lead us to lose business. As our market position is linked to our quality, our strong customer support and our competitiveness, a more compliant world is also a better place for business and fair competition.

We believe that compliance requires a strong involvement of the management, which has to exercise exemplarity, vigilance, control and pedagogy. At ALVEST, we believe in continuous improvement, and compliance is a field where this principle must also apply.

Our Group has published and regularly revises and updates its Code of Ethics and Business Conduct. Ethical trainings are regularly conducted for all employees in a position exposed to risks. Employees are encouraged to speak up if there is an issue that he wishes to raise and systems are in place to facilitate this practice. It is an important commitment that no one at ALVEST will ever be blamed or negatively judged or evaluated for denouncing and refusing unfair business and turning down unfair practices.

We believe that it is also our responsibility to make our very best efforts to ensure that the agents and distributors that we might employ in certain areas to distribute and support our products act with honesty and adhere to the same ethical principles. With this goal, we enforce strict procedures and practices to select and control the agents and distributors we work with.

6 RESPONSIBLE SOURCING

The relationship with our suppliers is an important component to building business success. We set high expectations for meeting responsible business practices, for ourselves, and for the suppliers and partner who work with us.

We expect from our suppliers full compliance with applicable laws and regulations of the countries in which operations are managed or services provided. The Supplier Code of Conduct formalizes these expectations and whilst we recognize differences in cultures and legal requirements, we expect that wherever suppliers are located, all business shall be conducted in a manner compatible with this Supplier Code of Conduct.

As a minimum standard of best practices:

- Suppliers are expected to treat people with respect and dignity, encourage diversity, remain receptive to diverse opinions, promote equal opportunity for all, and foster an inclusive and ethical culture, in accordance with the relevant International Labour Organization (ILO) Conventions;
- Suppliers must comply with the anti-corruption laws, directives and regulations that govern operations in the countries in which they do business; suppliers are expected to avoid all conflicts of interest or situations giving the appearance of a potential conflict of interest;
- Suppliers are expected to create accurate records, and not alter any record entry to conceal or misrepresent the underlying transaction represented by it;
- Suppliers shall properly handle sensitive information, including confidential, proprietary, and personal information and must comply with all the applicable laws governing intellectual property rights assertions;
- Suppliers are expected to establish an appropriate management system for Environment, Health and Safety. As a minimum, suppliers shall comply with all applicable environmental, health and workplace safety laws, regulations and standards and shall make all reasonable

efforts to protect the environment, and to keep the impact of their activities and products on the environment as low as possible.

We recognize that, besides setting expectations, we have a role to play to encourage, support, and control our suppliers to adhere to these principles.

ALVEST actions and achievements shall support the United Nations goal of taking “immediate and effective measures to eradicate forced labor” (SDG 8)

7 CORPORATE GOVERNANCE AND RELATIONSHIPS WITH OUR FINANCIAL PARTNERS

Board of Directors

Our Board of Directors brings us wide-ranging experience that is directly relevant to our business. Directors are truly aware of the Group's strategic opportunities and challenges. They act in an advisory capacity but they also have real powers and play an active role in the group. They have a transparent approach to the business and discuss operational issues with Group management on a regular basis.

Dedicated Committees

- Ethics Committee;
- Compensation Committee;
- Audit & Risk Committee.

Interaction with the financial community

We value our relationships with our financial shareholders and involve them in all of our major projects. They help us determine the Group's strategic priorities.

We interact constantly with the financial community (banks and financial partners). Transparency is key in our relationships with the financial community. We provide clear and transparent information to the financial community on a regular basis.

Management and Employee Share Ownership

In addition to the Management of the Group, the FCPE (Fonds Commun de Placement d'Entreprise) and ESOP (Employee Share Ownership Plan) own shares of the Group. We believe these share ownership plans strengthen cohesion and loyalty within the Group, contribute to a good sharing of the value creation and help employees to engage with the Group's strategic objectives and performance.

Employee and management share ownership plays a key role in the long-term development and performance of the Group.

8 CONTINUOUS IMPROVEMENT

The ALVEST ESG policy is both a collective and individual commitment and the Group shall ensure that its principles are taken into consideration in all operational decisions. We encourage participation across our organization, and we will work with external stakeholders to continually advocate on behalf of the global workforce, improve our workplaces, contribute to the communities we serve, and ensure our actions are socially, ethically, and environmentally responsible. Entities of the Group are encouraged to adhere to international standards and/or initiatives.

We consider that our focus on continuous improvement and full disclosure is a strategic decision that will help us improve our global performance over the long term. We shall put in place systems that allow us to measure and understand our overall performance and monitor our progress with regards to ESG objectives. Measuring progress involves identifying one or several major challenges for each theme, and evaluating the achievement of the associated targets through one or more key performance indicators.

A performance chart setting out the Group's main objectives and key performance indicators will be reviewed on an annual basis by the Group's Audit & Risk Committee.